

CITY OF BIXBY, OKLAHOMA

**ANNUAL FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORTS**

**AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2019**

**THE CITY OF BIXBY,
OKLAHOMA**

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ANNUAL FINANCIAL REPORT
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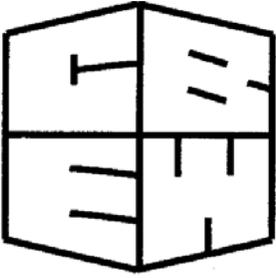
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INDEPENDENT AUDITOR'S REPORT

December 19, 2019

Honorable Board of City Commissioners
City of Bixby
Bixby, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bixby, Oklahoma, (City) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Bixby, Oklahoma, as of June 30, 2019, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis and budgetary comparison information and related notes on pages 7 – 21 and 76 – 81 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City’s basic financial statements. The combining statements and the schedule of expenditures of federal awards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2019, on our consideration of the City’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City’s internal control over financial reporting and compliance.

CBEW Professional Group, LLP

CBEW Professional Group, LLP
Certified Public Accountants

CITY OF BIXBY, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2019

MANAGEMENT DISCUSSION AND ANALYSIS

Our discussion and analysis of the City of Bixby's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2019. Please read it in conjunction with the City's financial statements, which follow.

Overview of the Financial Statements

The financial statements presented herein include all of the activities of the City of Bixby (the "City") and its component units using the integrated approach as prescribed by GASB Statements No. 14, 34, 39 and 61. Included in this report are government-wide statements for each of two categories of activities - governmental and business-type.

The government-wide financial statements present the complete financial picture of the City from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business type activities separately and combined. These statements include all assets of the City (including infrastructure) and deferred outflows as well as all liabilities (including long-term debt) and deferred inflows.

About the City

The City of Bixby, Oklahoma (Bixby or the City) was admitted as a township in 1906. The City is under a Home Rule Charter and is ruled by a "Council-Manager Government" as designated under Title 11 of the Oklahoma Statutes. As a charter city, the citizens from each of the City's five wards elect a council member to represent their respective ward. At the first meeting after the time prescribed for the beginning of the terms of newly elected council members, the council elects from its membership a mayor and vice-mayor. The current population of the City is approximately 23,000.

The City provides the following services: Public safety; streets and roads; water and wastewater services; culture-recreation; public improvements; planning and zoning; and general administrative services.

The City's Financial Reporting Entity

This annual report includes all activities for which the City of Bixby City Council is fiscally responsible. These activities, defined as the City's financial reporting entity, are operated within separate legal entities that make up the primary government.

The City's financial reporting entity includes the primary government (City of Bixby) and the blended component unit as follows:

- The City of Bixby - that operates the public safety; streets and roads; culture recreation; public improvements; planning and zoning; and general administrative services.
- The Bixby Public Works Authority - that operates the water and sewer services of the City.

Using This Annual Report

This annual report is presented in a format that substantially meets the presentation requirements of the Governmental Accounting Standards Board (GASB) in accordance with generally accepted accounting principles. The presentation includes financial statements that communicate the City's financial condition and changes therein at two distinct levels:

- The City as A Whole (a government-wide presentation)
- The City's Funds (a presentation of the City's major and aggregate non-major funds)

The City's various government-wide and fund financial statements are presented throughout this annual report and are accompanied by:

- Management's Discussion and Analysis - provides useful analysis that facilitates a better understanding of the City's financial condition and changes therein.
- Footnotes - elaborates on the City's accounting principles used in the preparation of the financial statements and further explain financial statement elements.
- Supplemental Information - provides additional information about specified elements of the financial statements, such as budgetary comparison information.

Reporting the City as a Whole

The Statement of Net Position and the Statement of Activities

One of the most frequently asked questions about the City's finances is, "Has the City's overall financial condition improved, declined or remained steady over the past year?". The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets, deferred outflows, liabilities and deferred inflows using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net position and changes in it from the prior year. You can think of the City's net position - the difference between assets, deferred outflows, liabilities and deferred inflows - as one way to measure the City's financial condition. Over time, increases or decreases in the City's net position is one indicator of whether its financial health is improving, deteriorating, or remaining steady. However, you must consider other nonfinancial factors, such as changes in the City's property tax base, the condition of the City's roads, and the quality of services to assess the overall health of the City.

As mentioned above, in the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

- Governmental activities - Most of the City's basic services are reported here, including the police, fire, general administration, streets, and parks. Sales taxes, franchise fees, and fines finance most of these activities.
- Business-type activities - The City charges a fee to customers to cover the cost of certain services it provides. The city's water and sewer services are reported here.

CITY OF BIXBY, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2019

Reporting the City's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money.

Governmental funds - Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences of results in the Governmental Fund financial statements to those in the Government-Wide financial statements are explained in a reconciliation following each Governmental Fund financial statement.

Proprietary funds - When the City charges customers for the services it provides - whether to outside customers or to other units of the City - these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Fund Net Position. In fact, the City's enterprise funds are essentially the same as the business-type activities we report in the government-wide statements but provide more details and additional information, such as cash flows.

The City as a Whole

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the year ended June 30, 2019, net position was as follows:

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2019	2018		2019	2018		2019	2018	
Current assets	\$ 57,110	\$ 48,773	17%	\$ 29,044	\$ 24,186	20%	\$ 86,154	\$ 72,959	18%
Capital assets, net	80,167	75,818	6%	67,549	66,001	2%	147,716	141,819	4%
Total assets	<u>137,277</u>	<u>124,591</u>	10%	<u>96,593</u>	<u>90,187</u>	7%	<u>233,870</u>	<u>214,778</u>	9%
Deferred outflows	3,274	3,104	5%	274	352	-22%	3,548	3,456	3%
Current liabilities	5,072	4,614	10%	3,314	2,196	51%	8,386	6,810	23%
Non-current liabilities	36,898	36,700	1%	3,806	5,077	-25%	40,704	41,777	-3%
Total liabilities	<u>41,970</u>	<u>41,314</u>	2%	<u>7,120</u>	<u>7,273</u>	-2%	<u>49,090</u>	<u>48,587</u>	1%
Deferred inflows	875	497	76%	206	137	50%	1,081	634	71%
Net position									
Net investment in capital assets	55,510	49,752	12%	61,993	60,744	2%	117,503	110,496	6%
Restricted	17,317	17,342	0%	1,025	915	12%	18,342	18,257	0%
Unrestricted	24,879	18,790	32%	26,523	21,470	24%	51,402	40,260	28%
Total net position	<u>\$ 97,706</u>	<u>\$ 85,884</u>	14%	<u>\$ 89,541</u>	<u>\$ 83,129</u>	8%	<u>\$ 187,247</u>	<u>\$ 169,013</u>	11%

CITY OF BIXBY, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2019

The above numbers reflect an increase in total net position of 14% for governmental activities and an increase of 8% for business type activities. Overall, the net position for both governmental and business-type activities increased 11% over last fiscal year.

Deferred inflows of resources increased by 71% due to changes related to the net pension and OPEB liabilities in the current year. Current assets increased by 18% during the year due to overall increased cash and cash equivalents.

For the year ended June 30, 2019, net position of the primary government changed as follows:

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2019	2018		2019	2018		2019	2018	
Revenues									
Charges for service	\$ 3,136	\$ 2,658	18%	\$ 10,759	\$ 11,202	-4%	\$ 13,895	\$ 13,860	0%
Operating grants and contributions	1,267	982	29%	-	-	-	1,267	982	29%
Capital grants and contributions	4,224	3,066	38%	1,437	3,014	-52%	5,661	6,080	-7%
Taxes	19,933	18,460	8%	-	-	-	19,933	18,460	8%
Intergovernmental revenue	167	183	-9%	-	-	-	167	183	-9%
Investment income	689	283	143%	287	145	98%	976	428	128%
Miscellaneous	805	2,264	-64%	54	39	38%	859	2,303	-63%
Total revenues	30,221	27,896	8%	12,537	14,400	-13%	42,758	42,296	1%
Expenses									
General government	3,757	5,138	-27%	-	-	-	3,757	5,138	-27%
Public safety	7,491	8,045	-7%	-	-	-	7,491	8,045	-7%
Streets	1,971	1,824	8%	-	-	-	1,971	1,824	8%
Culture, parks and recreation	1,719	1,661	3%	-	-	-	1,719	1,661	3%
Cemetery	166	150	11%	-	-	-	166	150	11%
Economic development	351	254	38%	-	-	-	351	254	38%
Interest on long-term debt	972	736	32%	-	-	-	972	736	32%
Water	-	-	-	6,060	5,887	3%	6,060	5,887	3%
Wastewater	-	-	-	2,037	2,432	-16%	2,037	2,432	-16%
Total expenses	16,427	17,808	-8%	8,097	8,319	-3%	24,524	26,127	-6%
Excess (deficiency) before transfers	13,794	10,088	37%	4,440	6,081	-27%	18,234	16,169	13%
Transfers	(1,972)	(9,363)	79%	1,972	9,363	-79%	-	-	-
Change in net position	11,822	725	1531%	6,412	15,444	-58%	18,234	16,169	13%
Beginning net position	85,884	85,159	1%	83,129	67,685	23%	169,013	152,844	11%
Ending net position	\$ 97,706	\$ 85,884	14%	\$ 89,541	\$ 83,129	8%	\$ 187,247	\$ 169,013	11%

Investment income increased by approximately \$548 thousand, or 128%, primarily due to interest earned on debt proceeds that were received during the fiscal year. Miscellaneous revenue decreased by 63% during the year due to insurance premiums used to setup the internal service fund in 2018.

Governmental economic development expense increased during the year by 38%, due to the expenses associated with developing a comprehensive development plan and other events.

Business-type activities wastewater expenses decreased approximately \$395 thousand or 16% due to one-time debt issuance costs paid for the issuance of new debt during fiscal year 2018. Included in expenses of Business-type Activities of the Water Department are expenses related to debt service requirements which are funded with Sales Tax Revenues apportioned to the fund. The taxes are classified as general revenue on the Statement of Activities.

CITY OF BIXBY, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2019

Governmental Activities

To aid in the understanding of the Statement of Activities some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses, and Changes in Fund Balance. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net (Expense)/Revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the City's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants. Some of the individual line item revenues reported for each function are:

- General Government: Permits and licenses, inspections fees, operating grants
- Public Safety: Fines and forfeitures, E-911, rural fire dues, grants
- Other public services: Operating grants

All other governmental revenues are reported as general. It is important to note that all taxes are classified as general revenue even if restricted for a specific purpose.

	<u>Total Expense of Services</u>		<u>% Inc. (Dec.)</u>	<u>Net Revenue (Expense) of Services</u>		<u>% Inc. (Dec.)</u>
	<u>2019</u>	<u>2018</u>		<u>2019</u>	<u>2018</u>	
General government	\$ 3,757	\$ 5,138	-27%	\$ 1,264	\$ (1,335)	-195%
Public safety	7,491	8,045	-7%	(5,128)	(6,303)	-19%
Streets	1,971	1,824	8%	(902)	(896)	1%
Culture, parks and recreation	1,719	1,661	3%	(1,681)	(1,549)	9%
Cemetery	166	150	11%	(30)	(29)	3%
Economic development	351	254	38%	(351)	(254)	38%
Interest on long-term debt	972	736	32%	(972)	(736)	32%
Total	<u>\$ 16,427</u>	<u>\$ 17,808</u>	-8%	<u>\$ (7,800)</u>	<u>\$ (11,102)</u>	-30%

General government net revenue increased by approximately \$3.3 million, or 30%, due to increased operating and capital contributions during the fiscal year.

Business-type Activities

The business-type activities had an increase in net position of \$6,411,353.

	<u>Total Expense of Services</u>		<u>% Inc. Dec.</u>	<u>Net Revenue (Expense) of Services</u>		<u>% Inc. Dec.</u>
	<u>2019</u>	<u>2018</u>		<u>2019</u>	<u>2018</u>	
Water	\$ 6,060	\$ 5,887	3%	\$ 2,267	\$ 3,434	-34%
Wastewater	2,037	2,432	-16%	1,832	2,463	-26%
Total	<u>\$ 8,097</u>	<u>\$ 8,319</u>	-3%	<u>\$ 4,099</u>	<u>\$ 5,897</u>	-30%

Water net revenue decreased by approximately \$1.2 million (34%) and wastewater decreased by approximately \$631 thousand due to a decrease in contributed capital received in FY19.

CITY OF BIXBY, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2019

General Fund Budgetary Highlights

For the year ended June 30, 2019, the General Fund reported actual budgetary basis revenues over final estimates by \$1,082,713 or a 9.6% positive variance. General Fund actual expenditures were under final appropriations by \$604,023 or a 5.1% positive variance.

Capital Asset and Debt Administration

Capital Assets

At the end of June 30, 2019, the City has \$147.7 million invested in capital assets including police and fire equipment, buildings, water and sewer lines, roads, and park facilities, among others.

TABLE 5
Capital Assets
(In Thousands)
(Net of accumulated depreciation)

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Land	\$ 13,969	\$ 13,947	\$ 489	\$ 489	\$ 14,458	\$ 14,436
Buildings and improvements	3,331	3,399	402	432	3,733	3,831
Machinery, furniture and equipment	16,157	16,026	3,164	844	19,321	16,870
Infrastructure	42,922	37,500	61,464	60,670	104,386	98,170
Construction in progress	3,788	4,946	2,030	3,566	5,818	8,512
Totals	\$ 80,167	\$ 75,818	\$ 67,549	\$ 66,001	\$ 147,716	\$ 141,819

See note 4 for additional details.

This year's more significant capital asset additions are the AMR project totaling \$1.1 million, Haikey Creek flood prevention project of total \$2.9 million and various water and sewer improvements totaling \$1.5 million and various street projects totaling \$1.3 million.

Debt Administration

At year-end, the City has \$38.7 million in outstanding notes, bonds, and capital leases, and additionally, the City had \$2.4 million in accrued compensated absences and utility deposits, an increase of approximately \$1.8 million from the prior year. The increase in long-term debt is attributed to the issuance of the 2018B General Obligation bonds in FY19.

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>		<u>Total</u> <u>Percentage</u> <u>Change</u>
	<u>Activities</u>		<u>Activities</u>				
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	
General obligation bonds	\$ 19,680	\$ 18,540	\$ -	\$ -	\$ 19,680	\$ 18,540	6.1%
Capital leases payable	685	148	-	-	685	148	362.8%
Notes payable	12,790	13,225	5,556	5,257	18,346	18,482	-0.7%
Deposits subject to refund	-	-	770	673	770	673	14.4%
Accrued compensated absences	1,440	1,324	215	189	1,655	1,513	9.4%
Totals	\$ 34,595	\$ 33,237	\$ 6,541	\$ 6,119	\$ 41,136	\$ 39,356	4.5%

See note 6 for additional details.

Economic Factors and Next Year's Budget

Budget as Policy

A budget is more than just a set of numbers. It is, of course, a legally required detailed plan for allocating the limited resources, which are made available to a municipality, to accomplish its complex and varied missions and goals. But, it is equally an expression of public policy, revealing much about how the City: raises revenues to fund its operations and infrastructure improvements; prioritizes spending among various competing needs and demands; ensures stability and sustainability of its public services, and; builds capacity to deal with future disasters, economic difficulties and emergencies.

Bixby has a long-standing practice of:

- budgeting in a conservative manner;
- offering a quality but limited scope of governmental services;
- operating with a relatively lean workforce, with employees wearing many hats;
- striving to build and maintain adequate reserves, and;
- operating with relatively low amounts of debt.

This conservative approach to fiscal management has served Bixby well through the past, including through the Great Recession. It has earned the city high marks for its record of strong fiscal management from national credit rating firms, and is reflective of the conservative nature of the community itself. Only one other city in Oklahoma, that being Oklahoma City, has a higher credit rating than does Bixby.

As Standard & Poor's noted when it increased Bixby's bond rating to AA+ seven years ago, the city's heavy reliance on the relatively volatile local sales tax to fund most of its operations makes it imperative to maintain, at all times, sufficient reserves to satisfy liabilities, meet cash flow needs, serve as a safeguard against fluctuations in revenues, and to fund emergencies and other unanticipated expenses. The City of Bixby's budget for the forthcoming fiscal year honors those principles. The City still enjoys that same AA+ rating today.

Bixby's Biennial Budget

The City of Bixby implemented, effective with the 2015/2017 biennium, and going forward, a conservative budgeting reform known as a "rolling biennial budget". This means, this year, the City Council developed two separate fiscal year budgets (one for FY-20 and one for FY-21) that are each appropriated annually for their respective fiscal year period.

Typically, only relatively minor adjustments, if any, are made in the second year of the biennium to that fiscal year's budget, to reflect key changes in fiscal circumstances occurring after the initial, or tentative adoption of said budget. Some of the key benefits of biennial budgeting include: enhanced long-range strategic planning; improved fiscal sustainability and, in turn, organizational stability, and; decreased Council and staff time required for budgeting, allowing that time to be devoted to formulating policy solutions to address other critical community and regional issues. Our City Council and senior staff hold an annual two-day Strategic Planning Retreat to discuss long range planning.

A Balanced Budget

The City's biennial budget proposal is balanced, and each fiscal period's respective budget (i.e., FY-20 & FY-21) meets all statutory requirements of the Oklahoma Municipal Budget Act for proper municipal budgeting.

This budget was carefully crafted to enable the City to live within its means. Specifically, for each fiscal period, it limits the amount of increase in ongoing General Fund (the City's largest fund used for accounting for its daily operation's activities) spending to the estimated amount of growth in ongoing General Fund revenues. The only exceptions to this rule involve the use of one-time, past savings.

As explained further below, in November 2015, a successful special municipal election was held to modify the terms and uses of certain sales tax resources available to the city, to enhance funding for staffing, operations, capital improvement and economic development purposes. Most of the impact of these sales tax measures took effect in January 2017. The explanation which follows immediately deals with the approved budget as initially adopted.

This disciplined approach to budgeting helps:

- ensure stability and sustainability of our operations;
- preserve the level of service we offer our citizens,
- protect our investment in human capital, our most important asset, and;
- grow our fund balance to prepare for any potential revenue shortfall.

FY-19 (July 1, 2018 – June 30, 2019), first year of the 2019/2020 Biennium

Revenue Assumptions

Following is an explanation of revenue assumptions on which the approved FY-20 budget is based. First, it takes into account that Bixby's municipal tax rates changed in January 2017, in accordance with the November 2015 referendum. Should there be any changes made to municipal tax rates by area voters at any time during the biennium, appropriate budget amendments will be presented to the City Council for its consideration at the appropriate time.

We use a two year look-back method to determine revenue projections. Overall General Fund revenues in FY18 exceeded the FY17 prior year by \$396,180 (4.37%). Budgeted revenues for FY-20 were then forecast to grow by a rate of 3.26 percent over the FY18 actual revenues. This two year look-back process is considered to be very conservative and adds stability to the budget process.

FY-20 General Fund total revenues are budgeted to grow by \$290,618 or 3.06% over FY-19 budget, while General Fund expenses are budgeted to grow by \$437,486 or 4.62%. This expenditure growth over revenue growth is due to a 4% Cost of Living Adjustment (mostly from collective bargaining agreements and funded from prior year savings). FY-21 General Fund revenues are forecast to grow by \$59,990 or 0.61%, while General Fund expenses are forecast to grow by \$1,536 or 0.02%, each as compared to the FY-20 budget.

Bixby Public Works Authority (BPWA) revenues are estimated to grow during each year of the biennium in part due to previously-approved, impending utility rate increases. Specifically, FY-20's budgeted revenues for BPWA reflect the fully phased-in sewer rate increases, effective July 1st, for purposes of funding a new sewer treatment process, as required by order of the ODEQ. They are also subject to an

increase in the sales price of the city's treated water, effective October 1, 2019, due to action of its water provider, the City of Tulsa, to increase Bixby's purchase price by a similar percentage at that time.

Major Initiatives Provided for by this Budget: PUBLIC SAFETY

Reflecting the public's and City Council's priorities, a large portion of the increased General Fund spending provided for in the FY-20 Budget is devoted to Bixby Police, Fire and Street Departments as detailed below (because of changes in the Legal Department and Sales Tax Rebates which reduced expenditures, the Police, Fire and Streets were actually increased by \$277,326):

- \$146,587 or 37% of the new General Fund spending went to the Police Department, while \$106,969 or 27% went to the Fire Department, and \$23,771 or 6% went to the Streets Department.
- \$7,465,641 or 75.4% of the \$9.9 million in total General Fund spending approved for FY-20 was budgeted for Police, Fire, Streets and Emergency Services alone;

Among major initiatives provided for in the FY-20 budget are:

Bixby continues to be one of the fastest growing cities in Oklahoma. It is also an affluent community which features some of the most favorable demographics to be found. But as a suburban city statutorily dependent on retail sales taxes for the bulk of our operations funding, and one whose residents primarily shop and dine directly across our city limits boundary in what is urban Tulsa, Bixby faces greater fiscal pressures than most municipalities in our state.

Fortunately, due to economies of scale, there is not an exact linear relationship between growth in a community's population and the number of additional public employees required to provide that community with needed public services. However, in view of the city's historically limited staffing levels, city leaders are committed to working with the citizenry and budgets to actually grow our manpower in virtually all departments over time, not just get back to where we were in the 2009 recession. This budget continues that effort.

- The FY-20 budget increased our minimum wage paid to City employees (\$15.00 per hour), and in general, funds market-appropriate compensation adjustments for each of our employee groups, to aid employee recruitment and retention. The City's underlying goal is to ensure its overall compensation (including wages and benefits) provided its workforce remains both market-competitive and, equally important, is sustainable over time;
- Specifically, most non-uniformed employees were eligible for a 4.0% cost of living increase (with some increases greater than 4.0% due to the increase in minimum wage).
- A collective bargaining agreement with the city's firefighters union provides firefighters with an overall average wage increase of 6.36% in FY-20. This is the last year of a three year collective bargaining agreement with members of its police union which provides members with an overall average wage increase of 4.88% this period.
- Continues on-going efforts to address Bixby's ODEQ-mandated wastewater disposal facilities needs through construction and operation of a modern wastewater treatment plant to replace outdated sewage lagoons currently in use. Oklahoma Water Resources Board approved a

CITY OF BIXBY, OKLAHOMA
Management's Discussion and Analysis
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\$24,000,000 Promissory Note Loan in September 2017;

- Continues planning for water system improvements to address anticipated storage and distribution needs in South Bixby, including potentially resuming use of Lake Bixhoma as a supplemental source for the community's treated water needs;
- Funds the city's new annual comprehensive (city-wide) street and drainage rehabilitation program, known as CIRP, to preserve Bixby's investment in its road, bridge, and drainage infrastructure. This program -- which is funded from the most recently completed fiscal year's budgetary savings, as available - is an excellent use of such one-time funds, since the program's scope can readily be modified from one year to the next to accommodate funding availability, provided the overall program commitment is continued. The CIRP was created by the City Council to help address Bixby's growing backlog of infrastructure maintenance, which far and away exceeds the very modest level of dedicated funding otherwise available for such purposes. Results of a comprehensive pavement assessment will enable Council in the coming months to prioritize and allocate these and future street improvement funds to address critical needs;
- Uses past budgetary savings to provide matching funds for future pavement overlays in our community, in partnership with Tulsa County, to be undertaken as their road crew becomes available. Though infrequent, this can occur on relatively short notice, and the city must either have dollars set aside or lose out on the opportunity to another metro Tulsa community;
- Accommodates Vision 2025 funding for the City's Haikey Creek Flood Control project, which when completed will bring approximately 900 acres out of the floodplain enabling it to be developed, primarily for residential housing;
- Accommodates Vision 2025 funding for the City's Phase 1 Downtown River Corridor Development Plan;
- Continues funding for intersection widening on 111th, 121st, 131st, Memorial Ave. and Mingo Road, as well as, 151st and Harvard. As per state funding requirements, environmental clearances have been obtained and right-of-way acquisitions have been negotiated. Construction will begin pending the Oklahoma Department of Transportation's approval of right-of-way and construction documents;
- Provides funds for a master plan to guide our future improvements at Lake Bixhoma, including the pursuit of federal grants;
- Maintains a restricted, "Disaster Recovery Reserve Fund", the sum of \$1.36 million. Heretofore, these monies, which were accumulated from past budgetary savings over a multiple of years, for the purpose of helping enable the community to recover from a future large-scale natural or man-made disaster, had been accounted for within the Capital Improvement Fund.
- Funds renovation and remodeling of the City Hall building and the Dawes Administrative building to better serve our Community's citizens;
- Funds necessary equipment replacement within various departments to ensure employees have the tools necessary to accomplish their mission. This includes Capital Improvement Fund monies for: continued implementation of the city's comprehensive new Police and Fire radio

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communications system; new patrol vehicles and miscellaneous police equipment; Fire personal protective gear; equipment for the Parks Department, replacement computers for various departments, the updating of the community's Comprehensive Plan, as required by state statute and to help ensure quality development outcomes in our community, etc., and;

- Funds unavoidable increases in various fixed costs (health insurance, dental, workers compensation, etc.) necessary to retain the City's workforce.
- The City will continue to provide its workforce with high quality health insurance and related employee benefits. The City Council approved a new list of fees and fee increases in April 2017 and modified that fee schedule effective July 1, 2019.

While no specific revenues from such a proposal were included in the approved budget, the city's departments will be looking at their fees and use charges to improve or develop new appropriate fees or charges to assure its citizen's continued high levels of adequate customer service.

Summary of Related Details

- This FY-20 budget provides the third full-year of a Sales Tax Personnel Fund to provide continuing funding for eleven new positions of:
 - three Firefighters;
 - four Police Officers;
 - two Public Safety Dispatchers (Communications Officers), and;
 - two Street Department crew member positions

These new positions were part of the November 2015 referendum to change a portion of the county sales tax to the benefit of the city effective January 2017.

- Continues BPWA funding to continue:
 - three water distribution crew members, effective November 1, 2015,

to help ensure water leaks are addressed on a more timely basis, improve response time to customer complaints, and generally keep pace with the growing demands for services arising from our rapidly-expanding infrastructure network and number of water customers.

- This budget also provides full-year funding for the new Public Information Officer / Event Coordinator for the City and BPWA from the Economic Development Fund, and;
- This budget provides for a transfer of \$625,000 of past budgetary savings from the General Fund to the Stormwater Fund, in anticipation of expanded mowing and other requirements beginning in FY-20, when the Haikey Creek Flood Control project comes on-line.

August 2016 General Obligation Bond Election Overwhelmingly Approved by Local Voters

On August 23, 2016, Bixby voters overwhelmingly approved each of four propositions involving the issuance of \$18,000,000 in General Obligation bonds. These bonds will be issued over a five year period (starting in 2016) to provide funding of key infrastructure projects designed to improve economic development and quality of life, and provide long term fiscal sustainability for the city's public safety, streets and parks systems, all without raising the total or combined tax rates previously in place.

Proposition 1 provides \$975,000 for funding for stormwater drainage facilities within South Bixby:

Proposition 2 provides \$4,215,000 for Public Safety infrastructure improvements:

- Purchasing and installing Property Security Camera System
- Police Department gun range improvements, including possible land acquisition
- Purchasing and replacing two fire engines and one ladder truck for the Fire Department

Proposition 3 provides \$11,835,000 for repairing streets:

- 131st Street improvements between Memorial and Mingo
- 131st Street improvements between Sheridan and Memorial
- 121st Street improvements between Memorial and 85th East Avenue
- 151st Street and Harvard Avenue improvements and signalization
- 111th Street improvements between Memorial and 86th East Avenue

Proposition 4 provides \$975,000 for improvements of the City's Parks Department:

- Continued improvements at Bentley Park
- Repurposing the rodeo arena to multi-use athletic fields
- Repairing Bixhoma Lake

Economy

The long term outlook for the City of Bixby remains positive, as long term local economic development initiatives take root and the national economy experiences growth. City of Bixby officials aggressively market the community as a potential home to retailers in an effort to expand the number of locally available shopping and dining options and boost municipal operating revenues.

Bixby is known as a friendly, attractive and rewarding place to which to relocate and prosper. Opportunity for new business activity abounds in Bixby, which features some of the highest population growth trends and most favorable income and educational attainment demographics found in the state of Oklahoma, as well as a documented retail trade gap in excess of \$0.6 billion. This market potential, along with Bixby's high quality of schools, status as the safest community in the state for cities its size, with a stable, progressive government, a dynamic chamber of commerce, and very attractive quality of life, continue to make Bixby a top choice for people and businesses looking to relocate to the Tulsa metro area in NE Oklahoma.

Continuing a multi-year trend, Bixby was once again in 2019 one of the fastest growing cities in Oklahoma. Bixby is now the 15th largest city in the state, up from 32nd a decade ago, and has a population over 27,451. And while some Tulsa metro area communities are approaching "built-out"

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status, Bixby has plenty of remaining land within its fence line to accommodate both additional residential growth and significant commercial development, including along the Arkansas River.

Despite this growth, Bixby has retained a friendly, small town feel, with beautiful neighborhoods, numerous churches, and many community amenities. In 2009, these factors led CNN Money.com to select Bixby as one of its Best Places to Live in America, designating it one of America's best small towns. Commercial developers have likewise praised the City of Bixby for being "business friendly" and easy to work with, citing the personal attention and access to city staff.

Bixby participates in the diversified Tulsa regional economy and labor market, which is recognized nationally for its performance:

Greater Tulsa selected No. 1 place to live in the U.S. (Relocate America 2009)

No. 1 metro for cost of living (Business Facilities 2010)

No. 4 metro for quality of life (Business Facilities 2010)

No. 6 region for small business (The Business Journals 2011)

Top 100 Metro among the leading world economies (Brookings Institution 2012)

No. 1 fastest-growing state by GDP (The Huffington Post 2010)

No. 1 state for entrepreneurship (Kaufman Foundation 2010)

No. 3 state for corporate tax environment (Area Development 2010)

No. 4 state for workforce development (Area Development 2010)

No. 4 state for employment (Business Facilities 2010)

Top 10 state for job growth and business creation (Bureau of Labor Statistics 2011)

No. 10 state for doing business (Area Development 2010)

No. 15 best state for top business climate (Site selection Magazine 2012)

No. 2 among top 10 cities for young people to find a job (the Fiscal Times 2012)

Bixby is well connected to the state and regional economy via an excellent set of state highways and is less than a thirty minute drive to Tulsa International Airport and downtown Tulsa. And in terms of global connectivity, few cities can compete with Bixby, which recently became Oklahoma's first "gigabit city". This new reality, which places Bixby on par with a select group of the most progressive communities in the nation, is expected to boost commercial growth locally and further enhance quality of life for citizens.

Forty-two percent of Bixby's citizens hold college degrees. Bixby has the highest median home values in the Tulsa Metro Region (at \$195,800, is 60% higher than the state as a whole). Finally, Bixby has the highest Per Capita Income in the Tulsa Metro Region, (at \$36,063, is 39% higher than state as a whole).

The Bixby Public Schools district is one of the fastest growing in the state, having this year alone experienced a 5% growth in student population. In 2010, voters approved by an overwhelming majority a multi-year \$62,000,000 bond issue, without raising taxes, for the construction and renovation of school buildings. This award-winning school system boasts excellent state test scores and outstanding activity programs. A 2015 bond issue won approval to enable the school district to continue to construct and improve its facilities to accommodate the current and forecasted growth in student census.

The Regal Plaza shopping center, located at 101st and Memorial, was purchased by new owners, who made several major aesthetic upgrades and have been busy filling up remaining vacancies with a variety of professional offices, which is boosting lunch and dinner crowds at area restaurants. The State's first Costco, a mammoth membership club retailer and major destination point for shoppers, has recently opened (in the Tulsa city limits), directly across the street from this development, which is expected to

further stimulate sales at Bixby retailers and restaurants. Several new restaurants have opened in the community and/or are currently under construction.

The intersection of 121st & Memorial has become the hub for a considerable amount of commercial and residential development, and is considered one of the hottest development zones in the Tulsa Metro area. A new high-end assisted living center, Covenant Place, is now open on the SW corner, and new housing additions are being planned which will boost head counts and in turn stimulate future retail business activity in the area. Also, we have seen a highly favorable leasing response at a recently-constructed \$20 million Class "A" 248 unit apartment complex (Encore on Memorial) located on the SW corner of 121st & Memorial. Another Class "A" 198 unit apartment complex on the SE corner named Residences at Boardwalk. The development has a small lake that will have a boardwalk around it; and, may have shops and restaurants along the boardwalk. One unique development recently approved for this area, near the NW corner, will be a combined housing and retail "village". This development will be styled like a European village with single and multi-family housing with retail and restaurant space around a small lake. This development is owned by a local church, which will include a new building on the property.

Further south, a \$5 million park expansion and upgrade at Bentley Youth Sports Complex which improved each of the existing sports venues, adding an additional softball quad, and an innovative set of multi-sports courts which will provide opportunities for basketball, soccer, and volleyball tournaments, plus free play when not otherwise in use. There have been multiple electronic scoreboards added through a generous donation.

These improvements are enabling this outstanding sports complex to hold even more sports tournaments in the coming years, something which has proven to be a major stimulus to area hotel and other retail business in recent years.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Director's Office at P.O. Box 70, Bixby, OK 74008 or phone at (918) 366-4430.

Respectfully submitted,

Charles Barnes
City Treasurer/Finance Director

**CITY OF BIXBY, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2019**

BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE

CITY OF BIXBY, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2019

Statement of Net Position– June 30, 2019

	<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>	
ASSETS			
Cash and cash equivalents	\$ 40,885,538	\$ 15,019,138	\$ 55,904,676
Investments	12,365,267	12,633,184	24,998,451
Accounts receivable, net of allowance	1,168,703	1,324,739	2,493,442
Internal balances	295,621	(295,621)	-
Due from other governments	2,142,762	338,571	2,481,333
Net pension asset	241,711	-	241,711
Net OPEB asset	10,412	10,246	20,658
Inventories	-	13,819	13,819
Capital Assets:			
Land and construction in progress	17,756,814	2,519,022	20,275,836
Other capital assets, net of depreciation	62,410,556	65,029,785	127,440,341
Total Assets	<u>\$ 137,277,384</u>	<u>\$ 96,592,883</u>	<u>\$ 233,870,267</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amounts on refunding	\$ 63,714	\$ -	\$ 63,714
Deferred amounts related to pensions	3,178,454	252,675	3,431,129
Deferred amounts related to OPEB	31,949	20,930	52,879
Total Deferred Outflows	<u>3,274,117</u>	<u>273,605</u>	<u>3,547,722</u>
LIABILITIES			
Accounts payable and accrued expenses	742,616	388,465	1,131,081
Accrued interest payable	261,077	35,762	296,839
Due to bondholders	8,042	-	8,042
Due to other governments	9,008	-	9,008
Long-term liabilities			
Due within one year	4,050,952	2,889,383	6,940,335
Due in more than one year	36,897,831	3,806,648	40,704,479
Total liabilities	<u>41,969,526</u>	<u>7,120,258</u>	<u>49,089,784</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred amounts related to pensions	849,144	172,865	1,022,009
Deferred amounts related to OPEB	26,027	32,950	58,977
Total Deferred Inflows	<u>875,171</u>	<u>205,815</u>	<u>1,080,986</u>
NET POSITION			
Net investment in capital assets	55,509,773	61,992,505	117,502,278
Restricted by:			
State statutes	2,832,343	-	2,832,343
Enabling legislation	194,793	-	194,793
Contractual	14,289,590	1,025,031	15,314,621
Unrestricted	24,880,305	26,522,879	51,403,184
Total net position	<u>\$ 97,706,804</u>	<u>\$ 89,540,415</u>	<u>\$ 187,247,219</u>

See accompanying notes to the basic financial statements.

CITY OF BIXBY, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
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Statement of Activities –Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government							
Governmental Activities:							
General Government	\$ 3,757,461	\$ 728,983	\$ 191,803	\$ 4,100,833	\$ 1,264,158	\$ -	\$ 1,264,158
Public Safety	7,491,090	1,511,860	837,331	13,483	(5,128,416)	-	(5,128,416)
Streets	1,970,605	721,147	238,117	109,469	(901,872)	-	(901,872)
Culture and Recreation	1,718,613	38,069	-	-	(1,680,544)	-	(1,680,544)
Cemetery	166,195	136,000	-	-	(30,195)	-	(30,195)
Economic Development	351,118	-	-	-	(351,118)	-	(351,118)
Interest on Long-term debt	972,330	-	-	-	(972,330)	-	(972,330)
Total governmental activities	<u>16,427,412</u>	<u>3,136,059</u>	<u>1,267,251</u>	<u>4,223,785</u>	<u>(7,800,317)</u>	<u>-</u>	<u>(7,800,317)</u>
Business-Type Activities:							
Water	6,059,742	7,685,339	-	641,234	-	2,266,831	2,266,831
Wastewater	2,037,038	3,073,631	-	795,679	-	1,832,272	1,832,272
Total business-type activities	<u>8,096,780</u>	<u>10,758,970</u>	<u>-</u>	<u>1,436,913</u>	<u>-</u>	<u>4,099,103</u>	<u>4,099,103</u>
Total primary government	<u>\$ 24,524,192</u>	<u>\$ 13,895,029</u>	<u>\$ 1,267,251</u>	<u>\$ 5,660,698</u>	<u>\$ (7,800,317)</u>	<u>\$ 4,099,103</u>	<u>\$ (3,701,214)</u>
General revenues:							
Taxes:							
Property taxes					\$ 3,367,023	\$ -	\$ 3,367,023
Sales and use taxes					15,085,285	-	15,085,285
Franchise taxes and public service taxes					1,072,638	-	1,072,638
Hotel/motel taxes					158,637	-	158,637
E911 taxes					248,517	-	248,517
Intergovernmental revenue not restricted to specific programs					168,376	-	168,376
Unrestricted investment earnings					689,288	286,784	976,072
Miscellaneous					805,333	53,936	859,269
Transfers					(1,971,530)	1,971,530	-
Total general revenues and transfers					<u>19,623,567</u>	<u>2,312,250</u>	<u>21,935,817</u>
Change in net position					<u>11,823,250</u>	<u>6,411,353</u>	<u>18,234,603</u>
Net position - beginning					<u>85,883,554</u>	<u>83,129,062</u>	<u>169,012,616</u>
Net position - ending					<u>\$ 97,706,804</u>	<u>\$ 89,540,415</u>	<u>\$ 187,247,219</u>

See accompanying notes to the basic financial statements.

**CITY OF BIXBY, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2019**

BASIC FINANCIAL STATEMENTS - GOVERNMENTAL FUNDS

**CITY OF BIXBY, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2019**

Governmental Funds Balance Sheet - June 30, 2019

	<u>General Fund</u>	<u>Capital Improvement Fund</u>	<u>Debt Service Fund</u>	<u>Downtown River Corridor Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and cash equivalents	\$ 4,071,423	\$ 4,932,011	\$ 836,690	\$ 15,089,842	\$ 22,709,316	\$ 47,639,282
Investments	1,530,509	1,532,010	894,988	741,606	8,776,801	13,475,914
Receivable from other governments	939,656	418,972	22,142	135,428	965,135	2,481,333
Due from other funds	324,799	-	1,057	59,721	7,828	393,405
Taxes receivable, net	102,232	-	-	-	39,466	141,698
Court fines receivable, net	802,803	-	-	-	-	802,803
Ambulance receivable, net	19,101	-	-	-	-	19,101
Utilities receivable, net	-	-	-	-	29,692	29,692
Other receivables	63,092	-	4,002	-	70,639	137,733
Total assets	<u>\$ 7,853,615</u>	<u>\$ 6,882,993</u>	<u>\$ 1,758,879</u>	<u>\$ 16,026,597</u>	<u>\$ 32,598,877</u>	<u>\$ 65,120,961</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 58,550	\$ 24,803	\$ -	\$ 229,340	\$ 256,057	\$ 568,750
Accrued payroll payable	149,235	-	-	-	23,912	173,147
Due to other funds	36,231	-	-	-	384,776	421,007
Due to bondholders	8,615	-	-	-	-	8,615
Payable to other governments	9,008	-	-	-	-	9,008
Other payables	9,432	-	-	-	-	9,432
Total liabilities	<u>271,071</u>	<u>24,803</u>	<u>-</u>	<u>229,340</u>	<u>664,745</u>	<u>1,189,959</u>
Deferred inflows:						
Deferred revenue	<u>714,861</u>	<u>-</u>	<u>6,012</u>	<u>-</u>	<u>192,151</u>	<u>913,024</u>
Fund balances:						
Restricted	-	-	1,451,796	12,985,294	11,463,906	25,900,996
Assigned	972,161	6,858,190	301,071	2,811,963	20,278,075	31,221,460
Unassigned	5,895,522	-	-	-	-	5,895,522
Total fund balances	<u>6,867,683</u>	<u>6,858,190</u>	<u>1,752,867</u>	<u>15,797,257</u>	<u>31,741,981</u>	<u>63,017,978</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 7,853,615</u>	<u>\$ 6,882,993</u>	<u>\$ 1,758,879</u>	<u>\$ 16,026,597</u>	<u>\$ 32,598,877</u>	<u>\$ 65,120,961</u>

See accompanying notes to the basic financial statements.

CITY OF BIXBY, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2019

Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances – Year Ended June 30, 2019

	<u>General Fund</u>	<u>Capital Improvements Fund</u>	<u>Debt Service Fund</u>	<u>Downtown River Corridor Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES						
Property taxes	\$ -	\$ -	\$ 3,386,810	\$ -	\$ -	\$ 3,386,810
Sales and use tax	6,638,535	2,803,995	-	995,780	4,646,975	15,085,285
Franchise and miscellaneous taxes	1,072,638	-	-	-	407,154	1,479,792
Intergovernmental	1,013,324	-	-	-	363,246	1,376,570
Licenses and permits	666,049	-	-	-	-	666,049
Charges for services	656,994	-	30,582	-	928,422	1,615,998
Fines & forfeitures	789,423	-	-	-	-	789,423
Investment earnings	54,553	85,902	14,474	246,259	396,618	797,806
Miscellaneous	350,385	235,739	49,354	73,223	37,257	745,958
Total revenues	<u>11,241,901</u>	<u>3,125,636</u>	<u>3,481,220</u>	<u>1,315,262</u>	<u>6,779,672</u>	<u>25,943,691</u>
EXPENDITURES						
Administration	426,914	-	-	-	-	426,914
City attorney	101,488	-	-	-	-	101,488
Municipal court	121,605	-	-	-	-	121,605
Community service	5,150	-	-	-	-	5,150
General government	1,218,013	-	148,525	207,500	73,647	1,647,685
Police	3,530,987	-	-	-	675,287	4,206,274
Fire	3,003,796	-	-	-	-	3,003,796
Emergency Management	23,090	-	-	-	-	23,090
Streets	567,963	-	-	-	362,163	930,126
Culture and recreation	1,552	-	-	-	957,540	959,092
Cemetery	152,113	-	-	-	2,000	154,113
Economic development	-	-	-	-	348,899	348,899
E-911	-	-	-	-	94,559	94,559
Water and sewer	359,446	-	-	-	-	359,446
Capital outlay	63,317	1,816,236	-	116,470	3,534,781	5,530,804
Debt service:						
Principal	-	173,388	2,860,000	435,000	-	3,468,388
Interest and other charges	-	7,265	476,113	459,113	-	942,491
Total expenditures	<u>9,575,434</u>	<u>1,996,889</u>	<u>3,484,638</u>	<u>1,218,083</u>	<u>6,048,876</u>	<u>22,323,920</u>
Excess (deficiency) of revenues over expenditures	<u>1,666,467</u>	<u>1,128,747</u>	<u>(3,418)</u>	<u>97,179</u>	<u>730,796</u>	<u>3,619,771</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from long-term debt	-	710,000	4,000,000	-	-	4,710,000
Transfers in	1,955,367	1,374,293	-	-	9,746,514	13,076,174
Transfers out	<u>(2,398,637)</u>	<u>(1,456,293)</u>	<u>(3,857,808)</u>	<u>-</u>	<u>(4,210,159)</u>	<u>(11,922,897)</u>
Total other financing sources (uses)	<u>(443,270)</u>	<u>628,000</u>	<u>142,192</u>	<u>-</u>	<u>5,536,355</u>	<u>5,863,277</u>
Net change in fund balances	1,223,197	1,756,747	138,774	97,179	6,267,151	9,483,048
Fund balances - beginning	5,644,486	5,101,443	1,614,093	15,700,078	25,474,830	53,534,930
Fund balances - ending	<u>\$ 6,867,683</u>	<u>\$ 6,858,190</u>	<u>\$ 1,752,867</u>	<u>\$ 15,797,257</u>	<u>\$ 31,741,981</u>	<u>\$ 63,017,978</u>

See accompanying notes to the basic financial statements.

**CITY OF BIXBY, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2019**

Reconciliation of Governmental Funds and Government-Wide Financial Statements:

Total fund balance, governmental funds \$ 63,017,978

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position. 80,167,370

Other long-term assets are not available to pay for current period expenditures and therefore they, along with pension and OPEB related deferred outflows, are not reported in the funds.

Deferred revenue	913,024
Net OPEB asset	10,412
Net pension asset	241,711
Pension and OPEB related deferred outflows	3,210,403
	<u>4,375,550</u>

Certain special revenue funds are used by management to perform business-type activities. The assets and liabilities of these special revenue funds are included in business-type activities in the Statement of Net Position.

Water and Sewer Development Fund	(6,744,975)
Citizen's Planned Fund	(1,126,780)
	<u>(7,871,755)</u>

Some liabilities (such as Notes Payable, Capital Lease Contract Payable, Long-term Compensated Absences, Bonds Payable, and net pension liability), are not due and payable in the current period and therefore, they, along with pension and OPEB related deferred inflows, are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.

Accrued interest payable	(261,077)
Capital lease obligation	(13,474,781)
General obligation bonds	(19,616,286)
Bond premium	(156,812)
Net pension liability	(6,196,742)
Pension and OPEB related deferred inflows	(875,171)
Accrued compensated absences	(1,440,448)
	<u>(42,021,317)</u>

Internal service fund net position, classified as governmental activities at the government-wide financial statements. 38,978

Net Position of Governmental Activities in the Statement of Net Position \$ 97,706,804

See accompanying notes to the basic financial statements.

CITY OF BIXBY, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2019

Reconciliation of Governmental Funds and Government-Wide Financial Statements:

Net change in fund balances - total governmental funds: \$ 9,483,048

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets and bond issue costs as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

Capital asset purchases capitalized	3,765,745
Capital assets contributed	4,100,833
Capital assets transferred to business-type activities	81,809
Depreciation expense	(3,570,591)
Book value of disposed capital assets	(28,223)
	4,349,573

In the Statement of Activities, the net cost of pension benefits earned is calculated and reported as pension expense. The fund financial statements report pension contributions as pension expenditures. This amount represents the difference between pension contributions and calculated pension expense.

840,496

In the Statement of Activities, the net cost of OPEB benefits earned is calculated and reported as OPEB expense. The fund financial statements report OPEB contributions as OPEB expenditures/expenses. This amount represents the difference between OPEB contributions and calculated OPEB expense.

14,785

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:

Change in deferred revenue	373,650
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Certain special revenue funds are used by management to perform business-type activities. The net change in fund balances of these special revenue funds are included in business-type activities in the Statement of Net Position:

Water and Sewer Development Fund	(1,538,425)
Citizen's Planned Fund	(241,551)
	(1,779,976)

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:

Principal payments on long-term debt	3,468,388
Proceeds of long-term debt	(4,710,000)
Bond premium	(49,354)
Amortization of bond premium and deferred amounts on refunding	24,478
	(1,266,488)

Internal service funds are used by management to charge the costs of certain activities, such as health insurance to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.

(14,251)

Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:

Change in accrued interest payable	(60,651)
Change in accrued compensated absences	(116,936)
	(177,587)

Change in net position of governmental activities	\$ 11,823,250
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See accompanying notes to the basic financial statements.

**CITY OF BIXBY, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2019**

BASIC FINANCIAL STATEMENTS - PROPRIETARY FUNDS

CITY OF BIXBY, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2019

Proprietary Fund Statement of Net Position - June 30, 2019

	<u>Bixby Public</u> <u>Works Authority</u>	<u>Total Internal</u> <u>Service Funds</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 12,675,535	\$ 114,052
Investments	5,152,057	-
Restricted:		
Cash and cash equivalents	294,218	-
Due from other funds	57,997	-
Accounts receivable, net	1,324,739	37,676
Inventories	13,819	-
Total current assets	19,518,365	151,728
Non-current assets:		
Restricted:		
Cash and cash equivalents	240,037	-
Investments	1,312,032	-
Net OPEB asset	10,246	-
Capital assets:		
Land and construction in progress	2,519,022	-
Other capital assets, net of accumulated depreciation	65,029,785	-
Total non-current assets	69,111,122	-
Total assets	\$ 88,629,487	\$ 151,728
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amounts related to pensions	252,675	-
Deferred amounts related to OPEB	20,930	-
Total deferred outflows	273,605	-
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 238,002	\$ 112,750
Accrued payroll payable	28,427	-
Accrued interest payable	35,762	-
Due to other funds	30,395	-
Deposits subject to refund	143,731	-
Compensated absences	43,052	-
Notes payable	2,702,600	-
Total current liabilities	3,221,969	112,750
Non-current liabilities:		
Compensated absences	172,209	-
Deposits subject to refund	626,312	-
Net OPEB liability	-	-
Net pension liability	154,425	-
Notes payable	2,853,702	-
Total non-current liabilities	3,806,648	-
Total liabilities	7,028,617	112,750
DEFERRED INFLOWS OF RESOURCES		
Deferred amounts related to pensions	172,865	-
Deferred amounts related to OPEB	32,950	-
Total deferred inflows	205,815	-
NET POSITION		
Net investment in capital assets	61,992,505	-
Restricted for debt service	1,025,031	-
Unrestricted (deficit)	18,651,124	38,978
Total net position	\$ 81,668,660	\$ 38,978

See accompanying notes to the basic financial statements.

CITY OF BIXBY, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2019

Proprietary Fund Statement of Revenues, Expenses, and Changes in Net Position - Year Ended June 30, 2019

	<u>Bixby Public</u> <u>Works Authority</u>	<u>Total Internal</u> <u>Service Funds</u>
REVENUES		
Water	\$ 7,562,386	\$ -
Sewer	2,999,014	-
Miscellaneous	89,746	136,952
Total operating revenues	<u>10,651,146</u>	<u>136,952</u>
OPERATING EXPENSES		
Administration	1,607,673	-
Water	4,286,637	-
Wastewater	485,168	-
Insurance claims	-	151,281
Depreciation	1,563,147	-
Total Operating Expenses	<u>7,942,625</u>	<u>151,281</u>
Operating income (loss)	<u>2,708,521</u>	<u>(14,329)</u>
NON-OPERATING REVENUES (EXPENSES)		
Interest and investment revenue	184,521	78
Gain on disposal of capital assets	24,950	-
Interest expense	(133,585)	-
Total non-operating revenue (expenses)	<u>75,886</u>	<u>78</u>
Income (loss) before contributions and transfers	2,784,407	(14,251)
Capital contributions	2,918,438	-
Transfers in	6,294,898	-
Transfers out	(7,366,366)	-
Change in net position	4,631,377	(14,251)
Total net position - beginning	77,037,283	53,229
Total net position - ending	<u>\$ 81,668,660</u>	<u>\$ 38,978</u>

See accompanying notes to the basic financial statements.

**CITY OF BIXBY, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2019**

Reconciliation of Proprietary Fund and Government-Wide Financial Statements:

Total net position, proprietary funds	\$ 81,668,660
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Amounts reported for business-type activities in the Statement of Net Position are different because:

Certain special revenue funds are used by management to perform business-type activities. The assets and liabilities of these special revenue funds are included in business-type activities in the Statement of Net Position.

Water and Sewer Development Fund	6,744,975
Citizen's Planned Fund	1,126,780
	7,871,755

Net Position of Business-type Activities in the Statement of Net Position	\$ 89,540,415
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Change in net position - total proprietary funds:	\$ 4,631,377
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Amounts reported for Business-type Activities in the Statement of Activities are different because:

Certain special revenue funds are used by management to perform business-type activities. The net change in fund balances of these special revenue funds are included in business-type activities in the Statement of Net Position:

Water and Sewer Development Fund	1,538,425
Citizen's Planned Fund	241,551
	1,779,976

Change in net position of business-type activities	\$ 6,411,353
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See accompanying notes to the basic financial statements.

CITY OF BIXBY, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2019

Proprietary Fund Statement of Cash Flows - Year Ended June 30, 2019

	<u>Bixby Public</u> <u>Works Authority</u>	<u>Total Internal</u> <u>Service Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 10,951,677	\$ 136,952
Payments to suppliers	(4,602,412)	(151,281)
Payments to employees	(1,832,150)	-
Receipts of customer meter deposits	295,047	-
Refunds of customer meter deposits	(198,351)	-
Interfund receipts	6,038	-
Interfund payments	(6,038)	-
Net cash provided by (used in) operating activities	<u>4,613,811</u>	<u>(14,329)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers from other funds	6,294,898	-
Transfers to other funds	(7,366,366)	-
Net cash provided by (used in) noncapital financing activities	<u>(1,071,468)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets	(193,751)	-
Proceeds from sale of capital assets	25,950	-
Proceeds from debt	1,562,241	-
Principal paid on debt	(1,262,836)	-
Interest and fiscal agent fees paid on debt	(125,493)	-
Net cash provided by capital and related financing activities	<u>6,111</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale (purchase) of investments	(116,819)	-
Interest and dividends	184,521	78
Net cash provided by investing activities	<u>67,702</u>	<u>78</u>
Net increase (decrease) in cash and cash equivalents	3,616,156	(14,251)
Balances - beginning of year	<u>9,593,634</u>	<u>128,303</u>
Balances - end of year	<u>\$ 13,209,790</u>	<u>\$ 114,052</u>
Reconciliation to Statement of Net Position:		
Cash and cash equivalents	\$ 12,675,535	\$ 114,052
Restricted cash and cash equivalents - current	294,218	-
Restricted cash and cash equivalents - noncurrent	240,037	-
Total cash and cash equivalents, end of year	<u>\$ 13,209,790</u>	<u>\$ 114,052</u>

(Continued)

(Continued)

See accompanying notes to the basic financial statements.

**CITY OF BIXBY, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2019**

Proprietary Funds Statement of Cash Flows - Year Ended June 30, 2019, (Continued)

	<u>Bixby Public Works Authority</u>	<u>Total Internal Service Funds</u>
Reconciliation of operating income (loss) to net cash provided by		
Operating Activities:		
Operating income (loss)	\$ 2,708,521	\$ (14,329)
Adjustments to reconcile operating income(loss) to net cash provided by (loss) operating activities:		
Depreciation expense	1,563,147	-
Change in assets and liabilities:		
Due from other funds	(6,038)	-
Due to other funds	6,038	-
Accounts receivable	300,531	-
Deferred outflows related to pensions and OPEB	78,516	-
Inventories	(4,099)	-
Accounts payable	20,936	-
Accrued salaries payable	4,601	-
Deposits subject to refund	96,696	-
Deferred inflows related to pensions and OPEB	68,871	-
Net OPEB asset	(18,417)	-
Net pension liability	(231,275)	-
Accrued compensated absences	25,783	-
Net cash provided by (used in) operating activities	<u>\$ 4,613,811</u>	<u>\$ (14,329)</u>

See accompanying notes to the basic financial statements.

**CITY OF BIXBY, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2019**

FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS

Footnotes to the Basic Financial Statements:

1. Summary of Significant Accounting Policies

A. Financial Reporting Entity

The City's financial reporting entity includes the primary government (City of Bixby) and the blended component unit as noted below. This annual report includes all activities for which the City of Bixby City Council/Manager is fiscally responsible.

In determining the financial reporting entity, the City complies with the provisions of Governmental Accounting Standards Board Statements No. 14, 34, 39, and 61 and includes all component units for which the City is financially accountable.

The City of Bixby – that provides the public safety, health and welfare, streets and highways, parks and recreation, and administrative activities.

The City of Bixby has a population of approximately 23,000 located in northeast Oklahoma. The City is a Council/Manager form of government that provides for three branches of government:

- Legislative – the City Council is the governing body elected by the citizens
- Executive – the City Manager is the Chief Executive Officer and is appointed by the City Council
- Judicial – the Municipal Judge is a practicing attorney appointed by the City Council

The City provides typical municipal services such as public safety, street maintenance, culture, parks and recreation.

Blended Component Unit:

- **The Bixby Public Works Authority** – that operates the water and sewer services of the City.

This component unit is a Public Trust established pursuant to Title 60 of Oklahoma State law. Public Trusts (Authorities) have no taxing power. The Authority is generally created to finance City services through issuance of revenue bonds or other non-general obligation debt and to enable the City Council to delegate certain functions to the governing body (Trustees) of the Authority. The Authority generally retains title to assets which are acquired or constructed with Authority debt or other Authority generated resources. In addition, the City has leased certain existing assets at the creation for the Authority to the Trustees on a long-term basis. The City, as beneficiary of the Public Trust, receives title to any residual assets when a Public Trust is dissolved.

B. Basis of Presentation and Accounting

Government-Wide Financial Statements:

The statements of net position and activities are reported on the accrual basis of accounting and economic resources measurement focus. Under the accrual basis of accounting, revenues are recognized when earned and expenses (including depreciation and amortization) are recorded when the liability is incurred or economic asset used.

**CITY OF BIXBY, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2019**

Program revenues in the Statement of Activities are revenues that are derived directly from each activity or from parties outside of the City's taxpayers. The City has the following program revenues in each activity:

- Public Safety – Fire, Police, Ambulance – fines and forfeitures, ambulance fees, fire run charges, 911 revenue and restricted operating grants.
- Streets – Commercial vehicle and gasoline excise tax shared by the State and other restricted operating grants.
- Culture, parks, and recreation – park usage fees, fishing license fees, operating and capital grants.
- Cemetery – cemetery revenues
- General Government – licenses and permits and restricted operating grants.

All other governmental revenues are reported as general. All taxes are classified as general revenue even if restricted for a specific purpose.

Governmental Funds:

The City's governmental funds include:

Major Funds:

- General Fund – accounts for all activities not accounted for in other special-purpose funds. The General Fund also includes the Rural Fire, Fishing License, Cemetery Beautification and Cemetery Maintenance accounts.
- Capital Improvement Fund – a capital project fund that accounts for ¼ cent sales tax for capital improvements.
- Debt Service Fund – a debt service fund that accounts for receipt of ad valorem taxes and used to make debt service payments for general obligation bonds.
- Downtown River Corridor Fund – accounts for the repurposed 0.3 of one cent sales tax to enhance the Arkansas River access and renovate downtown infrastructure.

Aggregated Non-Major Funds (reported as Other Governmental Funds):

Special Revenue Funds:

- Park Fund – accounts for ¼ penny sales tax used to improve and maintain Bentley Park.
- E911 Fund – accounts for revenues received from tariff rates on base line telephone charges and expenditures for operations and maintenance of the E-911 system.
- Fry Creek Maintenance Fund – accounts for the ongoing maintenance of the Fry Creek Channel.
- Street and Alley Fund – accounts for revenues received from gasoline excise tax, motor vehicle tax and expenditures made for street maintenance and operations.
- Economic Development Fund – accounts for revenues received from hotel lodging tax and expenses to enhance the City's ability to attract new industry to the area.
- Federal Police Asset Forfeiture Fund – accounts for the City's share of funds from various multi-jurisdictional operations.
- State Police Asset Forfeiture Fund – accounts for the City's share of funds from various multi-jurisdictional operations.
- Disaster Recovery Fund – accounts for funds set aside to help enable our community to recover from a future large-scale natural or man-made disaster.

**CITY OF BIXBY, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2019**

- Sales Tax Personnel Fund – accounts for sales tax that is voter restricted to hire additional City personnel in the police, fire and street departments.

Capital Project Funds:

- Cemetery Care Fund – accounts for 12.5% of cemetery revenue restricted by State law for cemetery capital improvements.
- Water and Sewer Development Fund – accounts for revenue from water and sewer development fee and expenses for water and sewer maintenance and improvements.
- 2016 Bond Fund – accounts for bond proceeds used to finance streets, parks and recreation, and public safety improvements.
- 2011 Bond Fund – accounts for bond proceeds used to finance streets, parks and recreation, and public safety improvements.
- Stormwater Management Fund –accounts for revenues from stormwater fees and expenses for maintenance and capital improvements of the stormwater system.
- 2018 Bond Fund – accounts for bond proceeds used to finance streets and public safety improvements.
- 2018B Bond Fund – accounts for bond proceeds used to finance streets and public safety improvements.
- Citizen’s Planned Fund –accounts for $\frac{3}{4}$ cent sales tax restricted for sewer system improvements and debt service.

The governmental funds are reported on the modified accrual basis of accounting. On the modified accrual basis of accounting, revenues are recorded when earned and measurable and available to pay current financial obligations, while expenditures are recorded when incurred and payable from current financial resources. The City defines revenue availability as collected within 60 days of period end.

The reconciliation of the governmental funds financial statements to the governmental activities presentation in the government-wide financial statements is the result of the use of the accrual basis of accounting and economic resources measurement focus at the government-wide level.

The General Fund, Citizen’s Planned Fund, 2011 Bond Fund, and Debt Service Fund are considered major funds and are therefore displayed in separate columns. All other governmental funds are considered non-major funds and are aggregated under the column titled Other Governmental Funds.

Proprietary Funds:

The City’s proprietary funds include:

Enterprise Fund

- Bixby Public Works Authority Fund that accounts for the activities of the public trust in providing water and sewer services to the public.

The proprietary funds are reported on the accrual basis of accounting and economic resources measurement focus. For purposes of the statement of revenues, expenses and changes in fund net position, operating revenues and expenses are considered those whose cash flows are related to operating activities, while revenues and expenses related to financing, capital and investing activities are reported as non-operating or transfers and contributions.

Internal Service Fund

The City's Internal Service Fund will eventually be used to account for the financing of services provided by one department to other departments of the City and it is included in the governmental activities in the government-wide statements.

C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "how" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities both governmental and business-like activities are presented using the economic resources measurement focus as defined in item b below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets, deferred outflows, liabilities and deferred inflows are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets, deferred outflows, liabilities and deferred inflows (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, deferred outflows, liabilities and deferred inflows resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available". Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter (within 60 days of period end) to pay current liabilities. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Equity

Cash and Investments

For the purposes of the statements of net position, balance sheets, and statement of cash flows, "cash and cash equivalents" includes all demand and savings accounts, and certificates of deposits or short-term investments with an original maturity of three months or less. Investments of the promissory note trustee accounts are considered cash equivalents.

Investments are carried at fair value. Fair value is based on quoted market price.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include sales and use taxes, franchise taxes, ad valorem taxes, grants, police fines, and ambulance fees. Business-type activities report utilities as its major receivables.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise tax, ad valorem tax, and grants and other similar intergovernmental revenues since they are usually both measurable and available. Non-exchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Utility accounts receivable comprise the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

Capital Assets

The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-Wide Statements

In the government-wide financial statements, capital assets are accounted for as capital assets. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. Estimated historical cost was used to value infrastructure assets acquired prior to July 1, 2002.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A

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capitalization threshold of \$1,500 is used to report capital assets. The range of estimated useful lives by type of asset is as follows:

- Buildings	10-60 years
- Machinery and Equipment	3-30 years
- Infrastructure	5-60 years
- Other Improvements	5-60 years

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Restricted Assets

Restricted assets include cash and investments of the proprietary fund that are legally restricted as to their use. The primary restricted assets are related to revenue bond trustee accounts and utility meter deposits.

Long-Term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists of notes payable, capital leases, general obligation bonds, revenue bonds, and accrued compensated absences.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for the proprietary fund is the same in the fund statements as it is in the government-wide statements.

Compensated Absences

The City's policies regarding vacation, sick, and compensatory time permit employees to accumulate varying amounts as determined by management and contracts with employee groups.

Compensated absences are reported as accrued in the government-wide and proprietary financial statements. Governmental funds report only the matured compensated absences payable to currently terminating employees.

Equity Classifications

Government-Wide and Proprietary Fund Financial Statements:

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

It is the City’s policy to first use restricted net position prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Governmental Fund Financial Statements:

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned and unassigned. These classifications are defined as:

- a. Nonspendable – includes amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact.
- b. Restricted – consists of fund balance with constraints placed on the use of resources either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) laws through constitutional provisions or enabling legislation.
- c. Committed – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the city’s highest level of decision-making authority. The City’s highest level of decision-making authority is made by ordinance. Currently, the City has no committed fund balance.
- d. Assigned – includes amounts that are constrained by the city’s intent to be used for specific purposes but are neither restricted nor committed. Assignments of fund balance may be made by city council action or management decision when the city council has delegated that authority. Assignments for transfers and interest income for governmental funds are made through the budgetary process.
- e. Unassigned – represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the general fund.

It is the City’s policy to first use restricted fund balance prior to the use of the unrestricted fund balance when an expense is incurred for purposes for which both restricted and unrestricted fund balance are available. The City’s policy for the use of unrestricted fund balance amounts require that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

E. Revenues, Expenditures, and Expenses

Sales Tax

The City presently levies a three and one half cent sales tax on taxable sales within the City. The sales tax is collected by the Oklahoma Tax Commission and remitted to the City in the month following receipt by the Tax Commission. Two cents is recorded in the General Fund, three-fourths cent in the Citizen's Planned Fund, one-fourth cent in the Capital Improvement Fund, one-fourth cent in the 2006 Debt Service Fund, and the remaining one-fourth cent in the Park Fund.

Sales tax resulting from sales occurring prior to year-end and received by the City after year-end have been accrued and are included under the caption "Due from other governments". They represent taxes on sales occurring prior to year-end.

Property Tax

Under State law, municipalities are limited in their ability to levy a property tax. Such tax may only be levied to repay principal and interest on general obligation bonded debt approved by voters and any court-assessed judgments.

At the present time the City levies a property tax to fund the annual debt service requirements of general obligation bonds outstanding.

The property tax levy, as determined by the City's debt service needs, is submitted to the County Excise Board for approval. County assessors determine the taxable value of real estate and personal property in the County. A State Board of Equalization hears complaints on real estate values with the power to equalize assessments. Under present State law, the ratio of assessed value to true value cannot be less than 11 percent nor more than 13½ percent.

Property taxes levied by the City are billed and collected by the County Treasurer's Office and remitted to the City in the month following collection. Property taxes are levied normally in October and are due in equal installments on December 31 and March 31. Property taxes unpaid for the fiscal year are attached by an enforceable lien on property in the following October. Property taxes levied, but not collected during the year or within 60 days of year-end are reported as deferred revenue.

For the year ended June 30, 2019, the City's net assessed valuation of taxable property was \$284,788,896. The taxes levied by the City per \$1,000 of net assessed valuation for the year ended June 30, 2019 was \$13.10.

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Character:	Current (further classified by function)
	Debt Service
	Capital Outlay

Proprietary Fund - By Operating and Non-Operating:

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

F. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Net Position and Statement of Activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements:

Interfund activity, if any, within and among the governmental and proprietary fund categories is reported as follows in the fund financial statements:

1. Interfund loans - amounts provided with a requirement for repayment are reported as interfund receivables and payables.
2. Interfund services - sales or purchases of goods and services between funds are reported as revenues and expenditures/expenses.
3. Interfund reimbursements - repayments from funds responsible for certain expenditures/expenses to the funds that initially paid for them are not reported as reimbursements but as adjustments to expenditures/expenses in the respective funds.
4. Interfund transfers - flow of assets from one fund to another where repayment is not expected are reported as transfers in and out.

Government-Wide Financial Statements:

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

1. Internal balances - amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the governmental and business-type activities

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columns of the Statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are reported as Internal Balances.

2. Internal activities - amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers - Internal Activities. The effect of interfund services between funds, if any, are not eliminated in the Statement of Activities.

G. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

2. Cash, Cash Equivalents, and Investments

For the purpose of the statements of net position, balance sheets, and statement of cash flows, cash and cash equivalents includes all demand and savings accounts, certificates of deposit or short-term investments with an original maturity of three-months or less and money market accounts.

At June 30, 2019, the reporting entity held the following deposits and investments:

Primary Government:

<u>Type</u>	<u>Maturities</u>	<u>Rating</u>	<u>Fair Value Hierarchy</u>	<u>Carrying Value</u>
Deposits:				
Demand deposits				\$ 41,283,348
Cash on hand				250
Time deposit	Due within 1 year		N/A	<u>24,998,451</u>
				<u>66,282,049</u>
Investments:				
GS Fin Sq Treas Govt-Prem #3511		Aaa-mf	N/A	246,489
GS Fin Sq Treas Instr-Prem #3515		Aaa-mf	N/A	<u>14,374,589</u>
				<u>14,621,078</u>
Total deposits and investments				<u><u>\$ 80,903,127</u></u>
Reconciliation to Statement of Net Position:				
Cash and cash equivalents				\$ 55,904,676
Investments				<u>24,998,451</u>
				<u><u>\$ 80,903,127</u></u>

Custodial Credit Risk – Exposure to custodial credit risk related to deposits exists when the City holds deposits that are uninsured and uncollateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the City’s name, or collateralized without a written or approved collateral agreement. Exposure to custodial credit risk related to investments exists when the City holds investments that are uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the City’s name.

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The City's policy as it relates to custodial credit risk is to secure its uninsured deposits with collateral, valued at no more than market value, at least at a level of 110% of the uninsured deposits and accrued interest thereon. At June 30, 2019, the City was not exposed to custodial credit risk.

Investment Credit Risk - The City has no investment policy that limits its investment choices other than the limitation of state law as follows:

- a. Direct obligations of the U. S. Government, its agencies and instrumentalities to which the full faith and credit of the U. S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
- b. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- c. Federally insured certificates of deposit issued through the Certificate of Deposit Account Registry Service ("CDARS") by financial institutions located in the United States, provided that (i) the funds are initially invested through a financial institution that is participating in CDARS (ii) the financial institution received reciprocal deposits from customers of other financial institutions in an amount equal to the funds initially invested; and (iii) each such certificate of deposit is in an amount that is eligible for full FDIC insurance coverage.

As noted in the schedule of deposits and investments above at June 30, 2019, all of the City's investments in debt securities were rated Aaa-mf by Moody's.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Currently, the City has no investments that require this disclosure.

Investment Interest Rate Risk - the City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Investment Credit Risk - the City places no limit on the amount it may invest in any one issuer. Since the City has all investments in certificates of deposit, government securities, or money market accounts, there is no concentration of investment credit risk exposure.

Restricted Cash and Investments – The amounts reported as restricted assets of the proprietary fund statement of net position are comprised of amounts restricted for debt service, debt reserve, construction purposes, worker's compensation escrow and Public Works Authority customer utility deposits. The restricted assets as of June 30, 2019 are as follows:

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	Current	Noncurrent	
	Cash and cash equivalents	Cash and cash equivalents	Investments
Series 2012 Revenue Bond Account	\$ -	\$ 240,037	\$ -
Series 2012 Sinking Fund Account	6,452	-	-
2009 OWRB DWSRF Construction Account	37,498	-	-
2011 OWRB CWSRF Construction Account	52,672	-	-
BPWA Debt Service CDs	-	-	724,134
Worker's Comp Escrow	15,451	-	-
Meter deposits	182,145	-	587,898
Total	<u>\$ 294,218</u>	<u>\$ 240,037</u>	<u>\$ 1,312,032</u>

3. Accounts and Notes Receivable

Accounts Receivable - Accounts receivable of the business-type activities consist of customers utilities services provided, both billed and unbilled, due at year end, reported net of allowance for uncollectible amounts. The governmental activities receivables include fines receivables.

	Accounts Receivable	Less: Allowance for Uncollectible Accounts	Net Accounts Receivable
Governmental Activities:			
Franchise taxes	\$ 102,232	\$ -	\$ 102,232
Court fines	1,604,181	(802,801)	801,380
Ambulance fees	83,616	-	83,616
Stormwater	100,331	-	100,331
Other taxes	81,144	-	81,144
Total Governmental Activities	<u>\$ 1,971,504</u>	<u>\$ (802,801)</u>	<u>\$ 1,168,703</u>
Business-Type Activities:			
Utilities	\$ 1,834,069	\$ (509,330)	\$ 1,324,739
Total Business-type Activities	<u>\$ 1,834,069</u>	<u>\$ (509,330)</u>	<u>\$ 1,324,739</u>

4. Capital Assets and Depreciation

Capital Assets:

Capital assets consist of land, land improvement, construction in progress, buildings and building improvements, machinery and equipment, and infrastructure. Capital assets are reported at actual or estimated historical cost. Donated capital assets are recorded at their fair value at the date of donation. For the year ended June 30, 2019, capital assets balances changed as follows:

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	Balance at July 1, 2018	Additions	Disposals	Transfers	Balance at June 30, 2019
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 13,947,177	\$ 22,180	\$ -	\$ -	\$ 13,969,357
Construction in progress	4,945,903	4,306,501	-	(5,464,947)	3,787,457
Total capital assets not being depreciated	<u>18,893,080</u>	<u>4,328,681</u>	<u>-</u>	<u>(5,464,947)</u>	<u>17,756,814</u>
Other capital assets:					
Buildings and improvements	5,472,843	61,024	-	-	5,533,867
Infrastructure	68,045,015	1,848,990	-	5,464,947	75,358,952
Machinery, furniture and equipment	28,336,907	1,709,694	651,795	-	29,394,806
Total other capital assets at historical cost	<u>101,854,765</u>	<u>3,619,708</u>	<u>651,795</u>	<u>5,464,947</u>	<u>110,287,625</u>
Less accumulated depreciation for:					
Buildings and improvements	2,073,982	129,039	-	-	2,203,021
Infrastructure	30,545,358	1,891,112	-	-	32,436,470
Machinery, furniture and equipment	12,310,710	1,550,440	623,572	-	13,237,578
Total accumulated depreciation	<u>44,930,050</u>	<u>3,570,591</u>	<u>623,572</u>	<u>-</u>	<u>47,877,069</u>
Other capital assets, net	56,924,715	49,117	28,223	5,464,947	62,410,556
Governmental activities capital assets, net	<u>\$ 75,817,795</u>	<u>\$ 4,377,798</u>	<u>\$ 28,223</u>	<u>\$ -</u>	<u>\$ 80,167,370</u>
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 488,651	\$ -	\$ -	\$ -	\$ 488,651
Construction in progress	3,566,209	1,566,123	-	(3,101,961)	2,030,371
Total capital assets not being depreciated	<u>4,054,860</u>	<u>1,566,123</u>	<u>-</u>	<u>(3,101,961)</u>	<u>2,519,022</u>
Other capital assets:					
Buildings and improvements	1,510,553	-	-	-	1,510,553
Machinery, furniture and equipment	2,988,050	49,441	46,555	2,460,721	5,451,657
Infrastructure	78,331,329	1,496,623	-	641,240	80,469,192
Total other capital assets at historical cost	<u>82,829,932</u>	<u>1,546,064</u>	<u>46,555</u>	<u>3,101,961</u>	<u>87,431,402</u>
Less accumulated depreciation for:					
Buildings and improvements	1,078,307	30,292	-	-	1,108,599
Machinery, furniture and equipment	2,144,520	188,608	-	45,556	2,287,572
Infrastructure	17,661,199	1,344,247	-	-	19,005,446
Total accumulated depreciation	<u>20,884,026</u>	<u>1,563,147</u>	<u>-</u>	<u>45,556</u>	<u>22,401,617</u>
Other capital assets, net	61,945,906	(17,083)	46,555	3,056,405	65,029,785
Business-type activities capital assets, net	<u>\$ 66,000,766</u>	<u>\$ 1,549,040</u>	<u>\$ 46,555</u>	<u>\$ (45,556)</u>	<u>\$ 67,548,807</u>

Depreciation of capital assets is included in total expenses and is charged or allocated to the activities primarily benefiting from the use of the specific asset. Depreciation expense has been allocated as follows:

Governmental Activities:

General government	\$ 1,079,140
Public safety	781,157
Streets	1,000,282
Culture and recreation	696,468
Cemetery	13,544
	<u>\$ 3,570,591</u>

Business-Type Activities:

Water	\$ 574,789
Wastewater	988,358
	<u>\$1,563,147</u>

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5. Long-Term Debt and Debt Service Requirements

For the year ended June 30, 2019, the reporting entity's long-term debt changed as follows:

Type of Debt	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019	Due Within One Year
Governmental Activities:					
General obligation bonds	\$ 18,540,000	\$ 4,000,000	\$ 2,860,000	\$ 19,680,000	\$ 3,070,000
Notes payable (direct borrowing)	13,225,000	-	435,000	12,790,000	450,000
Capital lease payable	148,169	710,000	173,388	684,781	242,861
Accrued compensated absences	1,323,511	116,937	-	1,440,448	288,091
Total Governmental Activities	<u>\$ 33,236,680</u>	<u>\$ 4,826,937</u>	<u>\$ 3,468,388</u>	<u>\$ 34,595,229</u>	<u>\$ 4,050,952</u>
Business-Type Activities:					
Notes Payable (direct borrowing)	\$ 5,256,897	\$ 1,562,241	\$ 1,262,836	\$ 5,556,302	\$ 2,702,600
Deposits Subject to Refund	673,347	96,696	-	770,043	143,731
Accrued compensated absences	189,478	25,783	-	215,261	43,052
Total Business-Type Activities	<u>6,119,722</u>	<u>1,684,720</u>	<u>1,262,836</u>	<u>6,541,606</u>	<u>2,889,383</u>
Total Long-Term Debt	<u>\$ 39,356,402</u>	<u>\$ 6,511,657</u>	<u>\$ 4,731,224</u>	<u>\$ 41,136,835</u>	<u>\$ 6,940,335</u>

Reconciliation to Statement of Net Position:

Governmental Activities:

Due within one year	\$ 4,050,952
Due in more than one year	36,897,831
Less unamortized bond premium	(156,812)
Net pension liability	(6,196,742)
Total Governmental Activities Long-Term Liabilities	<u>\$ 34,595,229</u>

Business-Type Activities:

Due within one year	\$ 2,889,383
Due in more than one year	3,806,648
Net pension liability	(154,425)
Total Business-Type Activities Long-Term Liabilities	<u>\$ 6,541,606</u>

Governmental activities long-term debt:

Capital Lease Obligations:

\$49,386 lease obligation for purchase of tasers for the police department, payable in annual installments, one of \$7,146 and 4 payments of \$10,560 with an annual interest rate of 0%, final payment due January 2022.

Secured by a first lien on the property. In the event of default insurance coverage will terminate and no refunds will be given and the City will be obligated to pay the remainder of the balance due unless the termination is due to non-appropriations. If due to non-appropriations, the City will not be charged for the remaining balance if all items are returned within 30 days of the date of termination.

\$ 31,680

\$710,000 lease obligation for purchase of 15 new police cars, payable in monthly installments of \$20,502 with an annual interest rate of 2.50%, final payment due March 2022. Secured by a first lien on the property.

In the event of default all commitments and obligations of Lender will immediately terminate, all indebtedness immediately will become due and payable, and Lender shall have all the rights and remedies provided in accordance with law and the lease documents

Total Capital Leases Payable	<u>\$ 684,781</u>
Current portion	\$ 242,861
Noncurrent portion	441,920
Total Capital Leases Payable	<u>\$ 684,781</u>

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Notes Payable (direct borrowing):

Sales Tax Revenue Note Payable, Series 2017, original issue amount of \$13,980,000, dated November 30, 2017, issued by Bixby Public Works Authority, secured by sales tax, to be used on the Downtown River Corridor Project, interest rate of 3.5%, final maturity March 1, 2038. Repaid by sales tax apportioned. In the event of default the Lender may: 1) declare the entire principal outstanding and interest accrued therein immediately due and payable, 2) may apply to any court of for the appointment of a receiver as administrator, 3) take any action necessary or desirable at law or in equity to enforce the performance of the obligation.

	\$ 12,790,000
Total Note Payable	\$ 12,790,000
Current portion	\$ 450,000
Noncurrent portion	12,340,000
Total Notes Payable	\$ 12,790,000

General Obligation Bonds Payable:

\$5,015,000 General Obligation Refunding Bonds of 2016, used for advance refunding of the 2006 and 2007 bonds, due in annual installments of between \$410,000 and \$955,000 with an annual interest rate of 2.00%, repaid by property tax levies. final payment due June 2022.	\$ 2,205,000
\$4,900,000 General Obligation Bonds of 2016B, due in annual installments of \$540,000 with an annual interest rate of 1.50%, repaid by property tax levies. final payment due December 2026.	4,360,000
\$6,400,000 General Obligation Bonds of 2008, due in annual installments of \$455,000 with an annual interest rate between 3.00% and 4.10%, repaid by property tax levies. final payment due June 2023.	1,850,000
\$10,000,000 General Obligation Bonds of 2011, due in annual installments of \$710,000 and a final installment of \$770,000 with an annual interest rate between 2.00% and 4.00%, repaid by property tax levies. final payment due June 2026.	5,030,000
\$1,280,000 General Obligation Bonds of 2013, refunding General Obligation Bonds of 1999, due in annual installments ranging from \$135,000 to \$235,000 with an annual interest rate between 2.25% and 2.5%, repaid by property tax levies. final payment due December 2019.	235,000
\$2,000,000 General Obligation Bonds of 2018A, due in annual installments ranging from \$220,000 to \$240,000 with an annual interest rate between 2.3% and 2.7%, repaid by property tax levies. final payment due May 2028.	2,000,000
\$4,000,000 General Obligation Bonds of 2018B, due in annual installments ranging from \$440,000 to \$480,000 with an annual interest rate between 2.2% and 2.9%, repaid by property tax levies. final payment due December 2028.	4,000,000
Total Notes Payable	\$ 19,680,000
Current portion	\$ 3,070,000
Noncurrent portion	16,610,000
Total Notes Payable	\$ 19,680,000

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Accrued Compensated Absences:

	Current portion	288,091
	Noncurrent portion	1,152,357
Total Accrued Compensated Absences	\$	1,440,448

Business-type activities long-term debt:

Deposits subject to Refund:

	Current portion	\$ 143,731
	Noncurrent portion	626,312
Total Deposits Subject to Refund	\$	770,043

Accrued Compensated Absences:

	Current portion	\$ 43,052
	Noncurrent portion	172,209
Total Accrued Compensated Absences	\$	215,261

Notes Payable (direct borrowings):

2009 DWSRF Note Payable to Oklahoma Water Resources Board dated November 19, 2009, original amount of \$2,160,000 with an annual interest rate of 3.23% due in semi-annual installments of principal and interest beginning March 15, 2011, final installment due September 15, 2030, payable from and secured by utility revenues. In the event of default the lender may: 1) file suit for specific performance of covenants, 2) acceleration of payment of principal and interest accrued on all notes, 3) appoint temporary trustees to take over, operate, and maintain the System, 4) file suit to enforce or enjoin action or inaction of parties under provisions of the note or sales tax agreement. \$ 868,413

2012 Series Refunding Note original issue amount of \$5,255,000, dated August 7, 2012, issued by Bixby Public Works Authority, secured by pledged sales tax, and a security interest in the personal property used in conjunction with the water and sewer systems, interest rate of 1.43%, final maturity November 1, 2019. In the event of default the lender may: 1) declare the entire principal outstanding and interest accrued therein immediately due, 2) may apply to any court of for the appointment of a receiver as administer, 3) take any action necessary or desirable at law or in equity to enforce the performance of the obligation, 4) all costs incurred for attorney's fees and court costs shall be reimbursed. 715,000

2011 CWSRF Note Payable to Oklahoma Water Resources Board dated June 15, 2011, original amount of \$2,860,000 with an annual interest rate of 2.7% due in semi-annual installments of principal and interest beginning September 15, 2012, final installment due March 15, 2032, payable from and secured by utility revenues. In the event of default the lender may: 1) file suit for specific performance of covenants, 2) acceleration of payment of principal and interest accrued on all notes, 3) appoint temporary trustees to take over, operate, and maintain the System, 4) file suit to enforce or enjoin action or inaction of parties under provisions of the note or sales tax agreement, 5) interest rate increases to 14% from date of default until date of payment. 1,683,684

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2017 CWSRF Note Payable to Oklahoma Water Resources Board dated September 1, 2017, original amount of \$24,000,000 with an annual interest rate of 1.42% due in semi-annual installments of principal and interest beginning September 15, 2018, final installment due March 15, 2031, payable from and secured by utility revenues. In the event of default the lender may: 1) file suit for specific performance of covenants, 2) acceleration of payment of principal and interest accrued on all notes, 3) appoint temporary trustees to take over, operate, and maintain the System, 4) file suit to enforce or enjoin action or inaction of parties under provisions of the note or sales tax agreement, 5) interest rate increases to 14% from date of default until date of payment.

		2,289,205
Total Notes Payable	\$	<u>5,556,302</u>
Current portion	\$	2,702,600
Noncurrent portion		2,853,702
Total Notes Payable	\$	<u>5,556,302</u>

Debt Service Requirements to Maturity:

<u>Year Ending June 30,</u>	Governmental Activities					
	General Obligation Bonds		Capital Lease Obligations		Notes Payable (direct borrowings)	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 3,070,000	\$ 643,445	\$ 242,861	\$ 13,725	\$ 450,000	\$ 443,713
2021	3,250,000	434,331	248,772	7,815	465,000	427,875
2022	2,775,000	351,702	193,148	1,919	480,000	411,425
2023	2,395,000	278,386	-	-	500,000	394,538
2024	1,910,000	210,145	-	-	520,000	376,775
2025-2029	6,280,000	318,419	-	-	2,875,000	1,596,350
2030-2034	-	-	-	-	3,415,000	1,051,925
2035-2038	-	-	-	-	4,085,000	373,013
Totals	<u>\$ 19,680,000</u>	<u>\$ 2,236,428</u>	<u>\$ 684,781</u>	<u>\$ 23,459</u>	<u>\$ 12,790,000</u>	<u>\$ 5,075,614</u>

<u>Year Ending June 30,</u>	Business-type Activities Notes Payable (direct borrowings)	
	<u>Principal</u>	<u>Interest</u>
	2020	\$ 2,702,600
2021	2,032,899	481,448
2022	2,093,159	440,426
2023	2,108,576	398,635
2024	2,169,016	356,200
2025-2029	11,550,347	1,109,691
2030-2032	4,610,500	119,848
Totals	<u>\$ 27,267,097</u>	<u>\$ 3,395,737</u>
Less: Amount not drawn down	<u>(21,710,795)</u>	
	<u>\$ 5,556,302</u>	

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6. Fund Balance and Net Position

The following tables show the fund balance classifications as shown in the Governmental Funds Balance Sheet and net position restrictions of the Proprietary Fund Statement of Net Position:

General Fund	Major Special Revenue Fund	Major Capital Project Funds	Major Debt Service Fund	Other Governmental Funds	TOTAL	
	Downtown River Corridor Fund	Capital Improvement Fund	Debt Service Fund			
Fund Balances:						
Restricted for:						
Streets	\$ -	\$ -	\$ -	\$ 284,051	\$ 284,051	
Park/street/public safety improvements	-	-	-	8,590,282	8,590,282	
Debt service	-	-	1,451,796	-	1,451,796	
Personnel	-	-	-	611,533	611,533	
Bentley park	-	-	-	287,773	287,773	
E911	-	-	-	427,968	427,968	
Public safety	-	-	-	4,097	4,097	
Fry creek	-	-	-	303,492	303,492	
Economic development	-	-	-	101,498	101,498	
Cemetery capital	-	-	-	658,419	658,419	
Downtown river corridor	-	12,985,294	-	-	12,985,294	
Stormwater system	-	-	-	194,793	194,793	
Sub-total Restricted	-	12,985,294	-	11,463,906	25,900,996	
Assigned to:						
Subsequent year budget	623,638	-	-	-	623,638	
Downtown river corridor	-	2,811,963	-	-	2,811,963	
Disaster recovery	-	-	-	1,130,666	1,130,666	
Rural fire	83,849	-	-	-	83,849	
Fishing activities	83,706	-	-	-	83,706	
Cemetery maintenance	179,917	-	-	-	179,917	
Cemetery beautification	1,051	-	-	-	1,051	
Streets	-	-	-	4,041,905	4,041,905	
Park/street/public safety improvements	-	-	-	440,571	440,571	
Debt service	-	-	301,071	-	301,071	
Public safety	-	-	-	26,708	26,708	
Bentley park	-	-	-	1,580,864	1,580,864	
E911	-	-	-	10,880	10,880	
Fry creek	-	-	-	1,350,872	1,350,872	
Economic development	-	-	-	846,798	846,798	
Capital improvements	-	-	6,858,190	-	6,858,190	
Sewer system improvements	-	-	-	1,126,780	1,126,780	
Stormwater system	-	-	-	2,977,056	2,977,056	
Water and sewer maintenance	-	-	-	6,744,975	6,744,975	
Sub-total Assigned	972,161	2,811,963	6,858,190	20,278,075	31,221,460	
Unassigned:	5,895,522	-	-	-	5,895,522	
TOTAL FUND BALANCES	\$ 6,867,683	\$ 15,797,257	\$ 6,858,190	\$ 1,752,867	\$ 31,741,981	\$ 63,017,978

Enterprise Funds:

Net Position Restricted For Debt Service \$ 1,025,031

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Net position restrictions for the Government-wide financial statements are as follows:

	State Statutes	Enabling Legislation	Contractual Agreements	Total
Governmental Activities:				
Capital Projects:				
Stormwater management	\$ -	\$ 194,793	\$ -	\$ 194,793
Street and Alley Fund	284,051	-	-	284,051
Fry Creek Fund	-	-	303,492	303,492
Economic Development	-	-	101,498	101,498
Sub-total Capital Projects	<u>284,051</u>	<u>194,793</u>	<u>404,990</u>	<u>883,834</u>
Debt Service:				
Debt Service Fund	<u>1,457,808</u>	-	-	<u>1,457,808</u>
Sub-total Debt Service	<u>1,457,808</u>	<u>-</u>	<u>-</u>	<u>1,457,808</u>
Other				
Cemetery Care Fund	658,419	-	-	658,419
Downtown River Corridor Fund	-	-	12,985,294	12,985,294
Parks Fund	-	-	287,773	287,773
Sales Tax Personnel Fund	-	-	611,533	611,533
Federal Forfeiture Fund	4,097	-	-	4,097
E911 Fund	<u>427,968</u>	<u>-</u>	<u>-</u>	<u>427,968</u>
Sub-total Other	<u>1,090,484</u>	<u>-</u>	<u>13,884,600</u>	<u>14,975,084</u>
Total Governmental Activities	<u>2,832,343</u>	<u>194,793</u>	<u>14,289,590</u>	<u>17,316,726</u>
Business-Type Activities:				
Revenue Bond Trustee Accounts	<u>-</u>	<u>-</u>	<u>1,025,031</u>	<u>1,025,031</u>
TOTAL RESTRICTED NET POSITION	<u><u>\$ 2,832,343</u></u>	<u><u>\$ 194,793</u></u>	<u><u>\$ 15,314,621</u></u>	<u><u>\$ 18,341,757</u></u>

7. Internal and Interfund Balances and Transfers

The City's policy is to eliminate interfund transfers and balances in the statements of activities and net position to avoid the grossing up of balances. Only the residual balances transferred between governmental and business-type activities are reported as internal transfers and internal balances and then offset in the total column in the government-wide statements. Interfund transfers and balances between funds are not eliminated in the fund financial statements.

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Transfers:

Internal transfers between funds and activities for the year ended June 30, 2019 were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose of Transfer</u>
E911	General Fund	\$ 60,000	Operations
BPWA	General Fund	600,000	Pilot fees
BPWA	General Fund	1,238,367	Sales tax transfer
General Fund	BPWA	1,238,637	Sales tax transfer
General Fund	Stormwater Management Fund	200,000	Operations
General Fund	Cemetery Maintenance Fund	50,000	Operations
General Fund	Street and Alley Fund	310,000	Operations
General Fund	Street and Alley Fund	175,000	Pilot fees
General Fund	Stormwater Management Fund	425,000	Pilot fees
Park Fund	Capital Improvement Fund	225,000	Operations
Capital Improvement Fund	Street and Alley Fund	300,000	Operations
Capital Improvement Fund	Rural Fire Fund	7,000	Operations
Capital Improvement Fund	BPWA	1,149,293	Return unused funds
Citizen's Planned Fund	BPWA	2,462,770	Debt service
Citizen's Planned Fund	BPWA	1,362,389	Transfer funding
Stormwater Management Fund	Fry Creek Maintenance Fund	100,000	Transfer funding
BPWA	Capital Improvement Fund	1,149,293	Sales tax transfer
BPWA	Citizen's Planned Fund	1,566,465	Return unused funds
BPWA	Water and Sewer Development	1,250,000	Transfer funding
BPWA	Water and Sewer Development	1,562,241	Debt service
Debt Service Fund	2018B Bond Fund	3,857,808	Bond proceeds
Total		<u>\$ 19,289,263</u>	

Reconciliation to Fund Financial Statements:

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Total</u>
Governmental Funds	\$ 13,076,174	\$ (11,922,897)	\$ 1,153,277
Proprietary Funds	6,294,898	(7,366,366)	(1,071,468)
	<u>\$ 19,371,072</u>	<u>\$ (19,289,263)</u>	<u>\$ 81,809</u>

Reconciliation to Statement of Activities:

Fund balance	\$ 1,071,468
Capital project funds to business-type activity	(553,547)
Sales tax reclass from business-type to governmental	(2,489,451)
	<u>\$ (1,971,530)</u>

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Balances:

Interfund receivable and payables at June 30, 2019 were comprised of the following:

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>	<u>Nature of Balance</u>
General Fund	BPWA	\$ 31,571	Correct deposit
General Fund	Downtown River Corridor Fund	12	Correct deposit
General Fund	Debt Service Fund	1,057	Correct deposit
General Fund	E911 Fund	3,591	Correct deposit
Sales Tax Personnel Fund	Downtown River Corridor Fund	59,709	Correct deposit
Meter Deposit	BPWA	26,158	Meter deposits
Street & Alley Fund	General Fund	795	Correct deposit
Water and Sewer Development Fund	General Fund	1,004	Correct deposit
Stormwater Management Fund	General Fund	562	Correct deposit
BPWA	Park Fund	4,018	Correct deposit
BPWA	Water and Sewer Development Fund	219	Correct deposit
Stormwater Management Fund	BPWA	268	Split deposit
Citizen's Planned Fund	General Fund	322,438	Negative cash
Total		<u>\$ 451,402</u>	

Reconciliation to Fund Financial Statements:

	<u>Due From</u>	<u>Due To</u>	Reconciliation	
			<u>BTA - Capital Project Funds</u>	<u>Net Internal Balances</u>
Governmental Funds	\$ 393,405	\$ (421,007)	\$ 323,223	\$ 295,621
Proprietary Funds	57,997	(30,395)	(323,223)	(295,621)
Total	<u>\$ 451,402</u>	<u>\$ (451,402)</u>	<u>\$ -</u>	<u>\$ -</u>

8. Pledged Future Revenues

Sales Tax and Utility Net Revenues Pledge - The City has pledged one cent (or 28.6%) of future sales tax revenues and net utility revenues to repay \$5,255,000 of the Promissory Note, Refunding Series 2012, \$2,075,000 of the Promissory Note, Refunding Series 2011, and \$24,000,000 of 2017 CWSRF Oklahoma Water Resources Board Note payable. Proceeds from the notes provided for the refunding of prior debt issuances and the construction of sewer systems. The notes are payable from pledged sales tax revenues and net water and sewer utility revenues. These notes are payable through 2019, 2020 and 2031. The total principal and interest payable for the remainder of the life of these notes is \$27,628,653. Pledged sales taxes received in the current year were \$3,319,268 and net water and sewer utility revenues were \$4,271,668 for total pledged revenues of \$7,590,936. Debt service payments of \$1,142,484 for the current fiscal year were 15.5% of total pledged revenues for these notes.

Utility Net Revenues Pledge - The City has also pledged the net water and sewer utility revenues to repay the following notes payable: \$2,160,000 of 2009 DWSRF and \$2,860,000 of 2011 CWSRF Oklahoma Water Resources Board Notes Payable. Proceeds from the notes provided for the purchase or construction of water and sewer systems. The notes are payable from pledged net water and sewer utility revenues through 2031 and 2032, respectively. The total principal and interest payable for the remainder of the life of these notes is \$3,034,181. Pledged net water and utility revenues in the current fiscal year were \$4,271,668. Debt service payments of \$240,845 for the current fiscal year were 5.6% of total pledged revenues for these notes.

9. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee health and life; and natural disasters. The City manages these various risks of loss as follows:

- General Liability and Physical Property – Covered through participation in Oklahoma Municipal Assurance Group risk entity pool (1)
- Worker’s Compensation – Worker’s compensation is covered through participation in the Oklahoma Municipal Assurance Group risk entity pool (2)

(1) Liability Protection Plan

The basic insurance agreements cover claims against municipalities for all government functions, utilities, and services covered in the Plan. These include bodily injury, property damage, wrongful acts, personal injury, and related torts under the state tort claims law and federal civil rights laws. All public officials, employees, services, and municipal functions are covered unless they are specifically listed as exclusions in the Plan.

The title to all assets acquired by the Plan are vested in the Group. In the event of termination of the Group, such property shall belong to the then members of the Group in equal shares. Each participating City pays all costs, premiums, or other fees attributable to its respective participation in the Plan, and is responsible for its obligation under any contract entered into with the Plan.

Reserves for claim losses include provisions for reported claims on a case basis and an estimate of claims incurred but not reported limited by aggregate and individual loss levels as specified by the Plan's reinsurance contracts. These credits, if any, represent contingent liabilities of the Plan if the reinsurer was unable to meet its obligations under the reinsurance agreement.

The Plan's insurance agreements are reinsured for excess losses based upon the contract year. The significant components of each reinsurance contract can be obtained from the Plan's annual financial report.

(2) Worker’s Compensation

The title to all assets acquired by the Plan are vested in the Plan. In the event of termination of the Plan, such property shall belong to the then members of the Plan in equal shares. Each participating city pays for all costs, premiums, or other fees attributable to its respective participation in the Plan, policy or service established under the agreement establishing the Oklahoma Municipal Assurance Group, and is responsible for its obligations under any contract entered into with the Plan.

Specific aggregate stop loss coverage is provided by Comp Source.

Reserves for policy and contract claims provide for reported claims on a case basis and a provision for incurred but not reported claims limited to specific retention levels for each member as outlined in the Plan’s reinsurance agreement.

The Plan worker’s compensation coverage is reinsured for losses in excess of respective retention levels. The reinsurance agreement covers losses incurred within the effective period of the

agreement. Each Plan member's liability for claims losses is limited to their individual retention levels as outlined in the Plan's reinsurance agreement.

Management believes the insurance coverage listed above is sufficient to preclude any significant uninsured losses to the City. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

10. Commitments and Contingencies

Litigation:

The City is a party to various legal proceedings which normally occur in the course of governmental operations. The financial statements do not include accruals or provisions for loss contingencies that may result from these proceedings. State statutes provide for the levy of an ad valorem tax over a three-year period by a City Sinking Fund for the payment of any court assessed judgment rendered against the City. While the outcome of the above noted proceedings cannot be predicted, due to the insurance coverage maintained by the City and the State statute relating to judgments, the City feels that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the City.

Federal and State Award Programs:

The City of Bixby participates in various federal or state grant/loan programs from year to year. In 2019, the City's involvement in federal and state award programs was not material. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. The City has not been notified of any noncompliance with federal or state award requirements. Any liability for reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

Non-cancelable Operating Leases:

The City has a lease with the City of Tulsa for the purchase of water. The lease is based on a price per gallon. Purchases were approximately \$3,711,000 during the year.

Construction Commitments:

The following construction contracts were outstanding and payable at June 30, 2019:

<u>Project by Activity</u>	<u>Amount Outstanding</u>
Parks	\$ 61,565
Streets	\$ 1,298,630
Water and Sewer Projects	\$ 122,036
Downtown River Corridor	\$ 57,895
Stormwater	\$ 566,908
Wastewater Treatment Plant	\$ 350,073

DEQ Consent Order:

The City of Bixby is currently under Consent Order 13-051 and an Addendum A from the Oklahoma Department of Environmental Quality that is related to its wastewater treatment facilities. Timely compliance with the Consent Order is needed to avoid any fines. The City continues to address the ODEQ-mandated wastewater disposal facilities needs through construction and operation of a modern wastewater treatment plant to replace outdated sewage lagoons currently in use. The City has saved nearly \$11,000,000 toward this project and a new \$24 million loan was approved by OWRB on September 28, 2017.

11. Pension Plan Participation

The City of Bixby participates in four pension or retirement plans:

- Oklahoma Firefighter’s Pension and Retirement System (OFPRS) – a statewide cost-sharing plan.
- Oklahoma Police Pension and Retirement System (OPPRS) – a statewide cost-sharing plan.
- Oklahoma Public Employees Retirement System (OPERS) – a statewide cost-sharing plan.
- Oklahoma Municipal Retirement Fund – an agent multiple-employer defined contribution plan.

Oklahoma Firefighters’ Pension and Retirement System:

Plan description - The City of Bixby, as the employer, participates in the Firefighters Pension & retirement—a cost-sharing multiple-employer defined benefit pension plan administered by the Oklahoma Firefighters Pension & Retirement System (FPRS). Title 11 of the Oklahoma State Statutes grants the authority to establish and amend the benefit terms to the FPRS. FPRS issues a publicly available financial report that can be obtained at www.ok.gov/FPRS.

Benefits provided - FPRS provides defined retirement benefits based on members’ final average compensation, age, and term of service. In addition, the retirement program provides for benefits upon disability and to survivors upon death of eligible members. The Plan’s benefits are established and amended by Oklahoma statute. Retirement provisions are as follows:

Normal Retirement:

- Hired Prior to November 1, 2013
Normal retirement is attained upon completing 20 years of service. The normal retirement benefit is equal to 50% of the member’s final average compensation. Final average compensation is defined as the monthly average of the highest 30 consecutive months of the last 60 months of participating service. For volunteer firefighters, the monthly pension benefit for normal retirement is \$150.60 per month.
- Hired After November 1, 2013
Normal retirement is attained upon completing 22 years of service. The normal retirement benefit is equal to 55% of the member’s final average compensation. Final average compensation is defined as the monthly average of the highest 30 consecutive months of the last 60 months of

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participating service. Also participants must be age 50 to begin receiving benefits. For volunteer firefighters, the monthly pension benefit for normal retirement is \$165.66 per month.

All firefighters are eligible for immediate disability benefits. For paid firefighters, the disability in-the-line-of-duty benefit for firefighters with less than 20 years of service is equal to 50% of final average monthly compensation, based on the most recent 30 months of service. For firefighters with over 20 years of service, a disability in the line of duty is calculated based on 2.5% of final average monthly compensation, based on the most recent 30 months, per year of service, with a maximum of 30 years of service. For disabilities not in the line of duty, the benefit is limited to only those with less than 20 years of service and is 50% of final average monthly compensation, based on the most recent 60-month salary as opposed to 30 months. For volunteer firefighters, the not-in-the-line-of-duty disability is also limited to only those with less than 20 years of service and is \$7.53 per year of service. For volunteer firefighters, the in-the-line-of-duty pension is \$150.60 with less than 20 years of service or \$7.53 per year of service, with a maximum of 30 years.

A \$5,000 lump sum death benefit is payable to the qualified spouse or designated recipient upon the participant's death. The \$5,000 death benefit does not apply to members electing the vested benefit.

Contributions - The contributions requirements of the Plan are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 9% percent of their annual pay. Participating cities are required to contribute 14% of the employees' annual pay. Contributions to the pension plan from the City were \$233,641. The State of Oklahoma also made on-behalf contributions to FPRS in the amount of \$545,686 during the year and this is reported as both a revenue and an expenditure in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$538,352. These on-behalf payments did not meet the criteria of a special funding situation.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2019, the City reported a net pension liability of \$6,039,812 for its proportionate share of the total net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The City's proportion of the net pension liability was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2018. Based upon this information, the City's proportion was 0.536564%.

For the year ended June 30, 2019, the City recognized pension expense of \$252,642. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,261,547	\$ -
Net difference between projected and actual earnings on pension plan investments	-	501,860
Changes in proportion and differences between City contributions and proportionate share of contributions	833,230	-
City contributions during measurement date	3,358	1,667
City contributions subsequent to the measurement date	233,641	-
Total	\$ 2,331,776	\$ 503,527

In the year ending June 30, 2020, \$233,641 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
	2020	\$ 517,740
	2021	451,842
	2022	216,119
	2023	283,784
	2024	125,123
		\$ 1,594,608

Actuarial Assumptions- The total pension liability was determined by an actuarial valuation as of July 1, 2018, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation:	3%
Salary increases:	3.5% to 9.0% average, including inflation
Investment rate of return:	7.5% net of pension plan investment expense

Mortality rates were based on the RP2000 combined healthy with blue collar adjustment as appropriate, with adjustments for generational mortality improvement using scale AA for healthy lives and no mortality improvement for disabled lives.

The actuarial assumptions used in the July 1, 2018, valuation were based on the results of an actuarial experience study for the period July 1, 2007, to June 30, 2012.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2018, are summarized in the following table:

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<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	20%	4.37%
Domestic equity	47%	7.01%
International equity	15%	8.83%
Real estate	10%	6.58%
Other assets	8%	5.70%

Discount Rate- The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, determined by State statutes. Projected cash flows also assume the State of Oklahoma will continue contributing 36% of the insurance premium, as established by statute. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate-The following presents the net pension liability of the employers calculated using the discount rate of 7.5%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	<u>1% Decrease (6.5%)</u>	<u>Current Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
Employers' net pension liability	\$ 7,910,958	\$ 6,039,812	\$ 4,468,339

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of the FPRS which can be located at www.ok.gov/FPRS.

Oklahoma Police Pension and Retirement System:

Plan description - The City of Bixby, as the employer, participates in the Oklahoma Police Pension and Retirement Plan—a cost-sharing multiple-employer defined benefit pension plan administered by the Oklahoma Police Pension and Retirement System (OPPRS). Title 11 of the Oklahoma State Statutes, through the Oklahoma Legislature, grants the authority to establish and amend the benefit terms to the OPPRS. OPPRS issues a publicly available financial report that can be obtained at www.ok.gov/OPPRS.

Benefits provided - OPPRS provides retirement, disability, and death benefits to members of the plan. The normal retirement date under the Plan is the date upon which the participant completes 20 years of credited service, regardless of age. Participants become vested upon completing 10 years of credited service as a contributing participant of the Plan. No vesting occurs prior to completing 10 years of credited service. Participants' contributions are refundable, without interest, upon termination prior to normal retirement. Participants who have completed 10 years of credited service may elect a vested

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benefit in lieu of having their accumulated contributions refunded. If the vested benefit is elected, the participant is entitled to a monthly retirement benefit commencing on the date the participant reaches 50 years of age or the date the participant would have had 20 years of credited service had employment continued uninterrupted, whichever is later. Monthly retirement benefits are calculated at 2.5% of the final average salary (defined as the average paid base salary of the officer over the highest 30 consecutive months of the last 60 months of credited service) multiplied by the years of credited service, with a maximum of 30 years of credited service considered.

Monthly benefits for participants due to permanent disability incurred in the line of duty are 2.5% of the participants' final average salary multiplied by 20 years. This disability benefit is reduced by stated percentages for partial disability based on the percentage of impairment. After 10 years of credited service, participants who retire due to disability incurred from any cause are eligible for a monthly benefit based on 2.5% of their final average salary multiplied by the years of service. This disability benefit is also reduced by stated percentages for partial disability based on the percentage of impairment. Effective July 1, 1998, once a disability benefit is granted to a participant, that participant is no longer allowed to apply for an increase in the dollar amount of the benefit at a subsequent date.

Survivor's benefits are payable in full to the participant's beneficiary upon the death of a retired participant. The beneficiary of any active participant killed in the line of duty is entitled to a pension benefit.

Contributions - The contributions requirements of the Plan are at an established rate determine by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 8% percent of their annual pay. Participating cities are required to contribute 13% of the employees' annual pay. Contributions to the pension plan from the City were \$214,986. The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of \$200,732 during the calendar year and this is reported as both a revenue and an expenditure in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$198,037. These on-behalf payments did not meet the criteria of a special funding situation.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2019, the City reported an asset of \$241,711 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2018, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2018. The City's proportion of the net pension asset was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2018. Based upon this information, the City's proportion was 0.507423%.

For the year ended June 30, 2019, the City recognized pension expense of \$174,343. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,428	\$ 226,484
Changes of assumptions	105,564	-
Net difference between projected and actual earnings on pension plan investments	125,869	-
Changes in proportion and differences between City contributions and proportionate share of contributions	8,559	2,921
City contributions during measurement date	1,180	1,413
City contributions subsequent to the measurement date	214,986	-
Total	<u>\$ 457,586</u>	<u>\$ 230,818</u>

In the year ending June 30, 2020, \$214,986 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of or an addition to the net pension liability (asset) in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2020	\$	129,928
2021		52,296
2022		(133,649)
2023		(43,231)
2024		6,438
	<u>\$</u>	<u>11,782</u>

Actuarial Assumptions-The total pension liability was determined by an actuarial valuation as of July 1, 2018, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation:	2.75%
Salary increases:	3.5% to 10% average, including inflation
Investment rate of return:	7.5% net of pension plan investment expense
Cost of living adjustments:	Police officers eligible to receive increased benefits according to repealed Section 50-120 of Title 11 of the Oklahoma Statutes pursuant to a court order receive an adjustment of 1/3 to 1/2 of the increase or decrease of any adjustment to the base salary of a regular police officer, based on an increase in base salary of 3.5% (wage inflation).
Mortality rates:	Active employees (pre-retirement) RP-2000 Blue Collar Healthy Combined table with age set back 4 years with fully generational improvement using Scale AA.

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Active employees (post-retirement) and nondisabled pensioners: RP-2000 Blue Collar Healthy Combined table with fully generational improvement using scale AA.

Disabled pensioners: RP-2000 Blue Collar Healthy Combined table with age set forward 4 years.

The actuarial assumptions used in the July 1, 2018, valuation were based on the results of an actuarial experience study for the period July 1, 2007, to June 30, 2012.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2018, are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	4.53%
Domestic equity	5.86%
International equity	8.83%
Real estate	6.58%
Private Equity	9.21%
Commodities	5.06%

The current allocation policy is that approximately 60% of assets in equity instruments, including public equity, long-short hedge, venture capital, and private equity strategies; approximately 25% of assets in fixed income to include investment grade bonds, high yield and non-dollar denominated bonds, convertible bonds, and low volatility hedge fund strategies; and 15% of assets in real assets to include real estate, commodities, and other strategies.

Discount Rate-The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, determined by State statutes. Projected cash flows also assume the State of Oklahoma will continue contributing 14% of the insurance premium, as established by statute. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate-The following presents the net pension liability (asset) of the employers calculated using the discount rate of 7.5%, as well as what the Plan's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

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	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Employers' net pension liability (asset)	\$ 1,121,223	\$ (241,711)	\$ (1,393,917)

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of the OPPRS; which can be located at www.ok.gov/OPPRS.

Oklahoma Public Employees Retirement System:

Plan description - The City of Bixby, as the employer, participates in Oklahoma Public Employees Retirement Plan—a cost-sharing multiple-employer defined benefit pension plan administered by the Oklahoma Public Employees Retirement System (OPERS). Title 74 of the Oklahoma State Statutes grants the authority to establish and amend the benefit terms to the OPERS. OPERS issues a publicly available financial report that can be obtained at www.opers.ok.gov.

Benefits provided - OPERS provides retirement, disability, and death benefits to members of the plan. Members qualify for full retirement benefits at their specified normal retirement age or, for any person who became a member prior to July 1, 1992, when the sum of the member's age and years of credited service equals or exceeds 80 (Rule of 80), and for any person who became a member after June 30, 1992, when the member's age and years of credited service equals or exceeds 90 (Rule of 90).

Normal retirement date is further qualified to require that all members employed on or after January 1, 1983 must have six or more years of full-time equivalent employment with a participating employer before being eligible to receive benefits. Credited service is the sum of participating and prior service. Prior service includes nonparticipating service before January 1, 1975, or the entry date of the employer and active wartime military service.

A member with a minimum of ten years of participating service may elect early retirement with reduced benefits beginning at age 55 if the participant became a member prior to November 1, 2011, or age 60 if the participant became a member on or after November 1, 2011.

Benefits are calculated for each member category as follows:

- **Employees**
 - Benefits are determined at 2% of the average annual salary received during the highest thirty-six months of the last ten years of participating service, but not to exceed the applicable annual salary cap, multiplied by the number of years of credited service. Members who join OPERS on or after July 1, 2013, will have their salary averaged over the highest 60 months of the last ten years. Normal retirement age under the Plan is 62 or Rule of 80/90 if the participant became a member prior to November 1, 2011, or age 65 or Rule of 90 if the participant became a member on or after November 1, 2011.
 - Members who elect to pay the additional contribution rate, which became available in January 2004, will receive benefits using a 2.5% computation factor for each full year the additional contributions are made. In 2004, legislation was enacted to provide an increased benefit to retiring members who were not yet eligible for Medicare. The Medicare Gap

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benefit option became available to members under age 65 who retired on or after May 1, 2006. Members may elect to receive a temporary increased benefit to cover the cost of health insurance premiums until the member is eligible to receive Medicare. After the member becomes eligible for Medicare, the retirement benefit will be permanently reduced by an actuarially determined amount. The option is irrevocable, must be chosen prior to retirement, and is structured to have a neutral actuarial cost to the Plan.

- Members become eligible to vest fully upon termination of employment after attaining eight years of credited service, or the members' contributions may be withdrawn upon termination of employment.
- Hazardous Duty Members
 - Benefits are determined at (a) 2.5% of the final average compensation up to the applicable annual salary cap multiplied by the number of years of service as a hazardous duty member not to exceed 20 years and (b) 2.0% of the final average compensation multiplied by the number of years of service in excess of 20 years and any other years of service creditable. Normal retirement age under the Plan is 62 or at completion of 20 years of creditable service as a hazardous duty member or Rule of 80/90 if participant became a member prior to November 1, 2011, or age 65 or at completion of 20 years of creditable service as a hazardous duty member or Rule of 90 if participant became a member on or after November 1, 2011.

Disability retirement benefits are available for members having eight years of credited service whose disability status has been certified as being within one year of the last day on the job by the Social Security Administration. Disability retirement benefits are determined in the same manner as retirement benefits, but payable immediately without an actuarial reduction.

Upon the death of an active member, the accumulated contributions of the member are paid to the member's named beneficiary(ies) in a single lump sum payment. If a retired member elected a joint annuitant survivor option or an active member was eligible to retire with either reduced or unreduced benefits or eligible to vest the retirement benefit at the time of death, benefits can be paid in monthly payments over the life of the spouse if the spouse so elects.

Upon the death of a retired member, the Plan will pay a \$5,000 death benefit to the member's beneficiary or estate of the member if there is no living beneficiary. The death benefit will be paid in addition to any excess employee contributions or survivor benefits due to the beneficiary.

Contributions - The contribution rates for each member category of the Plan are established by the Oklahoma Legislature after recommendation by the Board based on an actuarial calculation, which is performed to determine the adequacy of such contribution rates. Employees are required to contribute 3.5% percent of their annual pay. Participating entities are required to contribute 16.5% of the employees' annual pay. A portion of the contributions received by OPERS are allocated to the Supplemental Health Insurance program; see Note 12. Contributions to the pension plan from the City were \$410,707.

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Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2019, the City reported a liability of \$311,355 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The City's proportion of the net pension liability was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2018. Based upon this information, the City's proportion was 0.1596%.

For the year ended June 30, 2019, the City recognized pension expense of \$237,081. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 175,351
Changes of assumptions	133,899	-
Net difference between projected and actual earnings on pension plan investments	-	50,932
Changes in proportion and differences between City contributions and proportionate share of contributions	35,674	828
City contributions during measurement period	61,486	60,553
City contributions subsequent to the measurement date	410,707	-
Total	\$ 641,766	\$ 287,664

The \$410,707 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2020	\$	172,884
2021		(14,458)
2022		(176,427)
2023		(38,604)
	\$	(56,605)

Actuarial Assumptions- The total pension liability as of June 30, 2018, was determined based on an actuarial valuation prepared as of July 1, 2018, using the following actuarial assumptions:

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- Investment return – 7.00% compounded annually net of investment expense and including inflation
- Salary increases – 3.5% to 9.5% per year including inflation
- Mortality rates – Active participants and nondisabled pensioners – RP-2014 Mortality Table projected to 2025 by Scale MP-2016 (disabled pensioners set forward 12 years)
- No annual post-retirement benefit increases
- Assumed inflation rate – 2.75%
- Payroll growth – 3.5% per year
- Actuarial cost method – Entry age
- Select period for the termination of employment assumptions – 10 years

The actuarial assumptions used in the July 1, 2018, valuation are based on the results of the most recent actuarial experience study, which cover the three-year period ending June 30, 2016. The experience study report is dated April 13, 2017.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The Target asset allocation and best estimates of geometric real rates of return for each major asset class as of June 30, 2018, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Large Cap Equity	38.0%	3.8%
U.S. Small Cap Equity	6.0%	4.9%
Non-US Equity	24.0%	20.0%
US Fixed	32.0%	1.5%
Total	<u>100.0%</u>	

Discount Rate- The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and the employers will be made at the current contribution rate as set out in state statute. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determined does not use a municipal bond rate.

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Sensitivity of the Net Pension Liability to Changes in the Discount Rate-The following presents the net pension liability of the employers calculated using the discount rate of 7.00%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Employers' net pension liability (asset)	\$ 1,997,724	\$ 311,355	\$ (1,117,750)

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of the OPERS; which can be located at www.opers.ok.gov.

12. Other Post-Employment Benefits

Plan description - The City as the employer, participates in the Supplemental Health Insurance Program—a cost-sharing multiple-employer defined benefit OPEB plan administered by the Oklahoma Public Employees Retirement System (OPERS). The authority to establish and amend benefit provisions rests with the State Legislature. OPERS issues a publicly available financial report that can be obtained at www.ok.gov/OPERS

Benefits provided - OPERS pays a medical insurance supplement to eligible members who elect to maintain health insurance with the Oklahoma Employees Group Insurance Division (EGID) or other qualified insurance plan provided by the employer. This subsidy continues until the retiree terminates health insurance coverage with EGID or other qualified plan, or until death. The subsidy is only for the retiree, not joint annuitants or beneficiaries. The supplement payment is capped at \$105 per month per retiree, remitted to EGID.

Contributions - The contribution rates for each member category of the System are established by the Oklahoma Legislature after recommendation by the Board based on an actuarial calculation, which is performed to determine the adequacy of such contribution rates. An actuarially determined portion of the total contributions to the System are set aside to finance the cost of the benefits of the HISP in accordance with provisions of the Internal Revenue Code. Based on the contribution requirements of the plan employers and employees contribute a single amount based on a single contribution rate as described in Note 11; from this amount OPERS allocates a portion of the contributions to the supplemental health insurance program. Contributions allocated to the OPEB plan from the City were \$30,268.

OPEB Liability (Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - At June 30, 2019, the City reported an asset of \$20,658 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2018, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of June 30, 2018. The City's proportion of the net OPEB asset was based on the City's contributions received by the OPEB plan relative to the total contributions received by the OPEB plan for all participating employers as of June 30, 2018. Based upon this information, the City's proportion was 0.1596% percent.

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For the year ended June 30, 2019, the City recognized OPEB expense of \$4,339. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 32,481
Changes of assumptions	12,106	-
Net difference between projected and actual earnings on pension plan investments	-	19,158
Changes in proportion and differences between City contributions and proportionate share of contributions	4,415	-
City contributions during measurement period	6,090	7,338
City contributions subsequent to the measurement date	30,268	-
Total	\$ 52,879	\$ 58,977

The \$30,268 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of or contribution to the net OPEB liability (asset) in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:

2020	\$	(9,548)
2021		(9,548)
2022		(9,548)
2023		(4,615)
2024		(2,809)
Thereafter		(298)
	\$	(36,366)

Actuarial Assumptions- The net OPEB asset as of June 30, 2019, was determined based on an actuarial valuation prepared as if June 30, 2018 using the following actuarial assumptions:

- Investment return – 7.00% compounded annually net of investment expense and including inflation
- Salary increases – 3.5% to 9.5% per year including inflation
- Mortality rates – active participants and nondisabled pensioners – RP-2014 Mortality Table projected to 2025 by Scale MP-2016 (disabled pensioners set forward 12 years)
- No annual post-retirement benefit increases
- Assumed inflation rate – 2.75%
- Payroll growth – 3.5%
- Actuarial cost method – Entry age
- Select period for the termination of employment assumptions – 10 years
- Health Care Trend Rate – Not applicable based on how the System is structured and benefit payments are made.

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The actuarial assumptions used in the July 1, 2018, valuation are based on the results of the most recent actuarial experience study, which covered the three-year period ending June 30, 2016. The experience study report is dated April 13, 2017.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The Target asset allocation and best estimates of geometric real rates of return for each major asset class as of June 30, 2018, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Large Cap Equity	38.0%	3.8%
U.S. Small Cap Equity	6.0%	4.9%
Non-US Equity	24.0%	9.2%
US Fixed	32.0%	1.5%
Total	100.0%	

Discount Rate- A single discount rate of 7.00% was used to measure the net OPEB asset as of June 30, 2018. This single discount rate was based solely on the expected rate of return on OPEB plan investments of 7.00%. Based on the stated assumptions and the projection of cash flows, the OPEB plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate-The following presents the net OPEB liability (asset) of the employer calculated using the discount rate of 7.00%, as well as what the Plan's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Employers' net pension liability (asset)	\$ 32,891	\$ (20,658)	\$ (66,718)

OPEB plan fiduciary net position - Detailed information about the OPEB plan's fiduciary net position is available in the separately issued financial report of the OPERS; which can be located at www.ok.gov/OPERS.

13. Tax Abatements

The City enters into sales tax rebate agreements with local businesses as allowed in the Oklahoma State Constitution, Article 10, Section 14. Under this law, the City may establish economic development programs and provide sales tax increments for development as part of its economic development plan.

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The sales tax rebate program allows a retail store, business, or developer to receive rebated sales tax in an amount equal to one cent (\$0.01) from every three and one-half cents (\$0.035) of sales tax that the business generates. To be eligible for this program, the project area should be developed or redeveloped after a significant vacancy to provide economic opportunity to the City and its' citizens.

Due to the confidentiality laws in Oklahoma Statutes, Title 68, Section 1354.11, the amount of sales taxes rebated will not be disclosed. The following businesses had rebate agreements with the City as of June 30, 2019:

A grocery retailer received rebated sales taxes during 2019. The sales tax rebated cannot \$500,000. This sales tax rebate period is for ten years from the sales tax commencement date (the date the City first receives sales tax). The agreement must be renewed for the City Council annually to ensure a continuing public benefit. This agreement was entered into August 2011 with the first rebate being paid in January 2013; therefore the agreement will terminate no later than January 2023.

A restaurant received rebated sales taxes during 2019. This sales tax rebate period is for five years from the sales tax commencement date (the date the City first receives sales tax) or when the rebated sales tax reaches \$100,000, whichever comes first. The agreement must be renewed for the City Council annually to ensure a continuing public benefit. This agreement was entered into July 2013 with the first rebate being paid in December 2013; therefore the agreement terminated in December 2018.

A grocery retailer received rebated sales taxes during 2019. The sales tax rebated cannot \$600,000. This sales tax rebate period is for ten years from the sales tax commencement date (the date the City first receives sales tax). The agreement must be renewed for the City Council annually to ensure a continuing public benefit. This agreement was entered into July 2018 with the first rebate being paid in March 2019; therefore the agreement will terminate no later than June 2028.

A developer received rebated sales taxes during 2019. The sales tax rebated cannot \$1,000,000. This sales tax rebate period is for fifteen years from the sales tax commencement date (the date the City first receives sales tax). The agreement must be renewed for the City Council annually to ensure a continuing public benefit. This agreement was entered into July 2018 with the first rebate being paid in July 2019; therefore the agreement will terminate no later than June 2033.

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REQUIRED SUPPLEMENTARY INFORMATION

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Budgetary Comparison Schedule (Budgetary Basis) – Year Ended June 30, 2019

	General Fund			
	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 5,363,151	\$ 5,363,151	\$ 5,350,500	\$ (12,651)
Resources (Inflows):				
Sales and use tax	6,187,633	6,187,633	6,638,535	450,902
Franchise and miscellaneous taxes	1,015,010	1,015,010	1,072,638	57,628
Intergovernmental	268,618	268,618	266,906	(1,712)
Licenses and permits	556,522	556,522	658,004	101,482
Charges for services	533,685	533,685	603,029	69,344
Fines & forfeitures	635,161	635,161	789,423	154,262
Investment earnings	20,000	20,000	50,608	30,608
Miscellaneous	270,091	270,091	350,385	80,294
Transfer in	1,758,462	1,758,462	1,898,367	139,905
Total resources (Inflows)	<u>11,245,182</u>	<u>11,245,182</u>	<u>12,327,895</u>	<u>1,082,713</u>
Amounts available for appropriation	<u>16,608,333</u>	<u>16,608,333</u>	<u>17,678,395</u>	<u>1,070,062</u>
Charges to Appropriations (Outflows):				
Administration	502,846	502,846	426,914	75,932
Attorney	143,961	143,961	101,994	41,967
Municipal court	143,524	143,524	121,995	21,529
Community service	5,565	5,565	5,150	415
General government	1,159,466	1,159,466	1,223,063	(63,597)
Police	3,668,013	3,668,013	3,386,195	281,818
Fire	2,634,036	2,634,036	2,462,126	171,910
Emergency Management	43,525	43,525	23,842	19,683
Streets	662,827	662,827	567,963	94,864
Development Services	445,612	445,612	356,109	89,503
Cemetery	95,421	95,421	85,247	10,174
Transfers out	2,258,462	2,258,462	2,398,637	(140,175)
Total Charges to Appropriations	<u>11,763,258</u>	<u>11,763,258</u>	<u>11,159,235</u>	<u>604,023</u>
Fund balances - ending	<u>\$ 4,845,075</u>	<u>\$ 4,845,075</u>	\$ 6,519,160	<u>\$ 1,674,085</u>
Reconciliation to Statement of Revenues, Expenditures, and Change in Fund Balance:				
Rural Fire Account Balance			83,849	
Fishing License Account Balance			83,706	
Cemetery Beautification Account Balance			1,051	
Cemetery Maintenance Account Balance			<u>179,917</u>	
Total General Fund Fund Balance			<u>\$ 6,867,683</u>	

**CITY OF BIXBY, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2019**

Footnotes to Budgetary Comparison Schedules:

1. The budgetary comparison schedule is reported on a GAAP basis using the modified accrual basis with the exception of on-behalf payments made by the state related to firefighter and police pension and transfers in/out.
2. The legal level of appropriation control is the department level within a fund. Transfers of appropriation within a fund require the approval of the City Manager. All supplemental appropriations require the approval of the City Council. Supplemental appropriations must be filed with the Office of the State Auditor and Inspector.
3. The budgetary basis differs from the modified accrual basis as shown in the schedule below:

	General Fund
Total revenue - budgetary basis	\$ 12,327,895
On-behalf revenue	746,418
Transfers In	(1,898,367)
Total revenue - GAAP basis	\$ 11,175,946
Total expenditures - budgetary basis	11,159,235
On-behalf expenses	746,418
Transfers Out	(2,398,637)
Total expenses - GAAP basis	\$ 9,507,016

4. Expenditures exceeded appropriations as follows:

General Fund –General Government	\$ 63,597
General Fund –Transfers out	\$ 140,175

**CITY OF BIXBY, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2019**

Schedules of Required Supplementary Information

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
OKLAHOMA FIREFIGHTERS PENSION & RETIREMENT SYSTEM**

Last 10 Fiscal Years*

	2015	2016	2017	2018	2019
City's proportion of the net pension liability	0.403131%	0.449495%	0.478342%	0.519481%	0.536564%
City's proportionate share of the net pension liability	\$ 4,145,593	\$ 4,770,991	\$ 5,843,964	\$ 6,533,637	\$ 6,039,812
City's covered-employee payroll	\$ 1,100,698	\$ 1,270,341	\$ 1,340,589	\$ 1,480,822	\$ 1,616,386
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	377%	376%	436%	441%	374%
Plan fiduciary net position as a percentage of the total pension liability	68.12%	68.27%	64.87%	66.61%	70.73%

*The amounts present for each fiscal year were determined as of 6/30

Notes to Schedule:

Only five years are presented because 10-year data is not yet available.

**SCHEDULE OF CITY CONTRIBUTIONS
OKLAHOMA FIREFIGHTERS PENSION & RETIREMENT SYSTEM
Last 10 Fiscal Years**

	2015	2016	2017	2018	2019
Statutorially required contribution	\$ 177,848	\$ 187,014	\$ 207,315	\$ 225,881	\$ 233,641
Contributions in relation to the statutorially required contribution	177,848	187,014	207,315	225,881	233,641
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 1,270,341	\$ 1,340,589	\$ 1,480,822	\$ 1,616,386	\$ 1,668,866
Contributions as a percentage of covered-employee payroll	14.00%	13.95%	14.00%	13.97%	14.00%

Notes to Schedule:

Only five years are presented because 10-year data is not yet available.

**CITY OF BIXBY, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2019**

Schedules of Required Supplementary Information

SCHEDULE OF THE CITY OF BIXBY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
OKLAHOMA POLICE PENSION & RETIREMENT SYSTEM

Last 10 Fiscal Years*

	2015	2016	2017	2018	2019
City's proportion of the net pension liability (asset)	0.4100%	0.4240%	0.4181%	0.4469%	0.5074%
City's proportionate share of the net pension liability (asset)	\$ (138,026)	\$ 17,289	\$ 640,261	\$ 34,375	\$ (241,711)
City's covered-employee payroll	\$ 1,129,379	\$ 1,280,757	\$ 1,235,936	\$ 1,336,603	\$ 1,557,376
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	12.22%	1.35%	51.80%	2.57%	15.52%
Plan fiduciary net position as a percentage of the total pension liability	101.53%	99.82%	93.50%	99.68%	101.89%

*The amounts present for each fiscal year were determined as of 6/30

Notes to Schedule:

Only five fiscal years are presented because 10-year data is not yet available.

SCHEDULE OF CITY CONTRIBUTIONS
OKLAHOMA POLICE PENSION & RETIREMENT SYSTEM

Last 10 Fiscal Years

	2015	2016	2017	2018	2019
Statutorially required contribution	\$ 161,840	\$ 160,509	\$ 173,546	\$ 202,458	\$ 214,986
Contributions in relation to the statutorially required contribution	161,840	160,509	173,546	202,458	214,986
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 1,280,757	\$ 1,235,936	\$ 1,336,603	\$ 1,557,376	\$ 1,655,248
Contributions as a percentage of covered-employee payroll	12.64%	12.99%	12.98%	13.00%	12.99%

Notes to Schedule:

Only five fiscal years are presented because 10-year data is not yet available.

CITY OF BIXBY, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2019

Schedules of Required Supplementary Information
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
OKLAHOMA PUBLIC EMPLOYEES RETIREMENT PLAN
Last 10 Fiscal Years* (Dollar amounts in thousands)

	2015	2016	2017	2018	2019
City's proportion of the net pension liability	0.1457%	0.1477%	0.1420%	0.1470%	0.1596%
City's proportionate share of the net pension liability	\$ 267,459	\$ 531,317	\$ 1,408,795	\$ 794,983	\$ 311,355
City's covered-employee payroll	\$ 2,468,546	\$ 2,609,698	\$ 2,548,985	\$ 2,560,070	\$ 2,677,258
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	11%	20%	55%	31%	12%
Plan fiduciary net position as a percentage of the total pension liability	97.90%	96.00%	89.48%	94.28%	97.96%

*The amounts present for each fiscal year were determined as of 6/30

Notes to Schedule:

Only five fiscal years are presented because 10-year data is not yet available.

Schedules of Required Supplementary Information
SCHEDULE OF THE CITY'S CONTRIBUTIONS
OKLAHOMA PUBLIC EMPLOYEES RETIREMENT PLAN
Last 10 Fiscal Years (Dollar amounts in thousands)

	2015	2016	2017	2018	2019
Contractually required contribution	\$ 430,600	\$ 420,869	\$ 423,213	\$ 413,957	\$ 410,707
Contributions in relation to the contractually required contribution	430,600	420,869	423,213	413,957	410,707
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 2,609,698	\$ 2,548,985	\$ 2,560,070	\$ 2,677,258	\$ 2,670,422
Contributions as a percentage of covered-employee payroll	16.50%	16.51%	16.53%	15.46%	15.38%

Notes to Schedule:

Only five fiscal years are presented because 10-year data is not yet available.

**CITY OF BIXBY, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2019**

Schedules of Required Supplementary Information
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)
SUPPLEMENTAL HEALTH INSURANCE PROGRAM
Last 10 Fiscal Years* (Dollar amounts in thousands)

	<u>2018</u>	<u>2019</u>
City's proportion of the net OPEB liability (asset)	0.1470%	0.1596%
City's proportionate share of the net OPEB liability (asset)	\$ 16,842	\$ (20,658)
City's covered-employee payroll	\$ 2,560,070	\$ 2,677,258
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	1%	1%
Plan fiduciary net position as a percentage of the total OPEB liability	96.50%	103.94%

*The amounts present for each fiscal year were determined as of 6/30

Notes to Schedule:

Only two fiscal years are presented because 10-year data is not yet available.

Schedules of Required Supplementary Information
SCHEDULE OF THE CITY'S CONTRIBUTIONS
SUPPLEMENTAL HEALTH INSURANCE PROGRAM
Last 10 Fiscal Years (Dollar amounts in thousands)

	<u>2018</u>	<u>2019</u>
Contractually required contribution	\$ 28,971	\$ 30,268
Contributions in relation to the contractually required contribution	<u>28,971</u>	<u>30,268</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 2,677,258	\$ 2,670,422
Contributions as a percentage of covered-employee payroll	1.08%	1.13%

Notes to Schedule:

Only two fiscal years are presented because 10-year data is not yet available.

**CITY OF BIXBY, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2019**

OTHER SUPPLEMENTARY INFORMATION

CITY OF BIXBY, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2019

Combining Balance Sheet – General Fund Accounts – June 30, 2019

	<u>General Fund</u>	<u>Rural Fire Account</u>	<u>Fishing License Account</u>	<u>Cemetery Beautification Account</u>	<u>Cemetery Maintenance Account</u>	<u>Total</u>
ASSETS						
Cash and cash equivalents	\$ 3,760,570	\$ 83,849	\$ 46,036	\$ 1,051	\$ 179,917	\$ 4,071,423
Investments	1,492,839	-	37,670	-	-	1,530,509
Receivable from other governments	939,656	-	-	-	-	939,656
Due from other funds	324,799	-	-	-	-	324,799
Taxes receivable, net	102,232	-	-	-	-	102,232
Court fines receivable, net	802,803	-	-	-	-	802,803
Ambulance receivable, net	19,101	-	-	-	-	19,101
Other receivables	63,092	-	-	-	-	63,092
Total assets	<u>\$ 7,505,092</u>	<u>\$ 83,849</u>	<u>\$ 83,706</u>	<u>\$ 1,051</u>	<u>\$ 179,917</u>	<u>\$ 7,853,615</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 58,550	\$ -	\$ -	\$ -	\$ -	\$ 58,550
Accrued payroll	149,235	-	-	-	-	149,235
Due to other funds	36,231	-	-	-	-	36,231
Due to bondholders	8,615	-	-	-	-	8,615
Payable to other governments	9,008	-	-	-	-	9,008
Other payables	9,432	-	-	-	-	9,432
Total liabilities	<u>271,071</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>271,071</u>
Deferred Inflows:						
Deferred revenue	714,861	-	-	-	-	714,861
Fund balances:						
Assigned	623,638	83,849	83,706	1,051	179,917	972,161
Unassigned	5,895,522	-	-	-	-	5,895,522
Total fund balances	<u>6,519,160</u>	<u>83,849</u>	<u>83,706</u>	<u>1,051</u>	<u>179,917</u>	<u>6,867,683</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 7,505,092</u>	<u>\$ 83,849</u>	<u>\$ 83,706</u>	<u>\$ 1,051</u>	<u>\$ 179,917</u>	<u>\$ 7,853,615</u>

CITY OF BIXBY, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2019

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – General Fund Accounts – For the Year Ended June 30, 2019

	<u>General Fund</u>	<u>Rural Fire Account</u>	<u>Fishing License Account</u>	<u>Cemetery Beautification Account</u>	<u>Cemetery Maintenance Account</u>	<u>Total</u>
REVENUES						
Sales and use tax	\$ 6,638,535	\$ -	\$ -	\$ -	\$ -	\$ 6,638,535
Franchise and miscellaneous taxes	1,072,638	-	-	-	-	1,072,638
Intergovernmental	1,013,324	-	-	-	-	1,013,324
Licenses and permits	658,004	-	8,045	-	-	666,049
Charges for services	603,029	26,525	-	100	27,340	656,994
Fines & forfeitures	789,423	-	-	-	-	789,423
Investment earnings	50,608	991	794	14	2,146	54,553
Miscellaneous	350,385	-	-	-	-	350,385
Total revenues	<u>11,175,946</u>	<u>27,516</u>	<u>8,839</u>	<u>114</u>	<u>29,486</u>	<u>11,241,901</u>
EXPENDITURES						
Administration	426,914	-	-	-	-	426,914
City attorney	101,488	-	-	-	-	101,488
Municipal court	121,605	-	-	-	-	121,605
Community service	5,150	-	-	-	-	5,150
General government	1,218,013	-	-	-	-	1,218,013
Police	3,530,987	-	-	-	-	3,530,987
Fire	3,003,796	-	-	-	-	3,003,796
Emergency Management	23,090	-	-	-	-	23,090
Streets	567,963	-	-	-	-	567,963
Culture and recreation	-	-	1,552	-	-	1,552
Cemetery	85,247	-	-	100	66,766	152,113
Development services	359,446	-	-	-	-	359,446
Capital Outlay	63,317	-	-	-	-	63,317
Total Expenditures	<u>9,507,016</u>	<u>-</u>	<u>1,552</u>	<u>100</u>	<u>66,766</u>	<u>9,575,434</u>
Excess (deficiency) of revenues over expenditures	<u>1,668,930</u>	<u>27,516</u>	<u>7,287</u>	<u>14</u>	<u>(37,280)</u>	<u>1,666,467</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	1,898,367	7,000	-	-	50,000	1,955,367
Transfers out	(2,398,637)	-	-	-	-	(2,398,637)
Total other financing sources and uses	<u>(500,270)</u>	<u>7,000</u>	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>(443,270)</u>
Net change in fund balances	1,168,660	34,516	7,287	14	12,720	1,223,197
Fund balances - beginning	5,350,500	49,333	76,419	1,037	167,197	5,644,486
Fund balances - ending	<u>\$ 6,519,160</u>	<u>\$ 83,849</u>	<u>\$ 83,706</u>	<u>\$ 1,051</u>	<u>\$ 179,917</u>	<u>\$ 6,867,683</u>

CITY OF BIXBY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2019

Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2019

	Special Revenue Funds										Capital Project Funds						Total Governmental Funds		
	Park Fund	E911 Fund	Fry Creek Maintenance Fund	Street & Alley Fund	Economic Development Fund	Federal Police Asset Forfeiture Fund	State Police Asset Forfeiture Fund	Disaster Recovery Fund	Sales Tax Personnel Fund	Cemetery Care Fund	Water & Sewer Development Fund	2016 Bond Fund	2011 Bond Fund	Stormwater Management Fund	2018 Bond Fund	2018B Bond Fund		Citizen's Planned Fund	
ASSETS																			
Cash and cash equivalents	\$ 1,180,047	\$ 320,053	\$ 768,356	\$ 2,087,961	\$ 161,288	\$ 19,558	\$ 1,247	\$ 104,854	\$ 570,796	\$ 313,008	\$ 6,867,796	\$ 2,599,236	\$ 971,617	\$ 1,678,084	\$ 1,185,254	\$ 3,880,161	\$ -	\$ 22,709,316	
Investments	513,579	93,381	892,288	2,217,274	771,288	-	-	1,037,012	-	345,411	-	511,126	-	1,284,795	-	-	1,110,647	8,776,801	
Receivable from other governments	180,570	-	-	21,516	-	10,348	-	191,803	112,858	-	-	-	-	109,469	-	-	338,571	965,135	
Due from other funds	4,018	3,591	-	-	-	-	-	-	-	219	-	-	-	-	-	-	-	7,828	
Taxes receivable, net	-	21,823	-	-	17,643	-	-	-	-	-	-	-	-	-	-	-	-	39,466	
Utilities receivable, net	-	-	-	-	-	-	-	-	-	-	-	-	-	29,692	-	-	-	29,692	
Other receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	70,639	
Total assets	\$ 1,878,214	\$ 438,848	\$ 1,660,644	\$ 4,326,751	\$ 950,219	\$ 29,906	\$ 1,247	\$ 1,333,669	\$ 683,654	\$ 658,419	\$ 6,868,015	\$ 3,110,362	\$ 971,617	\$ 3,172,679	\$ 1,185,254	\$ 3,880,161	\$ 1,449,218	\$ 32,598,877	
LIABILITIES AND FUND BALANCES																			
Liabilities:																			
Accounts payable	\$ -	\$ -	\$ 6,280	\$ -	\$ -	\$ -	\$ -	\$ 11,200	\$ -	\$ -	\$ 122,036	\$ 116,541	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 256,057	
Payroll payable	9,577	-	-	-	1,923	-	-	-	12,412	-	-	-	-	-	-	-	-	23,912	
Due to other funds	-	-	-	795	-	-	-	-	59,709	-	1,004	-	-	830	-	-	322,438	384,776	
Total liabilities	9,577	-	6,280	795	1,923	-	-	11,200	72,121	-	123,040	116,541	-	830	-	-	322,438	664,745	
Deferred Inflows:																			
Deferred revenue	-	-	-	-	-	348	-	191,803	-	-	-	-	-	-	-	-	-	-	192,151
Fund balances:																			
Restricted	287,773	427,968	303,492	284,051	101,498	4,097	-	-	611,533	658,419	-	2,916,170	646,777	194,793	1,169,527	3,857,808	-	11,463,906	
Assigned	1,580,864	10,880	1,350,872	4,041,905	846,798	25,461	1,247	1,130,666	-	-	6,744,975	77,651	324,840	2,977,056	15,727	22,353	1,126,780	20,278,075	
Total fund balances	1,868,637	438,848	1,654,364	4,325,956	948,296	29,556	1,247	1,130,666	611,533	658,419	6,744,975	2,993,821	971,617	3,171,849	1,185,254	3,880,161	1,126,780	31,741,981	
Total liabilities and fund balances	\$ 1,878,214	\$ 438,848	\$ 1,660,644	\$ 4,326,751	\$ 950,219	\$ 29,906	\$ 1,247	\$ 1,333,669	\$ 683,654	\$ 658,419	\$ 6,868,015	\$ 3,110,362	\$ 971,617	\$ 3,172,679	\$ 1,185,254	\$ 3,880,161	\$ 1,449,218	\$ 32,598,877	

CITY OF BIXBY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2019

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – For the Year Ended June 30, 2019

	Special Revenue Funds										Capital Project Funds						Total-Other Governmental Funds	
	Park Fund	E911 Fund	Fry Creek Maintenance Fund	Street & Alley Fund	Economic Development Fund	Federal Police Asset Forfeiture Fund	State Police Asset Forfeiture Fund	Disaster Recovery Fund	Sales Tax Personnel Fund	Cemetery Care Fund	Water & Sewer Development Fund	2016 Bond Fund	2011 Bond Fund	Stormwater Management Fund	2018 Bond Fund	2018B Bond Fund		Citizen's Planned Fund
REVENUES																		
Sales and use tax	\$ 1,327,707	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 829,817	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,489,451	\$ 4,646,975
Franchise and miscellaneous taxes	-	248,517	-	-	158,637	-	-	-	-	-	-	-	-	-	-	-	-	407,154
Intergovernmental	-	-	-	238,117	-	15,635	25	-	-	-	-	-	-	109,469	-	-	-	363,246
Charges for services	29,755	-	-	-	-	-	-	-	-	40,710	136,810	-	-	721,147	-	-	-	928,422
Investment earnings	24,203	4,281	17,451	62,139	16,895	567	44	18,959	-	6,350	91,469	46,534	13,614	45,238	15,727	22,353	10,794	396,618
Miscellaneous	36,539	-	-	341	377	-	-	-	-	-	-	-	-	-	-	-	-	37,257
Total revenues	<u>1,418,204</u>	<u>252,798</u>	<u>17,451</u>	<u>300,597</u>	<u>175,909</u>	<u>16,202</u>	<u>69</u>	<u>18,959</u>	<u>829,817</u>	<u>47,060</u>	<u>228,279</u>	<u>46,534</u>	<u>13,614</u>	<u>875,854</u>	<u>15,727</u>	<u>22,353</u>	<u>2,500,245</u>	<u>6,779,672</u>
EXPENDITURES																		
Current:																		
General government	-	-	-	-	-	-	-	73,647	-	-	-	-	-	-	-	-	-	73,647
Police	-	-	-	-	-	5,472	3,757	-	666,058	-	-	-	-	-	-	-	-	675,287
Streets	-	-	61,263	179,514	-	-	-	-	6,109	-	-	-	-	115,277	-	-	-	362,163
Culture and recreation	957,540	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	957,540
Cemetery	-	-	-	-	-	-	-	-	-	2,000	-	-	-	-	-	-	-	2,000
Economic development	-	-	-	-	348,899	-	-	-	-	-	-	-	-	-	-	-	-	348,899
E-911	-	94,559	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	94,559
Capital Outlay	39,419	709	-	-	4,649	10,000	-	1,861	-	1,870	1,502,095	389,860	792,816	790,980	522	-	-	3,534,781
Total Expenditures	<u>996,959</u>	<u>95,268</u>	<u>61,263</u>	<u>179,514</u>	<u>353,548</u>	<u>15,472</u>	<u>3,757</u>	<u>75,508</u>	<u>672,167</u>	<u>3,870</u>	<u>1,502,095</u>	<u>389,860</u>	<u>792,816</u>	<u>906,257</u>	<u>522</u>	<u>-</u>	<u>-</u>	<u>6,048,876</u>
Excess (deficiency) of revenues over expenditures	<u>421,245</u>	<u>157,530</u>	<u>(43,812)</u>	<u>121,083</u>	<u>(177,639)</u>	<u>730</u>	<u>(3,688)</u>	<u>(56,549)</u>	<u>157,650</u>	<u>43,190</u>	<u>(1,273,816)</u>	<u>(343,326)</u>	<u>(779,202)</u>	<u>(30,403)</u>	<u>15,205</u>	<u>22,353</u>	<u>2,500,245</u>	<u>730,796</u>
OTHER FINANCING SOURCES (USES)																		
Transfers in	-	-	100,000	785,000	-	-	-	-	-	-	2,812,241	-	-	625,000	-	3,857,808	1,566,465	9,746,514
Transfers out	(225,000)	(60,000)	-	-	-	-	-	-	-	-	-	-	-	(100,000)	-	-	(3,825,159)	(4,210,159)
Total other financing sources and uses	<u>(225,000)</u>	<u>(60,000)</u>	<u>100,000</u>	<u>785,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,812,241</u>	<u>-</u>	<u>-</u>	<u>525,000</u>	<u>-</u>	<u>3,857,808</u>	<u>(2,258,694)</u>	<u>5,536,355</u>
Net change in fund balances	196,245	97,530	56,188	906,083	(177,639)	730	(3,688)	(56,549)	157,650	43,190	1,538,425	(343,326)	(779,202)	494,597	15,205	3,880,161	241,551	6,267,151
Fund balances - beginning	1,672,392	341,318	1,598,176	3,419,873	1,125,935	28,828	4,935	1,187,215	453,883	615,229	5,206,550	3,337,147	1,750,819	2,677,252	1,170,049	-	885,229	25,474,830
Fund balances - ending	<u>\$ 1,868,637</u>	<u>\$ 438,848</u>	<u>\$ 1,654,364</u>	<u>\$ 4,325,956</u>	<u>\$ 948,296</u>	<u>\$ 29,558</u>	<u>\$ 1,247</u>	<u>\$ 1,130,666</u>	<u>\$ 611,533</u>	<u>\$ 658,419</u>	<u>\$ 6,744,975</u>	<u>\$ 2,993,821</u>	<u>\$ 971,617</u>	<u>\$ 3,171,849</u>	<u>\$ 1,185,254</u>	<u>\$ 3,880,161</u>	<u>\$ 1,126,780</u>	<u>\$ 31,741,981</u>

CITY OF BIXBY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2019

Combining Schedule of Net Position – BPWA Enterprise Fund Accounts – June 30, 2019

	BPWA	Wastewater Treatment Plant Project Account	Meter Deposit Account	DAWES Account	Total
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 6,512,968	\$ 5,962,359	\$ 197,101	\$ 3,107	\$ 12,675,535
Investments	-	5,152,057	-	-	5,152,057
Restricted:					
Cash and cash equivalents	112,073	-	182,145	-	294,218
Due from other funds	57,997	-	-	-	57,997
Accounts Receivable, net	1,324,739	-	-	-	1,324,739
Inventories	13,819	-	-	-	13,819
Total current assets	<u>8,021,596</u>	<u>11,114,416</u>	<u>379,246</u>	<u>3,107</u>	<u>19,518,365</u>
Non-current assets:					
Restricted:					
Cash and cash equivalents	240,037	-	-	-	240,037
Investments	724,134	-	587,898	-	1,312,032
Net OPEB Asset	10,246	-	-	-	10,246
Capital Assets:					
Land and construction in progress	2,484,022	-	-	35,000	2,519,022
Other capital assets, net of accumulated depreciation	64,708,417	-	-	321,368	65,029,785
Total non-current assets	<u>68,166,856</u>	<u>-</u>	<u>587,898</u>	<u>356,368</u>	<u>69,111,122</u>
Total assets	<u>76,188,452</u>	<u>11,114,416</u>	<u>967,144</u>	<u>359,475</u>	<u>88,629,487</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred amounts related to pensions	252,675	-	-	-	252,675
Deferred amounts related to OPEB	20,930	-	-	-	20,930
Total deferred outflows	<u>273,605</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>273,605</u>
LIABILITIES					
Current Liabilities:					
Accounts payable	238,002	-	-	-	238,002
Payroll payable	28,427	-	-	-	28,427
Accrued interest payable	35,762	-	-	-	35,762
Due to other funds	4,237	-	26,158	-	30,395
Deposits subject to refund	-	-	143,731	-	143,731
Compensated absences	43,052	-	-	-	43,052
Notes payable	2,702,600	-	-	-	2,702,600
Total current liabilities	<u>3,052,080</u>	<u>-</u>	<u>169,889</u>	<u>-</u>	<u>3,221,969</u>
Non-current liabilities:					
Compensated absences	172,209	-	-	-	172,209
Deposits subject to refund	-	-	626,312	-	626,312
Net pension liability	154,425	-	-	-	154,425
Notes payable	2,853,702	-	-	-	2,853,702
Total non-current liabilities	<u>3,180,336</u>	<u>-</u>	<u>626,312</u>	<u>-</u>	<u>3,806,648</u>
Total liabilities	<u>6,232,416</u>	<u>-</u>	<u>796,201</u>	<u>-</u>	<u>7,028,617</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred amounts related to pensions	172,865	-	-	-	172,865
Deferred amounts related to OPEB	32,950	-	-	-	32,950
Total deferred inflows	<u>205,815</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>205,815</u>
NET POSITION					
Net investment in capital assets	61,636,137	-	-	356,368	61,992,505
Restricted for debt service	1,025,031	-	-	-	1,025,031
Unrestricted	7,362,658	11,114,416	170,943	3,107	18,651,124
Total net position	<u>\$ 70,023,826</u>	<u>\$ 11,114,416</u>	<u>\$ 170,943</u>	<u>\$ 359,475</u>	<u>\$ 81,668,660</u>

CITY OF BIXBY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2019

Combining Schedule of Revenues, Expenses, and Changes in Net Position – BPWA Enterprise Fund Accounts – Year Ended June 30, 2019

	BPWA	Wastewater Treatment Plant Project Account	Meter Deposit Account	DAWES Account	Total
REVENUES					
Charges for services:					
Water	\$ 7,562,386	\$ -	\$ -	\$ -	\$ 7,562,386
Sewer	2,999,014	-	-	-	2,999,014
Miscellaneous	88,533	-	1,213	-	89,746
Total operating revenues	<u>10,649,933</u>	<u>-</u>	<u>1,213</u>	<u>-</u>	<u>10,651,146</u>
OPERATING EXPENSES					
Administration	1,607,673	-	-	-	1,607,673
Water	4,286,637	-	-	-	4,286,637
Wastewater	484,831	337	-	-	485,168
Depreciation	1,540,174	-	-	22,973	1,563,147
Total operating expenses	<u>7,919,315</u>	<u>337</u>	<u>-</u>	<u>22,973</u>	<u>7,942,625</u>
Operating income (loss)	<u>2,730,618</u>	<u>(337)</u>	<u>1,213</u>	<u>(22,973)</u>	<u>2,708,521</u>
NON-OPERATING REVENUES (EXPENSES)					
Interest and investment revenue	79,442	105,038	-	41	184,521
Gain on capital asset disposal	24,950	-	-	-	24,950
Interest expense	(133,585)	-	-	-	(133,585)
Total non-operating revenue (expenses)	<u>(29,193)</u>	<u>105,038</u>	<u>-</u>	<u>41</u>	<u>75,886</u>
Income (loss) before contributions and transfers	<u>2,701,425</u>	<u>104,701</u>	<u>1,213</u>	<u>(22,932)</u>	<u>2,784,407</u>
Capital contributions	2,918,438	-	-	-	2,918,438
Interaccount transfers in	34,841	1,367,789	-	-	1,402,630
Interaccount transfers out	(1,367,789)	(34,841)	-	-	(1,402,630)
Transfers in	4,932,509	1,362,389	-	-	6,294,898
Transfers out	(7,366,366)	-	-	-	(7,366,366)
Change in net position	1,853,058	2,800,038	1,213	(22,932)	4,631,377
Total net position - beginning	68,170,768	8,314,378	169,730	382,407	77,037,283
Total net position - ending	<u>\$ 70,023,826</u>	<u>\$ 11,114,416</u>	<u>\$ 170,943</u>	<u>\$ 359,475</u>	<u>\$ 81,668,660</u>

CITY OF BIXBY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2019

Combining Schedule of Net Position – Internal Service Fund Accounts – June 30, 2019

	<u>COB Account</u>	<u>FSA Account</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 104,070	\$ 9,982	\$ 114,052
Accounts Receivable, net	37,676	-	37,676
Total assets	<u>141,746</u>	<u>9,982</u>	<u>151,728</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	112,750	-	112,750
Total liabilities	<u>112,750</u>	<u>-</u>	<u>112,750</u>
NET POSITION			
Unrestricted	28,996	9,982	38,978
Total net position	<u>\$ 28,996</u>	<u>\$ 9,982</u>	<u>\$ 38,978</u>

**CITY OF BIXBY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2019**

**Combining Schedule of Revenues, Expenses, and Changes in Net Position – Internal Service Fund
Accounts – Year Ended June 30, 2019**

	<u>COB Account</u>	<u>FSA Account</u>	<u>Total</u>
REVENUES			
Miscellaneous	\$ 114,952	\$ 22,000	\$ 136,952
Total operating revenues	<u>114,952</u>	<u>22,000</u>	<u>136,952</u>
OPERATING EXPENSES			
Insurance claims	129,263	22,018	151,281
Total operating expenses	<u>129,263</u>	<u>22,018</u>	<u>151,281</u>
Operating income (loss)	<u>(14,311)</u>	<u>(18)</u>	<u>(14,329)</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest and investment revenue	78	-	78
Total non-operating revenue (expenses)	<u>78</u>	<u>-</u>	<u>78</u>
Income (loss) before contributions and transfers	<u>(14,233)</u>	<u>(18)</u>	<u>(14,251)</u>
Interaccount transfers in	-	10,000	10,000
Interaccount transfers out	<u>(10,000)</u>	<u>-</u>	<u>(10,000)</u>
Change in net position	<u>(24,233)</u>	<u>9,982</u>	<u>(14,251)</u>
Total net position - beginning	<u>53,229</u>	<u>-</u>	<u>53,229</u>
Total net position - ending	<u>\$ 28,996</u>	<u>\$ 9,982</u>	<u>\$ 38,978</u>

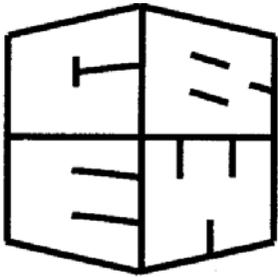
**CITY OF BIXBY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2019**

Schedule of Expenditures of Federal Awards – Year Ended June 30, 2019

Federal/State Grantor/Pass through agency Grantor/Program Title	Federal CFDA Number	Agency or Grant Number	Program or Award Amount	Federal Expenditures
FEDERAL ASSISTANCE:				
<u>U.S. DEPARTMENT OF JUSTICE:</u>				
Bulletproof Vest Partnership	16.607	2016BUBX16082323	\$ 4,550	\$ 267
Bulletproof Vest Partnership	16.607	2017BUBX16082323	3,059	3,059
Bulletproof Vest Partnership	16.607	2018BUBX16082323	5,048	156
			<u>12,657</u>	<u>3,482</u>
COPS Hiring Program	16.710	2016UMWX0069	125,000	33,492
JAG-LE Equipment	16.017	JAG-LLE-2018-BIXBY CI-00038	10,000	10,000
Total U.S. Department of Justice			<u>147,657</u>	<u>46,974</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY:</u>				
Passed through Oklahoma Department of Homeland Security: Disaster Recovery	97.036	FEMA-4438-DR-OK	1,256,858	164,402
Total U.S. Department of Homeland Security			<u>1,256,858</u>	<u>164,402</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION:</u>				
Passed through Oklahoma Highway Safety Office: State and Community Highway Safety	20.600	PT-18-03-04-17	53,000	22,888
State and Community Highway Safety	20.600	PT-19-03-02-18	72,000	42,036
Total U.S. Department of Transportation			<u>125,000</u>	<u>64,924</u>
<u>ENVIRONMENTAL PROTECTION AGENCY:</u>				
Passed through Oklahoma Water Resources Board: Clean Water State Revolving Fund	66.458	ORF-14-0003-CW	237,815	237,815
Total Environmental Protection Agency			<u>237,815</u>	<u>237,815</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</u>				
Passed through Tulsa County: CDBG - Urban City Program	14.218	B-16-UC-40-0001	67,242	24,935
CDBG - Urban City Program	14.218	B-17-UC-40-0001	71,837	58,980
CDBG - Urban City Program	14.218	B-15-UC-40-0001	64,052	25,554
Total U.S. Department of Housing and Urban Development			<u>203,131</u>	<u>109,469</u>
TOTAL FEDERAL ASSISTANCE			<u>\$ 1,970,461</u>	<u>\$ 623,584</u>

**CITY OF BIXBY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2019**

INTERNAL CONTROL COMPLIANCE INFORMATION



CBEW Professional Group, LLP

Certified Public Accountants

P.O. Box 790

Cushing, OK 74023

918-225-4216 FAX 918-225-4315

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

December 19, 2019

Honorable Board of City Commissioners
City of Bixby
Bixby, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bixby, Oklahoma, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Bixby, Oklahoma's basic financial statements, and have issued our report thereon dated December 19, 2019

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this report is not suitable for any other purpose.

CBEW Professional Group, LLP

CBEW Professional Group, LLP
Certified Public Accountants

**CITY OF BIXBY
Bixby, Oklahoma**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2019**

FINDINGS - FINANCIAL STATEMENT AUDIT

1. None

**CITY OF BIXBY
Bixby, Oklahoma**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2019**

There were no prior year audit findings.