



**CITY OF
MIDWEST CITY, OKLAHOMA**

ANNUAL FINANCIAL REPORT

JUNE 30, 2014

**CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2014**

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Independent Auditors' Report

Honorable Mayor and City Council
The City of Midwest City
Midwest City, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Midwest City, Oklahoma, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City of Midwest 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.

Auditors' Responsibility

Our responsibility is to express opinions 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 of 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.

Opinion

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 Midwest City, Oklahoma, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Notes 2 and 7 to the financial statements, in 2014, the City of Midwest City adopted several new accounting pronouncements issued by the Government accounting Standards Board, including GASB Statements No. 63 and 65. The provisions of GASB Statements No. 63 and 65 required the City of Midwest City to restate its beginning net position for business-type activities and proprietary funds upon adoption. Also as discussed in Note 7, beginning net position for governmental activities and beginning fund balance for governmental funds have been restated to correct a misstatement. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of other post-employment benefits funding progress, and the general, police fund, and fire fund budgetary comparison schedule, as listed in the table of contents, 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 of Midwest City's basic financial statements. The combining and individual nonmajor fund financial statements and other supplementary schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The combining and individual nonmajor fund financial statements and other supplementary schedules have 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 and individual nonmajor fund financial statements and other supplementary schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying Statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report (under separate cover) dated December 30, 2014, on our consideration of the City of Midwest 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 the results of that testing, and not to provide an opinion on 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 of Midwest City's internal control over financial reporting and compliance.

Cole & Reed P.C.

Oklahoma City, Oklahoma
December 30, 2014

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MANAGEMENT DISCUSSION AND ANALYSIS

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The City of Midwest City's Management's Discussion and Analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the City's financial activity, (c) identify changes in the City's financial position (its ability to address the next and subsequent years' challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the City's financial statements beginning on page 18.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the fiscal year ended June 30, 2014, by \$541,490,567 (net position). Of this amount, unrestricted net position of the government activities was \$3,004,431 with the business type activities reporting an unrestricted net position of \$26,541,702. As noted, the governmental unrestricted net position is positive, with the prior year deficit shrinking 195.4% or \$6,152,182 from last year. The business type unrestricted net position increased 21.6% or \$4,715,561 from last year. The unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors.
- The business type unrestricted net position has several commitments as it relates to future capital needs of the City. Contracts related to capital projects are disclosed on page 58 of the report. The Sewer Account of Municipal Authority is recording \$16,131,702 of the unrestricted funds. However, engineering is currently being performed for a composting facility which could cost \$7,639,308. The construction is needed in order to meet the ever-changing needs of the City and to comply with EPA mandates.
- The Primary Government's total net position increased by \$16,884,759 or 3.2% from the prior year. This was a result of an increase of \$12,654,890 in the governmental activities while the business-type activities had an increase of \$4,229,869. Both revenues and expenses increased over the prior year. The detailed changes made from the Governmental Fund Statements to the Statement of Net Position can be found on page 25.
- The City's total debt decreased by approximately \$4,820,464 or 4.0%. The OPEB (the commitment by the City that retirees can continue on group health insurance at a subsidized rate) liability continues to increase annually by \$1,335,828.
- Sales tax is the major source of revenue for governmental activities. Sales and Use tax collections for FY 2014 totaled \$33,958,904 compared to \$33,191,533 in FY 2013. The total increase in Sales and Use Tax collection was \$767,371. A historical review of governmental activity revenues can be found on of the report.
- At the end of the fiscal year 2014, the unassigned fund balance of the General Fund was \$3,758,695 or 13.6% of General Fund revenues.
- Health Insurance premiums increased \$915,265 over last year or 16.7%. This was done through premium increases, restructuring of the groups and increased City contributions.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Management's Discussion and Analysis is intended to serve as an introduction to the City of Midwest City's basic financial statements. The City's basic financial statements comprise of three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to the private-sector business.

The Statement of Net Position presents information on all of the City's assets, deferred outflows, liabilities, and deferred inflows with the difference between the four elements reported as net position. Over time, increases or decreases in net position serve as a useful indicator on whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and fines and earned but not used vacation and sick leave as stated in City policy and union contracts). Both the Statement of Net Position and the Statement of Activities are prepared using the accrual basis of accounting as opposed to the modified accrual basis used for Fund Financial Statements of the governmental funds.

In its Statement of Net Position and the Statement of Activities, the City is divided between two types of activities:

- **Governmental activities.** Most of the City's basic services are reported here, including general government, public safety, streets, culture and recreation, health and welfare and economic development. Sales taxes and franchise taxes finance most of these activities as reflected on page 19.
- **Business-type activities.** The City charges a fee to customers to cover the cost of services it provides. The City's utility system (water, sewer, sanitation, and drainage), conference center/hotel, golf, trailer park and industrial park activities are reported here.

Fund Financial Statements. A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. Fund financial statements provide detailed information about the most significant funds, but not the City as a whole. Some funds are required to be established by state law or bond covenants. However, the City Council 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 monies. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

- **Governmental funds.** The majority 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

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available for spending. These funds are reported using an accounting method identified as the modified accrual basis of 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 governmental operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. By comparing information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements, readers may better understand the long-term impact of the government's near-term financing decisions. The relationship or differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds are detailed in a reconciliation following the fund financial statements on page 25 and 26 of this report.

The City of Midwest City maintains individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General, Police, Fire, Hospital Authority, and the Tax Increment Financing funds. Data from the debt service fund, 13 special revenue funds, and 7 capital project funds, all of which are considered to be governmental, are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements starting on page 69 of this report.

- **Proprietary funds.** The City charges customers for certain services it provides, whether to outside customers or to other units within the City. These services are generally reported in proprietary funds. Proprietary funds are reported in the same manner that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are similar to the business-type activities that are reported in the Government-wide statements but provide more detail and additional information, such as cash flows. The internal service funds (the other component of proprietary funds) are utilized to report activities that provide supplies and services for the City's other programs and activities, such as the risk management functions, health self-insurance fund, fleet services, surplus property activities and public works function. Because these services benefit both governmental and business-type functions, they have been included in both the governmental and business-type activities in the government-wide financial statements.

The City of Midwest City maintains one major enterprise funds. The City uses this funds to account for its water, sewer, sanitation, conference center/hotel and drainage operations. The funds provide the same type of information as the government-wide financial statements, only in more detail and include some of the internal service fund-type activity. The City considers these enterprise fund activities to be major funds. Data from 6 non-major enterprise funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major enterprise funds is provided in the form of combining statements starting on page 76 of this report.

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GOVERNMENT-WIDE FINANCIAL ANALYSIS

As of June 30, 2014, the City's combined net position is \$541,490,567, of which \$431,734,041 can be attributed to governmental activities and \$109,756,526 is attributed to business-type activities. This analysis focuses on the net position (Table 1) and changes in net position (Table 2) of the City's governmental and business-type activities.

The largest portion of the City's net position, 77.4%, reflects its net investment in capital assets (e.g., land, water rights, building, machinery and equipment, less any related debt used to acquire those assets that is still outstanding). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The net change in capital assets can be reviewed in Table 1 with key element changes shown in Table 3.

TABLE 1
NET POSITION (In Thousands)

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total Primary Government		% Inc. (Dec.)
	2014	2013		2014	2013		2014	2013	
Current and other assets	\$ 144,889	\$ 130,703	11%	\$ 35,449	\$ 49,518	-28%	\$ 180,338	\$ 180,221	0%
Capital assets	343,426	347,791	-1%	151,913	139,394	9%	495,339	487,185	2%
Total assets	488,315	478,494	2%	187,362	188,912	-1%	675,677	667,406	1%
Deferred outflow of resources	-	-	-	1,036	1,090	-5%	1,036	1,090	-5%
Long-term debt outstanding	41,071	41,640	-1%	71,873	76,124	-6%	112,944	117,764	-4%
Other liabilities	15,510	17,775	-13%	6,768	8,351	-19%	22,278	26,126	-15%
Total liabilities	56,581	59,415	-5%	78,641	84,475	-7%	135,222	143,890	-6%
Deferred inflow of resources	-	-	0%	-	-	0%	-	-	0%
Net position:									
Net investment in capital assets	337,926	340,892	-1%	81,143	81,660	-1%	419,069	422,552	-1%
Restricted	90,803	81,335	12%	2,071	2,041	1%	92,874	83,376	11%
Unrestricted (deficit)	3,005	(3,148)	-195%	26,543	21,826	22%	29,548	18,678	58%
Total net position	\$ 431,734	\$ 419,079	3%	\$ 109,757	\$ 105,527	4%	\$ 541,491	\$ 524,606	3%

Governmental activities decreased the City's net position by \$12,654,890 or 3.0%. The business type activities increased the City's net position by \$4,229,869 or 4.01% for a net increase of \$16,884,759, or 3.2%. The key elements of these changes are contained in Table 2.

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Table 2
Changes In Net Position
(In Thousands)

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total Primary Government		% Inc. (Dec.)
	2014	2013		2014	2013		2014	2013	
Revenues:									
Program revenues:									
Charges for services	\$ 5,941	\$ 5,770	3%	\$ 27,325	\$ 26,384	4%	\$ 33,266	\$ 32,154	3%
Operating grants and contributions	5,038	4,317	17%	-	-	0%	5,038	4,317	17%
Capital grants and contributions	4,424	476	829%	-	-	0%	4,424	476	829%
General revenues:									
Sales and use taxes	33,959	33,192	2%	-	-	0%	33,959	33,192	2%
Other taxes	7,093	7,078	0%	-	-	0%	7,093	7,078	0%
Other general revenue	16,239	10,700	52%	641	(653)	-198%	16,880	10,047	68%
Total revenues	<u>72,694</u>	<u>61,533</u>	18%	<u>27,966</u>	<u>25,731</u>	9%	<u>100,660</u>	<u>87,264</u>	15%
Program expenses:									
General government	7,129	5,221	37%	-	-	-	7,129	5,221	37%
Public safety	27,762	27,360	1%	-	-	-	27,762	27,360	1%
Streets	15,069	15,015	0%	-	-	-	15,069	15,015	0%
Cultural, parks and recreation	1,871	1,741	7%	-	-	-	1,871	1,741	7%
Health and welfare	460	1,391	-67%	-	-	-	460	1,391	-67%
Economic development	4,295	4,835	-11%	-	-	-	4,295	4,835	-11%
Water	-	-	-	6,475	5,836	11%	6,475	5,836	11%
Sewer	-	-	-	7,861	7,402	6%	7,861	7,402	6%
Sanitation	-	-	-	4,030	3,831	5%	4,030	3,831	5%
Drainage	-	-	-	719	625	15%	719	625	15%
Conference center	-	-	-	6,924	7,779	-11%	6,924	7,779	-11%
Other activities	-	-	-	1,180	1,169	1%	1,180	1,169	1%
Total expenses	<u>56,586</u>	<u>55,563</u>	2%	<u>27,189</u>	<u>26,642</u>	2%	<u>83,775</u>	<u>82,205</u>	2%
Excess (deficiency) before transfers	16,108	5,970	170%	777	(911)	-185%	16,885	5,059	234%
Transfers	(3,453)	(2,912)	19%	3,453	2,912	19%	-	-	
Increase in net position	\$ 12,655	\$ 3,058	314%	\$ 4,230	\$ 2,001	111%	\$ 16,885	\$ 5,059	234%

Governmental Activities. The revenues reflect an increase over last year of \$11,158,923 This significant increase is primarily the result of increase of capital grants and contribution of \$3,947,389. The Hospital Authority had an increase of \$4,091,303 in investment income over last year. The Hospital Authority is the only fund authorized to invest in the stock market which can result in large fluctuations based on the market performance. All other fund investments are FDIC insured, collateralized or direct obligations of the United State Government.

The sales tax which is the governmental activities main source of revenue is allocated as follows:

General	24.86%
Police	29.77%
Fire	24.81%
911	1.05%
Capital Improvement	6.49%
Park and Rec	1.30%
Debt Svc./Sewer Plant	10.43%
Streets	1.29%

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The most significant governmental activities expenditure was in providing public safety with a cost of \$27,761,528. These expenditures were funded by revenue collected from a variety of sources, the largest being a transfer from General Fund in the amount of \$17,403,181 and dedicated sales tax of \$5,543,681 for the fiscal year ended June 30, 2014. The most significant portion of public safety expense is the cost of personnel. Salaries and benefits totaled \$24,072,892. Other significant governmental expenditures are for the streets in the amount of \$15,068,572 of which \$11,906,717 is depreciation expense

Business-type Activities. Business-type revenue increased by \$2,234,922, or 8.69% from the prior year. The investment income increased from \$(656,914), to \$608,280 due to unrealized gain on investments. Also sanitation fee increased from \$4,083,258 to \$4,705,493 due to residential sanitation fee increased by \$2.75 per month effective 7/1/2013.

Budgetary Highlights. For fiscal year 2013-2014, General Fund revenue (including transfers) budget was amended by \$8,687,747 or 30% of the original budget of \$28,977,836. The increase was mainly due to 1 cent sales tax received by general fund, totaling \$8,274,357, that was transferred to the debt service fund to provide additional security for revenue bonds. The actual revenues (including transfers) exceeded the final budget projections by \$145,976, or 0.4%. General Fund actual expenditures (including transfers) on a budgetary basis were \$38,799,087 compared to the final budget of \$39,592,520. See page 61 of the report for more detail.

The Police Fund revenue (including transfers) budget was increased by \$125,548, or 1.0%, of the original budget of \$12,721,680. There was \$125,548 budget supplement to transfer from general fund due to actual sales tax revenue is higher than projection. The actual revenues (including transfers) exceeded the final budget projections by \$128,921 or 1.0%. The actual expenditures (including transfers) on a budgetary basis were \$13,283,865 compared to the final budget of \$14,535,533. Actual expenditures (including transfers) were \$1,251,668 or 8.6% below budget projections. Some positions were budgeted, \$488,663, but not staffed due to vacancy. Also, \$355,529 capital outlay was not spent due to building remodel and equipment purchase was not able to be completed or acquired during the fiscal year.

The Fire Fund revenues (including transfers) budget was amended by \$200,757. There was \$97,886 budget supplement to transfer from general fund due to actual sales tax revenue is higher than projection and also assets retirement of \$101,310. The actual revenues (including transfers) were more than the final budget projections by \$101,711. The actual expenditures (including transfers) on a budgetary basis were \$10,164,552 compared to the final budget of \$11,098,538. Actual expenditures (including transfers) were \$933,986 or 8.5 % below projections. Some positions were budgeted but not staffed due to vacancy. Also, \$554,862 capital outlay was not spent due to equipment purchases that were not able to be completed or acquired during the fiscal year.

The budget to actual comparisons for these funds can be found on pages 61-64 of the report.

Capital Asset At the end of fiscal year 2014, the City had \$495,339,287 invested in a broad range of capital assets, including police and fire equipment, buildings, conference center and hotel, park facilities, roads, bridges, water and sewer facilities and distribution systems. This amount represents a net decrease (including additions and deductions) of \$4,365,726 for the governmental activities. Although the City had building additions of \$835,281, equipment additions of \$975,070, vehicle additions of \$863,150, construction in progress additions of \$1,455,984 and infrastructure additions of \$5,364,307; the depreciation expense of \$14,176,256 caused the current year reduction, with street

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depreciation for the year in the amount of \$11,603,717.

The business activities had a net increase of \$12,518,439 due to the addition of construction in progress of the Sewer Facility for approximately \$11,908,839. Table 3 reflects the net key elements that make up the capital assets by type and source.

**TABLE 3
Capital Assets
(In Thousands)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>Restated, 2013</u>	<u>2014</u>	<u>Restated, 2013</u>
Land	\$ 32,409	\$ 30,839	\$ (1)	\$ -	32,408	\$ 30,839
Water rights	-	-	-	-	-	-
Construction in progress	3,749	3,513	-	-	3,749	3,513
Buildings	29,470	28,643	-	-	29,470	28,643
Machinery and equipment	18,815	18,108	7,550	7,549	26,365	25,657
Vehicles	8,523	7,979	4,673	4,673	13,196	12,652
Infrastructure	434,957	429,593	56,750	42,755	491,707	472,348
	<u>527,923</u>	<u>518,675</u>	<u>68,972</u>	<u>54,977</u>	<u>596,895</u>	<u>573,652</u>
Less: Depreciation	(184,497)	(170,883)	-	-	(184,497)	(170,883)
Totals	<u>\$ 343,426</u>	<u>\$ 347,792</u>	<u>\$ 68,972</u>	<u>\$ 54,977</u>	<u>\$ 412,398</u>	<u>\$ 402,769</u>

Additional information on the City's capital assets can be found on pages 39-41 of this report.

Debt Administration. At year end, the City had \$104,857,000 in long term debt outstanding as compared to \$111,011,000 at the end of the prior fiscal year, a decrease of 5.5% as shown in Table 4. See pages 44-47 for a more in depth review of long-term debt.

**TABLE 4
Long-Term Debt
(In Thousands)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
General obligation bonds	\$ 5,500	\$ 6,900	\$ -	\$ -	\$ 5,500	\$ 6,900
Notes payable	23,171	23,718	635	835	23,806	24,553
Accrued compensated absences	4,248	4,187	1,102	1,012	5,350	5,199
Revenue bonds	-	-	65,845	69,720	65,845	69,720
Revenue bonds premium	-	-	2,885	3,151	2,885	3,151
Refundable deposits	65	82	1,406	1,406	1,471	1,488
Totals	<u>\$ 32,984</u>	<u>\$ 34,887</u>	<u>\$ 71,873</u>	<u>\$ 76,124</u>	<u>\$ 104,857</u>	<u>\$ 111,011</u>

**CITY OF MIDWEST CITY, OKLAHOMA
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FACTORS AFFECTING FINANCIAL CONDITION

Economic Outlook. With the continued fiscal instability in Washington and Tinker Air Force Base, by far the largest employer at Midwest City’s back door, the economic outlook is difficult to predict. Municipal governments in the State of Oklahoma rely heavily on sales tax for funding. In comparison, US municipalities on average have much more diversified revenue structures, and their reliance on sales tax is considerably less. Studies show US municipal revenue sources are reliant on sales tax 11%; property tax 28% and income tax 14%.

Property tax in Oklahoma, by state statute, can only be levied for capital general obligation debt which must be voted on by its citizens. No income tax is levied for municipal operation which leaves the heavy reliance on sales tax. On average, sales and use tax makes up over 75% of Midwest City’s funding for annual budgets of the governmental operations such as general government, public safety, streets and parks.

Additionally, with the escalation of internet shopping, the issue of not being taxed or improper reporting of tax by postal code, not by city limit boundaries; the revenue loss for bedroom communities such as Midwest City continues to be an issue.

However, with the Bureau of Labor Statistic reporting unemployment rate for Oklahoma trending down from November 2013 at 5.5% to 4.4% as of November of 2014, there is hope that our economic outlook will be stable.

FY 2014-2015 Budgets and Rates. The fiscal year 2014-2015 expenditure budgets presented to the Council and Board of Trustees was \$108,360,745, which is net of \$50,511,472 inter/intra-fund transfers.

Sales tax revenue projections reflect a slight down trend due to retail competition occurring in adjacent communities.

The three major governmental funds reflect the following budgets adopted for FY 14-15:

	<u>Revenues</u>	<u>Transfers In</u>	<u>Expenditures</u>	<u>Transfer Out</u>	<u>(Use) of Fund Balance</u>
General	\$26,347,815	\$10,751,358	\$11,810,657	\$25,593,429	(\$304,913)
Police	\$ 2,870,941	\$ 9,525,108	\$12,740,139	\$ 241,315	(\$585,405)
Fire	\$ 2,301,075	\$ 7,621,689	\$10,061,185	\$ 416,000	(\$554,421)

Personal services were budgeted with the merit steps included for all pay plans; non-represented, police and fire. A 2% cost of living (COLA) was also included for all employees with the exception of the uniformed police employees. Through later negotiations, a 2.5% increase for COLA was implemented at a projected cost of \$190,267, including benefits.

CITY OF MIDWEST CITY, OKLAHOMA
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FY 14-15 staffing levels for the previous funds are as follows:

	<u>Increase</u>	<u>Decrease</u>	<u>Transfer to Other Funds</u>
General	0.465	1.5	1.25
Police	0.26	2.0	
Fire	0.27	4.0	

The increase of .895 percent involves a non-represented employee who was partially funded by General Fund, .365; police, .26; fire, .27 and public works, .105. This position is responsible for the radio and communications of the public safety, public works and general government operations.

The statutory contribution requirement for fire defined benefit pension plan will increase from 21% to 23%, effective November 1, 2014. The law designates that 14% be paid by the City and 9% by the employee. Through contract negotiations, the City will pay 18% and the employee will pay 5%. This change was made by the Oklahoma legislative body due to the concern of the unfunded liability of this plan.

The statutory contribution requirement for the police defined benefit pension plan will remain the same at 21% in which 13% is to be paid by the City and 8% by the employee. The police union has also negotiated through their contract for the City to pay 18% and the employee contribution is 3%.

The non-represented employees participate in a defined contribution plan. As of July 1, 2014 the City contribution was increased from 13% to 13.5%. Effective January 1, 2014, the contribution by the City will be increased .5%, going from 13.5% to 14%.

The City sponsors medical, prescription and dental insurance to full time employees and qualifying retirees and their families. Coverage is provided through self-insurance. Annual health insurance premium amounts are established by the City Council. The “Affordable Care Act” (ACA) has certain costs that are not to be passed on to the employee or retiree. For FY 2014-2015 the known amount associated with the ACA is \$126,347.

Premium increases were necessary due to the continued decline of the L & H fund balance. The premium estimate of \$7,357,052 is expected to increase revenues by \$1,187,984 with an estimate of \$600,000 going to fund balance.

Group	%	Contributions
Employee - Active	28.55	\$1,646,794
City - Active	71.45	4,120,524
Retiree	62.90	990,505
City - Retiree	37.10	584,229
Cobra (No Participation by City)		15,000
Total		\$7,357,052

Category	%	Contributions
Employee	22.38	\$1,646,794
City	63.96	4,704,753
Retiree	13.46	990,505
Cobra	0.20	15,000
Total		\$7,357,052

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The leasing of a time keeping, payroll and human resources system as previously reported and budgeted, did not come to fruition. After many hours of staff time involvement with the leased product, it was determined that the existing payroll system exceeded what was proposed and that features specific to the government environment were not functional as represented. The leasing appropriation in FY 14-15 will be repurposed for purchasing of time clocks and human resource software applications.

Rate Increases: The City has adopted a recycling plan for residential services, effective July 1, 2013. This service and the contract for tipping fees at the landfill are tied to the Consumer Price Index (CPI) therefore causing a slight increase in sanitation rates. It was also necessary to increase the sewer rates \$0.32 per 1,000 gallons. This was budgeted to increase the revenues approximately \$500,000. However, there have been several circumstances that are causing this projection to be less than expected. The first situation is that the rate was budgeted to be effective on the July bills. However, the ordinance did not take effect until the August billing cycle which was also an incomplete cycle of the new rate. Secondly, there was a dairy and a manufacturing business that had closed down during the past year. This information was not known or considered by finance when projecting the FY 14-15 revenues. It is anticipated that the revenues for the FY 14-15 year will come in approximately \$200,000 under budget.

Capital projects are always a necessity in maintaining the infrastructure and quality of life for our citizens. The total of capital outlay adopted in June, 2014 was \$21,198,460. In addition, \$27,964,526 was rolled from the previous year for projects that were not fully completed or was multi-year funding for future projects.

Governmental Funds include: Street improvements, Air Depot to SE 29th to I-40 Intersection; Soldier Creek Industrial Park; upgrading of carpet and bathroom tile for the 151 hotel rooms; fire station alerting system enhancement; purchase of a brush pumper and establish multi-year funding fire truck replacement program; continued replacement of patrol, motorcycles and SIU vehicles with equipment; in car cameras for 16 patrol units; 7 bus shelters and a schedule for upgrades to the trails and sidewalk systems within Midwest City.

Proprietary Funds include: continued Sewer Plant construction and composting facility; automated meter reading system for the water utility services; upgrades at the water treatment plant of the supervisory control and data acquisition (SCADA) system; Eastside booster station renovations; extension of water systems to the S. E. 29th and Hiwassee area to support construction of a new water tower.

Emergency reserves once again are contained in the operational fund budgets of the City. The General fund is required to maintain a 10% reserve while all others are required to maintain a 5% reserve. The reserves are equal to the annual operating budget less transfer outs and capital outlay. The reserves are only accessible if a significant event should occur such as a downturn in the economy greatly affecting the funding of the City's operations; uses for natural disasters or one-time non-recurring emergency that disrupts the cash receipts of the City. With this resolution in place for maintaining a reserve, this allows the City to become more financially stable and better equipped to handle any unforeseen emergencies or major loss of revenues.

**CITY OF MIDWEST CITY, OKLAHOMA
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Request for Information. This financial report is designed to provide a general overview of the City's finances, comply with finance-related laws, regulations and demonstrate the City's commitment to public accountability. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City of Midwest, City Finance Department, 100 N. Midwest Boulevard, Midwest City, Oklahoma 73110.

**CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2014**

BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2014

Statement of Net Position– June 30, 2014

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 6,633,893	\$ 7,622,018	\$ 14,255,911
Investments	105,469,307	23,250,649	128,719,956
Accounts receivable, net	2,205,463	3,238,202	5,443,665
Interest receivable	62,608	52,475	115,083
Other receivable	21,501	168,609	190,110
Inventory	154,658	214,998	369,656
Internal balances	(901,549)	901,549	-
Prepaid items	4,040	-	4,040
Due from other governments	5,069,345	-	5,069,345
Lease receivable	21,116,825	-	21,116,825
Deposits held by others	5,052,585	-	5,052,585
Capital assets:			
Land, water rights, and construction in progress	36,158,324	68,972,102	105,130,426
Other capital assets, net of depreciation	307,267,982	82,940,879	390,208,861
Total Assets	<u>488,314,982</u>	<u>187,361,481</u>	<u>675,676,463</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred amount on refunding	-	1,036,104	1,036,104
LIABILITIES			
Accounts payable and accrued liabilities	827,978	5,527,869	6,355,847
Wages payable	1,122,227	377,518	1,499,745
Claims payable	2,773,770	-	2,773,770
Due to other governments	11,953	-	11,953
Accrued interest payable	85,524	862,971	948,495
Unearned revenue	10,688,459	-	10,688,459
Long-term liabilities:			
Due within one year	3,459,815	4,704,122	8,163,937
Due in more than one year	37,611,215	67,168,579	104,779,794
Total liabilities	<u>56,580,941</u>	<u>78,641,059</u>	<u>135,222,000</u>
NET POSITION			
Net investment in capital assets	337,926,306	81,143,468	419,069,774
Restricted for:			
Enabling legislation	70,288,453	1,752,860	72,041,313
Statutory requirements	1,522,323	-	1,522,323
External contracts	18,992,528	318,496	19,311,024
Unrestricted	3,004,431	26,541,702	29,546,133
Total net position	<u>\$ 431,734,041</u>	<u>\$ 109,756,526</u>	<u>\$ 541,490,567</u>

See accompanying notes to the basic financial statements.

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2014

Statement of Activities –Year Ended June 30, 2014

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	\$ 7,128,851	\$ 1,720,111	\$ 34,186	\$ -	\$ (5,374,554)	\$ -	\$ (5,374,554)
Public safety	27,761,528	2,319,906	2,954,178	103,197	(22,384,247)	-	(22,384,247)
Streets	15,068,572	2,300	532,929	4,320,469	(10,212,874)	-	(10,212,874)
Culture and recreation	1,870,598	489,043	195,246	-	(1,186,309)	-	(1,186,309)
Health and welfare	459,710	-	50,000	-	(409,710)	-	(409,710)
Economic development	4,295,494	1,409,614	1,271,632	-	(1,614,248)	-	(1,614,248)
Total governmental activities	<u>56,584,753</u>	<u>5,940,974</u>	<u>5,038,171</u>	<u>4,423,666</u>	<u>(41,181,942)</u>	<u>-</u>	<u>(41,181,942)</u>
Business-type activities:							
Water	6,474,682	6,901,389	-	-	-	426,707	426,707
Wastewater	7,861,221	7,217,455	-	-	-	(643,766)	(643,766)
Sanitation	4,029,976	5,324,337	-	-	-	1,294,361	1,294,361
Drainage	719,273	477,484	-	-	-	(241,789)	(241,789)
Conference Center	6,923,527	6,278,981	-	-	-	(644,546)	(644,546)
Golf	1,146,276	1,125,440	-	-	-	(20,836)	(20,836)
Mobile home park	33,558	15	-	-	-	(33,543)	(33,543)
Industrial park	80	-	-	-	-	(80)	(80)
Total business-type activities	<u>27,188,593</u>	<u>27,325,101</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>136,508</u>	<u>136,508</u>
Total primary government	<u>\$ 83,773,346</u>	<u>\$ 33,266,075</u>	<u>\$ 5,038,171</u>	<u>\$ 4,423,666</u>	<u>\$ (41,181,942)</u>	<u>\$ 136,508</u>	<u>\$ (41,045,434)</u>
General revenues:							
Taxes:							
Sales and use taxes					33,958,904	-	33,958,904
Property tax					3,464,503	-	3,464,503
Franchise and public service taxes					2,555,948	-	2,555,948
Hotel/motel taxes					603,251	-	603,251
Intergovernmental revenue not restricted to specific programs					469,368	-	469,368
Investment income					15,367,964	608,280	15,976,244
Miscellaneous					869,710	32,265	901,975
Transfers - internal activity					(3,452,816)	3,452,816	-
Total general revenues and transfers					<u>53,836,832</u>	<u>4,093,361</u>	<u>57,930,193</u>
Change in net position					12,654,890	4,229,869	16,884,759
Net position - beginning					419,079,151	105,526,657	524,605,808
Net position - ending					<u>\$ 431,734,041</u>	<u>\$ 109,756,526</u>	<u>\$ 541,490,567</u>

See accompanying notes to the basic financial statements.

**CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2014**

BASIC FINANCIAL STATEMENTS - GOVERNMENTAL FUNDS

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2014

Governmental Funds Balance Sheet - June 30, 2014

	<u>General Fund</u>	<u>Police Fund</u>	<u>Fire Fund</u>	<u>Midwest City Hospital Authority</u>	<u>Tax Increment Financing Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS							
Cash and cash equivalents	\$ 438,002	\$ 222,297	\$ 202,760	\$ 3,039,910	\$ -	\$ 2,165,212	\$ 6,068,181
Investments	3,568,043	2,056,967	1,860,016	79,534,181	-	14,177,886	101,197,093
Receivables:							
Accounts receivable	1,377,578	73,889	1,000	5,335	-	627,959	2,085,761
Accrued interest receivable	8,123	4,090	3,184	3,164	-	32,698	51,259
Due from other funds	1,673,076	1,115,793	845,271	394,337	-	600,793	4,629,270
Deposits held by others	-	-	-	4,193,251	-	859,334	5,052,585
Prepaid items	4,040	-	-	-	-	-	4,040
Other receivable	14,526	5,832	6,076	-	-	-	26,434
Due from other governments	2,913,718	365,222	326,430	-	-	1,563,662	5,169,032
Inventory	-	-	-	-	-	60,000	60,000
Total assets	<u>\$ 9,997,106</u>	<u>\$ 3,844,090</u>	<u>\$ 3,244,737</u>	<u>\$ 87,170,178</u>	<u>\$ -</u>	<u>\$ 20,087,544</u>	<u>\$ 124,343,655</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued liabilities	\$ 189,912	\$ 57,579	\$ 13,826	\$ 128,800	\$ -	\$ 200,975	\$ 591,092
Accrued interest payable	-	-	-	-	-	70,547	70,547
Wages payable	300,829	436,116	297,609	2,318	-	50,413	1,087,285
Unearned revenue	-	-	-	10,688,459	-	-	10,688,459
Refundable deposits (court)	64,910	-	-	-	-	-	64,910
Due to other funds	2,111,537	-	1,630,537	403,771	2,202,695	471,576	6,820,116
Due to other governments	11,953	-	-	-	-	-	11,953
Total liabilities	<u>2,679,141</u>	<u>493,695</u>	<u>1,941,972</u>	<u>11,223,348</u>	<u>2,202,695</u>	<u>793,511</u>	<u>19,334,362</u>
DEFERRED INFLOWS OF RESOURCES							
Deferred revenue	<u>1,111,671</u>	<u>55,987</u>	<u>-</u>	<u>440,608</u>	<u>-</u>	<u>275,336</u>	<u>1,883,602</u>
Fund balances:							
Nonspendable	4,040	-	-	4,193,251	-	919,334	5,116,625
Restricted	487,826	3,294,408	1,302,765	71,312,971	-	16,827,910	93,225,880
Assigned	1,955,733	-	-	-	-	1,271,453	3,227,186
Unassigned (deficit)	3,758,695	-	-	-	(2,202,695)	-	1,556,000
Total fund balances	<u>6,206,294</u>	<u>3,294,408</u>	<u>1,302,765</u>	<u>75,506,222</u>	<u>(2,202,695)</u>	<u>19,018,697</u>	<u>103,125,691</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 9,997,106</u>	<u>\$ 3,844,090</u>	<u>\$ 3,244,737</u>	<u>\$ 87,170,178</u>	<u>\$ -</u>	<u>\$ 20,087,544</u>	<u>\$ 124,343,655</u>

See accompanying notes to the basic financial statements.

**CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2014**

Governmental Funds Statement of Changes in Fund Balances – Year Ended June 30, 2014

	<u>General Fund</u>	<u>Police Fund</u>	<u>Fire Fund</u>	<u>Midwest City Hospital Authority</u>	<u>Tax Increment Financing Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES							
Taxes	\$ 23,553,135	\$ 2,927,302	\$ 2,616,379	\$ 779,232	\$ 1,019,943	\$ 9,690,454	\$ 40,586,445
Intergovernmental	628,368	673,732	2,020,448	-	-	2,385,587	5,708,135
Charges for services	732,159	101,689	16,646	-	-	1,695,232	2,545,726
Fines and forfeitures	1,647,721	145,708	-	-	-	183,151	1,976,580
Licenses and permits	217,055	-	11,800	-	-	75,540	304,395
Investment income	190,658	51,897	39,919	15,331,248	163	122,518	15,736,403
Miscellaneous	754,530	103,720	109,112	974,589	-	428,781	2,370,732
Total revenues	<u>27,723,626</u>	<u>4,004,048</u>	<u>4,814,304</u>	<u>17,085,069</u>	<u>1,020,106</u>	<u>14,581,263</u>	<u>69,228,416</u>
EXPENDITURES							
Current:							
General government	3,644,764	-	-	1,167,952	-	439,822	5,252,538
Public safety	824,731	12,795,362	11,580,932	-	-	578,589	25,779,614
Streets	2,748,244	-	-	-	-	75,521	2,823,765
Culture and recreation	1,011,190	-	-	-	-	463,306	1,474,496
Health and welfare	391,822	-	-	-	-	-	391,822
Economic development	2,723,787	-	-	-	-	1,150,300	3,874,087
Capital outlay	307,640	1,220,891	227,541	1,291,868	-	3,730,466	6,778,406
Debt service:							
Principal retirement	-	-	-	547,673	-	1,400,000	1,947,673
Interest and fiscal charges	12,288	-	64,608	1,306,346	130,235	348,293	1,861,770
Total expenditures	<u>11,664,466</u>	<u>14,016,253</u>	<u>11,873,081</u>	<u>4,313,839</u>	<u>130,235</u>	<u>8,186,297</u>	<u>50,184,171</u>
Excess (deficiency) of revenues over expenditures	<u>16,059,160</u>	<u>(10,012,205)</u>	<u>(7,058,777)</u>	<u>12,771,230</u>	<u>889,871</u>	<u>6,394,966</u>	<u>19,044,245</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	11,054,420	9,672,839	7,738,335	250,000	-	5,413,249	34,128,843
Transfers out	(27,902,460)	-	(166,000)	-	-	(9,510,144)	(37,578,604)
Total other financing sources and uses	<u>(16,848,040)</u>	<u>9,672,839</u>	<u>7,572,335</u>	<u>250,000</u>	<u>-</u>	<u>(4,096,895)</u>	<u>(3,449,761)</u>
Net change in fund balances	(788,880)	(339,366)	513,558	13,021,230	889,871	2,298,071	15,594,484
Fund balances - beginning	6,995,174	3,633,774	789,207	62,484,992	(3,092,566)	16,720,626	87,531,207
Fund balances - ending	<u>\$ 6,206,294</u>	<u>\$ 3,294,408</u>	<u>\$ 1,302,765</u>	<u>\$ 75,506,222</u>	<u>\$ (2,202,695)</u>	<u>\$ 19,018,697</u>	<u>\$ 103,125,691</u>

See accompanying notes to the basic financial statements.

**CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2014**

Reconciliation of Governmental Funds and Government-Wide Financial Statements:

Fund Balance – Net Position Reconciliation:

Fund balances of governmental funds	\$ 103,125,691
 Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$183,585,439.	<u>342,361,839</u>
Certain long-term assets are not available to pay for current fund liabilities and, therefore, are deferred in the funds or not reported in the funds:	
Due from other governments	126,693
Other receivable, net of allowance	1,756,909
HMA hospital receivable	<u>21,116,825</u>
	<u>23,000,427</u>
Internal service funds are used by management to charge the cost of certain activities to individual funds. An allocation of the assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	<u>(3,931,277)</u>
Certain long-term liabilities are not due and payable from current financial resources and, therefore, are not reported in the funds:	
General obligation bonds payable	(5,500,000)
Notes payable	(23,170,765)
Accrued compensated absences	(4,136,897)
Accrued interest payable	<u>(14,977)</u>
	<u>(32,822,639)</u>
 Net position of governmental activities	 <u>\$ 431,734,041</u>

See accompanying notes to the basic financial statements.

**CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2014**

Changes in Fund Balances – Changes in Net Position Reconciliation:

Net change in fund balances - total governmental funds: \$ 15,594,484

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

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:

Capital asset purchases capitalized	5,910,148
Capital asset donated	3,898,500
Loss on disposal of capital asset	(34,016)
Depreciation expense	(14,113,631)
	(4,338,999)

Repayment of debt principal is an expenditure and collections of leasehold receivables are a revenue in the governmental funds. However, the repayments reduce long-term liabilities or the long-term assets in the Statement of Net Position:

Leasehold receivable receipts	(424,465)
Note payable principal payments	547,673
General obligation bond principal payments	1,400,000
	1,523,208

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	6,259
----------------------------	-------

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:

Change in accrued interest payable	2,140
Change in accrued compensated absences	(67,691)
	(65,551)

Internal service fund activity is reported as a proprietary fund in fund financial statements, but certain net revenues/expenses are reported in governmental activities on the Statement of Activities.

Total change in net position for internal service funds	(64,511)
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Change in net position of governmental activities	\$ 12,654,890
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See accompanying notes to the basic financial statements.

**CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2014**

BASIC FINANCIAL STATEMENTS - PROPRIETARY FUNDS

CITY OF MIDWEST CITY, OKLAHOMA
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Proprietary Funds Statement of Net Position - June 30, 2014

	<u>Midwest City Municipal Authority</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>	<u>Internal Service Funds</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 2,247,484	\$ 462,041	\$ 2,709,525	\$ 583,662
Cash and cash equivalents, restricted	4,773,210	121,333	4,894,543	-
Investments	18,683,322	3,242,336	21,925,658	4,425,154
Accounts receivable, net	3,170,275	66,462	3,236,737	15,082
Other receivable	166,220	3,854	170,074	-
Accrued interest receivable	42,624	9,851	52,475	11,349
Inventory	212,199	2,799	214,998	94,658
Due from other funds	4,675,823	803,283	5,479,106	1,059
Total current assets	<u>33,971,157</u>	<u>4,711,959</u>	<u>38,683,116</u>	<u>5,130,964</u>
Non-current assets:				
Investments, restricted	-	1,172,051	1,172,051	-
Due from other funds	1,202,662	-	1,202,662	-
Land, construction in progress, and water rights	61,034,207	7,942,306	68,976,513	19,661
Other capital assets, net	79,121,585	3,602,901	82,724,486	1,256,788
Total non-current assets	<u>141,358,454</u>	<u>12,717,258</u>	<u>154,075,712</u>	<u>1,276,449</u>
Total assets	<u>175,329,611</u>	<u>17,429,217</u>	<u>192,758,828</u>	<u>6,407,413</u>
DEFERRED OUTFLOW OF RESOURCES				
Deferred amount on refunding	<u>1,036,104</u>	<u>-</u>	<u>1,036,104</u>	<u>-</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	4,588,292	939,219	5,527,511	241,807
Claims liability	-	-	-	1,130,770
Wages payable	297,901	58,119	356,020	51,877
Due to other funds	3,813,807	50,528	3,864,335	235,980
Accrued interest payable	862,971	-	862,971	-
Accrued compensated absences	295,578	63,698	359,276	71,491
Refundable deposits	36,962	136,946	173,908	-
Notes payable	206,380	-	206,380	-
Revenue bonds payable	3,930,000	-	3,930,000	-
Total current liabilities	<u>14,031,891</u>	<u>1,248,510</u>	<u>15,280,401</u>	<u>1,731,925</u>
Non-current liabilities:				
Accrued compensated absences	511,620	127,396	639,016	142,982
Claims liability	-	-	-	1,643,000
Unfunded OPEB liability	-	-	-	8,087,659
Due to other funds	-	391,666	391,666	-
Refundable deposits	-	1,232,512	1,232,512	-
Notes payable	428,129	-	428,129	-
Revenue bonds payable, net	64,799,806	-	64,799,806	-
Total non-current liabilities	<u>65,739,555</u>	<u>1,751,574</u>	<u>67,491,129</u>	<u>9,873,641</u>
Total liabilities	<u>79,771,446</u>	<u>3,000,084</u>	<u>82,771,530</u>	<u>11,605,566</u>
NET POSITION				
Net investment in capital assets	69,828,472	11,103,012	80,931,484	1,276,449
Restricted for debt service	1,752,860	-	1,752,860	-
Restricted for other purposes	-	318,496	318,496	-
Unrestricted (deficit)	25,012,937	3,007,625	28,020,562	(6,474,602)
Total net position	<u>\$ 96,594,269</u>	<u>\$ 14,429,133</u>	<u>\$ 111,023,402</u>	<u>\$ (5,198,153)</u>

Some amounts reported for business-type activities in the Statement of Net Position are different because certain internal service fund balances are included with business-type activities and reported as interfund balances

(1,266,876)

Total net position per Government-Wide financial statements

\$ 109,756,526

See accompanying notes to the basic financial statements.

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Proprietary Funds Statement of Changes in Net Position - Year Ended June 30, 2014

	Midwest City Municipal Authority	Nonmajor Enterprise Funds	Total	Internal Service Funds
OPERATING REVENUES				
Charges for services	\$ 24,940,407	\$ 2,176,267	\$ 27,116,674	\$ 11,666,590
Fees, licenses and permits	14,630	-	14,630	-
Miscellaneous	193,137	-	193,137	333,677
Total operating revenues	<u>25,148,174</u>	<u>2,176,267</u>	<u>27,324,441</u>	<u>12,000,267</u>
OPERATING EXPENSES				
Personal services	8,874,796	1,463,560	10,338,356	1,630,810
Materials and supplies	3,553,584	392,160	3,945,744	1,484,385
Other services and charges	6,852,194	181,634	7,033,828	1,949,611
Insurance claims and expense	-	-	-	6,885,048
Depreciation and amortization	3,543,163	192,610	3,735,773	98,712
Total operating expenses	<u>22,823,737</u>	<u>2,229,964</u>	<u>25,053,701</u>	<u>12,048,566</u>
Operating income (loss)	<u>2,324,437</u>	<u>(53,697)</u>	<u>2,270,740</u>	<u>(48,299)</u>
NON-OPERATING REVENUES (EXPENSES)				
Investment income	469,677	138,603	608,280	38,954
Interest expense and fiscal charges	(2,430,378)	(32,819)	(2,463,197)	-
Gain on asset retirement	301,720	4,223	305,943	-
Other non-operating revenue	-	3,176	3,176	-
Total non-operating revenue (expenses)	<u>(1,658,981)</u>	<u>113,183</u>	<u>(1,545,798)</u>	<u>38,954</u>
Income (loss) before contributions and transfers	<u>665,456</u>	<u>59,486</u>	<u>724,942</u>	<u>(9,345)</u>
Capital contributions	-	112,390	112,390	-
Transfers in	26,940,990	1,718,261	28,659,251	-
Transfers out	<u>(25,080,098)</u>	<u>(238,727)</u>	<u>(25,318,825)</u>	<u>(3,055)</u>
Change in net position	2,526,348	1,651,410	4,177,758	(12,400)
Total net position - beginning	94,067,921	12,777,723	106,845,644	(5,185,753)
Total net position - ending	<u>\$ 96,594,269</u>	<u>\$ 14,429,133</u>	<u>\$ 111,023,402</u>	<u>\$ (5,198,153)</u>
Change in net position per above			\$ 4,177,758	
Some amounts reported for business-type activities in the Statement of Activities are different because the net revenue of certain internal service funds is reported with business-type activities			52,111	
Change in Business-Type Activities in Net Position per Government-Wide Financial Statements			<u>\$ 4,229,869</u>	

See accompanying notes to the basic financial statements.

CITY OF MIDWEST CITY, OKLAHOMA
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Proprietary Funds Statement of Cash Flows - Year Ended June 30, 2014

	Midwest City Municipal Authority	Nonmajor Enterprise Funds	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 24,933,718	\$ 2,174,492	\$ 27,108,210	\$ 12,041,283
Payments to suppliers	(12,714,788)	192,101	(12,522,687)	(3,726,657)
Payments to employees	(8,780,745)	(1,438,286)	(10,219,031)	(299,365)
Receipts (payments) from interfund loans	807,072	(947,435)	(140,363)	235,390
Receipt of customer deposits	-	459,631	459,631	-
Return of customer deposits	-	(439,936)	(439,936)	-
Claims and benefits paid	-	-	-	(7,734,811)
Net cash provided by (used in) operating activities	4,245,257	567	4,245,824	515,840
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	26,940,990	1,718,261	28,659,251	-
Transfers to other funds	(25,080,098)	(238,727)	(25,318,825)	(3,055)
Net cash provided by noncapital financing activities	1,860,892	1,479,534	3,340,426	(3,055)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital assets purchased	(14,688,131)	(1,621,234)	(16,309,365)	(40,865)
Principal paid on capital debt	(4,075,601)	-	(4,075,601)	-
Interest and fiscal charges paid on capital debt	(2,660,862)	(32,819)	(2,693,681)	-
Proceeds from sale of capital assets	333,825	24,623	358,448	-
Net cash provided by (used in) capital and related financing activities	(21,090,769)	(1,629,430)	(22,720,199)	(40,865)
CASH FLOWS FROM INVESTING ACTIVITIES				
Sale (purchase) of investments	680,067	261,830	941,897	(290,121)
Interest and dividends	475,858	160,012	635,870	60,460
Net cash provided by (used in) investing activities	1,155,925	421,842	1,577,767	(229,661)
Net increase (decrease) in cash and cash equivalents	(13,828,695)	272,513	(13,556,182)	242,259
Balances - beginning of year	20,765,466	310,861	21,076,327	341,402
Balances - end of year	\$ 6,936,771	\$ 583,374	\$ 7,520,145	\$ 583,661
Reconciliation to Statement of Net Position:				
Cash and cash equivalents	\$ 2,247,484	\$ 462,041	\$ 2,709,525	\$ 583,662
Restricted cash and cash equivalents	4,773,210	121,333	4,894,543	-
Total cash and cash equivalents	\$ 7,020,694	\$ 583,374	\$ 7,604,068	\$ 583,662
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ 2,324,437	\$ (53,697)	\$ 2,270,740	\$ (48,299)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	3,290,226	192,610	3,482,836	98,712
Other nonoperating revenue	-	3,176	3,176	-
Change in assets and liabilities:				
Receivables, net	(104,511)	910	(103,601)	41,016
Other receivable	(90,535)	-	(90,535)	-
Due from other funds	3,352,389	(803,283)	2,549,106	(590)
Inventory	33,664	168	33,832	(19,149)
Accounts payable	(2,342,674)	765,727	(1,576,947)	(291,622)
Claims liability	-	-	-	(831,653)
Deferred revenue	-	(5,861)	(5,861)	-
Due to other funds	(2,545,317)	(144,152)	(2,689,469)	235,980
Due to employees	19,298	7,082	26,380	5,777
Refundable deposits	(19,410)	19,695	285	-
Unfunded OPEB liability	-	-	-	1,335,828
Accrued compensated absences	74,756	18,192	92,948	(10,160)
Net cash provided by operating activities	\$ 3,992,323	\$ 567	\$ 3,992,890	\$ 515,840
Noncash activities:				
Contributed capital assets - from governmental funds	\$ -	\$ 112,390	\$ 112,390	\$ -

See accompanying notes to the basic financial statements.

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FOOTNOTES TO BASIC FINANCIAL STATEMENTS

Footnotes to the Basic Financial Statements:

1. Financial Reporting Entity

In determining the financial reporting entity, the City of Midwest City (the “City”) complies with the provisions of Governmental Accounting Standards Board Statement No. 14, “*The Financial Reporting Entity*” and Statement No. 61, “*The Financial Reporting Entity: Omnibus*” and includes all component units for which the City is financially accountable. The City’s financial reporting entity primary government presentation includes the City of Midwest City and certain component units as follows:

The City of Midwest City – operates the public safety, health and welfare, streets and highways, parks and recreation, and administrative activities

The City of Midwest City is an incorporated municipality located in central Oklahoma. The City operates under a council-manager form of government with a charter that provides for three branches of government:

- Legislative – the governing body includes an elected seven-member City Council and Mayor
- Executive – the City Manager is the Chief Executive Officer and is appointed by the City Council
- Judicial – the Municipal Judges are practicing attorneys appointed by the City Council

Blended Component Units: Separate legal entities for which the City Council members serve as the trustees/governing body of the entity and /or the City is able to impose its will on the Authorities through required approval of all debt obligations issued by these entities.

Midwest City Utilities Authority –created for industrial development.

Midwest City Municipal Authority – created to operate the water, wastewater, sanitation and conference center/hotel.

Midwest City Hospital Authority – created to operate the hospital, however, in 1996 the hospital was leased for a 30 year term. In March 2009, this lease was extended to May 2048. The Trustees manage activities related to the hospital lease.

Urban Renewal Authority – created for economic development.

Each of these component units listed above are Public Trusts established pursuant to Title 60 of Oklahoma State law. Public Trusts (Authorities) have no taxing power. The Authorities are 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 Authorities generally retain 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 Authorities to the Trustees on a long-term basis. The City, as beneficiary of the Public Trusts, receives title to any residual assets when a Public Trust is dissolved.

In accordance with state law, the City Council must approve, by two-thirds vote, all debt obligations of these public trusts prior to incurring the obligation. This is considered sufficient imposition of will to demonstrate financial accountability and to include the trusts within the City’s financial reporting entity. The public trusts do not issue separate annual financial statements.

2. Basis of Presentation and Accounting

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)

Government-Wide Financial Statements:

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, parks and recreation. Sales taxes, franchise fees, fines, and state and federal grants finance most of these activities.

Business-type activities – Services where the City charges a fee to customers to help cover all or most of the cost of the services it provides. The City's water, sewer, sanitation systems and the hotel/conference center activities are reported here.

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.

Fund Financial Statements:

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. Governmental funds report their activities on the modified accrual basis of accounting and current financial resources measurement focus that is different from other funds. For example, these funds report the acquisition of capital assets and payments for debt principal as expenditures and not as changes to asset and debt balances. 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 you determine (through a review of changes to fund balance) whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The City's governmental funds include:

Major Funds:

- **General Fund** – accounts for all activities not accounted for in other special-purpose funds. For reporting purposes the General Fund includes the activities of the Reimbursed Projects Account, Employee Activity Account, Activity Account, Animals Best Friend Account, and Disaster Relief Account.

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- Police Fund – is a special revenue fund that accounts for police services funded by a restricted sales tax, a transfer of 34.21% of General Fund revenues per ordinance legally restricted for police operations, and fines and fees restricted for traffic enforcement operations. For reporting purposes, the Police Fund includes the Jail Fund.
- Fire Fund — is a special revenue fund that accounts for fire protection services funded by sales tax legally restricted for fire and a transfer of 27.66% of General Fund revenues.
- Midwest City Hospital Authority – is a special revenue fund that manages activities related to the hospital lease, funded by interest income and in lieu of taxes.
- Tax Increment Financing Fund – is a special revenue fund that accounts for activity related to the 29th Street Downtown Redevelopment project funded by tax apportionment revenue.

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

Special Revenue Funds include Grants, Juvenile, Parks and Recreation, Emergency Operations, Technology, Welcome Center, Police Impound Fees, Street and Alley, Police Special Projects, Police Lab Fee, Convention/Visitors Bureau, Urban Renewal Authority Funds, and General Government Sales Tax.

Debt Service Fund – accounts for ad-valorem taxes levied by the City for use in retiring general obligation bonds, and their related interest expenses.

Capital Project Funds:

- Capital Improvement Fund – accounts for assessed fees that help fund capital projects for various functions of the City.
- Capital Outlay Fund – accounts for equipment, vehicles, computers and building repairs for governmental funds.
- Downtown Redevelopment Fund – accounts for the lease proceeds from the 29th street redevelopment. Proceeds are used to fund various needs of the City.
- 2002 Street Project Fund – accounts for the proceeds from the 2002 General Obligation Street Bonds which funds capital street projects.
- Street Project Fund – accounts for the sales tax restricted for street projects.
- Sales Tax Capital Improvement Fund – accounts for sales tax restricted by a vote of the citizens for debt retirement related to capital improvements.
- Capital Outlay Reserve Fund – accounts for funds set aside to fund the five year capital needs projects.

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 normally due 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.

Proprietary Funds:

When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds include enterprise funds and internal service funds. Enterprise funds are used to account for business-like activities provided to the general public. Internal service funds are used to account for business-like activities provided to other funds or departments of the City. Proprietary funds are reported on the accrual basis of accounting and economic resources measurement focus. For example, proprietary fund capital assets are capitalized and depreciated and principal payments on long-term debt are recorded as a reduction to the liability.

The City's proprietary funds include the following:

Enterprise Funds

Major:

Midwest City Municipal Authority includes the following funds:

- Water Account (includes the Water Operating Fund and the Water Capital Projects Fund) accounts for the activities providing water services to the public.
- Sewer Account (includes the Sewer Operating Fund and the Sewer Capital Projects Fund) accounts for the activities providing sewer services to the public.
- Sanitation Account (includes the Sanitation Operating Fund) accounts for the activities providing sanitation services to the public.
- Conference Center/Hotel Account (includes the Conference and Hotel Operating Fund) accounts for the activities related to the Conference Center and Hotel.
- Drainage Account (includes the Drainage Operating Fund and the Capital Projects Fund) accounts for the activities providing drainage services to the public.
- Debt Service Account accounts for the debt activities related to the 2011 and 2011A Revenue Bonds.

Non-Major:

- Utilities Authority Fund –accounts for industrial development activities.
- Utility Services Fund – accounts for activities related to billing for water, sewer, sanitation, storm water, and drainage.
- Utilities Capital Fund – accounts for capital purchases for the water, sewer, and sanitation systems.
- Customer Deposit Fund –accounts for utility customer deposits.
- Golf Course Fund –accounts for activities of the John Conrad and the Hidden Creek golf courses.
- 29th and Douglas –accounts for activities of the trailer park at 29th and Douglas.
- **Internal Service Funds** (aggregated in a single column for reporting purposes)

- Risk Management Fund - accounts for the cost of providing various insurance services (i.e workers compensation, general liability, vehicle and property) to other funds and departments of the City
- Public Works Administration Fund - accounts for the cost of centralization of administrative resources to various departments of the City. This fund primarily serves the business-type activities.

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- Fleet Services Fund - accounts for fuel, maintenance and repairs for the City's fleet.
- Surplus Property Fund - accounts for the disposal of surplus property on behalf of all departments.
- L&H Benefits Fund - accounts for health and life benefits to employees and retirees. Beginning in fiscal year 2009 accounts for the City's unfunded OPEB obligation.

3. Cash and Cash Equivalents, Deposits and Investments

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 investments. Trust account investments in open-ended mutual fund shares are also considered cash equivalents.

Investments, other than Hospital investments, consist of long-term certificates of deposit, U.S. Treasury bonds and notes, and U.S. agency securities. Certificates of deposit are reported at cost, while the U.S. Treasury and agency securities are reported at fair value.

Deposits and Investments Risks

The City of Midwest City primary government and blended component units are governed by the deposit and investment limitations of state law and trust indentures. The deposits and investments held at June 30, 2014 by these entities are as follows:

Schedule of Deposits and Investments by Type - June 30, 2014

Type	Fair Value	Credit Rating	Maturities in Years				
			On Demand	Less Than One	1 - 5	6 - 10	More than 10
Demand deposits	\$ 13,852,285	n/a	\$ 13,852,285	\$ -	\$ -	\$ -	\$ -
Time deposits	5,997,854	n/a	-	3,000,000	2,997,854	-	-
Government Money Market Accounts	403,627	AAAm	403,627	-	-	-	-
U.S. Agencies Obligations	46,185,774	n/a	-	-	386,774	1,771,946	44,027,054
Sub-total	66,439,540		\$ 14,255,912	\$ 3,000,000	\$ 3,384,628	\$ 1,771,946	\$ 44,027,054
Hospital JP Morgan	75,454,082						
Other Investments	1,082,245						
Total Deposits and Investments	\$ 142,975,867						
Reconciliation to Financial Statements:							
Cash and cash equivalents	\$ 14,255,911						
Investments	128,719,956						
	\$ 142,975,867						

Custodial Credit Risk – Exposure to custodial credit risk related to deposits exists when the City holds deposits that are uninsured and uncollateralized; collateralized 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 a minimum level of 110% of the uninsured deposits and accrued interest thereon. The City's policy limits acceptable collateral to U.S. Treasury securities, federally insured obligations, or direct debt obligations of municipalities, counties, and school districts in Oklahoma. Also, as required by Federal 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the City must have a written collateral agreement approved by the board of directors or loan committee.

At June 30, 2014, the City had no exposure to custodial credit risk as defined above.

Investment Credit Risk – The City's investment policy limits investments, excluding Hospital Authority, to the following:

- a. Obligations of the U. S. Government, its agencies and instrumentalities;
- b. Collateralized or insured non-negotiable certificates of deposit or other evidences of deposit that are either insured or secured with acceptable collateral with an in-state financial institution, and fully insured deposits in out-of-state institutions;
- c. Insured or fully collateralized negotiable certificates of deposit;
- d. Repurchase agreements that have underlying collateral consisting of those items specified in paragraph a above; and
- e. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraph a.

Investment credit risk is the risk that an issuer or other counterpart to an investment will not fulfill its obligations. The City has no formal policy limiting investments based on credit rating, but discloses any such credit risk associated with their investments by reporting the credit quality ratings of investments in debt securities as determined by nationally recognized statistical rating organizations—rating agencies—as of the year end. Unless there is information to the contrary, obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

Investment Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City's investment policy indicates that the investment portfolio, shall remain sufficiently liquid to enable the City to meet all operating requirements as anticipated. The City discloses its exposure to interest rate risk by disclosing the maturity dates of its various investments by date range.

As noted in the schedule of deposits and investments above, at June 30, 2014, the investments held by the City mature between 2014 through 2023.

Concentration of Investment Credit Risk - Exposure to concentration of credit risk is considered to exist when investments in any one issuer represent a significant percent of total investments of the City (any over 5% are disclosed). Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this consideration.

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Hospital Authority Investments:

The Authority policy provides that assets be invested to preserve its principal, produce a proscribed level of income, and provide for growth of principal with no outside additions to the fund being anticipated. Assets are to be invested in a diversified portfolio to achieve attractive real rates of return. The investment policy of the Hospital Authority allows for the investment of funds in domestic and international common stocks, government and corporate bonds, short-term fixed income securities maturing in one year or less (cash equivalents); by utilizing primarily index funds, mutual funds, or collective trust funds. In addition, the Authority may invest portions of the fund corpus, or income, in real estate. Such real estate investments would typically include developed or undeveloped real property located in Midwest City, Oklahoma or its environs, or commingled funds which invest in various kinds of property located throughout the United States. The overall rate of return objective of the portfolio is a highest possible rate of return consistent with the risk levels established by the Board.

The acceptable long-term rate of return is expected to provide equal or superior results, using a three to five year moving average, relative to the following benchmarks:

1. An absolute return objective of the Consumer Price Index plus 4% compounded annually.
2. An income return sufficient to meet any disbursement requirement as stipulated by the Board.
3. A return exceeding the 90 Day U.S. Treasury Bill rate (risk-free rate)/
4. Domestic equity fund returns which exceed the S&P 500 Stock index return by 1% (100 basis points), per year and fixed income return which exceed the Barclays Capital Aggregate Bond Index by ½% per year (50 basis points).
5. Stock and bond returns which fall into the top 25% of the Consultant's Universe (or other representative universe approved by The Board) of common stock and bond funds (referred to as equity and fixed income), with some consistency.
6. Passive domestic returns which replicate the return of the Standard and Poor's 500 Stock Index, passive fixed returns which replicate the return of the Barclays Capital Aggregate Bond Index, and passive international returns which replicate the return of the MSCI EAFE International Index.
7. Active international equity returns which exceeds the MSCI EAFE Index by 1% per year.

Asset allocation guidelines for the Hospital Authority are as follows:

Class	Target	Maximum	June 2014 Percent
Equities - Domestic	2.0%-60%	85%	65.8%
Equities - International	2.5%-10%	30%	9.1%
Fixed Income	2.5%-20%	80%	17.4%
Real Estate	0%	20%	0%
Cash Equivalents	0%	20%	0.1%
Emerging Markets	5%-10%	15%	7.7%

At June 30, 2014, the City had complied with the investment policies as defined above.

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Restricted Cash and Investments

The amounts reported as restricted assets of the Enterprise Funds on the Statement of Net Position are comprised of amounts held by the Midwest City Proprietary Debt Service accounts of the trustee bank for revenue bond retirement, and the Customer Deposit Account for refundable deposits held by others. The restricted assets as of June 30, 2014 are as follows:

Cash and Cash Equivalents:	
Pooled Cash Restricted for Debt Service	\$ 4,773,210
Pooled Cash Restricted for Refundable Deposits	121,333
	\$ 4,894,543
Investments:	
Pooled Investments Restricted for Refundable Deposits	\$ 1,172,051
	\$ 1,172,051

4. Capital Assets and Depreciation

Capital Assets:

For the primary government and component units, capital assets are reported at actual or estimated historical cost, net of accumulated depreciation where applicable. Donated capital assets are reported at their fair value at date of donation. Estimated historical cost was used to value the majority of the capital assets acquired prior to June 30, 1992. The capitalization threshold is capital assets with a cost of \$1,000 or more.

For the year ended June 30, 2014, capital assets balances changed as follows:

	Balance at July 1, 2013	Additions	Disposals	Balance at June 30, 2014
PRIMARY GOVERNMENT:				
<i>Governmental activities:</i>				
Capital assets not being depreciated:				
Land	\$ 30,838,925	\$ 1,570,277	\$ -	\$ 32,409,202
Construction in progress	3,512,635	1,455,984	1,219,497	3,749,122
Total capital assets not being depreciated	34,351,560	3,026,261	1,219,497	36,158,324
Other capital assets:				
Buildings	28,643,088	835,281	7,868	29,470,501
Machinery and equipment	18,108,291	975,070	268,817	18,814,544
Vehicles	7,979,678	863,150	320,130	8,522,698
Infrastructure	429,592,536	5,364,307	-	434,956,843
Total other capital assets at historical cost	484,323,593	8,037,808	596,815	491,764,586
Less accumulated depreciation for:				
Buildings	9,794,929	640,085	-	10,435,014
Machinery and equipment	11,748,781	960,215	256,782	12,452,214
Vehicles	3,826,118	503,454	305,991	4,023,581
Infrastructure	145,513,293	12,072,502	-	157,585,795
Total accumulated depreciation	170,883,121	14,176,256	562,773	184,496,604
Other capital assets, net	313,440,472	(6,138,448)	34,042	307,267,982
Governmental activities capital assets, net	\$ 347,792,032	\$ (3,112,187)	\$ 1,253,539	\$ 343,426,306

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	Balance at July 1, 2013	Additions	Disposals	Balance at June 30, 2014
<i>Business-type activities:</i>				
Capital assets not being depreciated:				
Land	\$ 7,549,649	\$ -	\$ -	\$ 7,549,649
Water rights	4,672,610	-	-	4,672,610
Construction in progress	42,754,126	14,087,719	92,002	56,749,843
Total capital assets not being depreciated	<u>54,976,385</u>	<u>14,087,719</u>	<u>92,002</u>	<u>68,972,102</u>
Other capital assets:				
Buildings	30,826,379	254,295	-	31,080,674
Machinery and equipment	11,906,568	377,530	231,257	12,052,841
Vehicles	7,121,525	1,024,357	657,228	7,488,654
Utility systems	105,914,371	774,800	-	106,689,171
Total other capital assets at historical cost	<u>155,768,843</u>	<u>2,430,982</u>	<u>888,485</u>	<u>157,311,340</u>
Less accumulated depreciation for:				
Buildings	7,802,087	686,238	-	8,488,325
Machinery and equipment	7,213,688	589,774	209,755	7,593,707
Vehicles	4,039,546	340,374	542,304	3,837,616
Utility systems	52,295,365	2,155,448	-	54,450,813
Total accumulated depreciation	<u>71,350,686</u>	<u>3,771,834</u>	<u>752,059</u>	<u>74,370,461</u>
Other capital assets, net	<u>84,418,157</u>	<u>(1,340,852)</u>	<u>136,426</u>	<u>82,940,879</u>
Business-type activities capital assets, net	<u>\$ 139,394,542</u>	<u>\$ 12,746,867</u>	<u>\$ 228,428</u>	<u>\$ 151,912,981</u>

Depreciation:

Depreciable capital assets are depreciated on a straight-line basis over their useful lives. The range of estimated lives by type of assets is as follows:

- Buildings/improvements 25-60 years
- Utility systems 25-99 years
- Infrastructure 25-99 years
- Machinery and equipment 5-20 years
- Vehicles 5-25 years

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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	\$ 369,891
Public safety	1,248,332
Streets	11,906,717
Culture and recreation	275,455
Health and welfare	35,399
Economic development	<u>277,837</u>
Sub-total governmental funds depreciation	14,113,631

Depreciation on capital assets held by the City's internal service funds is charged to the various functions based upon usage	<u>62,625</u>
Total	<u><u>\$14,176,256</u></u>

Business-Type Activities:

Water	\$ 659,450
Sewer	1,317,338
Sanitation	396,469
Drainage	252,937
Conference Center/Hotel	916,969
Golf	108,434
Utilities capital	81,706
Utility services	<u>2,470</u>
Total Business Type Activities	3,735,773

Depreciation on capital assets held by the City's internal service funds is charged to the various functions based upon usage	<u>36,061</u>
Total	<u><u>\$ 3,771,834</u></u>

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5. Internal and Interfund Balances and Transfers

Internal and Interfund Balances:

The City's policy is to eliminate interfund receivable and payables between funds in the Statement of Net Position to avoid the grossing up of balances. Only the residual balances due between governmental and business-type activities are reported as internal balances and then offset in the total column. Interfund receivables and payables at June 30, 2014 were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Nature of Interfund Balance</u>
General Gov Sales Tax	Surplus Property	\$ 41,993	Surplus properties sales proceeds to be distributed
General Fund	Comm Dev Block Grant	39,201	To cover negative balance in pooled cash
General Fund	Grant Fund	3,337	To cover negative balance in pooled cash
General Fund	Fire Fund	1,630,537	Long-term loan for capital improvements
Police Fund	General Fund	1,043,301	Restricted sales tax payable
Police Fund	Surplus Property	72,492	Surplus properties sales proceeds to be distributed
Juvenile Fund	Surplus Property	780	Surplus properties sales proceeds to be distributed
Employee Activity	Surplus Property	469	Surplus properties sales proceeds to be distributed
Fire Fund	General Fund	843,546	Restricted sales tax payable
Fire Fund	Surplus Property	1,725	Surplus properties sales proceeds to be distributed
Welcome Center	Surplus Property	278	Surplus properties sales proceeds to be distributed
Convention & Visitor Bureau	Surplus Property	148	Surplus properties sales proceeds to be distributed
Emergency Operating Fund	Grant Fund	3,750	To cover operational grant cost
Emergency Operating Fund	Surplus Property	287	Surplus properties sales proceeds to be distributed
Grant Fund	Surplus Property	1,222	Surplus properties sales proceeds to be distributed
Downtown Redevelopment	Reimbursed Project	224,690	Long-term loan for capital improvements
Hospital Authority	29th and Douglas	391,666	Long-term loan
Hospital Authority	Surplus Property	2,671	Surplus properties sales proceeds to be distributed
Capital Improvements Fund	Grant Fund	37,645	To cover operational grant cost
Capital Improvements Fund	Hotel & Conference Center	290,000	Capital outlay subsidy
Fleet Services Fund	Surplus Property	590	Surplus properties sales proceeds to be distributed
Storm Water Quality	Surplus Property	54	Surplus properties sales proceeds to be distributed
Sewer Construction Fund	Tax Increment Financing Fund	2,202,696	Long-term loan for economic improvements
Sewer Construction Fund	Capital Improve Revenue Bond	3,522,060	To cover capital improvements
Utilities Capital	Hospital Authority	403,771	To cover negative balance in pooled cash
Sanitation Fund	Surplus Property	48,845	Surplus properties sales proceeds to be distributed
Sanitation Fund	Golf Fund	50,528	Long-term loan for capital improvements
Water Fund	Surplus Property	12,397	Surplus properties sales proceeds to be distributed
Sewer Fund	Surplus Property	36,780	Surplus properties sales proceeds to be distributed
Utilities Authority	Grant Fund	387,642	To cover operational grant cost
Hotel/Conference Center	Surplus Property	5,126	Surplus properties sales proceeds to be distributed
Golf	Surplus Property	10,123	Surplus properties sales proceeds to be distributed
Customer Deposit	Water Fund	1,747	Meter deposit liability
		<u>\$ 11,312,097</u>	

Reconciliation to Fund Financial Statements:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>	<u>Net Internal Balances</u>
Governmental Funds	\$ 4,629,270	\$ 6,820,116	\$ (2,190,846)
Proprietary Funds	6,681,768	4,256,001	2,425,767
Internal Service Funds	1,059	235,980	(234,921)
Total	<u>\$ 11,312,097</u>	<u>\$ 11,312,097</u>	<u>\$ -</u>

Reconciliation to Statement of Net Position:

Net Internal Balances	\$ 2,425,767
Internal Service Fund Activity reported in Business-Type Activities	(1,524,218)
Net Internal Balances	<u>\$ 901,549</u>

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Internal and Interfund Transfers:

The City's policy is to eliminate interfund transfers between funds in the Statement of Activities to avoid the grossing up of balances. Only the residual balances transferred between governmental and business-type activities are reported as internal transfers and then offset in the total column. Internal activities between funds and activities for the year ended June 30, 2014 were as follows:

Transfer In	Transfer Out	Amount	Nature of Transfer
General Fund	Fire Fund	\$ 166,000	Code Enforcement Allocation
General Fund	Storm Water Quality Fund	41,907	Indirect Cost Allocation
General Fund	Sanitation Fund	763,936	Indirect Cost Allocation
General Fund	Water Fund	748,459	Indirect Cost Allocation
General Fund	Sewer Fund	772,099	Indirect Cost Allocation
General Fund	Capital Improvement Revenue Bond Fund	8,476,702	Debt Service Subsidy
General Gov Sales Tax	General Fund	12,077	Capital Outlay Subsidy
General Gov Sales Tax	Capital Outlay	682,405	Close Capital Outlay Fund
Street and Alley Fund	Water Fund	190,323	Reimburse Repair Cost
Technology Fund	Emergency Operations Fund	43,498	Contract Cost Allocation
Reimbursed Projects Fund	Convention & Visitor Bureau	2,000	Capital Outlay Subsidy
Reimbursed Projects Fund	Park & Recreation	3,317	Capital Outlay Subsidy
Reimbursed Projects Fund	Downtown Redevelopment Authority	80,000	Capital Outlay Subsidy
Police Fund	General Fund	9,666,871	Ordinance Obligation
Police Fund	Grants Fund	2,914	Grant Subsidy
Fire Fund	General Fund	7,736,310	Ordinance Obligation
Fire Fund	Grants Fund	2,025	Grant Subsidy
Emergency Management Fund	General Fund	4,500	Operating Subsidy
Emergency Management Fund	Grants Fund	24,250	Grant Subsidy
Park & Recreation	Street Tax Fund	64,047	Debt Service Subsidy
Park & Recreation	Capital Outlay Reserve	1,117,664	Debt Service Subsidy
Park & Recreation	Disaster Relief	39,762	Capital Outlay Subsidy
Community Development Block Grant	General Fund	136,408	City Match of CDBG Program
Grant Fund	Police Impound Fees	3,002	Operating Subsidy
Hospital Authority	Downtown Redevelopment Authority	250,000	Return on owners investment
Capital Outlay Reserve	General Fund	1,748,029	Debt Service Subsidy
Capital Outlay Fund	Capital Outlay Reserve	62,529	Capital Outlay Subsidy
Capital Outlay Fund	General Fund	8,250	Capital Outlay Subsidy
Capital Outlay Fund	Park & Recreation	100,000	Capital Outlay Subsidy
Capital Outlay Fund	G.O.Debt Services	44,924	Capital Outlay Subsidy
Capital Outlay Fund	Grant Fund	4,657	Capital Outlay Subsidy
Capital Outlay Fund	Animals Best Friend	20,000	Capital Outlay Subsidy
Police Capitalization Fund	Risk Management	3,055	Capital Outlay Subsidy
Capital Improvement Fund	Grant Fund	428,469	Capital Outlay Subsidy
Capital Improvement Fund	Conference Center / Hotel Fund	360,000	Capital Outlay Subsidy
Capital Improvement Fund	Revenue Bond Sinking Fund	318,456	Capital Outlay Subsidy
Trailer Park Fund	Downtown Redevelopment Authority	125,952	Debt Service Subsidy
Sewer Construction Fund	Capital Improvement Revenue Bond Fund	11,908,840	Capital Outlay Subsidy
Utilities Capital Outlay	Welcome Center	2,165	Capital Outlay Subsidy
Utilities Capital Outlay	Cap Water Improve	500,000	Capital Outlay Subsidy
Utilities Capital Outlay	Utility Services	200,000	Capital Outlay Subsidy
Utilities Capital Outlay	Water Fund	150,000	Capital Outlay Subsidy
Water Fund	Customer Deposits Fund	38,727	Interest earnings
Utility Authority	Grant Fund	740,145	Capital Outlay Subsidy
Golf Fund	Reimbursed Projects Fund	53,551	Capital Donation
Golf Fund	Capital Improvement Fund	3,939	Capital Donation
Golf Fund	Downtown Redevelopment Authority	54,900	Capital Donation
Capital Improvement Revenue Bond Fund	Sewer Construction Fund	1,167,831	Debt Service Subsidy
Capital Improvement Revenue Bond Fund	Revenue Bond Sinking Fund	5,348,887	Debt Service Subsidy
Capital Improvement Revenue Bond Fund	General Fund	8,476,702	Debt Service Subsidy
		<u>\$ 62,900,484</u>	

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Reconciliation to Fund Financial Statements:	Transfers From Other Funds	Transfers To Other Funds	Net Transfers
Governmental Funds	\$ 34,128,843	\$ (37,578,604)	\$ (3,449,761)
Proprietary Funds	28,659,251	(25,318,825)	3,340,426
Internal Service Funds	-	(3,055)	(3,055)
Total	<u>\$ 62,788,094</u>	<u>\$ (62,900,484)</u>	<u>\$ (112,390)</u>

Reconciliation to Statement of Activities:	
Net Transfers	\$ 3,340,426
Capital Contributions to Enterprise Fund	112,390
Transfers - Internal Activity	<u>\$ 3,452,816</u>

6. Long-Term Debt

The City's long term debt consists of general obligation bonds, note payable, and accrued compensated absences. For the year ended June 30, 2014, the City's long-term debt balances changed as follows:

Primary Government:

<u>Type of Debt</u>	<u>Balance July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2014</u>	<u>Due Within One Year</u>
Governmental Activities:					
General Obligation Bonds	\$ 6,900,000	\$ -	\$ 1,400,000	\$ 5,500,000	\$ 1,400,000
Notes Payable	23,718,438	-	547,673	23,170,765	579,006
Accrued Compensated Absences	4,186,983	2,723,725	2,663,012	4,247,696	1,415,899
Total Governmental Activities	<u>\$ 34,805,421</u>	<u>\$ 2,723,725</u>	<u>\$ 4,610,685</u>	<u>\$ 32,918,461</u>	<u>\$ 3,394,905</u>
Reconciliation to Statement of Net Assets:					
Plus: OPEB Obligation				8,087,659	-
Refundable Deposits				64,910	64,910
				<u>\$ 41,071,030</u>	<u>\$ 3,459,815</u>
Business-Type Activities:					
Notes Payable	\$ 835,110	\$ -	\$ 200,601	\$ 634,509	\$ 206,380
Revenue Bonds Payable	69,720,000	-	3,875,000	65,845,000	3,930,000
Revenue Bonds Premium	3,150,698	-	265,892	2,884,806	-
Refundable Deposits	1,406,135	459,631	459,526	1,406,240	173,908
Accrued Compensated Absences	1,012,200	764,612	674,666	1,102,146	393,834
Total Business-Type Activities	<u>\$ 76,124,143</u>	<u>\$ 1,224,243</u>	<u>\$ 5,475,685</u>	<u>\$ 71,872,701</u>	<u>\$ 4,704,122</u>

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Accrued compensated absences liability of the governmental activities is liquidated by the General Fund, Police Fund, the Fire Fund, Juvenile Fund, Grant Fund, Welcome Center Fund, Convention and Visitors Bureau Fund, Technology Fund, Park and Recreation Fund, Downtown Redevelopment Fund, Hospital Authority, and the Emergency Operations Fund.

Governmental activities long-term debt payable from property tax levies or other governmental revenues includes the following:

General Obligation Bonds:

\$4,500,000 general obligation bonds dated May 1, 2006 for public safety, payable in annual installments of \$275,000 the first year and \$325,000, thereafter, with interest rates of 3.75% to 3.95%, repaid by property tax levies. Current portion \$325,000. \$ 2,275,000

\$15,000,000 general obligation bonds dated February 1, 2002 for street improvements, payable in annual installments of \$1,025,000 the first year and \$1,075,000, thereafter, with interest rates of 5.00% to 5.25%, repaid by property tax levies. Current portion \$1,075,000. 3,225,000

Total general obligation bonds \$ 5,500,000

Current	\$ 1,400,000
Non-current	<u>4,100,000</u>
Total	<u>\$ 5,500,000</u>

Notes Payable:

\$25,000,000 construction loan for hospital addition, payable in monthly installments beginning December 2010 of \$154,710; final payment due November 2019 of \$19,773,124; interest rate equal to the variable rate equal to the "Prime Rate," as quoted in the Money Rates Section of The Wall Street Journal, adjusted daily, with a minimum interest rate of five and one-half percent (5.50%) per annum and a maximum interest rate of eleven percent (11%) per annum with payments adjusted annually; current rate is 5.5%; construction interest rate of 5.5%. Secured by a first mortgage lien on the property. Current portion \$579,006. \$ 23,170,765

Total notes payable \$ 23,170,765

Current	\$ 579,006
Non-current	<u>22,591,759</u>
Total	<u>\$ 23,170,765</u>

Business-type activities long-term debt payable from net revenues generated and taxes pledged to the City's business-type activities include the following:

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Revenue Bonds Payable:

\$26,630,000 Series 2011 Capital Improvement Revenue Bonds, due in annual principal installments of \$855,000 to \$1,740,000 through September 1, 2033; interest rate from 0.4% to 5.0%.

	\$ 24,915,000
Unamortized Revenue Bond Premium	<u>109,657</u>
Total Revenue Bonds, Net	<u><u>\$ 25,024,657</u></u>

	\$ 885,000
Current	<u>24,030,000</u>
Non-current	<u>\$ 24,915,000</u>
Total	<u><u>\$ 24,915,000</u></u>

\$46,550,000 Series 2011A Capital Improvement Revenue Bonds, due in annual principal installments of \$2,605,000 to \$4,530,000 through June 30, 2025; interest rate from 0.5% to 5.0%.

	\$ 40,930,000
Unamortized Revenue Bond Premium	<u>2,775,150</u>
Total Revenue Bonds, Net	<u><u>\$ 43,705,150</u></u>

	\$ 3,045,000
Current	<u>37,885,000</u>
Non-current	<u>\$ 40,930,000</u>
Total	<u><u>\$ 40,930,000</u></u>

Notes Payable:

\$3,222,911 contract payable with the Central Oklahoma Master Conservancy District maturing October 1, 2016. The contract provides the City with a share of the District's water supply. The City pays its share of the costs of the facilities and its operations to the District. The City has pledged water revenues to secure this obligation. Debt principal payments are due annually, with interest at 2.742%.

	<u>\$ 634,509</u>
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	\$ 206,380
Current	<u>428,129</u>
Non-current	<u>\$ 634,509</u>
Total	<u><u>\$ 634,509</u></u>

Long-term debt service requirements to maturity are as follows:

Year Ending June 30,	Governmental-Type Activities			
	G.O. Bonds Payable		Notes Payable	
	Principal	Interest	Principal	Interest
2015	\$ 1,400,000	\$ 259,175	\$ 579,006	\$ 1,277,523
2016	1,400,000	189,900	608,693	1,247,835
2017	1,400,000	120,625	646,956	1,209,573
2018	325,000	51,350	683,969	1,172,560
2019	325,000	38,513	723,100	1,133,429
2020-2021	650,000	38,513	19,929,041	462,927
	<u>\$ 5,500,000</u>	<u>\$ 698,076</u>	<u>\$ 23,170,765</u>	<u>\$ 6,503,847</u>

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Business-Type Activities					
Year Ending June 30,	Notes Payable		Revenue Bonds Payable		
	Principal	Interest	Principal	Interest	
2015	\$ 206,380	\$ 17,398	\$ 3,930,000	\$ 2,575,637	
2016	212,039	11,739	4,055,000	2,454,288	
2017	216,090	5,925	4,185,000	2,318,762	
2018	-	-	4,325,000	2,185,788	
2019	-	-	4,495,000	2,000,538	
2020-2024	-	-	25,675,000	6,804,550	
2025-2029	-	-	11,160,000	2,472,512	
2030-2034	-	-	8,020,000	854,081	
	\$ 634,509	\$ 35,062	\$ 65,845,000	\$ 21,666,156	

Pledge of Future Revenues

Sales Tax Pledge - The City has pledged one-fourth of one percent (or .25%) of future sales tax revenues to repay the 2011 Revenue Bonds which are payable through 2033. Proceeds from the bond provided financing to advance refund the 2003 Revenue Bonds which were originally used for construction and equipping the Sheraton Hotel and the Reed Conference Center. The total principal and interest payable for the remainder of the life of the bond is \$35,707,069. Pledged sales taxes received in the current year was \$14,993,423. Debt service payments on 2011 Revenue Bonds of \$1,856,529 for the current fiscal year were 12.3% of pledged sales tax. Other sources of revenues such as water and sewer are also pledged. Total net revenues including utilities and sales tax pledged was \$18,983,922.

Sales Tax Pledge - The City has pledged one-fourth of one percent (or .4015%) of future sales tax revenues to repay the 2011A Revenue Bonds which are payable through 2025. Proceeds from the bond provided financing for construction and improvements to the wastewater treatment plant. The total principal and interest payable for the remainder of the life of the bond is \$51,804,088. Pledged sales taxes received in the current year was \$14,993,423. Debt service payments on the bonds were \$4,711,163 for the current fiscal year or 31.4% of pledged sales tax. Other sources of revenues such as water and sewer are also pledged. Total net revenues including utilities and sales tax pledged was \$18,983,922.

Utility Revenue Pledge - The City has pledged the revenues from the future sale of water to repay the Central Oklahoma Master Conservancy District note payable which is payable through 2016. Proceeds from the note provided funding for improvements and expansion of the water transportation and distribution system. The total principal and interest payable for the remainder of the life of the bond is \$669,571. Water revenues received in the current year was \$6,178,418. Debt service payments of \$223,500 for the current fiscal year were 3.6% of pledged water revenue.

7. Net Position and Fund Balances

Government-Wide and Proprietary Fund Financial Statements:

Net position is 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,

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or other borrowings that are attributable to the acquisition, construction, or improvements 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 and 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 unrestricted net position prior to the use of restricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

The following table shows the net position restricted by purposes as shown on the Statement of Net Position:

Fund	Restricted By	Amount
Hospital Authority	Enabling legislation	\$ 68,890,592
Technology Fund	Enabling legislation	492,858
Police Impound Fund	Enabling legislation	38,605
Urban Renewal Authority	Enabling legislation	15,677
Capital Outlay Reserve Fund	Enabling legislation	746,652
General Fund	Enabling legislation	104,069
		<u>\$ 70,288,453</u>
Street and Alley Fund	Statutory requirements	\$ 1,255,224
Juvenile Fund	Statutory requirements	126,493
Police Special Projects	Statutory requirements	117,894
Police Lab Fee	Statutory requirements	22,712
		<u>\$ 1,522,323</u>
Grant Fund	External contracts	\$ 343,723
General Fund	External contracts	321,256
Police Fund	External contracts	3,384,869
Fire Fund	External contracts	1,302,767
Park and Recreation Fund	External contracts	320,357
Emergency Operation Fund	External contracts	801,037
Welcome Center	External contracts	326,214
Convention and Visitors Bureau	External contracts	127,479
GO Debt Service Fund	External contracts	1,372,903
2002 GO Street Bond	External contracts	3,216,795
Downtown Redevelopment	External contracts	1,818,804
Street Tax Fund	External contracts	916,903
Sales Tax Capital Improvements	External contracts	707,298
Capital Improvement Fund	External contracts	2,995,214
General Government Sales Tax Fund	External contracts	1,036,909
		<u>\$ 18,992,528</u>

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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 (a) not in spendable form or (b) 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. While the Municipal Authority, Hospital Authority and Urban Renewal Authority highest level of decision-making authority is made by resolution.
- 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 revenues in other governmental funds are made through 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 unrestricted fund balance prior to the use of the restricted 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 fund balance amounts require that unassigned amounts would be reduced first followed by assigned amounts and then committed amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

The following table shows the fund balance classifications as shown on the Governmental Funds Balance Sheet in accordance with GASB Statement 54:

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	Major Special Revenue Fund					Other Governmental Fund	Total
	General Fund	Police Fund	Fire Fund	Hospital Authority	Tax Increment Financing		
Fund Balance:							
Nonspendable:							
Inventory	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 60,000	\$ 60,000
Deposits held by others	-	-	-	4,193,251	-	859,334	5,052,585
Prepaid expenses	4,040	-	-	-	-	-	4,040
	<u>4,040</u>	<u>-</u>	<u>-</u>	<u>4,193,251</u>	<u>-</u>	<u>919,334</u>	<u>5,116,625</u>
Restricted For:							
Public safety	60,104	3,294,408	1,302,765	-	-	396,165	5,053,442
General government	-	-	-	-	-	801,035	801,035
Hospital	-	-	-	71,312,971	-	-	71,312,971
General obligation debt service	-	-	-	-	-	1,373,216	1,373,216
Capital improvements	-	-	-	-	-	5,486,073	5,486,073
Street improvements	-	-	-	-	-	4,133,397	4,133,397
Street operations	-	-	-	-	-	1,255,225	1,255,225
Technology improvements	-	-	-	-	-	492,858	492,858
Culture and rec programs	94,828	-	-	-	-	320,356	415,184
Economic development	329,991	-	-	-	-	2,569,585	2,899,576
Health and welfare programs	2,903	-	-	-	-	-	2,903
Sub-total restricted	<u>487,826</u>	<u>3,294,408</u>	<u>1,302,765</u>	<u>71,312,971</u>	<u>-</u>	<u>16,827,910</u>	<u>93,225,880</u>
Assigned in:							
Capital improvements	-	-	-	-	-	-	-
Culture and rec programs	182,764	-	-	-	-	-	182,764
Downtown redevelopment	-	-	-	-	-	354,127	354,127
Health and welfare programs	37,664	-	-	-	-	-	37,664
Capital improvements	-	-	-	-	-	916,850	916,850
Economic development	11,651	-	-	-	-	-	11,651
Public Safety	1,256,754	-	-	-	-	476	1,257,230
Streets	43,711	-	-	-	-	-	43,711
Appropriation for use in FY14-15 budget	304,913	-	-	-	-	-	304,913
General government - encumbrances	8,089	-	-	-	-	-	8,089
Public safety - encumbrances	236	-	-	-	-	-	236
Public Works - encumbrances	85,252	-	-	-	-	-	85,252
Culture and rec - encumbrances	532	-	-	-	-	-	532
Economic development - encumbrances	24,167	-	-	-	-	-	24,167
Sub-total assigned	<u>1,955,733</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,271,453</u>	<u>3,227,186</u>
Unassigned (deficit):	3,758,695	-	-	-	(2,202,695)	-	1,556,000
TOTAL FUND BALANCE	<u>\$ 6,206,294</u>	<u>\$ 3,294,408</u>	<u>\$ 1,302,765</u>	<u>\$ 75,506,222</u>	<u>\$ (2,202,695)</u>	<u>\$ 19,018,697</u>	<u>\$ 103,125,691</u>

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The following is a breakdown of encumbrances at June 30, 2014:

Fund	Balance
Major Funds:	
General Fund	\$ 142,440
Police Fund	24,917
Fire Fund	495,709
Hospital Authority	301,272
	<u>\$ 964,338</u>
Non Major Fund:	
Capital Outlay Fund	\$ 67,897
General Govt Sales Tax	62,121
Street and Alley Fund	270,774
Technology Fund	5,797
Juvenile Fund	2,522
Police Lab Fund	1,303
Welcome Center Fund	1,396
Convention and Visitor Bureau	29,922
Emergency Operations Fund	24,557
Park and Recreation Fund	81,465
Capital Improvement Fund	719,228
Downtown Redevelopment Fund	39,195
2002 GO Street Bond Fund	44,738
	<u>\$ 1,350,915</u>

Per resolution, the City Council has established a minimum fund balance policy for the General Fund equal to ten percent (10%) of the fund's budgetary operating expenditures each fiscal year. In addition, a reserve equal to five percent (5%) of the budgetary operating expenditures for each fund has been established for the following fund: Police Fund, Fire Fund, Welcome Center Fund, Convention and Visitors Bureau Fund and the Juvenile Fund. The reserves are to ensure the fiscal solvency of the City as a safeguard and all or a portion of the reserves may be appropriated by the city council as necessary in the event of a natural disaster or other catastrophic circumstances, or in the event of significant accounting errors.

8. Revenues

Program Revenues:

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

- Public Safety – Fire, Police, 911 – fines and forfeitures, restricted operating grants, 911 revenue, and restricted capital grants, property seizure, donations, state on-behalf pension contributions
- Streets – commercial vehicle and gasoline excise tax shared by the State.
- Culture and recreation – pool fees, rental of community center and senior center, programming fees, park fees, softball fees, operating and capital grants
- Health and Welfare – FEMA grants
- Economic Development – rental income and operating grants

- General Government – license and permits, technology and false alarm fees, impact fees, and operating grants

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

Sales Tax Revenue:

Sales tax revenue represents a 3.85 cents tax on each dollar of taxable sales of which is collected by the Oklahoma Tax Commission and remitted to the City as follows:

The General Fund records 2.3805 cents. The General Government Sales Tax Fund records 0.0495 cents. The Police and Fire Funds record .3319 and .2966, respectively. The Emergency 911 fund records .0405, the Capital Improvement Fund 0.6515, the Street Tax Fund 0.0495, and the Park and Recreation Fund .05.

Property Tax Revenue:

In accordance with state law, a municipality may only levy a property tax to retire general obligation debt approved by the voters and to pay judgments rendered against the City. 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. For the year ended June 30, 2013, the City's net assessed valuation of taxable property was \$291,744,529. The taxes levied by the City per \$1,000 of net assessed valuation for the year ended June 30, 2013 was \$5.44.

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 – Covered through self-insurance
- Physical Property – Covered through purchased insurance with a \$25,000 deductible, per occurrence.
- Workers' Compensation – Workers' compensation is covered through self-insurance with the City administering the claims process. The City does not carry stop loss insurance.
- Employee's Group Medical –Covered through self-insurance using a third party administrator to process medical claims. The City uses the third party processor's estimates to record group insurance claims payable. The City also has a stop-loss policy which covers individual claims in excess of \$150,000 during any year.

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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.

Claims Liability Analysis

The claims liabilities related to the above noted risks of loss that are retained are determined in accordance with the requirements of Statement of Financial Accounting Standards No. 5, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. For the internal service self-insurance funds, changes in the claims liability for the City from July 1, 2011, to June 30, 2014, are as follows:

	<u>Risk Fund</u>	<u>Health Care</u>	<u>Total</u>
Claims liability, June 30, 2011	\$ 3,806,000	\$ 348,142	\$ 4,154,142
Claims and changes in estimates	833,575	6,752,725	7,586,300
Claims payments	<u>(1,024,575)</u>	<u>(6,650,650)</u>	<u>(7,675,225)</u>
Claims liability, June 30, 2012	3,615,000	450,217	4,065,217
Claims and changes in estimates	828,790	7,577,657	8,406,447
Claims payments	<u>(1,389,790)</u>	<u>(7,476,451)</u>	<u>(8,866,241)</u>
Claims liability, June 30, 2013	3,054,000	551,423	3,605,423
Claims and changes in estimates	(402,448)	7,679,394	7,276,946
Claims payments	<u>(410,552)</u>	<u>(7,698,047)</u>	<u>(8,108,599)</u>
Claims liability, June 30, 2014	<u>\$ 2,241,000</u>	<u>\$ 532,770</u>	<u>\$ 2,773,770</u>

10. Retirement Plan Participation

The City of Midwest City participates in three pension or retirement plans:

1. Oklahoma Police Pension and Retirement System (OPPRS) - a statewide cost-sharing plan
2. Oklahoma Firefighter's Pension and Retirement System (OFPRS) – a statewide cost-sharing plan
3. Oklahoma Municipal Retirement Fund (OMRF-DCP) – an agent multiple-employer defined contribution plan

Oklahoma Firefighter's and Police Pension and Retirement Systems

The City of Midwest City, as the employer, participates in two statewide cost-sharing multiple employer defined benefit plans on behalf of the firefighters and police officers. The systems are funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary.

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	Oklahoma Police Pension and Retirement System	Oklahoma Firefighter's Pension and Retirement System
Obtaining separately issued financial statements	Police Pension and Retirement 1001 N.W. 63rd St., Suite 605 Oklahoma City, OK 73116-7335	Oklahoma Firefighter's Pension and Retirement System 4545 N. Lincoln Blvd., Suite 265 Oklahoma City, OK 73105-3414
Eligibility to participate	All full-time officers, employed by a participating municipality, not less than 21 years of age or more than 45 years of age when hired.	All full-time or voluntary firefighters of a participating municipality, not less than 18 years of age or more than 45 years of age.
Authority establishing contribution obligations and benefits	State Statute	State Statute
Employee's contribution rate (percent of covered payroll)	8% (a)	9% (b)
City's contribution rate (percent of covered payroll)	13% ©	14% (d)
State obligation	State appropriation to fund the unfunded actuarial accrued liability.	State appropriation to fund the unfunded actuarial accrued liability.
Period required to vest	10 years	10 years
Eligibility and benefits for distribution (full-time)	20 years credited service, 2 ½% of final average salary multiplied by the years of credited service with a maximum of 30 years considered; if vested, at or after age 50, or after 10 but before 20 years of credited service, with reduced benefits.	20 years credited service 2 ½% of final average salary multiplied by the years of credited service with a maximum of 30 years considered; if vested, at or after age 50, or after 10 but before 20 years of credited service, with reduced benefits.
Eligibility and benefits for distribution (volunteer)	-	20 years credited service equal to \$5.46 per month per year of service, with a maximum of 30 years considered.
Deferred retirement option	Yes, 20 years credited service with additional option to participate in Louisiana Plan.	Yes, 20 years credited service with continued service for a maximum of 30 years.
Provisions for:		
Cost of living adjustments (normal retirement)	Yes	Yes, if vested by 5/83
Death (duty, non-duty, post retirement)	Yes	Yes
Disability (duty, non-duty)	Yes	Yes
Cost of living allowances	Yes	Yes

(a): 8% of base, college incentive, shift differential & longevity, however the City's contract with the union provides that member contributions will be 3%.

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- (b): 8% of base, college incentive, longevity, various committee pays, overtime, sick leave, vacation leave and paid day off buy backs, sick leave incentive, EMT, hazmat, inspector, instructor and suppression pays. However the City's contract with the union provides that member contribution will be 4%.
- (c): 13% of eligible salary as stated above. However, the City contract with the union provides that the employer contribution will be 18%.
- (d): 13% of eligible salary as stated above. However, the City contract with the union provides that the employer contribution will be 18%.

Retirement Plan Contributions – OFPRS and OPFRS Cost-Sharing Plans

Oklahoma Police Pension and Retirement System			Oklahoma Firefighter's Pension and Retirement System		
Fiscal Year	Required Contribution	Percentage Contributed	Fiscal Year	Required Contribution	Percentage Contributed
2012	\$ 830,841	100%	2012	\$ 957,108	100%
2013	806,167	100%	2013	880,397	100%
2014	802,257	100%	2014	918,240	100%

The state made on-behalf payments for the police pension system for \$673,732 and for the fire pension system of \$2,020,448. These on-behalf payments were recognized as revenue and expenditures in the current fiscal year.

OMRF Defined Contribution Plan:

The City has also provided a defined contribution plan and trust known as the City of Midwest City Plan and Trust (the "Plan") in the form of the Oklahoma Municipal Retirement System Master Defined Contribution Plan. OMRF operations are supervised by a nine-member Council of Trustees elected by the participating municipalities. The Plan is administered by JPMorgan Chase of Oklahoma City. The defined contribution plan is available to all full-time employees on a voluntary basis who are not already participating in another plan. According to City Ordinance, the employee and employer are required to contribute amounts equal to 0.0% and 13.5%, respectively, of the employee's salary each month. The employer's contributions for each employee are 50% vested after five years, with 10% vesting for each subsequent year thereafter. If an employee terminates before becoming fully vested, the employer's contributions that are forfeited are allocated to the remaining fund participants based on percentage of contribution. The authority to establish and amend the provisions of the plan rests with the City Council. For the year ended June 30, 2014, the City contributed \$1,720,984 to the plan, while the employee contributions totaled \$5,801.

OMRF issues separate plan financial statements which may be obtained by contacting the Oklahoma Municipal Retirement Fund, 525 Central Park Drive, Suite 320, Oklahoma City, Oklahoma, 73105, or by calling (405) 606-7880.

11. Postemployment Healthcare Plan

Plan Description. The City sponsors Medical, Rx, and Dental insurance to qualifying retirees and their dependents. Coverage is provided through self-insurance that collectively operates as a substantive single-employer defined benefit plan. Qualifying retirees are those employees who are eligible for immediate disability or retirement benefits under the Oklahoma Police Pension and Retirement System, Oklahoma Firefighter's Pension and Retirement System, or the City of Midwest City Retirement Plan. Retirees may continue coverage with the City by paying the determined rate. Coverage is available for each of the lifetimes of retirees and their spouses. Authority to establish and amend benefit provisions rest

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with the City Council. Retirees may continue coverage with the City by paying the premium rate. Benefits are paid from general operating assets of the City as assessed by the self-insurance fund.

Funding Policy. The contribution requirements of plan members and the City are established by the City Council. Annual health insurance premium amounts are established by the City Council. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2014, the actuarially expected City contribution in the form of net age adjustment was \$765,436 to the Plan. Plan members receiving benefits contributed \$882,906 of the total premiums, through their payment of the full determined premium in FY 2014.

Annual OPEB Cost and Net OPEB Obligation. The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period of thirty years. The following table shows the components of the City's annual OPEB cost, the amount actually contributed to the plan, and changes in the City's net OPEB obligation for the year ended June 30, 2014:

Amortization of Actuarial Accrued Liability (AAL)	\$	2,030,785
Normal Cost		765,436
Interest on Net OPEB Obligation		257,260
Amortization of Net OPEB Obligation		(334,491)
Annual OPEB cost (expense)		2,718,990
Expected net benefits during the year		(1,383,162)
Increase in net OPEB obligation		1,335,828
Net OPEB obligation—beginning of year		6,751,831
Net OPEB obligation—end of year	\$	8,087,659

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/12	\$ 2,759,456	48%	\$ 5,416,003
6/30/13	\$ 2,718,990	51%	\$ 6,751,831
6/30/14	\$ 2,718,990	51%	\$ 8,087,659

Funded Status and Funding Progress. As of July 1, 2012, the most recent actuarial valuation date, the Plan was not funded. The actuarial accrued liability (AAL) for benefits was \$32,591,119, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$32,591,119. The covered payroll (annual payroll of active employees covered by the plan) was \$28.6

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million, and the ratio of the UAAL to the covered payroll was 113.84 percent. Because the plan is a substantive plan there are no plan assets.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2012, actuarial valuation, the Projected Unit Credit actuarial cost method was used. The actuarial assumptions included a 4.75 percent (1.75% real rate of return plus 3.00% inflation) investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the Plan at the valuation date, and an annual healthcare cost trend rate of 7 percent initially, reduced by decrements to an ultimate rate of 5 percent in 2016. The UAAL is being amortized over 30 years based on a level dollar basis on an open basis. The remaining amortization period at July 1, 2012, was twenty six years. As of the date of this valuation, there are no plan assets.

12. Stewardship, Compliance, and Accountability

By its nature as a local government unit, the City and its component units are subject to various federal, state and local laws and contractual regulations. Title 11, Section 17-211 of the Oklahoma Statutes prohibits the creation of a deficit fund balance in any individual fund of the City (excluding public trusts). At June 30, 2014, the city reported a deficit fund balance of \$2,202,695 in the Tax Increment Financing Fund. This deficit is due to capital assets not being reported on the governmental fund financial statements.

13. Commitments and Contingencies

Construction Contracts Outstanding

The following construction contracts were outstanding at June 30, 2014:

Eastside booster renovation	\$ 255,030
Soldier Creek industrial park	1,175,067
Eastside distribution - phase I	316,247
Biosolids/composting facility engineering	432,230
Biosolids/composting facility construction	5,562,522
Sooner railroad tracks to NE 23rd	256,000
Engineering - sewer plant	574,536
Sewer plant construction	3,747,452
	<u><u>\$ 12,319,084</u></u>

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.

Grant Programs

The City of Midwest City participates in various federal or state grant/loan programs from year to year. In 2014, the City's involvement in federal and state award programs was not material due to no major disasters. 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.

Hospital Lease

The Midwest City Community Hospital is being operated by a company through a lease agreement with the Midwest City Hospital Authority. In January 2014, this company was acquired. Under the terms of the lease agreement the Authority was required to enter into a new agreement with the acquiring company or pay them a lease cancellation fee. The Authority paid a lease cancellation fee of \$4,193,251, but subsequently entered into a lease agreement with the acquiring company to

continue operating the hospital. The City and the Authority believe that the fee is now refundable and have recorded the payment as a refundable deposit in its financial statements. The lessee is disputing this, and the City and the Authority has undertaken legal proceedings against the lessee. This matter is currently in the discovery stage and the outcome cannot presently be determined. The City and the Authority believe that they will ultimately recover the deposit, and no provision has been made for any loss should they be unsuccessful in recovering the deposit.

14. Future Accounting Pronouncements

The GASB has issued several new accounting pronouncements, which will be effective in subsequent years. A description of the new accounting pronouncements, the fiscal year in which they are effective, and the City's consideration of the impact of these pronouncements are described below:

Statement No. 68, *Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27*. GASB No. 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and pension expenses. GASB No. 68 also details the recognition and disclosure requirements for employers with liabilities to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. Defined benefit pensions are further classified by GASB No. 68 as single employer plans, agent employer plans and cost-sharing plans, and recognition and disclosure requirements are addressed for each classification. GASB No. 68 was issued in June 2012, and the City has not yet determined the impact that implementation of GASB No. 68 will have on its net position. The Statement is effective for fiscal years ended June 30, 2015. At this time the impact to the city is unknown.

Statement No. 69, *Government Combinations and Disposals of Government Operations* – GASB No. 69 was issued in January 2013, and establishes accounting and financial reporting standards related to government combinations and disposals of government operations. Government combinations can include a variety of transactions, including mergers, acquisition, and transfers of operations. A disposal of a government's operations results in the removal of specific activities of a government. The requirement of this Statement are effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013, and should be applied on a prospective basis.

Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* – GASB No. 71 was issued in November 2013, and addresses issue in Statement No. 68, *Accounting and Financial Reporting for Pension*, concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of that Statement by employer and nonemployer contributing entities. The requirements of this Statement should be implemented with Statement 68.

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REQUIRED SUPPLEMENTARY INFORMATION

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Budgetary Comparison Schedules – Year Ended June 30, 2014

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budget Basis)	Final Budget
				Positive (Negative)
Beginning Budgetary Fund Balance:	\$ 1,066,872	\$ 583,180	\$ 4,672,288	\$ 4,089,108
Resources (Inflows):				
Taxes	23,124,756	23,536,936	23,576,070	39,134
Charges for services	478,558	478,558	484,742	6,184
Fines and forfeitures	1,709,552	1,709,552	1,649,762	(59,790)
Licenses and permits	300,270	300,270	217,055	(83,215)
Investment income	87,879	87,879	157,280	69,401
Intergovernmental	502,821	502,821	472,397	(30,424)
Miscellaneous	280,448	280,448	282,789	2,341
Total Resources (Inflows)	<u>26,484,284</u>	<u>26,896,464</u>	<u>26,840,095</u>	<u>(56,369)</u>
Amounts available for appropriation	<u>27,551,156</u>	<u>27,479,644</u>	<u>31,512,383</u>	<u>4,032,739</u>
Charges to Appropriations (Outflows):				
City Manager	545,281	567,922	563,862	4,060
City Clerk	575,772	577,578	522,087	55,491
Personnel	372,324	373,876	366,373	7,503
City Attorney	96,086	96,146	93,830	2,316
Community Development	1,775,819	1,804,816	1,611,597	193,219
Park & Recreation	558,369	558,719	522,849	35,870
Finance	624,662	632,967	626,164	6,803
Animal Welfare	433,173	437,063	382,163	54,900
Streets	2,888,687	2,934,649	2,736,947	197,702
General Government	1,076,046	1,076,567	972,293	104,274
Neighborhood Services	1,191,583	1,185,489	1,059,938	125,551
Information Technology	419,778	426,767	387,148	39,619
Emergency Response	844,298	845,093	824,641	20,452
Swimming Pools	270,891	272,394	273,289	(895)
Total Charges to Appropriations	<u>11,672,769</u>	<u>11,790,046</u>	<u>10,943,181</u>	<u>846,865</u>
Other financing sources (uses)				
Transfers from other funds	2,493,552	10,769,119	10,971,464	202,345
Transfers to other funds	(19,088,833)	(27,802,474)	(27,825,906)	(23,432)
Total other financing sources (uses)	<u>(16,595,281)</u>	<u>(17,033,355)</u>	<u>(16,854,442)</u>	<u>178,913</u>
Ending Budgetary Fund Balance	<u>\$ (716,894)</u>	<u>\$ (1,343,757)</u>	<u>\$ 3,714,760</u>	<u>\$ 5,058,517</u>

See accompanying notes to this schedule.

**CITY OF MIDWEST CITY, OKLAHOMA
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	POLICE FUND			
	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
Beginning Budgetary Fund Balance:	\$ (1,307,630)	\$ (1,962,153)	\$ 2,341,909	\$ 4,304,062
Resources (Inflows):				
Taxes	2,874,059	2,874,059	2,927,085	53,026
Charges for services	103,409	96,762	101,689	4,927
Investment income	37,954	44,600	78,227	33,627
Fines and forfeitures	143,296	143,296	148,902	5,606
Miscellaneous	10,000	10,000	31,228	21,228
Total Resources (Inflows)	<u>3,168,718</u>	<u>3,168,717</u>	<u>3,287,131</u>	<u>118,414</u>
Amounts available for appropriation	<u>1,861,088</u>	<u>1,206,564</u>	<u>5,629,040</u>	<u>4,422,476</u>
Charges to Appropriations (Outflows):				
Public Safety	13,736,287	14,535,533	13,283,865	1,251,668
Total Charges to Appropriations	<u>13,736,287</u>	<u>14,535,533</u>	<u>13,283,865</u>	<u>1,251,668</u>
Other financing sources (uses)				
Transfers from other funds	9,552,962	9,678,511	9,689,018	10,507
Transfers to other funds	-	-	-	-
Total other financing sources (uses)	<u>9,552,962</u>	<u>9,678,511</u>	<u>9,689,018</u>	<u>10,507</u>
Ending Budgetary Fund Balance	<u>\$ (2,322,237)</u>	<u>\$ (3,650,458)</u>	<u>\$ 2,034,193</u>	<u>\$ 5,684,651</u>

See accompanying notes to this schedule.

	FIRE FUND			
	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
Beginning Budgetary Fund Balance:	\$ 298,386	\$ 370,081	\$ 1,738,405	\$ 1,368,324
Resources (Inflows):				
Taxes	2,568,381	2,568,381	2,616,186	47,805
Charges for services	12,500	12,500	16,646	4,146
Investment income	28,505	28,505	63,130	34,625
Licenses and permits	7,000	7,000	11,800	4,800
Miscellaneous	3,500	106,371	107,387	1,016
Total Resources (Inflows)	<u>2,619,886</u>	<u>2,722,757</u>	<u>2,815,149</u>	<u>92,392</u>
Amounts available for appropriation	<u>2,918,272</u>	<u>3,092,838</u>	<u>4,553,554</u>	<u>1,460,716</u>
Charges to Appropriations (Outflows):				
Public Safety	10,364,632	10,932,538	9,998,552	933,986
Total Charges to Appropriations	<u>10,364,632</u>	<u>10,932,538</u>	<u>9,998,552</u>	<u>933,986</u>
Other financing sources (uses)				
Transfers from other funds	7,644,210	7,742,096	7,751,415	9,319
Transfers to other funds	(166,000)	(166,000)	(166,000)	-
Total other financing sources (uses)	<u>7,478,210</u>	<u>7,576,096</u>	<u>7,585,415</u>	<u>9,319</u>
Ending Budgetary Fund Balance	<u>\$ 31,850</u>	<u>\$ (263,604)</u>	<u>\$ 2,140,417</u>	<u>\$ 2,404,021</u>

See accompanying notes to this schedule.

**CITY OF MIDWEST CITY, OKLAHOMA
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	TIF FUND			
	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance:	\$ -	\$ -	\$ (3,092,566)	\$ (3,092,566)
Resources (Inflows):				
Taxes	1,000,000	1,000,000	1,019,943	19,943
Investment income	300	300	163	(137)
Total Resources (Inflows)	<u>1,000,300</u>	<u>1,000,300</u>	<u>1,020,106</u>	<u>19,806</u>
Amounts available for appropriation	<u>1,000,300</u>	<u>1,000,300</u>	<u>(2,072,460)</u>	<u>(3,072,760)</u>
Charges to Appropriations (Outflows):				
General Government	1,000,300	1,000,300	130,236	870,064
Total Charges to Appropriations	<u>1,000,300</u>	<u>1,000,300</u>	<u>130,236</u>	<u>870,064</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,202,696)</u>	<u>\$ (2,202,696)</u>

See accompanying notes to this schedule.

Footnotes to Budgetary Comparison Schedule:

1. The budgetary comparison schedules and budgetary fund balance amounts are reported on the modified cash basis of accounting. In addition, obligations that are required to be funded from ending budgetary fund balances are subtracted from total ending budgetary fund balances to arrive at the unreserved budgetary fund balance. This presentation of unreserved fund balances on a budgetary basis is used to demonstrate compliance with Article 10, § 26 of the Oklahoma State Constitution.

2. The legal level of appropriation control is the department level within a fund. Transfers of appropriation between departments and object categories 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 (GAAP) basis as shown in the schedules below:

**CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2014**

GENERAL FUND	Fund Balance June 30, 2013	Net Change in Fund Balance	Fund Balance June 30, 2014
Budget to GAAP Reconciliation:			
Fund Balance - GAAP Basis	\$ 6,995,174	\$ (788,880)	\$ 6,206,294
Increases (Decreases):			
Revenues:			
Receivable	(3,385,534)	219,406	(3,166,128)
Change in fair value of investments	202,697	(11,697)	191,000
Expenditures:			
Payables	2,450,847	(12,884)	2,437,963
Encumbrances	(100,941)	(17,335)	(118,276)
Other expenditures	177,490	(97,281)	80,209
Impact of combining accounts:			
Reimbursed Projects Account	(129,072)	(147,871)	(276,943)
Employee Activity Account	(8,430)	(4,104)	(12,534)
Activity Account	(325,671)	55,767	(269,904)
Animals Best Friend Account	(61,868)	23,406	(38,462)
Disaster Relief Account	(1,142,404)	(176,055)	(1,318,459)
Fund Balance - Budgetary Basis	\$ 4,672,288	\$ (957,528)	\$ 3,714,760
POLICE FUND	Fund Balance June 30, 2013	Net Change in Fund Balance	Fund Balance June 30, 2014
Budget to GAAP Reconciliation:			
Fund Balance - GAAP Basis	\$ 3,633,774	\$ (339,366)	\$ 3,294,408
Increases (Decreases):			
Revenues:			
Receivable	(1,498,594)	(66,232)	(1,564,826)
Change in fair value of investments	88,611	9,951	98,562
Expenditures:			
Payables	118,118	87,931	206,049
Fund Balance - Budgetary Basis	\$ 2,341,909	\$ (307,716)	\$ 2,034,193
FIRE FUND	Fund Balance June 30, 2013	Net Change in Fund Balance	Fund Balance June 30, 2014
Budget to GAAP Reconciliation:			
Fund Balance - GAAP Basis	\$ 789,207	\$ 513,558	\$ 1,302,765
Increases (Decreases):			
Revenues:			
Receivable	(1,188,585)	6,624	(1,181,961)
Change in fair value of investments	43,808	7,747	51,555
Expenditures:			
Payables	2,093,975	(125,917)	1,968,058
Fund Balance - Budgetary Basis	\$ 1,738,405	\$ 402,012	\$ 2,140,417

**CITY OF MIDWEST CITY, OKLAHOMA
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Required Supplementary Information – OPEB

The funded status and funding progress of the City’s defined benefit OPEB plan for the most recent actuarial valuations is as follows:

	July 1, 2008	July 1, 2010	July 1, 2012
Actuarial accrued liability - AAL (a)	\$ 27,262,090	\$ 29,797,397	\$ 32,591,119
Actuarial value of plan assets (b)	-	-	-
Unfunded actuarial accrued liability - UAAL (funding excess) (a)-(b)	27,262,090	29,797,397	32,591,119
Funded ratio (b)/(a)	0%	0%	0%
Covered payroll (c)	\$ 19,891,000	\$ 25,016,000	\$ 28,628,580
UAAL (funding excess) as a % of covered payroll [UAAL/(c)]	137%	119%	114%

**CITY OF MIDWEST CITY, OKLAHOMA
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OTHER SUPPLEMENTARY INFORMATION

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2014

Combining Balance Sheet – General Fund Accounts – June 30, 2014

	General Fund Accounts						Totals
	General Fund	Reimbursed Projects Fund	Employee Activity Fund	Activity Fund	Animals Best Friend Fund	Disaster Relief Fund	
ASSETS							
Cash and cash equivalents	\$ 181,450	\$ 52,134	\$ 12,534	\$ 28,586	\$ 41,462	\$ 121,836	\$ 438,002
Investments	1,705,917	444,209	-	241,013	-	1,176,904	3,568,043
Accounts receivable	1,155,485	5,649	-	-	8,532	207,912	1,377,578
Accrued interest receivable	4,807	-	-	-	-	3,316	8,123
Other receivable	13,096	-	-	1,430	-	-	14,526
Due from other governments	2,913,280	-	-	-	-	438	2,913,718
Due from other funds	1,673,076	-	-	-	-	-	1,673,076
Prepaid items	4,040	-	-	-	-	-	4,040
Total assets	<u>7,651,151</u>	<u>501,992</u>	<u>12,534</u>	<u>271,029</u>	<u>49,994</u>	<u>1,510,406</u>	<u>9,997,106</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued liabilities	174,162	124	-	622	3,000	12,004	189,912
Wages payable	300,091	235	-	503	-	-	300,829
Due to other governments	11,953	-	-	-	-	-	11,953
Refundable deposits	64,910	-	-	-	-	-	64,910
Due to other funds	1,886,847	224,690	-	-	-	-	2,111,537
Total liabilities	<u>2,437,963</u>	<u>225,049</u>	<u>-</u>	<u>1,125</u>	<u>3,000</u>	<u>12,004</u>	<u>2,679,141</u>
DEFERRED INFLOWS OF RESOURCES							
Deferred revenue	923,196	-	-	-	8,532	179,943	1,111,671
Fund balances:							
Nonspendable	4,040	-	-	-	-	-	4,040
Restricted	104,069	221,581	-	99,674	798	61,704	487,826
Assigned	423,188	55,362	12,534	170,230	37,664	1,256,755	1,955,733
Unassigned (deficit)	3,758,695	-	-	-	-	-	3,758,695
Total fund balances	<u>4,289,992</u>	<u>276,943</u>	<u>12,534</u>	<u>269,904</u>	<u>38,462</u>	<u>1,318,459</u>	<u>6,206,294</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 7,651,151</u>	<u>\$ 501,992</u>	<u>\$ 12,534</u>	<u>\$ 271,029</u>	<u>\$ 49,994</u>	<u>\$ 1,510,406</u>	<u>\$ 9,997,106</u>

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2014

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance – General Fund
Accounts – Year Ended June 30, 2014

	General Fund Accounts						Totals
	General Fund	Reimbursed Projects Fund	Employee Activity Fund	Activity Fund	Animals Best Friend Fund	Disaster Relief Fund	
REVENUES							
Taxes	\$ 23,553,135	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,553,135
Intergovernmental	469,368	109,940	-	-	-	49,060	628,368
Charges for services	485,506	94,116	-	77,952	-	74,585	732,159
Investment income	159,810	13,582	344	7,698	1,354	7,870	190,658
Fines & forfeitures	1,628,484	-	-	-	19,237	-	1,647,721
Licenses & permits	217,055	-	-	-	-	-	217,055
Miscellaneous	280,717	198,594	3,617	91,369	140	180,093	754,530
Total revenues	<u>26,794,075</u>	<u>416,232</u>	<u>3,961</u>	<u>177,019</u>	<u>20,731</u>	<u>311,608</u>	<u>27,723,626</u>
EXPENDITURES							
Current:							
General government	3,530,901	19,314	-	-	-	94,549	3,644,764
Public Safety	824,731	-	-	-	-	-	824,731
Streets	2,748,244	-	-	-	-	-	2,748,244
Culture and recreation	846,202	22,371	7,357	135,260	-	-	1,011,190
Health & welfare	385,830	-	-	-	5,992	-	391,822
Economic development	2,668,360	55,427	-	-	-	-	2,723,787
Capital outlay	-	190,727	-	97,526	18,145	1,242	307,640
Debt service:							
Principal retirement	-	-	-	-	-	-	-
Interest and fiscal charges	-	12,288	-	-	-	-	12,288
Total expenditures	<u>11,004,268</u>	<u>300,127</u>	<u>7,357</u>	<u>232,786</u>	<u>24,137</u>	<u>95,791</u>	<u>11,664,466</u>
Revenues over (under) expenditures	<u>15,789,807</u>	<u>116,105</u>	<u>(3,396)</u>	<u>(55,767)</u>	<u>(3,406)</u>	<u>215,817</u>	<u>16,059,160</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	10,969,103	85,317	-	-	-	-	11,054,420
Transfers out	(27,789,147)	(53,551)	-	-	(20,000)	(39,762)	(27,902,460)
Transfers in - interaccount	-	-	7,500	-	-	-	7,500
Transfers out - interaccount	(7,500)	-	-	-	-	-	(7,500)
Total other financing sources (uses)	<u>(16,827,544)</u>	<u>31,766</u>	<u>7,500</u>	<u>-</u>	<u>(20,000)</u>	<u>(39,762)</u>	<u>(16,848,040)</u>
Net change in fund balances	(1,037,737)	147,871	4,104	(55,767)	(23,406)	176,055	(788,880)
Fund balances - beginning of year	5,327,729	129,072	8,430	325,671	61,868	1,142,404	6,995,174
Fund balances - end of year	<u>\$ 4,289,992</u>	<u>\$ 276,943</u>	<u>\$ 12,534</u>	<u>\$ 269,904</u>	<u>\$ 38,462</u>	<u>\$ 1,318,459</u>	<u>\$ 6,206,294</u>

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2014

Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2014

	Special Revenue Funds										
	Grant Fund	Juvenile Fund	Park & Recreation Fund	Emergency Operations Fund	Technology Fund	Welcome Center Fund	Police Impound Fund	Street & Alley Fund	Police Special Projects Fund	Police Lab Fee Fund	Convention/Visitors Bureau
ASSETS											
Cash and cash equivalents	\$ 264,741	\$ 111,480	\$ 36,260	\$ 80,145	\$ 49,774	\$ 33,214	\$ 37,405	\$ 113,147	\$ 209,125	\$ 23,242	\$ 12,097
Investments	-	-	308,958	682,880	424,100	283,000	-	1,092,975	-	-	103,075
Accrued interest receivable	-	-	-	-	-	-	-	3,080	-	-	-
Deposits held by others	-	-	-	-	-	-	-	-	-	-	-
Other receivable	66,215	73,057	-	2,746	173,309	-	1,200	-	-	8,217	999
Due from other governments	437,047	-	62,500	44,569	-	16,020	-	46,023	-	-	29,905
Due from other funds	1,222	780	-	4,037	-	278	-	-	-	-	148
Inventory	60,000	-	-	-	-	-	-	-	-	-	-
Total assets	<u>829,225</u>	<u>185,317</u>	<u>407,718</u>	<u>814,377</u>	<u>647,183</u>	<u>332,512</u>	<u>38,605</u>	<u>1,255,225</u>	<u>209,125</u>	<u>31,459</u>	<u>146,224</u>
LIABILITIES AND FUND BALANCES											
Liabilities:											
Accounts payable and accrued liabilities	5,393	-	81,771	1,394	16,875	891	-	-	295	1,920	15,439
Accrued interest payable	-	-	-	-	-	-	-	-	-	-	-
Wages payable	11,036	5,161	5,591	11,948	6,021	5,407	-	-	-	-	3,306
Due to other funds	471,576	-	-	-	-	-	-	-	-	-	-
Total liabilities	<u>488,005</u>	<u>5,161</u>	<u>87,362</u>	<u>13,342</u>	<u>22,896</u>	<u>6,298</u>	<u>-</u>	<u>-</u>	<u>295</u>	<u>1,920</u>	<u>18,745</u>
Deferred inflows:											
Deferred revenue	-	53,662	-	-	131,429	-	-	-	-	6,827	-
Fund balances:											
Nonspendable	60,000	-	-	-	-	-	-	-	-	-	-
Restricted	281,220	126,494	320,356	801,035	492,858	326,214	38,605	1,255,225	208,354	22,712	127,479
Assigned	-	-	-	-	-	-	-	-	476	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-	-
Total fund balances	<u>341,220</u>	<u>126,494</u>	<u>320,356</u>	<u>801,035</u>	<u>492,858</u>	<u>326,214</u>	<u>38,605</u>	<u>1,255,225</u>	<u>208,830</u>	<u>22,712</u>	<u>127,479</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 829,225</u>	<u>\$ 185,317</u>	<u>\$ 407,718</u>	<u>\$ 814,377</u>	<u>\$ 647,183</u>	<u>\$ 332,512</u>	<u>\$ 38,605</u>	<u>\$ 1,255,225</u>	<u>\$ 209,125</u>	<u>\$ 31,459</u>	<u>\$ 146,224</u>

(continued)

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2014

Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2014

	Special Revenue Funds		Capital Project Funds						Debt Service Fund		Totals
	Urban Renewal Authority	General Government Sales Tax	Capital Outlay Fund	Downtown Development Authority	2002 Street Project Fund	Street Projects Fund 2012	Sales Tax Capital Improvement Fund	Capital Improvement Fund	Capital Outlay Reserve Fund	G.O. Debt Services Fund	
ASSETS											
Cash and cash equivalents	\$ 15,868	\$ 124,955	\$ -	\$ 154,354	\$ 302,873	\$ 90,586	\$ -	\$ 253,658	\$ 118,715	\$ 133,573	\$ 2,165,212
Investments	-	1,207,038	-	1,491,018	2,925,683	771,843	-	2,450,277	1,146,754	1,290,285	14,177,886
Accrued interest receivable	-	3,401	-	4,201	8,244	-	-	6,905	3,231	3,636	32,698
Deposits held by others	-	-	-	687,300	300	500	-	171,234	-	-	859,334
Other receivable	-	-	-	302,216	-	-	-	-	-	-	627,959
Due from other governments	-	56,474	-	-	-	54,474	707,298	9,665	-	99,687	1,563,662
Due from other funds	-	41,993	-	224,690	-	-	-	327,645	-	-	600,793
Inventory	-	-	-	-	-	-	-	-	-	-	60,000
Total assets	<u>15,868</u>	<u>1,433,861</u>	<u>-</u>	<u>2,863,779</u>	<u>3,237,100</u>	<u>917,403</u>	<u>707,298</u>	<u>3,219,384</u>	<u>1,268,700</u>	<u>1,527,181</u>	<u>20,087,544</u>
LIABILITIES AND FUND BALANCES											
Liabilities:											
Accounts payable and accrued liabilities	-	2,150	-	1,605	20,306	-	-	52,936	-	-	200,975
Accrued interest payable	-	-	-	-	-	-	-	-	-	70,547	70,547
Wages payable	-	-	-	1,943	-	-	-	-	-	-	50,413
Due to other funds	-	-	-	-	-	-	-	-	-	-	471,576
Total liabilities	<u>-</u>	<u>2,150</u>	<u>-</u>	<u>3,548</u>	<u>20,306</u>	<u>-</u>	<u>-</u>	<u>52,936</u>	<u>-</u>	<u>70,547</u>	<u>793,511</u>
Deferred inflows:											
Deferred revenue	-	-	-	-	-	-	-	-	-	83,418	275,336
Fund balances:											
Nonspendable	-	-	-	687,300	300	500	-	171,234	-	-	919,334
Restricted	15,868	1,036,909	-	1,818,804	3,216,494	916,903	707,298	2,995,214	746,652	1,373,216	16,827,910
Assigned	-	394,802	-	354,127	-	-	-	-	522,048	-	1,271,453
Unassigned	-	-	-	-	-	-	-	-	-	-	-
Total fund balances	<u>15,868</u>	<u>1,431,711</u>	<u>-</u>	<u>2,860,231</u>	<u>3,216,794</u>	<u>917,403</u>	<u>707,298</u>	<u>3,166,448</u>	<u>1,268,700</u>	<u>1,373,216</u>	<u>19,018,697</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 15,868</u>	<u>\$ 1,433,861</u>	<u>\$ -</u>	<u>\$ 2,863,779</u>	<u>\$ 3,237,100</u>	<u>\$ 917,403</u>	<u>\$ 707,298</u>	<u>\$ 3,219,384</u>	<u>\$ 1,268,700</u>	<u>\$ 1,527,181</u>	<u>\$ 20,087,544</u>

CITY OF MIDWEST CITY, OKLAHOMA
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Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Governmental Funds – Year Ended June 30, 2014

Special Revenue Funds

	<u>Grant Fund</u>	<u>Juvenile Fund</u>	<u>Park & Recreation Fund</u>	<u>Emergency Operations Fund</u>	<u>Technology Fund</u>	<u>Welcome Center Fund</u>	<u>Police Impound Fund</u>	<u>Street & Alley Fund</u>	<u>Police Special Projects Fund</u>	<u>Police Lab Fee Fund</u>	<u>Convention/Visitors Bureau</u>
REVENUES											
Taxes	\$ -	\$ -	\$ 525,479	\$ 357,230	\$ -	\$ 180,975	\$ -	\$ -	\$ -	\$ -	\$ 337,821
Intergovernmental	1,823,070	-	-	-	-	-	-	532,929	-	-	-
Charges for services	-	-	5,490	27,250	267,483	-	50,800	-	-	-	-
Investment income	116	3,500	14,848	21,447	14,052	8,888	1,765	2,897	4,821	682	3,046
Fines & forfeitures	-	122,615	-	-	32,185	-	-	-	15,456	12,895	-
Licenses & permits	-	-	-	-	16,600	-	-	-	-	-	-
Miscellaneous	21,850	780	4,525	7,424	68	22,745	-	-	90,836	655	69,490
Total revenues	<u>1,845,036</u>	<u>126,895</u>	<u>550,342</u>	<u>413,351</u>	<u>330,388</u>	<u>212,608</u>	<u>52,565</u>	<u>535,826</u>	<u>111,113</u>	<u>14,232</u>	<u>410,357</u>
EXPENDITURES											
Current:											
General government	-	-	-	-	423,788	-	-	-	-	-	-
Public Safety	66,344	153,359	-	327,794	-	-	8,617	-	11,789	10,686	-
Streets	-	-	-	-	-	-	-	59,953	-	-	-
Culture and recreation	-	-	280,846	-	-	182,460	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-	-	-	-	-
Economic development	656,132	-	-	-	-	-	-	-	-	-	378,583
Capital outlay	58,511	2,676	278,654	34,764	-	18,169	61,067	261,719	8,016	4,418	1,276
Debt service:											
Principal retirement	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	44,126	-	-	-	-	-	-	-	-
Total Expenditures	<u>780,987</u>	<u>156,035</u>	<u>603,626</u>	<u>362,558</u>	<u>423,788</u>	<u>200,629</u>	<u>69,684</u>	<u>321,672</u>	<u>19,805</u>	<u>15,104</u>	<u>379,859</u>
Revenues over (under) expenditures	<u>1,064,049</u>	<u>(29,140)</u>	<u>(53,284)</u>	<u>50,793</u>	<u>(93,400)</u>	<u>11,979</u>	<u>(17,119)</u>	<u>214,154</u>	<u>91,308</u>	<u>(872)</u>	<u>30,498</u>
OTHER FINANCING SOURCES (USES)											
Transfers in	139,410	-	1,221,473	28,750	43,498	-	-	190,323	-	-	-
Transfers out	(1,202,458)	-	(103,317)	(43,498)	-	(2,165)	(3,002)	-	-	-	(2,000)
Total other financing sources (uses)	<u>(1,063,048)</u>	<u>-</u>	<u>1,118,156</u>	<u>(14,748)</u>	<u>43,498</u>	<u>(2,165)</u>	<u>(3,002)</u>	<u>190,323</u>	<u>-</u>	<u>-</u>	<u>(2,000)</u>
Net change in fund balances	1,001	(29,140)	1,064,872	36,045	(49,902)	9,814	(20,121)	404,477	91,308	(872)	28,498
Fund balances (deficit) - beginning of year	340,219	155,634	(744,516)	764,990	542,760	316,400	58,726	850,748	117,522	23,584	98,981
Fund balances - end of year	<u>\$ 341,220</u>	<u>\$ 126,494</u>	<u>\$ 320,356</u>	<u>\$ 801,035</u>	<u>\$ 492,858</u>	<u>\$ 326,214</u>	<u>\$ 38,605</u>	<u>\$ 1,255,225</u>	<u>\$ 208,830</u>	<u>\$ 22,712</u>	<u>\$ 127,479</u>

(continued)

CITY OF MIDWEST CITY, OKLAHOMA
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As of and for the Year Ended June 30, 2014

Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Governmental Funds – Year Ended June 30, 2014

	Special Revenue Funds		Capital Project Funds						Debt Service Fund		Totals
	Urban Renewal Authority	General Government Sales Tax	Capital Outlay Fund	Downtown Development Authority	2002 Street Project Fund	Street Projects Fund 2012	Sales Tax Capital Improvement Fund	Capital Improvement Fund	Capital Outlay Reserve Fund	G.O. Debt Services Fund	
REVENUES											
Taxes	\$ -	\$ 436,615	\$ -	\$ -	\$ -	\$ 436,615	\$ 5,652,698	\$ 93,854	\$ -	\$ 1,669,167	\$ 9,690,454
Intergovernmental	-	-	-	-	-	-	-	29,588	-	-	2,385,587
Charges for services	-	-	-	1,344,209	-	-	-	-	-	-	1,695,232
Investment income	455	(53,016)	22,356	35,720	52,485	20,187	5,406	(15,603)	(45,788)	24,254	122,518
Fines & forfeitures	-	-	-	-	-	-	-	-	-	-	183,151
Licenses & permits	-	-	-	-	-	-	-	58,940	-	-	75,540
Miscellaneous	-	43,993	164,115	-	2,300	-	-	-	-	-	428,781
Total revenues	455	427,592	186,471	1,379,929	54,785	456,802	5,658,104	166,779	(45,788)	1,693,421	14,581,263
EXPENDITURES											
Current:											
General government	-	16,034	-	-	-	-	-	-	-	-	439,822
Public Safety	-	-	-	-	-	-	-	-	-	-	578,589
Streets	-	-	-	-	2,445	-	-	13,123	-	-	75,521
Culture and recreation	-	-	-	-	-	-	-	-	-	-	463,306
Health and welfare	-	-	-	-	-	-	-	-	-	-	-
Economic development	264	-	-	115,321	-	-	-	-	-	-	1,150,300
Capital outlay	-	274,623	589,076	1,003,957	238,142	-	-	895,398	-	-	3,730,466
Debt service:											
Principal retirement	-	-	-	-	-	-	-	-	-	1,400,000	1,400,000
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	304,167	348,293
Total Expenditures	264	290,657	589,076	1,119,278	240,587	-	-	908,521	-	1,704,167	8,186,297
Revenues over (under) expenditures	191	136,935	(402,605)	260,651	(185,802)	456,802	5,658,104	(741,742)	(45,788)	(10,746)	6,394,966
OTHER FINANCING SOURCES (USES)											
Transfers in	-	694,482	240,359	-	-	-	-	1,106,925	1,748,029	-	5,413,249
Transfers out	-	-	(682,405)	(510,852)	-	(64,047)	(5,667,345)	(3,939)	(1,180,193)	(44,923)	(9,510,144)
Total other financing sources (uses)	-	694,482	(442,046)	(510,852)	-	(64,047)	(5,667,345)	1,102,986	567,836	(44,923)	(4,096,895)
Net change in fund balances	191	831,417	(844,651)	(250,201)	(185,802)	392,755	(9,241)	361,244	522,048	(55,669)	2,298,071
Fund balances (deficit) - beginning of year	15,677	600,294	844,651	3,110,432	3,402,596	524,648	716,539	2,805,204	746,652	1,428,885	16,720,626
Fund balances - end of year	\$ 15,868	\$ 1,431,711	\$ -	\$ 2,860,231	\$ 3,216,794	\$ 917,403	\$ 707,298	\$ 3,166,448	\$ 1,268,700	\$ 1,373,216	\$ 19,018,697

CITY OF MIDWEST CITY, OKLAHOMA
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Combining Schedule of Net Position – Midwest City Municipal Authority Accounts – June 30, 2014

Midwest City Municipal Authority							
	Water Account	Sewer Account	Sanitation Account	Conference Center/Hotel Account	Drainage Account	Debt Service Account	Total
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 406,749	\$ 1,334,480	\$ 104,733	\$ 306,740	\$ 94,782	\$ -	\$ 2,247,484
Cash and cash equivalents, restricted	-	-	-	-	-	4,773,210	4,773,210
Investments	3,862,724	11,947,025	892,379	1,173,600	807,594	-	18,683,322
Accounts receivable, net	950,419	997,130	615,236	545,416	62,074	-	3,170,275
Other receivable	52	-	84,746	81,422	-	-	166,220
Accrued interest receivable	9,485	29,750	-	3,307	-	82	42,624
Inventory	118,318	93,881	-	-	-	-	212,199
Due from other funds	12,397	4,558,927	99,373	5,126	-	-	4,675,823
Total current assets	<u>5,360,144</u>	<u>18,961,193</u>	<u>1,796,467</u>	<u>2,115,611</u>	<u>964,450</u>	<u>4,773,292</u>	<u>33,971,157</u>
Non-current assets:							
Due from other funds	-	1,202,662	-	-	-	-	1,202,662
Land, construction in progress, and water rights	5,393,927	54,906,080	700,976	31,974	1,250	-	61,034,207
Other capital assets, net	17,810,467	19,969,624	4,163,471	23,366,721	13,811,302	-	79,121,585
Total non-current assets	<u>23,204,394</u>	<u>76,078,366</u>	<u>4,864,447</u>	<u>23,398,695</u>	<u>13,812,552</u>	<u>-</u>	<u>141,358,454</u>
Total assets	<u>28,564,538</u>	<u>95,039,559</u>	<u>6,660,914</u>	<u>25,514,306</u>	<u>14,777,002</u>	<u>4,773,292</u>	<u>175,329,611</u>
DEFERRED OUTFLOW OF RESOURCES							
Deferred amount on refunding	-	-	-	-	-	1,036,104	1,036,104
LIABILITIES							
Current liabilities:							
Accounts payable and accrued liabilities	433,373	3,639,285	134,289	376,549	4,796	-	4,588,292
Wages payable	81,882	95,578	31,779	81,371	7,291	-	297,901
Due to other funds	1,747	-	-	290,000	-	3,522,060	3,813,807
Accrued interest payable	-	-	-	-	-	862,971	862,971
Accrued compensated absences	106,543	99,096	39,393	39,997	10,549	-	295,578
Refundable deposits	-	-	-	36,962	-	-	36,962
Notes payable	206,380	-	-	-	-	-	206,380
Revenue bonds payable	-	-	-	-	-	3,930,000	3,930,000
Total current liabilities	<u>829,925</u>	<u>3,833,959</u>	<u>205,461</u>	<u>824,879</u>	<u>22,636</u>	<u>8,315,031</u>	<u>14,031,891</u>
Non-current liabilities:							
Accrued compensated absences	213,086	198,194	78,786	455	21,099	-	511,620
Notes payable	428,129	-	-	-	-	-	428,129
Revenue bonds payable, net	-	-	-	-	-	64,799,806	64,799,806
Total non-current liabilities	<u>641,215</u>	<u>198,194</u>	<u>78,786</u>	<u>455</u>	<u>21,099</u>	<u>64,799,806</u>	<u>65,739,555</u>
Total liabilities	<u>1,471,140</u>	<u>4,032,153</u>	<u>284,247</u>	<u>825,334</u>	<u>43,735</u>	<u>73,114,837</u>	<u>79,771,446</u>
NET POSITION							
Net investment in capital assets	22,569,886	74,875,704	4,864,447	23,398,695	13,812,552	(69,692,812)	69,828,472
Restricted for debt service	-	-	-	-	-	1,752,860	1,752,860
Unrestricted	4,523,512	16,131,702	1,512,220	1,290,277	920,715	634,511	25,012,937
Total net position	<u>\$ 27,093,398</u>	<u>\$ 91,007,406</u>	<u>\$ 6,376,667</u>	<u>\$ 24,688,972</u>	<u>\$ 14,733,267</u>	<u>\$ (67,305,441)</u>	<u>\$ 96,594,269</u>

CITY OF MIDWEST CITY, OKLAHOMA
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As of and for the Year Ended June 30, 2014

Combining Schedule of Revenues, Expenses and Changes in Net Position – Midwest City Municipal Authority Accounts – Year Ended June 30, 2014

	<u>Midwest City Municipal Authority</u>						<u>Total</u>
	<u>Water Account</u>	<u>Sewer Account</u>	<u>Sanitation Account</u>	<u>Conference Center/Hotel Account</u>	<u>Drainage Account</u>	<u>Debt Service Account</u>	
OPERATING REVENUES							
Charges for services	\$ 6,168,522	\$ 7,022,881	\$ 5,146,594	\$ 6,159,049	\$ 443,361	\$ -	\$ 24,940,407
Fees, licenses and permits	5,475	9,155	-	-	-	-	14,630
Miscellaneous	4,421	34,870	38,240	114,806	800	-	193,137
Total operating revenues	<u>6,178,418</u>	<u>7,066,906</u>	<u>5,184,834</u>	<u>6,273,855</u>	<u>444,161</u>	<u>-</u>	<u>25,148,174</u>
OPERATING EXPENSES							
Personal services	2,138,782	3,229,475	1,117,665	2,137,739	251,135	-	8,874,796
Materials and supplies	735,647	505,882	684,546	1,487,305	140,204	-	3,553,584
Other services and charges	1,765,188	1,208,928	2,085,849	1,723,800	68,429	-	6,852,194
Insurance claims and expense	-	-	-	-	-	-	-
Depreciation and amortization	659,450	1,317,338	396,469	916,969	252,937	-	3,543,163
Total operating expenses	<u>5,299,067</u>	<u>6,261,623</u>	<u>4,284,529</u>	<u>6,265,813</u>	<u>712,705</u>	<u>-</u>	<u>22,823,737</u>
Operating income (loss)	<u>879,351</u>	<u>805,283</u>	<u>900,305</u>	<u>8,042</u>	<u>(268,544)</u>	<u>-</u>	<u>2,324,437</u>
NON-OPERATING REVENUES (EXPENSES)							
Investment income	71,270	257,807	78,150	(20,851)	79,225	4,076	469,677
Interest expense and fiscal charges	(22,899)	-	-	-	-	(2,407,479)	(2,430,378)
Gain (loss) on asset retirement	12,397	36,834	248,465	4,024	-	-	301,720
Other non-operating revenue	-	-	-	-	-	-	-
Total non-operating revenue (expenses)	<u>60,768</u>	<u>294,641</u>	<u>326,615</u>	<u>(16,827)</u>	<u>79,225</u>	<u>(2,403,403)</u>	<u>(1,658,981)</u>
Income (loss) before contributions and transfers	<u>940,119</u>	<u>1,099,924</u>	<u>1,226,920</u>	<u>(8,785)</u>	<u>(189,319)</u>	<u>(2,403,403)</u>	<u>665,456</u>
Transfers in	38,727	11,908,840	-	-	-	14,993,423	26,940,990
Transfers out	<u>(1,588,782)</u>	<u>(1,981,838)</u>	<u>(763,936)</u>	<u>(360,000)</u>	<u>-</u>	<u>(20,385,542)</u>	<u>(25,080,098)</u>
Change in net position	(609,936)	11,026,926	462,984	(368,785)	(189,319)	(7,795,522)	2,526,348
Total net position - beginning	27,703,334	79,980,480	5,913,683	25,057,757	14,922,586	(59,509,919)	94,067,921
Total net position - ending	<u>\$ 27,093,398</u>	<u>\$ 91,007,406</u>	<u>\$ 6,376,667</u>	<u>\$ 24,688,972</u>	<u>\$ 14,733,267</u>	<u>\$ (67,305,441)</u>	<u>\$ 96,594,269</u>

CITY OF MIDWEST CITY, OKLAHOMA
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Combining Schedule of Cash Flows – Midwest City Municipal Authority Accounts – June 30, 2014

	Midwest City Municipal Authority						Total
	Water Account	Sewer Account	Sanitation Account	Conference Center/Hotel Account	Drainage Account	Debt Service Account	
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers	\$ 6,179,724	\$ 7,122,756	\$ 5,111,265	\$ 6,081,653	\$ 438,320	\$ -	\$ 24,933,718
Payments to suppliers	(2,320,361)	(4,177,219)	(2,735,405)	(3,277,934)	(203,869)	-	(12,714,788)
Payments to employees	(2,098,221)	(3,180,020)	(1,105,289)	(2,154,940)	(242,275)	-	(8,780,745)
Receipts (payments) from interfund loans	(10,579)	3,370,101	(260)	(35,126)	-	(2,517,064)	807,072
Net cash provided by (used in) operating activities	1,750,563	3,135,618	1,270,311	613,653	(7,824)	(2,517,064)	4,245,257
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Transfers from other funds	38,727	11,908,840	-	-	-	14,993,423	26,940,990
Transfers to other funds	(1,588,782)	(1,981,838)	(763,936)	(360,000)	-	(20,385,542)	(25,080,098)
Net cash provided by (used in) noncapital financing activities	(1,550,055)	9,927,002	(763,936)	(360,000)	-	(5,392,119)	1,860,892
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Capital assets purchased	(728,091)	(11,999,027)	(1,069,629)	(277,648)	(613,736)	-	(14,688,131)
Principal paid on capital debt	(200,601)	-	-	-	-	(3,875,000)	(4,075,601)
Interest and fiscal charges paid on capital debt	(22,899)	-	-	-	-	(2,637,963)	(2,660,862)
Proceeds from sale of capital assets	12,397	(36,834)	363,388	(5,126)	-	-	333,825
Net cash provided by (used in) capital and related financing activities	(939,194)	(12,035,861)	(706,241)	(282,774)	(613,736)	(6,512,963)	(21,090,769)
CASH FLOWS FROM INVESTING ACTIVITIES							
Sale (purchase) of investments	765,759	(833,699)	156,152	47,799	544,056	-	680,067
Interest and dividends	72,893	255,480	81,108	(20,712)	82,410	4,679	475,858
Net cash provided by (used in) investing activities	838,652	(578,219)	237,260	27,087	626,466	4,679	1,155,925
Net increase (decrease) in cash and cash equivalents	99,966	448,540	37,394	(2,034)	4,906	(14,417,467)	(13,828,695)
Balances - beginning of year	306,783	812,269	67,339	298,522	89,876	19,190,677	20,765,466
Balances - end of year	\$ 406,749	\$ 1,260,809	\$ 104,733	\$ 296,488	\$ 94,782	\$ 4,773,210	\$ 6,936,771
Reconciliation to Statement of Net Position:							
Cash and cash equivalents	\$ 406,749	\$ 1,334,480	\$ 104,733	# \$ 306,740	\$ 94,782	\$ -	\$ 2,247,484
Restricted cash and cash equivalents	-	-	-	# -	-	4,773,210	4,773,210
Total cash and cash equivalents	\$ 406,749	\$ 1,334,480	\$ 104,733	\$ 306,740	\$ 94,782	\$ 4,773,210	\$ 7,020,694
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:							
Operating income (loss)	\$ 879,351	\$ 805,283	\$ 900,305	\$ 8,042	\$ (268,544)	\$ -	\$ 2,324,437
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation expense	659,450	1,317,338	396,469	916,969	-	-	3,290,226
Change in assets and liabilities:							
Receivables, net	1,358	55,850	10,781	(166,659)	(5,841)	-	(104,511)
Other receivable	(52)	-	(84,350)	(6,133)	-	-	(90,535)
Due from other funds	(12,326)	3,370,101	(260)	(5,126)	-	-	3,352,389
Inventory	25,777	7,887	-	-	-	-	33,664
Accounts payable	154,697	(2,470,296)	34,990	(66,829)	4,764	-	(2,342,674)
Due to other funds	1,747	-	-	(30,000)	-	(2,517,064)	(2,545,317)
Due to employees	11,389	13,513	2,667	(9,363)	1,092	-	19,298
Refundable deposits	-	-	-	(19,410)	-	-	(19,410)
Accrued compensated absences	29,172	35,945	9,709	(7,838)	7,768	-	74,756
Net cash provided by operating activities	\$ 1,750,563	\$ 3,135,621	\$ 1,270,311	\$ 613,653	\$ (260,761)	\$ (2,517,064)	\$ 3,992,323

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Combining Statement of Net Position - Nonmajor Enterprise Funds – June 30, 2014

	<u>Utilities Authority</u>	<u>Utility Services</u>	<u>Utilities Capital Fund</u>	<u>Customer Deposit Fund</u>	<u>Golf Courses Fund</u>	<u>29th & Douglas Fund</u>	<u>Total</u>
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 78,232	\$ 29,567	\$ 240,568	\$ -	\$ 113,674	\$ -	\$ 462,041
Cash and cash equivalents, restricted	-	-	-	121,333	-	-	121,333
Investments	666,580	251,923	2,323,833	-	-	-	3,242,336
Receivables:							
Other receivable	-	-	-	-	3,854	-	3,854
Interest	-	-	6,548	3,303	-	-	9,851
Due from other funds	387,642	-	403,771	1,747	10,123	-	803,283
Accounts receivable, net	-	65,336	-	1,126	-	-	66,462
Inventories	-	-	-	-	2,799	-	2,799
Total current assets	<u>1,132,454</u>	<u>346,826</u>	<u>2,974,720</u>	<u>127,509</u>	<u>130,450</u>	<u>-</u>	<u>4,711,959</u>
Non-current assets:							
Investments, restricted	-	-	-	1,172,051	-	-	1,172,051
Land, construction in progress, and water rights	2,181,246	18,302	9,725	-	233,033	5,500,000	7,942,306
Other capital assets, net	-	9,675	2,016,991	-	1,576,235	-	3,602,901
Total non-current assets	<u>2,181,246</u>	<u>27,977</u>	<u>2,026,716</u>	<u>1,172,051</u>	<u>1,809,268</u>	<u>5,500,000</u>	<u>12,717,258</u>
Total assets	<u>3,313,700</u>	<u>374,803</u>	<u>5,001,436</u>	<u>1,299,560</u>	<u>1,939,718</u>	<u>5,500,000</u>	<u>17,429,217</u>
LIABILITIES							
Current liabilities:							
Accounts payable and accrued liabilities	847,327	5,526	70,782	-	12,482	3,102	939,219
Wages payable	-	30,313	-	-	27,806	-	58,119
Unearned revenue	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	50,528	-	50,528
Accrued compensated absences	-	25,261	-	-	38,437	-	63,698
Refundable deposits	-	-	-	136,946	-	-	136,946
Total current liabilities	<u>847,327</u>	<u>61,100</u>	<u>70,782</u>	<u>136,946</u>	<u>129,253</u>	<u>3,102</u>	<u>1,248,510</u>
Non-current liabilities:							
Accrued compensated absences	-	50,522	-	-	76,874	-	127,396
Refundable deposits	-	-	-	1,232,512	-	-	1,232,512
Due to other funds	-	-	-	-	-	391,666	391,666
Total non-current liabilities	<u>-</u>	<u>50,522</u>	<u>-</u>	<u>1,232,512</u>	<u>76,874</u>	<u>391,666</u>	<u>1,751,574</u>
Total liabilities	<u>847,327</u>	<u>111,622</u>	<u>70,782</u>	<u>1,369,458</u>	<u>206,127</u>	<u>394,768</u>	<u>3,000,084</u>
NET POSITION							
Net investment in capital assets	2,181,246	27,977	2,026,716	-	1,758,739	5,108,334	11,103,012
Restricted for other purposes	216,134	49,896	-	-	52,466	-	318,496
Unrestricted (deficit)	68,993	185,308	2,903,938	(69,898)	(77,614)	(3,102)	3,007,625
Total net position	<u>\$ 2,466,373</u>	<u>\$ 263,181</u>	<u>\$ 4,930,654</u>	<u>\$ (69,898)</u>	<u>\$ 1,733,591</u>	<u>\$ 5,105,232</u>	<u>\$ 14,429,133</u>

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Combining Statement of Revenues, Expenses and Changes in Net Position - Nonmajor Enterprise Funds – Year Ended June 30, 2014

	<u>Utilities Authority</u>	<u>Utility Services</u>	<u>Utilities Capital Fund</u>	<u>Customer Deposit Fund</u>	<u>Golf Courses Fund</u>	<u>29th & Douglas Fund</u>	<u>Total</u>
OPERATING REVENUES							
Charges for services	\$ -	\$ 1,076,124	\$ -	\$ -	\$ 1,100,143	\$ -	\$ 2,176,267
Total operating revenues	<u>-</u>	<u>1,076,124</u>	<u>-</u>	<u>-</u>	<u>1,100,143</u>	<u>-</u>	<u>2,176,267</u>
OPERATING EXPENSES							
Personal services	-	795,983	-	-	667,577	-	1,463,560
Materials and supplies	80	166,777	-	-	225,303	-	392,160
Other services and charges	-	61,737	-	-	115,193	4,704	181,634
Depreciation and amortization	-	2,470	81,706	-	108,434	-	192,610
Total operating expenses	<u>80</u>	<u>1,026,967</u>	<u>81,706</u>	<u>-</u>	<u>1,116,507</u>	<u>4,704</u>	<u>2,229,964</u>
Operating income (loss)	<u>(80)</u>	<u>49,157</u>	<u>(81,706)</u>	<u>-</u>	<u>(16,364)</u>	<u>(4,704)</u>	<u>(53,697)</u>
NON-OPERATING REVENUES (EXPENSES)							
Investment income	61,844	7,925	47,808	17,779	3,247	-	138,603
Other non-operating revenue	-	-	2,500	-	676	-	3,176
Gain on sales of capital assets	-	-	-	-	4,223	-	4,223
Interest expense and fiscal charges	-	-	-	-	(3,965)	(28,854)	(32,819)
Total non-operating revenue (expenses)	<u>61,844</u>	<u>7,925</u>	<u>50,308</u>	<u>17,779</u>	<u>4,181</u>	<u>(28,854)</u>	<u>113,183</u>
Income (loss) before contributions and transfers	<u>61,764</u>	<u>57,082</u>	<u>(31,398)</u>	<u>17,779</u>	<u>(12,183)</u>	<u>(33,558)</u>	<u>59,486</u>
Capital contributions	-	-	-	-	112,390	-	112,390
Transfers in	740,144	-	852,165	-	-	125,952	1,718,261
Transfers out	<u>-</u>	<u>(200,000)</u>	<u>-</u>	<u>(38,727)</u>	<u>-</u>	<u>-</u>	<u>(238,727)</u>
Change in net position	801,908	(142,918)	820,767	(20,948)	100,207	92,394	1,651,410
Total net position - beginning	1,664,465	406,099	4,109,887	(48,950)	1,633,384	5,012,838	12,777,723
Total net position - ending	<u>\$ 2,466,373</u>	<u>\$ 263,181</u>	<u>\$ 4,930,654</u>	<u>\$ (69,898)</u>	<u>\$ 1,733,591</u>	<u>\$ 5,105,232</u>	<u>\$ 14,429,133</u>

CITY OF MIDWEST CITY, OKLAHOMA
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Combining Statement of Cash Flows - Nonmajor Enterprise Funds – June 30, 2014

	<u>Utilities Authority</u>	<u>Utility Services</u>	<u>Utilities Capital Fund</u>	<u>Customer Deposit Fund</u>	<u>Golf Courses Fund</u>	<u>29th & Douglas Fund</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers	\$ -	\$ 1,075,758	\$ 2,500	\$ 1,517	\$ 1,094,717	\$ -	\$ 2,174,492
Payments to suppliers	759,664	(225,607)	3,466	-	(343,820)	(1,602)	192,101
Payments to employees	-	(778,374)	-	-	(659,912)	-	(1,438,286)
Payments of interfund loan	(387,642)	-	(403,771)	(1,818)	(58,708)	(95,496)	(947,435)
Receipt of customer deposits	-	-	-	459,631	-	-	459,631
Return of customer deposits	-	-	-	(439,936)	-	-	(439,936)
Net cash provided by (used in) operating activities	372,022	71,777	(397,805)	19,394	32,277	(97,098)	567
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Transfers from other funds	740,144	-	852,165	-	-	125,952	1,718,261
Transfers to other funds	-	(200,000)	-	(38,727)	-	-	(238,727)
Net cash provided by (used in) noncapital financing activities	740,144	(200,000)	852,165	(38,727)	-	125,952	1,479,534
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Capital assets purchased	(1,459,921)	(28,720)	(58,005)	-	(74,588)	-	(1,621,234)
Interest and fiscal charges paid on capital debt	-	-	-	-	(3,965)	(28,854)	(32,819)
Proceeds from sale of capital assets	-	-	-	-	24,623	-	24,623
Net cash provided by (used in) capital and related financing activities	(1,459,921)	(28,720)	(58,005)	-	(53,930)	(28,854)	(1,629,430)
CASH FLOWS FROM INVESTING ACTIVITIES							
Sale of investments	299,382	147,431	(343,820)	38,286	120,551	-	261,830
Interest and dividends	64,569	7,925	60,028	24,243	3,247	-	160,012
Net cash provided by (used in) investing activities	363,951	155,356	(283,792)	62,529	123,798	-	421,842
Net increase (decrease) in cash and cash equivalents	16,196	(1,587)	112,563	43,196	102,145	-	272,513
Balances - beginning of year	62,036	31,154	128,005	78,137	11,529	-	310,861
Balances - end of year	\$ 78,232	\$ 29,567	\$ 240,568	\$ 121,333	\$ 113,674	\$ -	\$ 583,374
Reconciliation to Statement of Net Position:							
Cash and cash equivalents	\$ 78,232	\$ 29,567	\$ 240,568	\$ -	\$ 113,674	\$ -	\$ 462,041
Restricted cash and cash equivalents	-	-	-	121,333	-	-	121,333
Total cash and cash equivalents	\$ 78,232	\$ 29,567	\$ 240,568	\$ 121,333	\$ 113,674	\$ -	\$ 583,374
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:							
Operating income (loss)	\$ (80)	\$ 49,157	\$ (81,706)	\$ -	\$ (16,364)	\$ (4,704)	\$ (53,697)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation expense	-	2,470	81,706	-	108,434	-	192,610
Other non operating revenue	-	-	2,500	-	676	-	3,176
Change in assets and liabilities:							
Receivables, net	-	(366)	-	1,517	(241)	-	910
Due from other funds	(387,642)	-	(403,771)	(1,747)	(10,123)	-	(803,283)
Accounts payable	759,744	2,907	3,466	-	(3,492)	3,102	765,727
Inventory	-	-	-	-	168	-	168
Due to other funds	-	-	-	(71)	(48,585)	(95,496)	(144,152)
Due to employees	-	5,324	-	-	1,758	-	7,082
Deferred revenue	-	-	-	-	(5,861)	-	(5,861)
Refundable deposits	-	-	-	19,695	-	-	19,695
Accrued compensated absences	-	12,285	-	-	5,907	-	18,192
Net cash provided by (used in) operating activities	\$ 372,022	\$ 71,777	\$ (397,805)	\$ 19,394	\$ 32,277	\$ (97,098)	\$ 567
Non cash activities:							
Contributed capital assets - from governmental funds	\$ -	\$ -	\$ -	\$ -	\$ 112,390	\$ -	\$ 112,390

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Combining Statement of Net Position– Internal Service Funds – June 30, 2014

	<u>Public Works Administration</u>	<u>Fleet Services Fund</u>	<u>Surplus Property Fund</u>	<u>Risk Management</u>	<u>L & H Benefits Fund</u>	<u>Totals</u>
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 17,950	\$ 109,424	\$ 38,408	\$ 304,232	\$ 113,648	\$ 583,662
Investments	152,940	-	244,582	2,938,804	1,088,828	4,425,154
Receivables:						
Accounts receivable	-	78	3,323	122	11,559	15,082
Accrued interest receivable	-	-	-	8,281	3,068	11,349
Due from other funds	-	590	469	-	-	1,059
Inventories	-	94,658	-	-	-	94,658
Total current assets	<u>170,890</u>	<u>204,750</u>	<u>286,782</u>	<u>3,251,439</u>	<u>1,217,103</u>	<u>5,130,964</u>
Non-current assets:						
Capital Assets:						
Non-depreciable	3,903	15,758	-	-	-	19,661
Depreciable, net of accumulated depreciation	<u>208,079</u>	<u>955,253</u>	<u>93,456</u>	<u>-</u>	<u>-</u>	<u>1,256,788</u>
Total non-current assets	<u>211,982</u>	<u>971,011</u>	<u>93,456</u>	<u>-</u>	<u>-</u>	<u>1,276,449</u>
Total assets	<u>382,872</u>	<u>1,175,761</u>	<u>380,238</u>	<u>3,251,439</u>	<u>1,217,103</u>	<u>6,407,413</u>
LIABILITIES						
Current liabilities:						
Accounts payable and accrued liabilities	358	98,332	778	14,318	128,021	241,807
Claims liability	-	-	-	598,000	532,770	1,130,770
Wages payable	21,498	22,631	632	5,327	1,789	51,877
Due to other funds	-	-	235,980	-	-	235,980
Accrued compensated absences	<u>34,558</u>	<u>26,621</u>	<u>649</u>	<u>9,275</u>	<u>388</u>	<u>71,491</u>
Total current liabilities	<u>56,414</u>	<u>147,584</u>	<u>238,039</u>	<u>626,920</u>	<u>662,968</u>	<u>1,731,925</u>
Non-current liabilities:						
Accrued compensated absences	69,116	53,242	1,297	18,551	776	142,982
Unfunded OPEB liability	-	-	-	-	8,087,659	8,087,659
Claims liability	-	-	-	1,643,000	-	1,643,000
Total non-current liabilities	<u>69,116</u>	<u>53,242</u>	<u>1,297</u>	<u>1,661,551</u>	<u>8,088,435</u>	<u>9,873,641</u>
Total liabilities	<u>125,530</u>	<u>200,826</u>	<u>239,336</u>	<u>2,288,471</u>	<u>8,751,403</u>	<u>11,605,566</u>
NET POSITION						
Net investment in capital assets	211,982	971,011	93,456	-	-	1,276,449
Unrestricted (deficit)	<u>45,360</u>	<u>3,924</u>	<u>47,446</u>	<u>962,968</u>	<u>(7,534,300)</u>	<u>(6,474,602)</u>
Total net position	<u>\$ 257,342</u>	<u>\$ 974,935</u>	<u>\$ 140,902</u>	<u>\$ 962,968</u>	<u>\$ (7,534,300)</u>	<u>\$ (5,198,153)</u>

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Combining Statement of Revenues, Expenses and Changes in Net Position – Internal Service Funds – Year Ended June 30, 2014

	<u>Public Works Administration</u>	<u>Fleet Services Fund</u>	<u>Surplus Property Fund</u>	<u>Risk Management</u>	<u>L & H Benefits Fund</u>	<u>Totals</u>
OPERATING REVENUES						
Charges for services	\$ 877,992	\$ 2,275,333	\$ 31,003	\$ 2,088,932	\$ 6,393,330	\$ 11,666,590
Miscellaneous	-	590	8,028	184,535	140,524	333,677
Total operating revenues	<u>877,992</u>	<u>2,275,923</u>	<u>39,031</u>	<u>2,273,467</u>	<u>6,533,854</u>	<u>12,000,267</u>
OPERATING EXPENSES						
Personal services	734,199	680,550	26,726	150,906	38,429	1,630,810
Materials and supplies	10,812	1,465,426	755	7,392	-	1,484,385
Other services and charges	105,442	74,643	9,619	1,740,442	19,465	1,949,611
Insurance claims and expenses	-	-	-	(813,000)	7,698,048	6,885,048
Depreciation and amortization	36,061	58,479	4,172	-	-	98,712
Total operating expenses	<u>886,514</u>	<u>2,279,098</u>	<u>41,272</u>	<u>1,085,740</u>	<u>7,755,942</u>	<u>12,048,566</u>
Operating income (loss)	<u>(8,522)</u>	<u>(3,175)</u>	<u>(2,241)</u>	<u>1,187,727</u>	<u>(1,222,088)</u>	<u>(48,299)</u>
NON-OPERATING REVENUES						
Investment income	4,741	2,276	8,178	18,250	5,509	38,954
Total non-operating revenue	<u>4,741</u>	<u>2,276</u>	<u>8,178</u>	<u>18,250</u>	<u>5,509</u>	<u>38,954</u>
Net Income (loss) before transfers	<u>(3,781)</u>	<u>(899)</u>	<u>5,937</u>	<u>1,205,977</u>	<u>(1,216,579)</u>	<u>(9,345)</u>
Transfers out	-	-	-	(3,055)	-	(3,055)
Change in net position	<u>(3,781)</u>	<u>(899)</u>	<u>5,937</u>	<u>1,202,922</u>	<u>(1,216,579)</u>	<u>(12,400)</u>
Total net position - beginning	261,123	975,834	134,965	(239,954)	(6,317,721)	(5,185,753)
Total net position - ending	<u>\$ 257,342</u>	<u>\$ 974,935</u>	<u>\$ 140,902</u>	<u>\$ 962,968</u>	<u>\$ (7,534,300)</u>	<u>\$ (5,198,153)</u>

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Combining Statement of Cash Flows – Internal Service Funds – Year Ended June 30, 2014

	Public Works Administration	Fleet Services Fund	Surplus Property Fund	Risk Management	L & H Benefits Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$ 877,992	\$ 2,276,002	\$ 40,190	\$ 2,273,467	\$ 6,573,632	\$ 12,041,283
Payments to suppliers	(124,976)	(1,499,016)	(335,366)	(1,747,834)	(19,465)	(3,726,657)
Payments to employees	(736,257)	(685,104)	(25,997)	(147,818)	1,295,811	(299,365)
Claims and benefits paid	-	-	-	(30,372)	(7,704,439)	(7,734,811)
Payment from (to) other funds	-	(590)	235,980	-	-	235,390
Net cash provided by (used in) operating activities	16,759	91,292	(85,193)	347,443	145,539	515,840
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Operating transfers out	-	-	-	(3,055)	-	(3,055)
Net cash provided by (used in) noncapital financing activities	-	-	-	(3,055)	-	(3,055)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Capital assets purchased	(4,942)	(35,923)	-	-	-	(40,865)
Net cash provided by (used in) capital and related financing activities	(4,942)	(35,923)	-	-	-	(40,865)
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of investments	(9,775)	-	83,405	(247,985)	(115,766)	(290,121)
Interest and dividends	4,739	2,276	8,177	33,969	11,299	60,460
Net cash provided by (used in) investing activities	(5,036)	2,276	91,582	(214,016)	(104,467)	(229,661)
Net increase (decrease) in cash and cash equivalents	6,781	57,645	6,389	130,372	41,072	242,259
Balances - beginning of year	11,168	51,779	32,019	173,860	72,576	341,402
Balances - end of year	\$ 17,949	\$ 109,424	\$ 38,408	\$ 304,232	\$ 113,648	\$ 583,661
Reconciliation to Statement of Net Position:						
Cash and cash equivalents	\$ 17,950	\$ 109,424	\$ 38,408	\$ 304,232	\$ 113,648	\$ 583,662
Total cash and cash equivalents	\$ 17,950	\$ 109,424	\$ 38,408	\$ 304,232	\$ 113,648	\$ 583,662
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	\$ (8,522)	\$ (3,175)	\$ (2,241)	\$ 1,187,727	\$ (1,222,088)	\$ (48,299)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation expense	36,061	58,479	4,172	-	-	98,712
Change in assets and liabilities:						
Receivables, net	-	79	1,159	-	39,778	41,016
Due from other funds	-	(590)	-	-	-	(590)
Inventory	-	(18,680)	(469)	-	-	(19,149)
Accounts payable	(8,722)	59,733	(324,523)	(30,372)	12,262	(291,622)
Claims liability	-	-	-	(813,000)	(18,653)	(831,653)
Due to employees	1,124	4,053	106	654	(160)	5,777
Due to other funds	-	-	235,980	-	-	235,980
Unfunded OPEB liability	-	-	-	-	1,335,828	1,335,828
Accrued compensated absences	(3,182)	(8,607)	623	2,434	(1,428)	(10,160)
Net cash provided by (used in) operating activities	\$ 16,759	\$ 91,292	\$ (85,193)	\$ 347,443	\$ 145,539	\$ 515,840

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Debt Service Coverage Schedule - Year Ended June 30, 2014

	2011 and 2011A Revenue Bonds
GROSS REVENUE AVAILABLE:	
Water revenue	\$ 6,178,418
Wastewater revenue	7,066,906
Pledged Sales Tax	14,129,400
Investment income	329,077
Total Gross Revenue Available	27,703,801
OPERATING EXPENSES:	
Total Operating Expenses	9,583,902
Net Revenue Available for Debt Service	\$ 18,119,899
Average Annual Debt Service	
2011 Revenue Bonds	\$ 1,808,379
2011A Revenue Bonds	4,709,500
	\$ 6,517,879
Computed Coverage	278%
Coverage Requirement	125%

**CITY OF MIDWEST CITY, OKLAHOMA
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STATISTICAL INFORMATION

CITY OF MIDWEST CITY, OKLAHOMA
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General Government Expenditures by Function
Last Ten Fiscal Years

Fiscal Year	General Government	Public Safety	Streets	Health and Welfare	Culture & Recreation	Economic Development	Debt Services	Total
2004-05	\$4,048,014	\$ 17,875,391	\$ 6,333,521	\$ 311,796	\$ 2,384,770	\$ 31,607,784	(1) \$ 2,035,085	\$ 64,596,361
2005-06	4,823,711	19,324,367	3,072,745	297,426	2,790,104	4,756,832	2,216,881	37,282,066
2006-07	4,638,916	19,653,099	2,860,439	1,060,332	1,269,324	4,286,769	1,874,210	35,643,089
2007-08	4,433,847	22,751,353	4,704,754	9,065,571	1,833,511	4,151,318	3,096,734	50,037,088
2008-09	4,731,952	28,025,096	5,832,627	23,077,926	1,720,807	4,523,604	2,241,289	70,153,301
2009-10	4,341,709	25,474,931	14,974,806	1,491,596	1,657,029	4,648,669	2,811,624	55,400,364
2010-11	6,459,976	25,157,469	6,006,443	160,983	1,120,863	4,915,834	3,679,296	47,500,864
2011-12	5,423,037	27,570,275	3,702,871	629	1,989,113	4,813,173	3,745,698	47,244,796
2012-13	5,216,187	27,388,784	3,460,381	110,935	2,841,490	4,704,086	3,856,073	47,577,936
2013-14	6,972,885	27,386,699	4,382,912	463,886	2,112,589	5,028,554	3,753,029	50,100,554

(1) Includes purchase of downtown redevelopment property from Midwest City Hospital Authority.

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**Governmental Revenues By Source
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Taxes</u>	<u>Intergov- ernmental</u>	<u>Licenses & Permits</u>	<u>Charges for Services</u>	<u>Fines & Forfeitures</u>	<u>Investment Income</u>	<u>Misc Revenues</u>	<u>Total</u>
2004-05	\$ 25,114,085	\$ 2,849,637	\$ 294,562	\$ 1,540,414	\$ 1,179,584	\$ 5,014,453	\$ 4,012,368	\$ 40,005,103
2005-06	27,656,355	2,308,525	306,977	2,170,231	1,619,238	6,308,052	6,128,707	46,498,085
2006-07	28,111,696	1,173,791	566,845	1,851,771	1,458,500	11,216,338	612,269	44,991,210
2007-08	31,705,767	8,261,565	413,183	1,766,807	1,916,846	(3,275,268)	1,162,943	41,951,843
2008-09	32,399,044	4,903,868	420,663	2,127,414	2,104,237	(9,252,051)	775,469	33,478,644
2009-10	33,166,047	4,906,373	385,949	2,066,991	1,878,424	6,582,036	2,445,317	51,431,137
2010-11	33,566,216	6,440,504	395,511	2,193,602	2,001,322	14,546,261	552,201	59,695,617
2011-12	36,586,145 *	5,462,968	330,553	2,636,087	2,170,041	2,749,217	742,978	50,677,989
2012-13	39,796,809	5,205,283	392,512	2,249,961	1,960,694	10,846,574	1,492,193	61,944,026
2013-14	40,546,435	5,668,145	304,395	2,545,726	1,976,580	15,736,403	2,367,115	69,144,799

* A new sales/use Tax became effective January 1, 2012 changing the rate from 3.3 to 3.85

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Assessed Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Property	Personal Property	Public Service Property	Veteran and Homestead Exemption	Total Actual		Ratio of Total Assessed Value to Total Estimated Actual Value
					Assessed Value	Estimated Actual Value	
2005	\$ 187,753,614	\$ 25,809,437	\$ 12,908,515	\$ 10,986,804	\$ 215,484,762	\$ 1,958,952,382	11%
2006	201,408,334	26,324,714	13,201,094	10,757,246	230,176,896	2,092,517,236	11%
2007	216,308,965	27,831,980	12,095,233	10,654,076	245,582,102	2,232,564,564	11%
2008	233,726,705	27,869,971	12,100,868	14,043,632	259,653,912 (1)	2,360,490,127	11%
2009	244,609,641	29,359,839	12,004,561	14,504,429	271,469,612 (1)	2,467,905,563	11%
2010	252,013,094	27,856,671	13,374,321	10,453,302	278,216,075 (1)	2,529,237,045	11%
2011	258,517,927	27,728,562	13,697,571	10,398,494	284,605,074 (1)	2,587,318,855	11%
2012	259,775,001	27,954,136	13,431,063	10,164,671	285,884,862 (1)	2,598,953,291	11%
2013	263,908,805	28,917,523	11,834,175	15,286,274	289,374,229 (1)	2,630,674,809	11%
2014	267,452,466	28,135,094	11,407,389	15,250,420	291,744,529	2,652,222,991	11%

(1) New established exemption for veterans

**CITY OF MIDWEST CITY, OKLAHOMA
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Property Tax Rates – All Overlapping Governments
(Per \$1,000 of Assessed Value)
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>City Sinking Fund</u>	<u>MWC Schools</u>	<u>Rose State College</u>	<u>Oklahoma County</u>	<u>Total Midwest City Resident</u>	<u>Choctaw Schools</u>	<u>Total Midwest City Resident</u>	<u>OKC Schools</u>	<u>Total Midwest City Resident</u>
2005	8.79	59.96	16.35	22.90	108.00	62.33	110.37	58.02	106.06
2006	9.25	62.79	18.29	22.81	113.14	62.60	112.95	57.07	107.42
2007	8.32	64.31	17.67	22.29	112.59	63.11	111.39	56.73	105.01
2008	7.29	65.05	17.30	23.18	112.82	66.66	114.43	52.48	100.25
2009	7.24	65.83	17.40	24.79	115.26	68.50	117.93	58.43	107.86
2010	6.81	65.60	17.32	24.27	114.00	69.41	117.81	58.70	107.10
2011	6.62	64.64	17.18	24.06	112.50	70.22	118.08	62.09	109.95
2012	6.09	66.55	17.10	23.97	113.71	72.49	119.65	59.29	106.45
2013	5.78	64.98	17.02	23.87	111.65	76.19	122.86	60.39	107.06
2014	5.44	70.32	20.33	23.58	119.67	76.18	125.53	59.36	108.71

**CITY OF MIDWEST CITY, OKLAHOMA
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Computation of Legal Debt Margin
June 30, 2014

Net assessed valuation	\$291,744,529
Debt limit (a)	\$29,174,453
Applicable bonds outstanding	\$5,500,000
Legal debt margin	\$23,674,453

(a) Article 10, section 26 of the Constitution of the State of Oklahoma limits municipal debt to 10% of net assessed valuation for certain types of general obligation bonds.

CITY OF MIDWEST CITY, OKLAHOMA
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Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt
To Total General Governmental Expenditures
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest (1)</u>	<u>Total Debt Service</u>	<u>Total General Governmental Expenditures (2)</u>	<u>Ratio of Debt Service to Government Expenditures</u>
2004-05	\$ 1,300,000	\$ 663,185	\$ 1,963,185	\$ 64,596,361	3.04%
2005-06	1,300,000	916,881	2,216,881	37,282,066	5.95%
2006-07	1,075,000	599,313	1,674,313	35,643,089	4.70%
2007-08	1,350,000	1,102,596	2,452,596	50,037,088	4.90%
2008-09	1,400,000	635,560	2,035,560	70,153,301	2.90%
2009-10	1,400,000	569,623	1,969,623	55,400,364	3.56%
2010-11	1,400,000	503,685	1,903,685	47,500,864	4.01%
2011-12	1,400,000	437,342	1,837,342	47,244,796	3.89%
2012-13	1,400,000	370,754	1,770,754	47,577,936	3.72%
2013-14	1,400,000	304,167	1,704,167	50,100,554	3.40%

(1) Excludes bond issuance and other costs

(2) Totals from General Governmental Expenditures by Function table

**CITY OF MIDWEST CITY, OKLAHOMA
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Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt
To Assessed Value and Net General Obligation Bonded Debt Per Capita
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Assessed Value (2)</u>	<u>Gross Bonded Debt</u>	<u>Less Debt Service Money Available (3)</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
2004-05	54,088	215,484,762	13,125,000	1,760,224	11,364,776	5.27%	210
2005-06	54,088	230,176,896	16,325,000	1,480,497	14,844,503	6.45%	274
2006-07	54,088	245,582,102	15,250,000	1,961,500	13,288,500	5.41%	246
2007-08	54,088	259,653,914	13,900,000	1,683,112	12,216,888	4.71%	226
2008-09	54,088	271,469,612	12,500,000	1,513,528	10,986,472	4.05%	203
2009-10	54,088	278,216,075	11,100,000	1,500,619	9,599,381	3.45%	177
2010-11	54,371	284,605,074	9,700,000	1,504,457	8,195,543	2.88%	151
2011-12	54,371	285,884,862	8,300,000	1,551,565	6,748,435	2.36%	124
2012-13	54,371	289,374,229	6,900,000	1,428,884	5,471,116	1.89%	101
2013-14	54,371	291,744,529	5,500,000	1,373,216	4,126,784	1.41%	76

(1) From table Demographics

(2) From table Assessed Value of Property

(3) Ending fund balances

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2014

Revenue Bond and Note Coverage
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Gross Revenues</u>	<u>Direct Operating Expenses</u>	<u>Net Revenue Available for Debt Service</u>	<u>Maximum Annual Debt Service</u>	<u>Debt Service Coverage</u>
2003-04	\$ 15,967,210	\$ 9,797,926	\$ 6,169,284 (1)	\$ 1,967,389	3.14
2004-05	14,814,730	8,982,892	5,831,838 (1)	2,000,344	2.92
2005-06	15,148,626	8,765,616	6,383,010 (1)	2,000,344	3.19
2006-07	11,389,730	7,378,584	4,011,146 (1)	2,000,344	2.01
2007-08	14,201,820	7,372,367	6,829,453 (1)	2,000,344	3.41
2008-09	14,535,584	8,191,452	6,344,132 (1)	2,000,344	3.17
2009-10	14,822,864	7,867,225	6,955,639 (1)	2,000,344	3.48
2010-11	15,207,582	8,004,126	7,203,456 (1)	2,000,344	3.60
2011-12	17,702,453	8,669,659	9,032,794 (1)	6,517,879	1.39
2012-13	27,258,461	9,443,537	17,814,924 (1)	6,517,879	2.73
2013-14	28,567,824	9,583,902	18,983,902 (1)	6,517,879	2.91

(1) Includes designated sales tax revenue

**CITY OF MIDWEST CITY, OKLAHOMA
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Demographic Statistics

<u>Year</u>	<u>Population</u>	<u>Population Percent Change</u>
1950	10,166	0.00%
1960	36,058	254.69%
1970	48,212	33.71%
1980	49,559	2.79%
1990	52,267	5.46%
2000	54,088	3.48%
2010	54,371	0.50%

Population is taken from US Census conducted every 10 years.

CITY OF MIDWEST CITY, OKLAHOMA
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New Construction
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Commercial Construction</u>		<u>Residential Construction</u>		<u>Total Construction</u>
	<u>Number of Units</u>	<u>Value</u>	<u>Number of Units</u>	<u>Value</u>	
2004-05	232	\$ 22,444,891	801	\$ 34,627,558	\$ 57,072,449
2005-06	247	27,599,268	767	51,587,219	79,186,487
2006-07	245	49,578,946	618	33,434,637	83,013,583
2007-08	251	44,469,520	537	29,373,333	73,842,853
2008-09	264	28,032,074	504	29,169,569	57,201,643
2009-10	184	11,614,006	457	18,846,251	30,460,257
2010-11	98	14,052,174	203	23,937,338	37,989,512
2011-12	28	97,003,650	237	20,332,200	117,335,850
2012-13	27	54,561,650	120	19,020,411	73,582,061
2013-14	8	6,398,000	69	11,878,466	18,276,466

CITY OF MIDWEST CITY, OKLAHOMA
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Miscellaneous Statistics
June 30, 2014

Date of Incorporation	1943
Form of government	Council-manager
Square miles in city limits	28
Miles of streets	564 Lane miles
Education	
Number of primary schools	8
Number of secondary schools	3
Number of High schools	2
Number of colleges	1
Police Protection	
Number of officers	96
Fire Protection	
Number of stations	6
Number of headquarters	1
Number of personnel per shift	27
Public Works	
Water storage capacity (millions of gallons)	9.5
Miles of water lines	300.5
Miles of sanitary sewer lines	281.4

Information obtained from various departments of the City of Midwest City.

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Miscellaneous Statistics, Continued
June 30, 2014

City Employees

<u>Fiscal Year</u>	<u>Full Time Government</u>	<u>Full Time Hotel/Conference Center</u>
2004-05	476	-
2005-06	496	-
2006-07	503	-
2007-08	499	-
2008-09	499	-
2009-10	502	60
2010-11	494	62
2011-12	493	62
2012-13	491	-
2013-14	498	-

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Miscellaneous Statistics, Continued
June 30, 2014

City Water Usage (Gallons)

<u>Fiscal Year</u>	<u>Annual Usage</u>	<u>Average Daily Usage</u>
2003-04	1,869,864,000	5,122,915
2004-05	1,768,672,000	4,845,676
2005-06	2,174,375,000	5,957,192
2006-07	2,021,890,000	5,539,425
2007-08	1,863,117,000	5,104,430
2008-09	1,931,741,887	5,292,444
2009-10	1,910,755,000	5,234,945
2010-11	1,953,204,878	5,351,246
2011-12	2,025,176,197	5,548,428
2012-13	1,902,831,000	5,213,236
2013-14	1,699,549,985	4,656,301