



**CITY OF
MIDWEST CITY, OKLAHOMA**

ANNUAL FINANCIAL REPORT

JUNE 30, 2015

**CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015**

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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, (the City) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Midwest City, Oklahoma, as of June 30, 2015, 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 Note 7 to the basic financial statements, in 2015 the City adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition of Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*. The City recorded the cumulative effect of adopting GASB Statements No. 68 and 71 as an adjustment of net position as of July 1, 2014. Our opinion is not modified with respect to this matter.

As discussed in Note 7 to the basic financial statements, the City has restated July 1, 2014 net position in the Governmental Activities, Business-Type Activities, Major Enterprise Fund and Aggregate Remaining Fund Information to correct an error in the allocation of other post-employment benefit obligations. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension and other post-employment benefit schedules, and the general 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and the schedule of debt service coverage requirements, listed in the table of contents as Other Supplementary Information, 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 relate directly to the underlying accounting and other records used to prepare the basic financial statements. These statements and 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 the schedule of debt service coverage requirements, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report (under separate cover) dated April 21, 2016, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and 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's internal control over financial reporting and compliance.

RSM US LLP

Oklahoma City, Oklahoma
April 21, 2016

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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, 2015, by \$520,172,156 (net position). Of this amount, unrestricted net position of the governmental activities was a deficit of \$21,639,792 with the business type activities reporting an unrestricted net position of \$9,708,773. The unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors.
- The Primary Government's total net position increased by \$8,427,363 or 1.6% from the prior year. This was a result of an increase of \$3,569,686 in the governmental activities while the business-type activities had an increase of \$4,857,677. 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 increased by approximately \$18,631,000 or, 16.5%, mainly due to police and fire pension liabilities and deferrals that are now included in City's financial statement per GASB statements 68 and 71. 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 \$282,683.
- Sales tax is the major source of revenue for governmental activities. Sales and use tax collections for fiscal year 2015 totaled \$33,008,553 compared to \$33,958,904 in FY 2014. The total decrease in sales and use tax collection was \$950,351. New retail development in surrounding cities and economic factors resulted in the decline. A historical review of governmental activity revenues can be found in statistical information of the report.
- At the end of the fiscal year 2015, the unassigned fund balance of the General Fund was \$4,299,398 or 14.9% of General Fund revenues.
- Health Insurance premiums increased \$765,727 over last year or 12%. This was due to premium increases 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

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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 the 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 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

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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 23 and 25 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, and Hospital Authority funds. Data from the debt service fund, 14 special revenue funds, and 6 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 81 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 fund. The City uses this fund to account for its water, sewer, sanitation, conference center/hotel, debt service and drainage operations. The fund provides the same type of information as the government-wide financial statements, only in more detail and includes some of the internal service fund-type activity. The City considers this enterprise fund activity to be a major fund. 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 87 of this report.

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GOVERNMENT-WIDE FINANCIAL ANALYSIS

As of June 30, 2015, the City's combined net position is \$520,172,156, of which \$407,640,891 can be attributed to governmental activities and \$112,531,265 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, 83.0%, 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.)
	2015	Restated		2015	Restated		2015	Restated	
		2014			2014			2014	
Current and other assets	\$ 154,784	\$ 146,476	6%	\$ 23,240	\$ 35,449	-34%	\$ 178,024	\$ 181,925	-2%
Capital assets	335,228	343,426	-2%	164,248	151,913	8%	499,476	495,339	1%
Total assets	490,012	489,902	-	187,488	187,362	0%	677,500	677,264	0%
Deferred outflow of resources	2,737	2,086	31%	982	1,036	-5%	3,719	3,122	19%
Long-term debt outstanding	61,934	70,820	-13%	69,640	73,956	-6%	131,574	144,776	-9%
Other liabilities	14,858	15,510	-4%	6,299	6,768	-7%	21,157	22,278	-5%
Total liabilities	76,792	86,330	-11%	75,939	80,724	-6%	152,731	167,054	-9%
Deferred inflow of resources	8,316	1,587	424%	-	-	0%	8,316	1,587	424%
Net position:									
Net investment in capital assets	331,128	337,926	-2%	100,696	81,143	24%	431,824	419,069	3%
Restricted	98,153	90,803	8%	2,126	2,071	3%	100,279	92,874	8%
Unrestricted (deficit)	(21,640)	(24,658)	-12%	9,709	24,460	-60%	(11,931)	(198)	5931%
Total net position	\$ 407,641	\$ 404,071	1%	\$ 112,531	\$ 107,674	5%	\$ 520,172	\$ 511,745	2%

Governmental activities increased the City's net position by \$3,569,686 or .9%. The business type activities increased the City's net position by \$4,857,677 or 4.5% for a net increase of \$8,427,363, or 1.6%. In business type activities, sewer construction caused decreases in investments and unrestricted fund balance and an increase of net investment in capital assets. 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.)
	Restated			Restated			Restated		
	2015	2014	2015	2014	2015	2014			
Revenues:									
Program revenues:									
Charges for services	\$ 6,825	\$ 5,941	15%	\$ 27,377	\$ 27,325	0%	\$ 34,202	\$ 33,266	3%
Operating grants and contributions	4,865	5,038	-3%	-	-	0%	4,865	5,038	-3%
Capital grants and contributions	2,594	4,424	-41%	-	-	0%	2,594	4,424	-41%
General revenues:									
Sales and use taxes	33,009	33,959	-3%	-	-	0%	33,009	33,959	-3%
Other taxes	7,266	7,093	2%	-	-	0%	7,266	7,093	2%
Other general revenue	8,469	16,239	-48%	1,433	641	124%	9,902	16,880	-41%
Total revenues	<u>63,028</u>	<u>72,694</u>	-13%	<u>28,810</u>	<u>27,966</u>	3%	<u>91,838</u>	<u>100,660</u>	-9%
Program expenses:									
General government	6,431	5,824	10%	-	-	-	6,431	5,824	10%
Public safety	26,748	25,510	5%	-	-	-	26,748	25,510	5%
Streets	14,939	14,867	0%	-	-	-	14,939	14,867	0%
Cultural, parks and recreation	1,641	1,871	-12%	-	-	-	1,641	1,871	-12%
Health and welfare	430	460	-7%	-	-	-	430	460	-7%
Economic development	3,845	4,295	-10%	-	-	-	3,845	4,295	-10%
Interest expense	1,567	1,673	-6%	-	-	-	1,567	1,673	-6%
Water	-	-	-	6,820	6,475	5%	6,820	6,475	5%
Sewer	-	-	-	6,256	7,861	-20%	6,256	7,861	-20%
Sanitation	-	-	-	4,155	4,030	3%	4,155	4,030	3%
Drainage	-	-	-	638	719	-11%	638	719	-11%
Conference center	-	-	-	8,858	6,924	28%	8,858	6,924	28%
Other activities	-	-	-	1,082	1,180	-8%	1,082	1,180	-8%
Total expenses	<u>55,601</u>	<u>54,500</u>	2%	<u>27,809</u>	<u>27,189</u>	2%	<u>83,410</u>	<u>81,689</u>	2%
Excess (deficiency) before transfers	7,427	18,194	-59%	1,001	777	29%	8,428	18,971	-56%
Transfers	(3,857)	(3,453)	12%	3,857	3,453	12%	-	-	-
Increase in net position	<u>\$ 3,570</u>	<u>\$ 14,741</u>	-76%	<u>\$ 4,858</u>	<u>\$ 4,230</u>	15%	<u>\$ 8,428</u>	<u>\$ 18,971</u>	-56%

Governmental Activities. The revenues reflect a decrease over last year of \$9,663,969. This significant decrease is primarily the result of decrease of capital grants and contributions of \$1,830,037. The Hospital Authority had a decrease of \$9,201,492 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 with a rate of 3.85% is the governmental activities main source of revenue is allocated as follows:

General	27.01%
Police	28.57%
Fire	23.90%
911	1.05%
Capital Improvement	6.49%
Park and Rec	1.30%
Debt Svc./Sewer Plant	10.39%
Streets	1.30%

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The most significant governmental activities expenditure was providing public safety with a cost of \$26,748,051. These expenditures were funded by revenue collected from a variety of sources with the largest being a transfer from General Fund in the amount of \$17,113,363 and dedicated sales tax of \$5,388,539 for the fiscal year ended June 30, 2015. The most significant portion of public safety expense is the cost of personnel. Salaries and benefits totaled \$25,572,371. Other significant governmental expenditures are for the streets in the amount of \$14,939,485 of which \$12,038,162 is depreciation expense.

Business-type Activities. Business-type revenue increased by \$843,510 or 3% from the prior year. The investment income increased from \$608,280 to \$1,431,852 due to the unrealized gain on investments.

Budgetary Highlights. For fiscal year 2014-2015, General Fund revenue (including transfers) budget was amended by \$7,700 or .02% of the original budget of \$37,099,173. The actual revenue (including transfers) is less than the final budget projection by \$195,786, or 0.5%. General Fund actual expenditures (including transfers) on a budgetary basis was \$36,376,657 compared to the final budget of \$37,522,292. See page 74 of the report for more detail.

The Police Fund revenue (including transfers) budget was increased by \$33,722, or 0.3%, of the original budget of \$12,711,496. The actual revenue (including transfers) is less than the final budget projection by \$65,245 or 0.5%. The actual expenditures (including transfers) on a budgetary basis were \$12,678,614 compared to the final budget of \$13,712,771. Actual expenditures (including transfers) were \$1,034,157 or 7.5% below budget projections. Some vacant positions were budgeted but not staffed. Capital outlay of \$444,601 for equipment was not spent.

The Fire Fund revenues (including transfers) budget was amended by \$28,280 or .27%. The actual revenue (including transfers) was less than the final budget projection by \$69,119. The actual expenditures (including transfers) on a budgetary basis were \$10,940,408 compared to the final budget of \$11,483,868. Actual expenditures (including transfers) were \$543,460 or 4.7 % below projections. Some positions were budgeted but not staffed due to vacancy. Capital outlay appropriation of \$271,535 was not spent.

The budget to actual comparisons for these funds can be found on pages 74-77 of the report.

Capital Asset At the end of fiscal year 2015, the City had \$499,475,776 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 \$8,198,559 for the governmental activities. Although the City had land additions of \$135,007, building additions of \$171,748, equipment additions of \$779,652, vehicle additions of \$672,327, construction in progress additions of \$1,816,143 and infrastructure additions of \$4,881,110; the depreciation expense of \$14,456,391 caused the current year reduction, with street depreciation for the year in the amount of \$12,038,162.

The business activities had a net increase of \$12,335,048 due to the addition of construction in progress of the Sewer Facility for approximately \$8,973,387. Table 3 reflects the net key elements that make up the capital assets by type and source.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	2015	2014	2015	2014	2015	2014
Land	\$ 32,544	\$ 32,409	\$ 7,550	\$ 7,550	\$ 40,094	\$ 39,959
Water rights	-	-	4,673	4,673	4,673	4,673
Construction in progress	3,519	3,749	66,463	56,750	69,982	60,499
Buildings	29,384	29,471	31,363	31,081	60,747	60,552
Machinery and equipment	19,328	18,815	12,924	12,053	32,252	30,868
Vehicles	9,047	8,522	8,031	7,489	17,078	16,011
Infrastructure	439,838	434,957	110,923	106,689	550,761	541,646
	<u>533,660</u>	<u>527,923</u>	<u>241,927</u>	<u>226,285</u>	<u>775,587</u>	<u>754,208</u>
Less: Depreciation	<u>(198,433)</u>	<u>(184,497)</u>	<u>(77,679)</u>	<u>(74,370)</u>	<u>(276,112)</u>	<u>(258,867)</u>
Totals	<u>\$ 335,227</u>	<u>\$ 343,426</u>	<u>\$ 164,248</u>	<u>\$ 151,915</u>	<u>\$ 499,475</u>	<u>\$ 495,341</u>

Additional information on the City's capital assets can be found on pages 46-48 of this report.

Debt Administration. At year end, the City had \$98,605,500 in long term debt outstanding as compared to \$104,856,072 at the end of the prior fiscal year, a decrease of 5.9% as shown in Table 4. See pages 50-54 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>	
	2015	2014	2015	2014	2015	2014
General obligation bonds	\$ 4,100	\$ 5,500	\$ -	\$ -	\$ 4,100	\$ 5,500
Notes payable	22,592	23,171	428	635	23,020	23,806
Accrued compensated absences	4,215	4,248	1,221	1,102	5,436	5,350
Revenue bonds	-	-	61,915	65,845	61,915	65,845
Revenue bonds premium	-	-	2,619	2,885	2,619	2,885
Refundable deposits	82	65	1,434	1,406	1,516	1,471
	<u>30,989</u>	<u>32,984</u>	<u>67,617</u>	<u>71,873</u>	<u>98,606</u>	<u>104,857</u>
Totals	<u>\$ 30,989</u>	<u>\$ 32,984</u>	<u>\$ 67,617</u>	<u>\$ 71,873</u>	<u>\$ 98,606</u>	<u>\$ 104,857</u>

FACTORS AFFECTING FINANCIAL CONDITION

Economic Outlook. Many economists are predicting slow but steady growth in the national economy for 2016 and we have no reason to believe things will be any different in Midwest City. Although many parts of the state are still reeling from the decline in the energy sector, Eastern Oklahoma County has much less at stake in the oilfield. Tinker Air Force Base (“TAFB”) and Boeing are both recruiting as are many of their suppliers. In fact, the only thing standing in the way of near double-digit growth is the looming threat of higher interest rates from the Federal Reserve Bank.

We offer the following review on local economic sectors:

- **Retail.** The City continues to work towards developing new shopping centers. There is great promise of an additional retail development on the west end of SE 29th Street as well as S. Douglas Boulevard corridor. Any impact of the proposed developments would not be realized until the later part of 2016 or the first quarter of 2017 at the earliest.

In the meantime, Internet trade and store openings in other communities continue to eat into our revenues. Many real estate and government advocates are holding out hopes that a Federal tax fairness bill is in the works. However, the likelihood of seeing such a bill passing in an election year is very low.

- **Hospitality.** This industry consists of entertainment, hotels, motels, restaurants and other similar service-oriented businesses. *Raising Cane’s Chicken Fingers* and *On the Border Mexican Restaurant and Cantina* are opening new locations near SE 29th Street very soon.

Lodging taxes fund the City’s economic development and tourism recruitment efforts. Vacancy rates remain static across the board and there is a new 90-room Hilton Home 2 Suites permitted for 1820 Center Drive.

- **Industrial.** Creating new wealth often involves workforce development and industrial recruitment. Increasing average household incomes can have a positive impact on some of the major statistics that drive retail development, and we certainly hope this is the case with the new Soldier Creek Industrial Park (“SCIP”).

The absence of large lot industrial parks may have hindered the City’s efforts in the past, the first phase of SCIP will offer 40 acres of new opportunities in one of the most economically challenged areas of Midwest City. SCIP should have a new road by May of 2016, and there is hope water and sewer will follow. While it will not fill up overnight, we should have tenants in the park before the end of 2016.

In summary, the outlook for the local economy appears good for 2016 provided interest rates don’t raise more than half of a point and fuel prices remain near \$2.00 per gallon. Any substantial increases in these areas could dampen the possibilities of what could be an additional year of recovery.

**CITY OF MIDWEST CITY, OKLAHOMA
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FY 2015-2016 Budgets and Rates. The fiscal year 2015-2016 expenditure budgets presented to the Council and Board of Trustees was \$112,085,203, which is net of \$48,979,228 inter/intra-fund transfers.

The three major governmental funds reflect the following budgets adopted for FY 15-16:

	<u>Revenues</u>	<u>Transfers In</u>	<u>Expenditures</u>	<u>Transfer Out</u>	<u>(Use) of Fund Balance</u>
General	\$26,544,469	\$10,875,063	\$12,032,315	\$25,811,673	(\$424,456)
Police	\$ 2,906,378	\$ 9,585,243	\$12,770,385	\$ 311,029	(\$589,793)
Fire	\$ 2,340,562	\$ 7,670,310	\$10,100,889	\$ 166,000	(\$256,017)

Personal services were budgeted with the merit steps included for all pay plans; non-represented, police and fire. A 1.3% cost of living (COLA) was included for all non-represented employees after police negotiation.

Through later negotiations, a total of 5.5% increase was implemented for police; the increase includes COLA as well as shifting of 5% from employer pension contribution to employee salary. After shifting, the City's contribution decreased from 18% to 13% and the employee contribution increased from 3% to 8%. 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 statutory contribution requirement for fire defined benefit pension plan increased from 21% to 23% as of November 1, 2014 due to the concern of the unfunded liability of this plan. The law designates that 14% be paid by the City and 9% by the employee. The City currently pays 18% and the employee pays 5%.

The non-represented employees participate in a defined contribution plan. Effective January 1, 2015, the contribution by the City increased .5%, going from 13.5% to 14%.

The City through self-insurance sponsors medical, prescription and dental insurance to full time employees and qualifying retirees and their families. 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 2015-2016 the budgeted is \$138,982.

In addition to the current medical insurance plan (Blue Choice), City is offering a new medical insurance plan (Blue Preferred) with lower premium which has a reduced network to employees, effective July 1, 2015.

**CITY OF MIDWEST CITY, OKLAHOMA
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Health Insurance Cost Allocation by Group		
Group	%	Contributions
Employee - Active	29.15	\$1,663,391
City - Active	70.85	4,042,867
Retiree	63.47	1,043,693
City - Retiree	36.53	600,736
Cobra (No Participation by City)		10,000
Total		\$7,360,687

Health Insurance Cost Allocation by Category		
Category	%	Contributions
Employee	22.60	\$1,663,391
City	63.09	4,643,603
Retiree	14.18	1,043,693
Cobra	0.14	10,000
Total		\$7,360,687

Emergency reserves 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 transfers out 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 the resolution in place for maintaining a reserve, the City becomes more financially stable and better equipped to handle any unforeseen emergencies or major loss of revenues.

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
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BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015

Statement of Net Position– June 30, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 7,121,939	\$ 3,328,674	\$ 10,450,613
Cash and cash equivalents, restricted	-	2,900,331	2,900,331
Investments	108,705,121	12,888,498	121,593,619
Accounts receivable, net	3,486,367	3,308,899	6,795,266
Interest receivable	60,536	30,873	91,409
Other receivable	3,521,647	104,829	3,626,476
Inventory	128,490	235,769	364,259
Internal balances	648,083	(648,083)	-
Prepaid items	4,199	-	4,199
Due from other governments	4,793,622	-	4,793,622
Net pension asset	772,001	-	772,001
Lease receivable	20,658,935	-	20,658,935
Deposits held by others	4,882,851	-	4,882,851
Investments, non- current, restricted	-	1,090,767	1,090,767
Capital assets:			
Land, water rights, and construction in progress	36,062,715	78,685,343	114,748,058
Other capital assets, net of depreciation	299,165,032	85,562,686	384,727,718
Total assets	<u>490,011,538</u>	<u>187,488,586</u>	<u>677,500,124</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred amount on refunding	-	982,047	982,047
Deferred amount related to pensions	2,736,922	-	2,736,922
Total deferred outflows	<u>2,736,922</u>	<u>982,047</u>	<u>3,718,969</u>
LIABILITIES			
Accounts payable and accrued liabilities	939,147	5,094,564	6,033,711
Wages payable	1,311,464	381,951	1,693,415
Claims payable	2,744,571	-	2,744,571
Due to other governments	10,770	-	10,770
Accrued interest payable	59,869	822,671	882,540
Unearned revenue	9,791,525	-	9,791,525
Long-term liabilities:			
Due within one year	3,482,169	4,879,618	8,361,787
Due in more than one year	58,452,152	64,760,564	123,212,716
Total liabilities	<u>76,791,667</u>	<u>75,939,368</u>	<u>152,731,035</u>
DEFERRED INFLOW OF RESOURCES			
Deferred amount related to pensions	6,783,859	-	6,783,859
Deferred amount related to property taxes	1,532,043	-	1,532,043
Total deferred inflows	<u>8,315,902</u>	<u>-</u>	<u>8,315,902</u>
NET POSITION			
Net investment in capital assets	331,127,747	100,696,175	431,823,922
Restricted for:			
Debt service	1,418,943	1,810,142	3,229,085
Hospital	75,153,265	-	75,153,265
Capital improvements	11,934,611	316,175	12,250,786
Public Safety	5,982,924	-	5,982,924
Street operations	1,725,959	-	1,725,959
Culture and recreation	989,875	-	989,875
Economic Development	919,963	-	919,963
Other	27,396	-	27,396
Unrestricted (deficit)	(21,639,792)	9,708,773	(11,931,019)
Total net position	<u>\$ 407,640,891</u>	<u>\$ 112,531,265</u>	<u>\$ 520,172,156</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, 2015

Statement of Activities –Year Ended June 30, 2015

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	\$ 6,430,761	\$ 2,759,639	\$ 143,414	\$ -	\$ (3,527,708)	\$ -	\$ (3,527,708)
Public safety	26,748,051	2,082,562	3,440,126	73,553	(21,151,810)	-	(21,151,810)
Streets	14,939,485	13,700	535,974	2,520,076	(11,869,735)	-	(11,869,735)
Culture and recreation	1,641,322	464,777	82,588	-	(1,093,957)	-	(1,093,957)
Health and welfare	429,505	-	40,000	-	(389,505)	-	(389,505)
Economic development	3,845,472	1,504,726	623,311	-	(1,717,435)	-	(1,717,435)
Interest expense	1,567,330	-	-	-	(1,567,330)	-	(1,567,330)
Total governmental activities	<u>55,601,926</u>	<u>6,825,404</u>	<u>4,865,413</u>	<u>2,593,629</u>	<u>(41,317,480)</u>	<u>-</u>	<u>(41,317,480)</u>
Business-type activities:							
Water	6,819,607	6,728,077	-	-	-	(91,530)	(91,530)
Wastewater	6,255,704	7,715,897	-	-	-	1,460,193	1,460,193
Sanitation	4,155,154	5,529,391	-	-	-	1,374,237	1,374,237
Drainage	637,729	476,974	-	-	-	(160,755)	(160,755)
Conference center	8,858,475	5,874,920	-	-	-	(2,983,555)	(2,983,555)
Golf	1,057,631	1,051,501	-	-	-	(6,130)	(6,130)
Mobile home park	22,458	52	-	-	-	(22,406)	(22,406)
Industrial park	1,599	-	-	-	-	(1,599)	(1,599)
Total business-type activities	<u>27,808,357</u>	<u>27,376,812</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(431,545)</u>	<u>(431,545)</u>
Total primary government	<u>\$ 83,410,283</u>	<u>\$ 34,202,216</u>	<u>\$ 4,865,413</u>	<u>\$ 2,593,629</u>	<u>(41,317,480)</u>	<u>(431,545)</u>	<u>(41,749,025)</u>
General revenues:							
Taxes:							
Sales and use taxes					33,008,553	-	33,008,553
Property tax					3,567,014	-	3,567,014
Franchise and public service taxes					2,634,915	-	2,634,915
Hotel/motel taxes					586,021	-	586,021
Intergovernmental revenue not restricted to specific programs					478,113	-	478,113
Investment income					7,972,420	1,431,852	9,404,272
Miscellaneous					497,008	492	497,500
Transfers - internal activity					(3,856,878)	3,856,878	-
Total general revenues and transfers					<u>44,887,166</u>	<u>5,289,222</u>	<u>50,176,388</u>
Change in net position					3,569,686	4,857,677	8,427,363
Net position - beginning, restated					404,071,205	107,673,588	511,744,793
Net position - ending					<u>\$ 407,640,891</u>	<u>\$ 112,531,265</u>	<u>\$ 520,172,156</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, 2015**

BASIC FINANCIAL STATEMENTS - GOVERNMENTAL FUNDS

**CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015**

Governmental Funds Balance Sheet - June 30, 2015

	<u>General Fund</u>	<u>Police Fund</u>	<u>Fire Fund</u>	<u>Midwest City Hospital Authority</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and cash equivalents	\$ 1,158,782	\$ 430,872	\$ 255,158	\$ 345,740	\$ 3,793,884	\$ 5,984,436
Investments	4,205,757	1,898,232	1,225,073	83,169,848	13,468,455	103,967,365
Receivables:						
Accounts receivable	1,115,809	63,710	-	3,476,101	658,113	5,313,733
Accrued interest receivable	9,376	3,420	-	2,976	31,780	47,552
Due from other funds	35,887	1,167,838	879,197	2,689	463,413	2,549,024
Deposits held by others	-	-	-	4,193,251	689,600	4,882,851
Prepaid items	4,199	-	-	-	-	4,199
Other receivable	19,767	19,367	874	-	-	40,008
Due from other governments	2,981,235	358,691	320,593	-	2,750,989	6,411,508
Inventory	-	-	-	-	60,000	60,000
Advance from other funds	1,454,534	-	-	289,774	184,121	1,928,429
Total assets	<u>\$ 10,985,346</u>	<u>\$ 3,942,130</u>	<u>\$ 2,680,895</u>	<u>\$ 91,480,379</u>	<u>\$ 22,100,355</u>	<u>\$ 131,189,105</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$ 240,330	\$ 50,670	\$ 112,069	\$ 186,468	\$ 210,907	\$ 800,444
Accrued interest payable	-	-	-	-	47,031	47,031
Wages payable	335,520	476,174	386,232	2,675	66,106	1,266,707
Unearned revenue	-	-	-	9,791,525	-	9,791,525
Refundable deposits - court	82,089	-	-	-	-	82,089
Due to other funds	1,958,521	-	-	-	37,569	1,996,090
Due to other governments	10,770	-	-	-	-	10,770
Advance to other funds	184,121	-	1,454,534	-	1,181,139	2,819,794
Total liabilities	<u>2,811,351</u>	<u>526,844</u>	<u>1,952,835</u>	<u>9,980,668</u>	<u>1,542,752</u>	<u>16,814,450</u>
Deferred inflows of resources:						
Unavailable revenue	766,739	44,880	-	493,253	1,760,620	3,065,492
Fund balances:						
Nonspendable	4,199	-	-	4,193,251	749,600	4,947,050
Restricted	1,429,394	3,370,406	728,060	76,813,207	17,417,849	99,758,916
Assigned	1,674,265	-	-	-	1,810,673	3,484,938
Unassigned (deficit)	4,299,398	-	-	-	(1,181,139)	3,118,259
Total fund balances	<u>7,407,256</u>	<u>3,370,406</u>	<u>728,060</u>	<u>81,006,458</u>	<u>18,796,983</u>	<u>111,309,163</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 10,985,346</u>	<u>\$ 3,942,130</u>	<u>\$ 2,680,895</u>	<u>\$ 91,480,379</u>	<u>\$ 22,100,355</u>	<u>\$ 131,189,105</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, 2015

Reconciliation of Governmental Funds and Government-Wide Financial Statements:

Fund Balance – Net Position Reconciliation:

Fund balances of governmental funds \$ 111,309,163

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 \$194,458,850 334,210,709

Certain long-term assets are not available to pay for current fund liabilities and, therefore, along with deferred outflows, are a deferred outflow of resources in the funds or not reported in the funds:

Due from other governments	80,655
Other receivable, net of allowance	1,452,794
HMA hospital receivable	20,658,935
	<u>22,192,384</u>

Certain other long-term assets and deferred outflows are not available to pay current period expenditures and certain long-term liabilities and deferred inflows are not due and payable from current financial resources, and therefore, are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.

Net pension asset	772,001
Pension related deferred outflows	2,736,922
Net pension liability	(24,598,661)
Pension related deferred inflows	(6,783,859)
	<u>(27,873,597)</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.

4,944,425

Certain long-term liabilities are not due and payable from current financial resources and, therefore, along with deferred inflows are not reported in the funds:

General obligation bonds payable	(4,100,000)
Notes payable	(22,591,759)
Accrued compensated absences	(4,090,853)
OPEB Obligation - obligation shared by governmental function \$2,667,472, police \$2,207,563, and fire \$1,471,708	(6,346,743)
Accrued interest payable	(12,838)
	<u>(37,142,193)</u>

Net position of governmental activities \$ 407,640,891

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, 2015

Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances – Year Ended June 30, 2015

	<u>General Fund</u>	<u>Police Fund</u>	<u>Fire Fund</u>	<u>Midwest City Hospital Authority</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES						
Taxes	\$ 23,044,487	\$ 2,845,380	\$ 2,543,159	\$ 880,377	\$ 10,468,042	\$ 39,781,445
Intergovernmental	789,661	788,612	2,462,933	-	1,502,526	5,543,732
Charges for services	1,675,358	97,300	23,804	-	1,866,285	3,662,747
Fines and forfeitures	1,745,093	135,604	-	-	164,597	2,045,294
Licenses and permits	246,058	3,600	11,135	-	88,646	349,439
Investment income	253,869	114,124	120,501	7,083,751	805,420	8,377,665
Miscellaneous	1,127,698	85,849	49,429	982,495	135,929	2,381,400
Total revenues	<u>28,882,224</u>	<u>4,070,469</u>	<u>5,210,961</u>	<u>8,946,623</u>	<u>15,031,445</u>	<u>62,141,722</u>
EXPENDITURES						
Current:						
General government	5,076,034	-	-	1,067,477	376,364	6,519,875
Public safety	903,112	13,235,468	12,494,739	-	870,850	27,504,169
Streets	2,856,353	-	-	-	43,111	2,899,464
Culture and recreation	934,788	-	-	-	440,234	1,375,022
Health and welfare	401,892	-	-	-	-	401,892
Economic development	2,563,622	-	-	-	1,052,004	3,615,626
Capital outlay	132,438	265,624	694,613	35	3,042,010	4,134,720
Debt service:						
Principal retirement	-	-	-	579,006	1,400,000	1,979,006
Interest and fiscal charges	10,313	-	58,141	1,274,869	328,275	1,671,598
Total expenditures	<u>12,878,552</u>	<u>13,501,092</u>	<u>13,247,493</u>	<u>2,921,387</u>	<u>7,552,848</u>	<u>50,101,372</u>
Excess (deficiency) of revenues over expenditures	<u>16,003,672</u>	<u>(9,430,623)</u>	<u>(8,036,532)</u>	<u>6,025,236</u>	<u>7,478,597</u>	<u>12,040,350</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	10,739,789	9,506,621	7,627,827	275,000	1,464,193	29,613,430
Transfers out	<u>(25,542,499)</u>	<u>-</u>	<u>(166,000)</u>	<u>(800,000)</u>	<u>(6,961,809)</u>	<u>(33,470,308)</u>
Total other financing sources and uses	<u>(14,802,710)</u>	<u>9,506,621</u>	<u>7,461,827</u>	<u>(525,000)</u>	<u>(5,497,616)</u>	<u>(3,856,878)</u>
Net change in fund balances	1,200,962	75,998	(574,705)	5,500,236	1,980,981	8,183,472
Fund balances - beginning	6,206,294	3,294,408	1,302,765	75,506,222	16,816,002	103,125,691
Fund balances - ending	<u>\$ 7,407,256</u>	<u>\$ 3,370,406</u>	<u>\$ 728,060</u>	<u>\$ 81,006,458</u>	<u>\$ 18,796,983</u>	<u>\$ 111,309,163</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, 2015

Changes in Fund Balances – Changes in Net Position Reconciliation:

Net change in fund balances - total governmental funds: \$ 8,183,472

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	3,869,818
Capital asset donated	2,520,076
Loss on disposal of capital asset	(150,613)
Depreciation expense	(14,390,411)
	(8,151,130)

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

1,872,176

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	(457,890)
Note payable principal payments	579,006
General obligation bond principal payments	1,400,000
	1,521,116

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

Change in unavailable revenue	(350,153)
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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 OPEB obligation	(342,022)
Change in accrued interest payable	2,139
Change in accrued compensated absences	46,044
	(293,839)

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	788,044
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Change in net position of governmental activities	\$ 3,569,686
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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, 2015**

BASIC FINANCIAL STATEMENTS - PROPRIETARY FUNDS

CITY OF MIDWEST CITY, OKLAHOMA
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Proprietary Funds Statement of Net Position - June 30, 2015

	Midwest City Municipal Authority	Nonmajor Enterprise Funds	Total	Internal Service Funds
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 2,939,614	\$ 351,799	\$ 3,291,413	\$ 1,174,764
Cash and cash equivalents, restricted	2,642,744	257,587	2,900,331	-
Investments	11,560,324	1,149,207	12,709,531	4,916,723
Accounts receivable, net	3,004,140	69,313	3,073,453	36,387
Other receivable	321,918	3,959	325,877	-
Accrued interest receivable	25,039	5,834	30,873	12,984
Inventory	233,066	2,703	235,769	68,490
Due from other funds	70,795	70,279	141,074	75
Total current assets	<u>20,797,640</u>	<u>1,910,681</u>	<u>22,708,321</u>	<u>6,209,423</u>
Non-current assets:				
Investments, restricted	-	1,090,767	1,090,767	-
Advance from other funds	1,181,139	-	1,181,139	-
Land, construction in progress, and water rights	69,845,070	8,843,542	78,688,612	8,829
Other capital assets, net	<u>77,840,750</u>	<u>7,537,884</u>	<u>85,378,634</u>	<u>1,188,992</u>
Total non-current assets	<u>148,866,959</u>	<u>17,472,193</u>	<u>166,339,152</u>	<u>1,197,821</u>
Total assets	<u>169,664,599</u>	<u>19,382,874</u>	<u>189,047,473</u>	<u>7,407,244</u>
DEFERRED OUTFLOW OF RESOURCES				
Deferred amount on refunding	<u>982,047</u>	<u>-</u>	<u>982,047</u>	<u>-</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	4,334,895	738,565	5,073,460	150,592
Claims liability	-	-	-	1,060,571
Wages payable	294,070	63,341	357,411	64,114
Due to other funds	411,198	58,958	470,156	223,927
Accrued interest payable	822,671	-	822,671	-
Accrued compensated absences	322,289	68,339	390,628	82,393
Refundable deposits	41,758	139,205	180,963	-
Notes payable	212,039	-	212,039	-
Revenue bonds payable	<u>4,055,000</u>	<u>-</u>	<u>4,055,000</u>	<u>-</u>
Total current liabilities	<u>10,493,920</u>	<u>1,068,408</u>	<u>11,562,328</u>	<u>1,581,597</u>
Non-current liabilities:				
Accrued compensated absences	570,458	136,679	707,137	164,787
Claims liability	-	-	-	1,684,000
Net OPEB obligation	1,710,861	312,738	2,023,599	-
Advance to other funds	-	289,774	289,774	-
Refundable deposits	-	1,252,847	1,252,847	-
Notes payable	216,090	-	216,090	-
Revenue bonds payable, net	<u>60,478,915</u>	<u>-</u>	<u>60,478,915</u>	<u>-</u>
Total non-current liabilities	<u>62,976,324</u>	<u>1,992,038</u>	<u>64,968,362</u>	<u>1,848,787</u>
Total liabilities	<u>73,470,244</u>	<u>3,060,446</u>	<u>76,530,690</u>	<u>3,430,384</u>
NET POSITION				
Net investment in capital assets	84,133,966	16,381,426	100,515,392	1,197,821
Restricted for debt service	1,810,142	-	1,810,142	-
Restricted for other purposes	-	316,175	316,175	-
Unrestricted (deficit)	<u>11,232,294</u>	<u>(375,173)</u>	<u>10,857,121</u>	<u>2,779,039</u>
Total net position	<u>\$ 97,176,402</u>	<u>\$ 16,322,428</u>	<u>\$ 113,498,830</u>	<u>\$ 3,976,860</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

(967,565)

Total net position per Government-Wide financial statements

\$ 112,531,265

See accompanying notes to the basic financial statements.

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Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Position - Year Ended June 30, 2015

	Midwest City Municipal Authority	Nonmajor Enterprise Funds	Total	Internal Service Funds
OPERATING REVENUES				
Charges for services	\$ 25,050,171	\$ 2,054,603	\$ 27,104,774	\$ 10,846,209
Fees, licenses and permits	24,785	-	24,785	-
Miscellaneous	233,453	-	233,453	89,605
Total operating revenues	<u>25,308,409</u>	<u>2,054,603</u>	<u>27,363,012</u>	<u>10,935,814</u>
OPERATING EXPENSES				
Personal services	9,301,799	1,411,825	10,713,624	1,711,152
Materials and supplies	3,554,987	322,367	3,877,354	1,392,838
Other services and charges	6,500,470	259,817	6,760,287	1,834,687
Insurance claims and expense	-	-	-	5,049,484
Depreciation and amortization	3,664,664	311,546	3,976,210	102,224
Total operating expenses	<u>23,021,920</u>	<u>2,305,555</u>	<u>25,327,475</u>	<u>10,090,385</u>
Operating income (loss)	<u>2,286,489</u>	<u>(250,952)</u>	<u>2,035,537</u>	<u>845,429</u>
NON-OPERATING REVENUES (EXPENSES)				
Investment income	1,185,155	246,697	1,431,852	242,707
Interest expense and fiscal charges	(2,346,902)	-	(2,346,902)	-
Gain (loss) on asset retirement	(434,167)	15,168	(418,999)	(782)
Total non-operating revenue (expenses)	<u>(1,595,914)</u>	<u>261,865</u>	<u>(1,334,049)</u>	<u>241,925</u>
Income (loss) before transfers	<u>690,575</u>	<u>10,913</u>	<u>701,488</u>	<u>1,087,354</u>
Transfers in	16,177,494	2,294,523	18,472,017	-
Transfers out	<u>(14,577,276)</u>	<u>(37,863)</u>	<u>(14,615,139)</u>	<u>-</u>
Change in net position	2,290,793	2,267,573	4,558,366	1,087,354
Total net position - beginning	94,885,609	14,054,855	108,940,464	2,889,506
Total net position - ending	<u>\$ 97,176,402</u>	<u>\$ 16,322,428</u>	<u>\$ 113,498,830</u>	<u>\$ 3,976,860</u>
Change in net position per above			\$ 4,558,366	
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			299,311	
Change in Business-Type Activities in Net Position per Government-Wide Financial Statements			<u>\$ 4,857,677</u>	

See accompanying notes to the basic financial statements.

CITY OF MIDWEST CITY, OKLAHOMA
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As of and for the Year Ended June 30, 2015

Proprietary Funds Statement of Cash Flows - Year Ended June 30, 2015

	Midwest City Municipal Authority	Nonmajor Enterprise Funds	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 25,323,642	\$ 2,051,647	\$ 27,375,289	\$ 10,914,509
Payments to suppliers	(10,329,721)	(760,284)	(11,090,005)	(3,245,705)
Payments to employees	(9,217,880)	(1,454,219)	(10,672,099)	(1,666,208)
Receipts (payments) from interfund loans	1,170,830	639,542	1,810,372	(11,069)
Receipt of customer deposits	-	478,125	478,125	-
Return of customer deposits	-	(455,531)	(455,531)	-
Claims and benefits paid	-	-	-	(5,125,550)
Net cash provided by operating activities	6,946,871	499,280	7,446,151	865,977
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	16,177,494	2,294,523	18,472,017	-
Transfers to other funds	(14,577,276)	(37,863)	(14,615,139)	-
Net cash provided by noncapital financing activities	1,600,218	2,256,660	3,856,878	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital assets purchased	(11,633,301)	(5,191,835)	(16,825,136)	(24,379)
Principal paid on capital debt	(4,136,380)	-	(4,136,380)	-
Payments of interfund loan for capital purchases	53,112	(22,458)	30,654	-
Interest and fiscal charges paid on capital debt	(2,599,036)	-	(2,599,036)	-
Proceeds from sale of capital assets	4,440	59,238	63,678	-
Net cash used in capital and related financing activities	(18,311,165)	(5,155,055)	(23,466,220)	(24,379)
CASH FLOWS FROM INVESTING ACTIVITIES				
Sale of investments	12,988,880	3,965,070	16,953,950	418,856
Purchase of investments	(5,794,754)	(1,788,720)	(7,583,474)	(896,382)
Interest and dividends	1,131,614	248,777	1,380,391	227,030
Net cash provided by (used in) investing activities	8,325,740	2,425,127	10,750,867	(250,496)
Net increase (decrease) in cash and cash equivalents	(1,438,336)	26,012	(1,412,324)	591,102
Balances - beginning of year	7,020,694	583,374	7,604,068	583,662
Balances - end of year	\$ 5,582,358	\$ 609,386	\$ 6,191,744	\$ 1,174,764
Reconciliation to Statement of Net Position:				
Cash and cash equivalents	\$ 2,939,614	\$ 351,799	\$ 3,291,413	\$ 1,174,764
Restricted cash and cash equivalents	2,642,744	257,587	2,900,331	-
Total cash and cash equivalents	\$ 5,582,358	\$ 609,386	\$ 6,191,744	\$ 1,174,764
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ 2,286,489	\$ (250,952)	\$ 2,035,537	\$ 845,429
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation expense	3,664,664	311,546	3,976,210	102,224
Change in assets and liabilities:				
Receivables, net	166,135	(2,956)	163,179	(21,305)
Other receivable	(155,698)	-	(155,698)	-
Due from other funds	4,573,439	733,004	5,306,443	515
Inventory	(20,867)	96	(20,771)	26,168
Accounts payable	(253,397)	(200,654)	(454,051)	(91,215)
Claims liability	-	-	-	(29,199)
Due to other funds	(3,402,609)	8,430	(3,394,179)	(11,584)
Due to employees	(3,831)	5,222	1,391	12,237
Refundable deposits	4,796	22,594	27,390	-
Net OPEB obligation	2,201	(61,540)	(59,339)	-
Accrued compensated absences	85,549	13,924	99,473	32,707
Net cash provided by operating activities	\$ 6,946,871	\$ 578,714	\$ 7,525,585	\$ 865,977

See accompanying notes to the basic financial statements.

**CITY OF MIDWEST CITY, OKLAHOMA
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FOOTNOTES TO BASIC FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

The City of Midwest City's (the City) accounting and financial reporting policies conform to accounting principles generally accepted in the United State of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

1.A. 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. These component units funds are blended into the City's by appropriate fund type to comprise part of the primary government presentation.

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

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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.

1.B. 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:

The Government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these 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 statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period except for reimbursement type grants that are recorded as revenues when the related expenditures are recognized. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims, judgments, and net pension liabilities are recorded only when payment is due.

Sales and use taxes, property taxes, franchise taxes, licenses, court fines and interest associated with the current fiscal period are all considered to be susceptible to accrual, and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

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 one 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, Disaster Relief Account, and Retiree Health Claims Account.
- 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 per ordinance legally restricted for fire operations.
- 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.

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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, Tax Increment Financing, 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.
- Downtown Redevelopment Authority – 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.
- Dedicated Tax 2012 Fund – accounts for the sales tax restricted for street, parks, trails, sidewalks and public transportation projects.
- Sales Tax Capital Improvement Fund – accounts for sales tax restricted by a vote of the citizens for capital improvements, including debt retirements.
- Capital Outlay Reserve Fund – accounts for funds set aside to fund the five year capital needs projects.

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.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Midwest City Municipal Authority, non major enterprise funds and of the City's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The City's proprietary funds include the following:

Enterprise Funds

Major:

Midwest City Municipal Authority includes the following accounts:

- Water Account (includes the Water Operating Account and the Water Capital Projects Account) accounts for the activities providing water services to the public.
- Sewer Account (includes the Sewer Operating Account and the Sewer Capital Projects Account) accounts for the activities providing sewer services to the public.
- Sanitation Account (includes the Sanitation Operating Account) accounts for the activities providing sanitation services to the public.
- Conference Center/Hotel Account (includes the Conference and Hotel Operating Account) accounts for the activities related to the Conference Center and Hotel.
- Drainage Account (includes the Drainage Operating Fund and the Capital Projects Account) 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.
- 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.

1.C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

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 which is determined by quoted market value. Hospital investment consist of mutual funds, equities, and foreign equities. Investments are reported at fair value which is determined by quoted market value.

Restricted Assets:

Certain proceeds of the enterprise funds promissory notes, as well as certain resources set aside for their repayment, are classified as restricted assets on the Statement of Net Position because they are maintained in separate bank accounts, and their use is limited by applicable loan covenants. The debt service fund accounts are used to segregate resources accumulated for debt service payments over the next 12 months. In addition, amounts held for meter deposit refunds are considered restricted.

Receivables and Unearned Revenue

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include sales and use taxes, franchise taxes, grants and court fines. Business-type activities report utilities as its major receivable.

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

Inventories:

Inventories are valued at cost. Governmental fund inventory is related to parts of vehicle and equipment maintenance. Proprietary fund inventory is related to material on hand for repairs and

improvements to the utility system. The cost of inventories are recoded as expenditures when consumed rather than when purchased.

Capital Assets:

Capital assets, which include property, plant, equipment, and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

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.

Long-term obligations:

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statements of Net Position. Bond premiums and discounts are amortized over the life of the bonds using the straight line method. Bonds payable are reported net of bond premium or discount. Deferred amount on refundings are amortized over the shorter of the life of the new debt or the remaining life of the refunded debt using the straight line method. Deferred amounts are shown as deferred inflows or outflows.

Long-term obligations of governmental funds are not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures.

The City's long term debt consists of general obligation bonds, revenue bonds and notes, accrued compensated absences, contracts payable, and refundable deposits.

Compensated Absences:

Under the terms of union contracts and City personnel policies, City employees are granted vacation and sick leave in varying amounts. Regular full-time civilian employees earn vacation leave per pay period in varying amounts from 80.08 hours per year to 204.10 hours per year based upon years of service. Upon separation from the city, a civilian employee is paid for accrued vacation up to a maximum of 192 hours plus current year accrual earned to date of separation. Civilian employees earn sick leave per pay period of 3.7 hours, for a total of 96.20 hours per year with the exception of Fire Rookies working 24 hour shifts who earn 5.54 hours per pay period for an annual total of 144.04 hours per year. Civilian employees who separate from employment with the city will be compensated for all accrued but unused sick leave as follows: Upon separation from the city after 10 years but less than 20 years of service, a civilian employee is paid for accrued sick leave up to a maximum of 960 hours plus current year accrual earned to date of separation at 1/3 his/her hourly rate of pay; over 20 years of service is paid at 1/2 his/her hourly rate of pay. Civilian employees who separate from employment prior to 10 years of service shall receive no compensation for accrued sick leave benefits.

Police union employees earn vacation leave per pay period in varying amounts from 80.08 hours per year to 204.10 hours per year based upon years of service. Upon separation from the city, a police union employee is paid for accrued vacation up to a maximum of 216 hours plus current year accrual earned to date of separation. Police union employees earn sick leave per pay period of 4.6 hours for an annual total of 119.60 hours. Police union employees who separate from employment with the city will be compensated for all accrued but unused sick leave as follows: Upon separation from the city after 10 years or more of service, a police union employee is paid for accrued sick leave up to a maximum of 1100 hours plus current year accrual earned to date of separation at 1/2 his/her hourly rate of pay. Police union employees who separate from employment prior to 10 years of service shall receive no compensation for accrued sick leave benefits. 100% of the sick leave balance shall be paid to the police union employee's named beneficiary in the event an employee is killed in the line of duty.

Fire union employees earn vacation leave per pay period in varying amounts from 80.08 hours per year to 301.34 hours per year based upon shift worked and years of service. Upon separation from the city, a fire union employee is paid for accrued vacation up to a maximum of 300 hours plus current year accrual earned to date of separation for 24 hour workers; up to a maximum of 216 hours plus current year accrual earned to date of separation for 8 hour workers. Fire union employees earn sick leave per pay period of 5.54 for a total of 144.04 hours per year for 24 hour workers and 96.20 hours per year for 8 hour workers. Fire union employees who separate from employment with the city will be compensated for all accrued but unused sick leave as follows: Upon separation from the city after 10 years or more of service or with an on-the-job injury, a fire union employee is paid for accrued sick leave up to a maximum of 1314 hours for 24 hour workers; up to a maximum of 939 hours for 8 hour workers at 1/3 his/her hourly rate of pay. Hours accumulated over the maximum are paid at the rate of 1/2 his/her hourly rate of pay each bi-weekly pay period. Employees, regardless of years of service, will be paid out at 1/2 for separation due to on the job injury. Fire union employees who separate from employment prior to 10 years of service and without an on-the-job injury shall receive no compensation for accrued sick leave benefits.

Deferred Outflow/Inflows of Resources:

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expenses/expenditure) until then. The government only has two items that qualify for reporting in this category. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The city also reports deferred outflows related to pension contributions subsequent to the measurement date and the difference between expected and actual plan experience.

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenues) until that time. The governmental funds report unavailable revenues from court fines and property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In the City's government-wide statements the property tax revenues remain as a deferred inflow under the full accrual basis of accounting and will become an inflow in the year for which they are levied. The government-wide Statement of Net Position reports deferred inflows related to pension accounting for the net difference between projected and actual earning on pension plan investments not reported under the modified accrual basis.

Fund Equity:

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, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets, plus the remaining construction proceeds of debt issued for capital improvements.
- 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.

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 expenditure is incurred for purposes for which both restricted and unrestricted resources 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.

1.D. Revenues, Expenditures and Expenses

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.

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- 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 revenues. 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 which is collected by the Oklahoma Tax Commission and remitted to the City. Upon final allocation the sales tax is broken down as follows:

General Government	1.04	27.01%
Police	1.10	28.57%
Fire	.92	23.90%
911	.04	1.04%
Capital Improvements	.25	6.49%
Parks and Recreation	.05	1.30%
Sewer Plant	.40	10.39%
Streets/Parks/Sidewalks/Trails/and Public Transportation	.05	1.30%
Totals	3.85	100%

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 tax is levied each October 1st on the assessed valuation of non-exempt real property located in the City as of the preceding January 1st, the lien date. Property taxes are due on November 1st following the levy date, although they may be paid in two equal installments (if the first installment is paid prior to January 1st, the second installment is not delinquent until April 1st). Property taxes are collected by the County Treasurer and are remitted to the City. Property tax receivables are recorded on the lien date, although the related revenue is reported as a deferred inflow of resources and will not be recognized as revenue until the year for which it is levied. 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, 2015, the City's net assessed valuation of taxable property was \$296,030,326. The taxes levied by the City per \$1,000 of net assessed valuation for the year ended June 30, 2015 was \$5.18.

Property tax accrued on the lien date of January 1, 2015 and recorded as a deferred inflow of resources was \$1,532,043.

Expenditures and Expenses:

In the government-wide financial statements, expenses, including depreciation of capital assets, are reported by function or activity. In the governmental fund financial statements, expenditures are reported by class as current (further reported by function), capital outlay and debt service. In the proprietary fund financial statements, expenses are reported by object or activity.

1.E. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide statement of net position and statement of activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Government-Wide Financial Statements:

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

1. *Internal balances* – amounts reported in the fund financial statements as interfund receivable and payables are eliminated in the governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are reported as Internal Balances.
2. *Internal activities* - amounts reported in the fund financial statements as interfund transfers are eliminated in the government-wide statement of activities except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers - Internal Activities. The effect of interfund services between funds is not eliminated in the statement of activities.
3. *Primary government and component unit activity and balances* - resource flows between the primary government and the discretely presented component units are reported as if they were external transactions and are classified separately from internal balances and activities within the primary government.

Fund Financial Statements:

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

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

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1.F. USE OF ESTIMATES

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

1.G. NEW ACCOUNTING PRONOUNCEMENTS

The city implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which required the recognition of assets, deferred outflow, liabilities, and deferred inflows related the city's participation in the fire and police cost-sharing defined benefit pension plans.

2. Cash and Cash Equivalents, Deposits and Investments

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, 2015 by these entities are as follows:

Schedule of Deposits and Investments by Type - June 30, 2015

Type	Fair Value	Credit Rating	Maturities in Years				
			On Demand	Less Than One	1 - 5	6 - 10	More than 10
Demand deposits	\$ 13,322,557	n/a	\$ 13,322,557	\$ -	\$ -	\$ -	\$ -
Time deposits	5,103,144	n/a	-	2,000,000	3,103,144	-	-
Government Money Market Accounts	88,900	AAAm	88,900	-	-	-	-
U.S. Agencies Obligations	37,514,534	n/a	-	-	-	1,090,429	36,424,105
Sub-total	56,029,135		\$ 13,411,457	\$ 2,000,000	\$ 3,103,144	\$ 1,090,429	\$ 36,424,105
Other Investments	969,666						
Mutual Funds	48,131,044						
Mutual Funds - equities	23,049,225						
Foreign equities	7,856,260						
Sub-total	80,006,195						
Total Deposits and Investments	\$ 136,035,330						
Reconciliation to Financial Statements:							
Cash and cash equivalents	\$ 10,450,613						
Cash and cash equivalents, restricted	2,900,331						
Investments	121,593,619						
Investments, restricted	1,090,767						
	\$ 136,035,330						

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.

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

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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

At June 30, 2015, 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 preceding schedule of deposits and investments, at June 30, 2015, the investments held by the City mature between 2015 through 2030.

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 2015 Percent
Equities - Domestic	2.0%-60%	85%	67.6%
Equities - International	2.5%-10%	30%	8.3%
Fixed Income	2.5%-20%	80%	16.9%
Real Estate	0%	20%	0%
Cash Equivalents	0%	20%	0.1%
Emerging Markets	5%-10%	15%	7.2%

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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, 2015 are as follows:

Cash and Cash Equivalents:	
Pooled Cash Restricted for Debt Service	\$ 2,642,744
Pooled Cash Restricted for Refundable Deposits	<u>257,587</u>
	<u>\$ 2,900,331</u>
Investments:	
Pooled Investments Restricted for Refundable Deposits	\$ 1,090,767
	<u>\$ 1,090,767</u>

3. Receivables

The Midwest City Memorial Hospital Authority (the Authority) entered into an agreement with the Midwest Regional Medical Center (now known as Alliance Health Midwest) to provide funds up to \$25,000,000 to construction two additional floors onto the existing six floor patient tower. The loan is amortized over a 25 year with interest rate of 7.5%, will be repaid 9 years from December 2010, with a balloon payment in November 2019. The loan is secured with a lease receivable for future rental of the facility. At the end of the fiscal year, the City reflects a \$20.7 million receivable in the governmental activities.

4. Capital Assets and Depreciation

Capital Assets:

For the year ended June 30, 2015, capital assets balances changed as follows:

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	Balance at July 1, 2014	Additions	Disposals	Balance at June 30, 2015
PRIMARY GOVERNMENT:				
<i>Governmental activities:</i>				
Capital assets not being depreciated:				
Land	\$ 32,409,202	\$ 135,007	\$ -	\$ 32,544,209
Construction in progress	3,749,122	1,816,143	2,046,759	3,518,506
Total capital assets not being depreciated	<u>36,158,324</u>	<u>1,951,150</u>	<u>2,046,759</u>	<u>36,062,715</u>
Capital assets being depreciated:				
Buildings	29,470,501	171,748	257,000	29,385,249
Machinery and equipment	18,814,544	779,652	266,202	19,327,994
Vehicles	8,522,698	672,327	147,911	9,047,114
Infrastructure	434,956,843	4,881,110	-	439,837,953
Total other capital assets at historical cost	<u>491,764,586</u>	<u>6,504,837</u>	<u>671,113</u>	<u>497,598,310</u>
Less accumulated depreciation for:				
Buildings	10,435,014	717,095	173,475	10,978,634
Machinery and equipment	12,452,214	1,003,229	242,969	13,212,474
Vehicles	4,023,581	587,241	103,273	4,507,549
Infrastructure	157,585,795	12,148,826	-	169,734,621
Total accumulated depreciation	<u>184,496,604</u>	<u>14,456,391</u>	<u>519,717</u>	<u>198,433,278</u>
Capital assets being depreciated, net	<u>307,267,982</u>	<u>(7,951,554)</u>	<u>151,396</u>	<u>299,165,032</u>
Governmental activities capital assets, net	<u>\$ 343,426,306</u>	<u>\$ (6,000,404)</u>	<u>\$ 2,198,155</u>	<u>\$ 335,227,747</u>
	Balance at July 1, 2014	Additions	Disposals	Balance at June 30, 2015
<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	56,749,843	10,338,661	625,420	66,463,084
Total capital assets not being depreciated	<u>68,972,102</u>	<u>10,338,661</u>	<u>625,420</u>	<u>78,685,343</u>
Capital assets being depreciated:				
Buildings	31,080,674	282,122	-	31,362,796
Machinery and equipment	12,052,841	949,974	78,271	12,924,544
Vehicles	7,488,654	576,392	33,376	8,031,670
Utility systems	106,689,171	5,308,452	1,074,503	110,923,120
Total other capital assets at historical cost	<u>157,311,340</u>	<u>7,116,940</u>	<u>1,186,150</u>	<u>163,242,130</u>
Less accumulated depreciation for:				
Buildings	8,488,325	704,900	-	9,193,225
Machinery and equipment	7,593,707	635,866	52,945	8,176,628
Vehicles	3,837,616	402,048	30,656	4,209,008
Utility systems	54,450,813	2,269,640	619,870	56,100,583
Total accumulated depreciation	<u>74,370,461</u>	<u>4,012,454</u>	<u>703,471</u>	<u>77,679,444</u>
Capital assets being depreciated, net	<u>82,940,879</u>	<u>3,104,486</u>	<u>482,679</u>	<u>85,562,686</u>
Business-type activities capital assets, net	<u>\$ 151,912,981</u>	<u>\$ 13,443,147</u>	<u>\$ 1,108,099</u>	<u>\$ 164,248,029</u>

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Depreciation:

Depreciation expense has been allocated as follows:

Governmental Activities:

General government	\$ 396,054
Public safety	1,332,007
Streets	12,038,162
Culture and recreation	295,168
Health and welfare	36,744
Economic development	<u>292,276</u>
Sub-total governmental funds depreciation	14,390,411

Depreciation on capital assets held by the City's internal service funds is charged to the various functions based upon usage	<u>65,980</u>
Total	<u><u>\$14,456,391</u></u>

Business-Type Activities:

Water	\$ 879,064
Sewer	1,369,453
Sanitation	431,171
Drainage	261,631
Conference center/hotel	926,143
Golf	<u>108,748</u>
Total Business Type Activities	3,976,210

Depreciation on capital assets held by the City's internal service funds is charged to the various functions based upon usage	<u>36,244</u>
Total	<u><u>\$ 4,012,454</u></u>

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5. Internal and Interfund Balances and Transfers

Internal and Interfund Balances:

Interfund receivables and payables at June 30, 2015 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	\$ 50,653	Surplus properties sales proceeds to be distributed
General Fund	Comm Dev Block Grant	25,504	To cover negative balance in pooled cash
General Fund	Grant Fund	10,383	To cover negative balance in pooled cash
General Fund	Fire Fund	1,454,534	Long-term loan for capital improvements
Police Fund	General Fund	1,082,932	Restricted sales tax payable
Police Fund	Grant Fund	1,682	Capital outlay subsidy
Police Fund	Surplus Property	83,224	Surplus properties sales proceeds to be distributed
Juvenile Fund	Surplus Property	780	Surplus properties sales proceeds to be distributed
Fire Fund	General Fund	875,589	Restricted sales tax payable
Fire Fund	Surplus Property	3,608	Surplus properties sales proceeds to be distributed
Welcome Center	Surplus Property	323	Surplus properties sales proceeds to be distributed
Convention & Visitor Bureau	Surplus Property	148	Surplus properties sales proceeds to be distributed
Emergency Operating Fund	Surplus Property	287	Surplus properties sales proceeds to be distributed
CDBG	Surplus Property	1,222	Surplus properties sales proceeds to be distributed
Downtown Redevelopment	Reimbursed Project	184,121	Long-term loan for capital improvements
Hospital Authority	29th and Douglas	289,774	Long-term loan
Hospital Authority	Surplus Property	2,689	Surplus properties sales proceeds to be distributed
Capital Improvements Fund	Hotel & Conference Center	410,000	Capital outlay subsidy
Fleet Services Fund	Surplus Property	75	Surplus properties sales proceeds to be distributed
Sewer Construction Fund	Surplus Property	54	Surplus properties sales proceeds to be distributed
Sewer Construction Fund	Tax Increment Financing Fund	1,149,550	Long-term loan for economic improvements
Sewer Construction Fund	Capital Improve Revenue Bond	31,589	To cover capital improvements
Sanitation Fund	Surplus Property	48,845	Surplus properties sales proceeds to be distributed
Water Fund	Surplus Property	13,119	Surplus properties sales proceeds to be distributed
Utility Services	Utility Capital Outlay	58,958	To cover capital improvements
Hotel/Conference Center	Surplus Property	8,777	Surplus properties sales proceeds to be distributed
Golf	Surplus Property	10,123	Surplus properties sales proceeds to be distributed
Customer Deposit	Water Fund	1,198	Meter deposit liability
		<u>\$ 5,799,741</u>	

Reconciliation to Fund Financial Statements:	Due From Other Funds	Advance From Other Funds	Due To Other Funds	Advance To Other Funds	Net Internal Balances
Governmental Funds	\$ 2,549,024	\$ 1,928,429	\$ 1,996,090	\$ 2,819,794	\$ (338,431)
Proprietary Funds	141,074	1,181,139	470,156	289,774	\$ 562,283
Internal Service Funds	75	-	223,927	-	\$ (223,852)
Total	<u>\$ 2,690,173</u>	<u>\$ 3,109,568</u>	<u>\$ 2,690,173</u>	<u>\$ 3,109,568</u>	<u>\$ -</u>

Reconciliation to Statement of Net Position:	
Net Internal Balances	\$ 562,283
Internal Service Fund Activity reported in Business-Type Activities	(1,210,366)
Net Internal Balances	<u>\$ (648,083)</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, 2015 were as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>	<u>Nature of Transfer</u>	
General Fund	Fire Fund	\$ 166,000	Code Enforcement Allocation	
General Fund	Sanitation Fund	763,936	Indirect Cost Allocation	
General Fund	Water Fund	748,459	Indirect Cost Allocation	
General Fund	Sewer Fund	814,006	Indirect Cost Allocation	
General Fund	Utility Debt Service	8,237,446	Debt Service Subsidy	
General Fund	Special Police Project	9,942	Grant Subsidy	
General Gov Sales Tax	General Fund	66,631	Capital Outlay Subsidy	
General Gov Sales Tax	Capital Outlay	500,000	Close Capital Outlay Fund	
General Gov Sales Tax	GO Debt Service	42,539	Capital Outlay Subsidy	
Street and Alley Fund	Water Fund	14,885	Reimburse Repair Cost	
Technology Fund	Emergency Operations Fund	43,498	Contract Cost Allocation	
Police Fund	General Fund	9,506,621	Ordinance Obligation	
Juvenile Fund	General Fund	25,000	Operating Subsidy	
Fire Fund	General Fund	7,606,742	Ordinance Obligation	
Fire Fund	Grants Fund	21,085	Grant Subsidy	
Police Impound Fund	Grants Fund	1,740	Grant Subsidy	
Convention & Visitors Bureau	General Fund	10,000	Ordinance Obligation	
Emergency Management Fund	Grants Fund	11,255	Grant Subsidy	
Community Development Block Grant	General Fund	140,059	City Match of CDBG Program	
Hospital Authority	29th & Douglas Fund	275,000	Return on owners investment	
Capital Improvement Fund	Conference Center / Hotel Fund	360,000	Capital Outlay Subsidy	
Capital Improvement Fund	Revenue Bond Sinking Fund	248,586	Capital Outlay Subsidy	
Trailer Park Fund	Downtown Redevelopment Authority	127,400	Debt Service Subsidy	
Utilities Capital Outlay	Utility Debt Service	750,000	Capital Outlay Subsidy	
Utilities Capital Outlay	Cap Water Improve	250,000	Capital Outlay Subsidy	
Water Fund	Customer Deposits Fund	37,863	Interest earnings	
Utility Authority	Grant Fund	117,123	Capital Outlay Subsidy	
Utility Authority	Downtown Redevelopment Authority	250,000	Capital Outlay Subsidy	
Utility Authority	Hospital Authority	800,000	Capital Outlay Subsidy	
Capital Improvement Revenue Bond Fund	Sewer Construction Fund	2,638,544	Debt Service Subsidy	
Capital Improvement Revenue Bond Fund	Utility Debt Service	5,263,641	Debt Service Subsidy	
Capital Improvement Revenue Bond Fund	General Fund	8,237,446	Debt Service Subsidy	
		<u>\$ 48,085,447</u>		
Reconciliation to Fund Financial Statements:		<u>Transfers From Other Funds</u>	<u>Transfers To Other Funds</u>	<u>Net Transfers</u>
Governmental Funds		\$ 29,613,430	\$ (33,470,308)	\$ (3,856,878)
Proprietary Funds		18,472,017	(14,615,139)	3,856,878
Total		<u>\$ 48,085,447</u>	<u>\$ (48,085,447)</u>	<u>\$ -</u>

6. Long-Term Liabilities

The City's long term debt consists of general obligation bonds, notes payable, revenue bonds payable accrued compensated absences, net OPEB obligation and net pension obligation. For the year ended June 30, 2015, the City's long-term debt balances changed as follows:

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Primary Government:

<u>Type of Debt</u>	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2015</u>	<u>Due Within One Year</u>
Governmental Activities:					
General Obligation Bonds	\$ 5,500,000	\$ -	\$ 1,400,000	\$ 4,100,000	\$ 1,400,000
Notes Payable	23,170,765	-	579,006	22,591,759	608,693
Accrued Compensated Absences	4,247,697	2,536,825	2,569,453	4,215,069	1,391,387
Total Governmental Activities	<u>\$ 32,918,462</u>	<u>\$ 2,536,825</u>	<u>\$ 4,548,459</u>	<u>30,906,828</u>	<u>3,400,080</u>
Reconciliation to Statement of Net Position:					
Plus: Net OPEB Obligation				6,346,743	-
Net Pension Liability				24,598,661	-
Refundable Deposits				82,089	82,089
				<u>\$ 61,934,321</u>	<u>\$ 3,482,169</u>
Business-Type Activities:					
Notes Payable	\$ 634,509	\$ -	\$ 206,380	\$ 428,129	\$ 212,039
Revenue Bonds Payable	65,845,000	-	3,930,000	61,915,000	4,055,000
Revenue Bonds Premium	2,884,806	-	265,891	2,618,915	-
Refundable Deposits	1,406,240	487,125	459,554	1,433,811	180,963
Accrued Compensated Absences	1,102,146	888,409	769,827	1,220,728	431,616
Total Business-Type Activities	<u>\$ 71,872,701</u>	<u>\$ 1,375,534</u>	<u>\$ 5,631,652</u>	<u>\$ 67,616,583</u>	<u>\$ 4,879,618</u>
Reconciliation to Statement of Net Position:					
Plus: Net OPEB Obligation				2,023,599	-
				<u>\$ 69,640,182</u>	<u>\$ 4,879,618</u>

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:

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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. Final maturity in May 2021. Current portion \$325,000. \$ 1,950,000

\$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. Final maturity in February 2017. Current portion \$1,075,000. 2,150,000

Total general obligation bonds \$ 4,100,000

Current	\$ 1,400,000
Non-current	<u>2,700,000</u>
Total	<u>\$ 4,100,000</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. \$ 22,591,759

Total notes payable \$ 22,591,759

Current	\$ 608,693
Non-current	<u>21,983,066</u>
Total	<u>\$ 22,591,759</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%.

	\$ 24,030,000
Unamortized Revenue Bond Premium	103,936
Total Revenue Bonds, Net	<u>\$ 24,133,936</u>

	\$ 915,000
Current	23,115,000
Non-current	<u>\$ 24,030,000</u>
Total	<u>\$ 24,030,000</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%.

	\$ 37,885,000
Unamortized Revenue Bond Premium	2,514,979
Total Revenue Bonds, Net	<u>\$ 40,399,979</u>

	\$ 3,140,000
Current	34,745,000
Non-current	<u>\$ 37,885,000</u>
Total	<u>\$ 37,885,000</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>\$ 428,129</u>
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	\$ 212,039
Current	216,090
Non-current	<u>\$ 428,129</u>
Total	<u>\$ 428,129</u>

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

<u>Year Ending June 30,</u>	Governmental-Type Activities			
	G.O. Bonds Payable		Notes Payable	
	Principal	Interest	Principal	Interest
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	325,000	25,675	19,929,041	462,927
2021	325,000	12,837	-	-
	<u>\$ 4,100,000</u>	<u>\$ 438,900</u>	<u>\$ 22,591,759</u>	<u>\$ 5,226,324</u>

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Business-Type Activities

<u>Year Ending June 30,</u>	<u>Notes Payable</u>		<u>Revenue Bonds Payable</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
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	-	-	4,715,000	1,774,662
2021-2025	-	-	26,725,000	5,762,250
2026-2030	-	-	6,870,000	2,040,553
2031-2034	-	-	6,545,000	553,678
	<u>\$ 428,129</u>	<u>\$ 17,664</u>	<u>\$ 61,915,000</u>	<u>\$ 19,090,519</u>

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 \$33,912,444. Pledged sales taxes transferred in the current year was \$13,731,761. Debt service payments on 2011 Revenue Bonds of \$1,794,625 for the current fiscal year were 13.1% 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 \$17,436,401.

Sales Tax Pledge - The City has pledged one-fourth of one percent (or .25%) 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 \$47,093,075. Pledged sales taxes transferred in the current year was \$13,731,761. Debt service payments on the bonds were \$4,711,103 for the current fiscal year or 34.3% 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 \$17,436,401.

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 \$445,793. Water revenues received in the current year was \$6,065,195. Debt service payments of \$223,778 for the current fiscal year were 3.7% of pledged water revenue.

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7. Net Position and Fund Balances

The following table shows the net position as restricted:

Fund	Restricted By	Amount
Hospital Authority	Enabling legislation	\$ 75,153,265
Technology Fund	Enabling legislation	525,818
Police Impound Fund	Enabling legislation	113,444
Urban Renewal Authority	Enabling legislation	3,804
Capital Outlay Reserve Fund	Enabling legislation	746,652
General Fund	Enabling legislation	122,365
		<u>76,665,348</u>
Street and Alley Fund	Statutory requirements	1,725,959
Juvenile Fund	Statutory requirements	107,717
Police Special Projects	Statutory requirements	178,866
Police Lab Fee	Statutory requirements	22,161
		<u>2,034,703</u>
Grant Fund	External contracts	286,045
General Fund	External contracts	1,307,029
Police Fund	External contracts	3,370,406
Fire Fund	External contracts	728,060
Park and Recreation Fund	External contracts	409,930
Emergency Operation Fund	External contracts	771,178
Welcome Center	External contracts	335,419
Convention and Visitors Bureau	External contracts	163,735
GO Debt Service Fund	External contracts	1,418,943
2002 GO Street Bond	External contracts	3,216,495
Downtown Redevelopment	External contracts	1,818,804
Dedicated Tax Fund	External contracts	692,030
Sales Tax Capital Improvements	External contracts	1,024,312
Capital Improvement Fund	External contracts	2,449,194
General Government Sales Tax Fund	External contracts	1,461,305
		<u>19,452,885</u>
Total Restricted Net Position		<u>\$ 98,152,936</u>

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The following table shows the fund balance classifications as shown on the Governmental Funds Balance Sheet:

	General Fund	Major Special Revenue Funds			Other Governmental Fund	Total
		Police Fund	Fire Fund	Hospital Authority		
Fund Balance:						
Nonspendable:						
Inventory	\$ -	\$ -	\$ -	\$ -	\$ 60,000	\$ 60,000
Deposits held by others	-	-	-	4,193,251	689,600	4,882,851
Prepaid expenses	4,199	-	-	-	-	4,199
	<u>4,199</u>	<u>-</u>	<u>-</u>	<u>4,193,251</u>	<u>749,600</u>	<u>4,947,050</u>
Restricted:						
Public safety	691,090	3,370,406	728,060	-	1,193,368	5,982,924
Hospital	-	-	-	76,813,207	-	76,813,207
General obligation debt service	-	-	-	-	1,364,980	1,364,980
Capital improvements	-	-	-	-	7,167,986	7,167,986
Street improvements	-	-	-	-	4,240,807	4,240,807
Street operations	-	-	-	-	1,725,959	1,725,959
Technology improvements	-	-	-	-	525,818	525,818
Culture and rec programs	244,526	-	-	-	745,349	989,875
Economic development	466,381	-	-	-	453,582	919,963
Health and welfare programs	27,397	-	-	-	-	27,397
Sub-total restricted	<u>1,429,394</u>	<u>3,370,406</u>	<u>728,060</u>	<u>76,813,207</u>	<u>17,417,849</u>	<u>99,758,916</u>
Assigned in:						
Culture and rec programs	170,382	-	-	-	-	170,382
Downtown redevelopment	-	-	-	-	1,021,943	1,021,943
Health and welfare programs	46,580	-	-	-	-	46,580
Capital improvements	-	-	-	-	752,517	752,517
Public safety	812,236	-	-	-	2,153	814,389
Streets	60,022	-	-	-	34,060	94,082
Retiree health claims	101,309	-	-	-	-	101,309
Appropriation for use in FY 15-16 budget	424,456	-	-	-	-	424,456
General government - encumbrances	30,713	-	-	-	-	30,713
Public safety - encumbrances	660	-	-	-	-	660
Public works - encumbrances	13,037	-	-	-	-	13,037
Culture and rec - encumbrances	3,668	-	-	-	-	3,668
Economic development - encumbrances	3,752	-	-	-	-	3,752
Health and welfare - encumbrances	7,450	-	-	-	-	7,450
Sub-total assigned	<u>1,674,265</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,810,673</u>	<u>3,484,938</u>
Unassigned (deficit):	4,299,398	-	-	-	(1,181,139)	3,118,259
TOTAL FUND BALANCE	<u>\$ 7,407,256</u>	<u>\$ 3,370,406</u>	<u>\$ 728,060</u>	<u>\$ 81,006,458</u>	<u>\$ 18,796,983</u>	<u>\$ 111,309,163</u>

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The following is a breakdown of encumbrances at June 30, 2015:

Fund	Balance
Major Funds:	
General Fund	\$ 138,141
Police Fund	134,009
Fire Fund	83,339
Hospital Authority	75,027
	\$ 430,516
Non Major Fund:	
General Govt Sales Tax	\$ 266,235
Street and Alley Fund	213,177
Technology Fund	763
Police Federal Projects	76
Police Lab Fund	2,203
Welcome Center Fund	510
Convention and Visitor Bureau	6,477
Street Tax Fund	46,301
Emergency Operations Fund	4,534
Park and Recreation Fund	6,382
Grant Fund	5,564
Capital Improvement Fund	293,299
Downtown Redevelopment Fund	82,582
2002 GO Street Bond Fund	3,505
	\$ 931,608

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 funds: 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.

The City restated beginning net position as follows:

	Governmental Activities	Proprietary Funds	Business Type Activities	Internal Service Funds
Beginning net position, as previously reported	\$ 431,734,041	\$ 111,023,402	\$ 109,756,526	\$ (5,198,153)
Implementation of GASB Pension Statements 68 & 71, recognition of beginning net pension liability (asset), deferred outflows for contributions made after the measurement date:				
Net pension liability	(31,831,977)	-	-	-
Deferred outflows	2,086,204	-	-	-
Correction of allocation of Net OPEB Obligation	2,082,937	(2,082,938)	(2,082,937)	8,087,659
Beginning net position, restated	\$ 404,071,205	\$ 108,940,464	\$ 107,673,589	\$ 2,889,506

8. 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 with stop-loss for individual claims in excess of \$250,000 and aggregate stop loss of \$1,000,000.
- Physical Property – Covered through purchased insurance with deductibles, by coverage as follows:

Wind/hail	\$100,000
All other losses	25,000
EDP	1,000
Inland marine	5,000
Fine arts deductible	1,000
Automobile physical damage	5,000

- Workers' Compensation – Workers' compensation is covered through self-insurance with the a third party administering the claims process. The City carry's stop-loss insurance for individual claims in excess of \$450,000 for non-uniform employees and \$150,000 for uniform employees with an aggregate stop loss of \$1,000,000.
- 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 with aggregate stop loss of \$6,243,193.

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. 10, 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 June 30, 2012, to June 30, 2015, are as follows:

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	<u>Risk Fund</u>	<u>Health Care</u>	<u>Total</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	2,241,000	532,770	2,773,770
Claims and changes in estimates	806,158	6,799,627	7,605,785
Claims payments	<u>(842,158)</u>	<u>(6,792,826)</u>	<u>(7,634,984)</u>
Claims liability, June 30, 2015	<u>\$ 2,205,000</u>	<u>\$ 539,571</u>	<u>\$ 2,744,571</u>

9. 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 Police Pension and Retirement Systems

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oklahoma Police Pension & Retirement System (OPPRS) and additions to/deductions from OPPRS's fiduciary net position have been determined on the same basis as they are reported by OPPRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

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

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normal retirement. Participants who have completed 10 years of credited service may elect a vested benefit in lieu of having their accumulated contributions refunded. If the vested benefit is elected, the participant is entitled to a monthly retirement benefit commencing on the date the participant reaches 50 years of age or the date the participant would have had 20 years of credited service had employment continued uninterrupted, whichever is later.

Monthly retirement benefits are calculated at 2.5% of the final average salary (defined as the average paid base salary of the officer over the highest 30 consecutive months of the last 60 months of credited service) multiplied by the years of credited service, with a maximum of 30 years of credited service considered.

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

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

Contributions - The contributions requirements of the Plan are at an established rate determine by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 8% of their annual pay. Participating cities are required to contribute 13% of the employees' annual pay. Contributions to the pension plan from the City were \$1,039,524. The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of \$788,612 this is reported as both revenue and expenditure in the Police Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on as accrual basis of \$718,350. These on-behalf payments did not meet the criteria of a special funding situation.

The City's contract with the union provides that member contributions will be 3% and employer contributions will be 18%.

Pension Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2015, the City reported an asset of \$772,001 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of June 30, 2014. The City's proportion of the net pension asset was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2014. Based upon this information, the City's proportion was 2.2929%.

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For the year ended June 30, 2015, the City recognized pension expense of \$282,969. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 346,837
Net difference between projected and actual earnings on pension plan investments	-	2,713,459
City contributions subsequent to the measurement date	1,039,524	-
Total	\$ 1,039,524	\$ 3,060,296

The \$1,039,524 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
	2016	\$ (750,174)
	2017	(750,174)
	2018	(750,174)
	2019	(750,173)
	2020	(59,601)
	Thereafter	-

Actuarial Assumptions-The total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation:	3%
Salary increases:	4.5% to 17% average, including inflation
Investment rate of return:	7.5% net of pension plan investment expense
Mortality rates:	Active employees (pre-retirement) RP-2000 Blue Collar Healthy Combined table with age set back 4 years with fully generational improvement using Scale AA.

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

Disabled pensioners: RP-2000 Blue Collar Healthy Combined table with age set forward 4 years with fully generational improvement using Scale AA.

The actuarial assumptions used in the July 1, 2014, valuation were based on the results of an actuarial experience study for the period July 1, 2007, to June 30, 2012.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014, are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	2.83%
Domestic equity	6.47%
International equity	6.98%
Real estate	5.50%
Private equity/debt	5.96%
Commodities	3.08%

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

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

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

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	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Employers' net pension liability (asset)	\$ 4,593,238	\$ (772,001)	\$ (5,293,688)

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

Oklahoma Fire Pension and Retirement Systems

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oklahoma Firefighters Pension & Retirement System (FPRS) and additions to/deductions from FPRS's fiduciary net position have been determined on the same basis as they are reported by FPRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

Benefits provided - FPRS provides retirement, disability, and death benefits to members of the plan. Benefits for members hired prior to November 1, 2013 are determined as 2.5 percent of the employee's final average compensation times the employee's years of service and have reached the age of 50 or have complete 20 years of service, whichever is later. For volunteer firefighters, the monthly pension benefit for normal retirement is \$150.60 per month. Benefits vest with 10 years or more of service

Benefits for members hired after November 1, 2013 are determined as 2.5 percent of the employee's final average compensation times the employee's years of service and have reached the age of 50 or have complete 22 years of service, whichever is later. For volunteer firefighters, the monthly pension benefit for normal retirement is \$165.66 per month. Benefits vest with 11 years or more of service

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

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

Contributions - The contributions requirements of the Plan are at an established rate determine by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 9% percent of their annual pay. Participating cities are required to contribute 14% of the employees' annual pay. Contributions to the pension plan from the City were \$1,111,300. The State of Oklahoma also made on-behalf contributions to FPRS in the amount of \$2,460,255 this is reported as both a revenue and an expenditure in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$1,902,769. These on-behalf payments did not meet the criteria of a special funding situation.

The City's contract with the union provides that member contributions will be 5% and employer contributions will be 18%.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2015, the City reported a liability of \$24,598,661 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014. The City's proportion of the net pension liability was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2014. Based upon this information, the City's proportion was 2.39206%.

For the year ended June 30, 2015, the City recognized pension expense of \$2,209,285. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 586,098	\$ -
Net difference between projected and actual earnings on pension plan investments	-	3,723,563
City contributions subsequent to the measurement date	1,111,300	-
Total	<u>\$ 1,697,398</u>	<u>\$ 3,723,563</u>

The \$1,111,300 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension

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liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
	2016	\$ (821,748)
	2017	(821,748)
	2018	(821,748)
	2019	(821,748)
	2020	109,143
	Thereafter	40,383

Actuarial Assumptions-The total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all prior periods included in the measurement:

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

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

The actuarial assumptions used in the July 1, 2014, valuation were based on the results of an actuarial experience study for the period July 1, 2007, to June 30, 2012.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	20%	2.48%
Domestic equity	37%	6.61%
International equity	20%	6.24%
Real estate	10%	4.76%
Other assets	13%	3.88%

Discount Rate-The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, determined by State statutes. Projected cash flows also assume the State of Oklahoma will continue contributing 36% of the insurance premium, as established by statute. Based

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on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Employers' net pension liability	\$ 32,120,657	\$ 24,598,661	\$ 18,292,297

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

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 participating in a state sponsored plan. According to City Ordinance, the employee and employer are required to contribute amounts equal to 0.0% and 14%, 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, 2015, the City contributed \$2,066,663 to the plan, while the employee contributions totaled \$3,448.

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.

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10. 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 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. The plan does not issue separate financial statements.

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 2015, the actuarially expected City contribution in the form of net age adjustment was \$1,216,285 to the Plan. Plan members receiving benefits contributed \$991,927 of the total premiums, through their payment of the full determined premium in FY 2015.

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, 2015:

Amortization of Actuarial Accrued Liability (AAL)	\$	1,293,611
Normal Cost		320,684
Interest on Net OPEB Obligation		384,164
Amortization of Net OPEB Obligation		(499,491)
Annual OPEB cost (expense)		1,498,968
Expected net benefits during the year		(1,216,285)
Increase in net OPEB obligation		282,683
Net OPEB obligation—beginning of year		8,087,659
Net OPEB obligation—end of year	\$	8,370,342

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

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Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/13	\$ 2,718,990	51%	\$ 6,751,831
6/30/14	\$ 2,718,990	51%	\$ 8,087,659
6/30/15	\$ 1,498,968	81%	\$ 8,370,342

Funded Status and Funding Progress. As of July 1, 2014, the most recent actuarial valuation date, the Plan was not funded. The actuarial accrued liability (AAL) for benefits was \$20,823,987, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$20,823,987. The covered payroll (annual payroll of active employees covered by the plan) was \$30.3 million, and the ratio of the UAAL to the covered payroll was 68.77 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, 2014, 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 2019. 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, 2014, was thirty years. As of the date of this valuation, there are no plan assets.

The city accounts for the retiree health benefits in an account of the General Fund. The Net OPEB Obligation is shared by the governmental activities and the proprietary funds based upon their percentage of current employees. The governmental activities and the proprietary funds record \$6,346,743 and \$2,023,599, respectively, of the Net OPEB Obligation. In the governmental activities the obligation is shared by the general government function \$2,667,472, the police function \$2,207,563, and the fire function \$1,471,708.

11. 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, 2015, the city reported a deficit fund balance of \$1,181,139 in the Tax Increment Financing Fund. This deficit is due to transfers out at the end of the fiscal year.

12. Commitments and Contingencies

Construction Contracts Outstanding

The following construction contracts were outstanding at June 30, 2015:

SCADA system	\$ 521,105
Sewer plant construction	871,576
Biosolids composting facility	422,952
	<u>\$ 1,815,633</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. 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

Midwest Regional Medical Center, now known as Alliance Health Midwest, is being operated by a private for-profit corporation under a lease agreement with the Midwest City Memorial Hospital Authority and the City of Midwest City. In January 2014, that corporation was acquired by a third party. Under the terms of the lease agreement, the Authority had to be provided a right of first refusal which provided an opportunity to terminate the lease under certain circumstances. As part of the right of first refusal process, the Authority paid a good faith deposit of \$4,193,251 but rescinded its exercise of its right of first refusal allowing the acquiring company to continue operating the hospital. The Authority believes that the deposit should now be refunded and has recorded the payment as a refundable deposit in its financial statements. The lessee is disputing this 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 Authority believes that it will ultimately recover the deposit and no provision has been made for any loss should they be unsuccessful in recovering the deposit.

13. 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. 72, *Fair Value Measurement and Application* – GASB No. 72 was issued in February 2015, and addresses issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. Statement is effective for financial statements for period beginning after June 15, 2015. At this time, the impact to the city is unknown.

Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68* – GASB No. 73 was issued in June 2015 and establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68 for pension plans and pensions that are within their respective scopes. The requirements of this Statement that address accounting and financial reporting by employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68 are effective for financial statements for fiscal years beginning after June 15, 2016, and the requirements of this Statement that address financial reporting for assets accumulated for purposes of providing those pensions are effective for fiscal years beginning after June 15, 2015. The requirements of this Statement for pension plans that are within the scope of Statement 67 or for pensions that are within the scope of Statement 68 are effective for fiscal years beginning after June 15, 2015. At this time the impact to the city is unknown.

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* - GASB No. 74 was issued in June 2015, and replaces Statements No. 43, *Financial Reporting for*

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Postemployment Benefit Plans Other Than Pension Plans, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*. This Statement is effective for financial statements for fiscal years beginning after June 15, 2016. At this time the impact to the city is unknown.

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* – GASB No. 75 was issued in June 2015, and addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For a defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. This Statement is effective for fiscal years beginning after June 15, 2017. The City has not yet determined the impact that implementation of GASB 75 will have on its net position, although it may be material.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* – GASB No. 76 was issued in June 2015, and was issued to identify the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015. At this time the impact to the city is unknown.

GASB Statement No. 77, *Tax Abatement Disclosures* - GASB 77 was issued in August 2015, and establishes financial reporting standards for tax abatement agreements entered into by state and local governments. The disclosures required by this Statement encompass tax abatements resulting from both (a) agreements that are entered into by the reporting government and (b) agreements that are entered into by other governments and that reduce the reporting government’s tax revenues. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015. At this time the impact to the city is unknown.

GASB Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans* - GASB 78 was issued in December 2015, and amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or

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local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. The statement does not affect the city's financial statements.

GASB Statement No. 79, Certain External Investment Pools and Pool Participants – GASB 79 was issued in December 2015, and addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. Significant noncompliance prevents the external investment pool from measuring all of its investments at amortized cost for financial reporting purposes. Professional judgment is required to determine if instances of noncompliance with the criteria established by this Statement during the reporting period, individually or in the aggregate, were significant. The requirements of this Statement are effective for reporting periods beginning after June 15, 2015, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing. Those provisions are effective for reporting periods beginning after December 15, 2015. At this time, the impact to the city is unknown.

GASB Statement No. 80, Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14 – GASB 80 was issued in January 2016, and amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, Determining Whether Certain Organizations Are Component Units. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. At this time, the impact to the city is unknown.

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Budgetary Comparison Schedules – Year Ended June 30, 2015

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
Beginning Budgetary Fund Balance:	\$ 1,485,979	\$ 1,485,979	\$ 3,714,760	\$ 2,228,781
Resources (Inflows):				
Taxes	23,050,321	23,050,321	22,995,750	(54,571)
Charges for services	503,541	456,002	459,334	3,332
Fines and forfeitures	1,721,218	503,541	458,397	(45,144)
Licenses and permits	264,529	1,721,218	1,635,488	(85,730)
Investment income	138,330	264,529	246,056	(18,473)
Intergovernmental	456,002	138,330	123,724	(14,606)
Miscellaneous	213,874	213,874	259,635	45,761
Total Resources (Inflows)	<u>26,347,815</u>	<u>26,347,815</u>	<u>26,178,384</u>	<u>(169,431)</u>
Amounts available for appropriation	<u>27,833,794</u>	<u>27,833,794</u>	<u>29,893,144</u>	<u>2,059,350</u>
Charges to Appropriations (Outflows):				
City Manager	567,813	568,399	446,581	121,818
City Clerk	571,478	573,603	538,491	35,112
Personnel	387,036	387,752	342,862	44,890
City Attorney	99,289	99,340	97,977	1,363
Community Development	1,738,659	1,745,720	1,511,875	233,845
Park & Recreation	586,191	592,227	542,003	50,224
Finance	677,336	678,390	617,585	60,805
Animal Welfare	427,334	3,044,658	2,852,985	191,673
Streets	2,957,531	427,873	393,059	34,814
General Government	1,118,148	1,124,852	997,874	126,978
Neighborhood Services	1,045,065	1,049,817	996,338	53,479
Information Technology	452,301	457,504	407,595	49,909
Emergency Response	907,108	907,601	894,969	12,632
Swimming Pools	275,368	277,496	258,136	19,360
Total Charges to Appropriations	<u>11,810,657</u>	<u>11,935,232</u>	<u>10,898,330</u>	<u>1,036,902</u>
Other financing sources (uses)				
Transfers from other funds	10,751,358	10,759,058	10,732,703	(26,355)
Transfers to other funds	(25,593,429)	(25,617,060)	(25,478,325)	138,735
Total other financing sources (uses)	<u>(14,842,071)</u>	<u>(14,858,002)</u>	<u>(14,745,622)</u>	<u>112,380</u>
Ending Budgetary Fund Balance	<u>\$ 1,181,066</u>	<u>\$ 1,040,560</u>	<u>\$ 4,249,192</u>	<u>\$ 3,208,632</u>

See accompanying notes to this schedule.

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POLICE FUND				
	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 1,222,412	\$ 1,222,412	\$ 2,034,193	\$ 811,781
Resources (Inflows):				
Taxes	2,864,628	2,864,628	2,851,911	(12,717)
Charges for services	98,170	98,170	97,299	(871)
License and permits	-	-	3,600	3,600
Investment income	70,974	70,974	68,137	(2,837)
Fines and forfeitures	152,616	152,616	131,371	(21,245)
Miscellaneous	-	33,722	60,663	26,941
Total Resources (Inflows)	3,186,388	3,220,110	3,212,981	(7,129)
Amounts available for appropriation	4,408,800	4,442,522	5,247,174	804,652
Charges to Appropriations (Outflows):				
Public Safety	13,449,445	13,712,771	12,678,614	1,034,157
Total Charges to Appropriations	13,449,445	13,712,771	12,678,614	1,034,157
Other financing sources (uses)				
Transfers from other funds	9,525,108	9,525,108	9,466,990	(58,118)
Total other financing sources (uses)	9,525,108	9,525,108	9,466,990	(58,118)
Ending Budgetary Fund Balance	\$ 484,463	\$ 254,859	\$ 2,035,550	\$ 1,780,691

FIRE FUND				
	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 1,057,480	\$ 1,057,480	\$ 2,140,417	\$ 1,082,937
Resources (Inflows):				
Taxes	2,560,363	2,560,363	2,548,996	(11,367)
Intergovernmental	-	-	678	678
Charges for services	15,120	15,120	23,804	8,684
Investment income	52,052	52,052	53,120	1,068
Licenses and permits	10,178	10,178	11,135	957
Miscellaneous	62,500	67,500	47,546	(19,954)
Total Resources (Inflows)	2,700,213	2,705,213	2,685,279	(19,934)
Amounts available for appropriation	3,757,693	3,762,693	4,825,696	1,063,003
Charges to Appropriations (Outflows):				
Public Safety	10,697,582	11,317,868	10,774,408	543,460
Total Charges to Appropriations	10,697,582	11,317,868	10,774,408	543,460
Other financing sources (uses)				
Transfers from other funds	7,621,689	7,644,969	7,595,784	(49,185)
Transfers to other funds	(16,600)	(166,000)	(166,000)	-
Total other financing sources (uses)	7,605,089	7,478,969	7,429,784	(49,185)
Ending Budgetary Fund Balance	\$ 665,200	\$ (76,206)	\$ 1,481,072	\$ 1,557,278

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.

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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 Hospital Authority does not present and budget to actual comparison because it is a Title 60 Public Trust. Title 60 Trust are required to prepare a budget and submit to the beneficiary, but there are no requirements related to form, content or monitoring.

4. The budgetary basis differs from the modified accrual (GAAP) basis as shown in the schedules below:

GENERAL FUND	Fund Balance June 30, 2014	Net Change in Fund Balance	Fund Balance June 30, 2015
Budget to GAAP Reconciliation:			
Fund Balance - GAAP Basis	\$ 6,206,294	\$ 1,200,962	\$ 7,407,256
Increases (Decreases):			
Revenues:			
Receivable	(3,166,128)	(4,560)	(3,170,688)
Change in fair value of investments	191,000	(184,532)	6,468
Expenditures:			
Payables	2,437,963	125,032	2,562,995
Encumbrances	(118,276)	58,995	(59,281)
Other expenditures	80,209	(80,209)	-
Impact of combining accounts:			
Reimbursed Projects Account	(276,943)	(369,839)	(646,782)
Employee Activity Account	(12,534)	(3,341)	(15,875)
Activity Account	(269,904)	(33,111)	(303,015)
Animals Best Friend Account	(38,462)	(33,410)	(71,872)
Disaster Relief Account	(1,318,459)	(40,246)	(1,358,705)
Retiree Health Claims	-	(101,309)	(101,309)
Fund Balance - Budgetary Basis	\$ 3,714,760	\$ 534,432	\$ 4,249,192

POLICE FUND	Fund Balance June 30, 2014	Net Change in Fund Balance	Fund Balance June 30, 2015
Budget to GAAP Reconciliation:			
Fund Balance - GAAP Basis	\$ 3,294,408	\$ 75,998	\$ 3,370,406
Increases (Decreases):			
Revenues:			
Receivable	(1,564,826)	(48,200)	(1,613,026)
Change in fair value of investments	98,562	(94,986)	3,576
Expenditures:			
Payables	206,049	68,545	274,594
Fund Balance - Budgetary Basis	\$ 2,034,193	\$ 1,357	\$ 2,035,550

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FIRE FUND	Fund Balance June 30, 2014	Net Change in Fund Balance	Fund Balance June 30, 2015
Budget to GAAP Reconciliation:			
Fund Balance - GAAP Basis	\$ 1,302,765	\$ (574,705)	\$ 728,060
Increases (Decreases):			
Revenues:			
Receivable	(1,181,961)	(18,703)	(1,200,664)
Change in fair value of investments	77,641	(76,800)	841
Expenditures:			
Payables	1,941,972	10,863	1,952,835
Fund Balance - Budgetary Basis	<u>\$ 2,140,417</u>	<u>\$ (659,345)</u>	<u>\$ 1,481,072</u>

Required Supplementary Information – Pension

**SCHEDULE OF THE CITY OF MIDWEST CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
OKLAHOMA FIREFIGHTERS PENSION & RETIREMENT SYSTEM
Last 10 Fiscal Years***

	<u>2014</u>
City's proportion of the net pension liability	2.392%
City's proportionate share of the net pension liability	\$ 24,598,661
City's covered-employee payroll	\$ 7,151,904
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	344%
Plan fiduciary net position as a percentage of the total pension liability	68.12%

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

Notes to Schedule:

Only the current fiscal year is presented because 10-year data is not yet available.

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**SCHEDULE OF THE CITY OF MIDWEST CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
OKLAHOMA POLICE PENSION & RETIREMENT SYSTEM
Last 10 Fiscal Years***

	<u>2014</u>
City's proportion of the net pension liability (asset)	2.2929%
City's proportionate share of the net pension liability (asset)	\$ (772,001)
City's covered-employee payroll	\$6,571,604
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	(11.75%)
Plan fiduciary net position as a percentage of the total pension liability (asset)	101.53%

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

Notes to Schedule:

Only the current fiscal year is presented because 10-year data is not yet available.

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

	<u>2015</u>
Statutorily required contribution	\$ 1,001,267
Contributions in relation to the statutorily required contribution	<u>1,064,424</u>
Contribution deficiency (excess)	<u>\$ (63,157)</u>
City's covered-employee payroll	\$ 7,151,904
Contributions as a percentage of covered-employee payroll	14.88%

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

Notes to Schedule:

Only the current fiscal year is presented because 10-year data is not yet available.

The City's contract with the union provides that member contributions will be 5% and employer contributions will be 18%.

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

	2015
Statutorily required contribution	\$ 854,309
Contributions in relation to the statutorily required contribution	1,021,780
Contribution deficiency (excess)	\$ (167,471)
City's covered-employee payroll	\$ 6,571,604
Contributions as a percentage of covered-employee payroll	15.55%

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

Notes to Schedule:

Only the current fiscal year is presented because 10-year data is not yet available.

The City's contract with the union provides that member contributions will be 3% and employer contributions will be 18%.

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:

	<u>July 1, 2010</u>	<u>July 1, 2012</u>	<u>July 1, 2014</u>
Actuarial accrued liability - AAL (a)	\$ 29,797,397	\$ 32,591,119	\$ 20,823,987
Actuarial value of plan assets (b)	-	-	-
Unfunded actuarial accrued liability - UAAL (funding excess) (a)-(b)	29,797,397	32,591,119	20,823,987
Funded ratio (b)/(a)	0%	0%	0%
Covered payroll (c)	\$ 25,016,000	\$ 28,628,580	\$ 30,280,298
UAAL (funding excess) as a % of covered payroll [UAAL/(c)]	119%	114%	69%

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OTHER SUPPLEMENTARY INFORMATION

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Combining Balance Sheet – General Fund Accounts – June 30, 2015

	General Fund Accounts							Totals
	General Fund	Reimbursed Projects Account	Employee Activity Account	Activity Account	Animals Best Friend Account	Disaster Relief Account	Retiree Health Claims Account	
ASSETS								
Cash and cash equivalents	\$ 512,421	\$ 145,362	\$ 15,875	\$ 52,403	\$ 69,763	\$ 261,649	\$ 101,309	\$ 1,158,782
Investments	2,149,342	698,189	-	250,255	-	1,107,971	-	4,205,757
Accounts receivable	894,303	37,575	-	-	7,742	176,189	-	1,115,809
Accrued interest receivable	6,187	-	-	-	-	3,189	-	9,376
Other receivable	18,337	-	-	1,430	-	-	-	19,767
Due from other governments	2,980,797	-	-	-	-	438	-	2,981,235
Due from other funds	35,887	-	-	-	-	-	-	35,887
Prepaid items	4,199	-	-	-	-	-	-	4,199
Advance from other funds	1,454,534	-	-	-	-	-	-	1,454,534
Total assets	<u>\$ 8,056,007</u>	<u>\$ 881,126</u>	<u>\$ 15,875</u>	<u>\$ 304,088</u>	<u>\$ 77,505</u>	<u>\$ 1,549,436</u>	<u>\$ 101,309</u>	<u>\$ 10,985,346</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued liabilities	\$ 176,825	\$ 50,223	\$ -	\$ 343	\$ -	\$ 12,939	\$ -	\$ 240,330
Wages payable	334,790	-	-	730	-	-	-	335,520
Due to other governments	10,770	-	-	-	-	-	-	10,770
Refundable deposits	82,089	-	-	-	-	-	-	82,089
Due to other funds	1,958,521	-	-	-	-	-	-	1,958,521
Advance to other funds	-	184,121	-	-	-	-	-	184,121
Total liabilities	<u>2,562,995</u>	<u>234,344</u>	<u>-</u>	<u>1,073</u>	<u>-</u>	<u>12,939</u>	<u>-</u>	<u>2,811,351</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue	583,314	-	-	-	5,633	177,792	-	766,739
Fund balances:								
Nonspendable	4,199	-	-	-	-	-	-	4,199
Restricted	122,365	565,948	-	148,508	25,292	567,281	-	1,429,394
Assigned	483,736	80,834	15,875	154,507	46,580	791,424	101,309	1,674,265
Unassigned	4,299,398	-	-	-	-	-	-	4,299,398
Total fund balances	<u>4,909,698</u>	<u>646,782</u>	<u>15,875</u>	<u>303,015</u>	<u>71,872</u>	<u>1,358,705</u>	<u>101,309</u>	<u>7,407,256</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 8,056,007</u>	<u>\$ 881,126</u>	<u>\$ 15,875</u>	<u>\$ 304,088</u>	<u>\$ 77,505</u>	<u>\$ 1,549,436</u>	<u>\$ 101,309</u>	<u>\$ 10,985,346</u>

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**Combining Schedule of Revenues, Expenditures and Changes in Fund Balance – General Fund
Accounts – Year Ended June 30, 2015**

	General Fund Accounts							Totals
	General Fund	Reimbursed Projects Account	Employee Activity Account	Activity Account	Animals Best Friend Account	Disaster Relief Account	Retiree Health Claims Account	
REVENUES								
Taxes	\$ 23,044,487	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,044,487
Intergovernmental	478,113	295,126	-	-	-	16,422	-	789,661
Charges for services	461,330	96,397	-	67,721	-	57,983	991,927	1,675,358
Investment income	155,468	16,987	404	7,967	1,507	71,536	-	253,869
Fines & forfeitures	1,720,275	-	-	-	24,818	-	-	1,745,093
Licenses & permits	246,058	-	-	-	-	-	-	246,058
Miscellaneous	263,601	158,691	3,336	95,128	14,552	592,390	-	1,127,698
Total revenues	26,369,332	567,201	3,740	170,816	40,877	738,331	991,927	28,882,224
EXPENDITURES								
Current:								
General government	3,466,143	13,289	7,899	-	-	698,085	890,618	5,076,034
Public Safety	902,755	357	-	-	-	-	-	903,112
Streets	2,856,353	-	-	-	-	-	-	2,856,353
Culture and recreation	790,861	14,448	-	129,479	-	-	-	934,788
Health & welfare	393,560	-	-	-	8,332	-	-	401,892
Economic development	2,519,802	43,820	-	-	-	-	-	2,563,622
Capital outlay	-	115,135	-	8,226	9,077	-	-	132,438
Debt service:								
Interest and fiscal charges	-	10,313	-	-	-	-	-	10,313
Total expenditures	10,929,474	197,362	7,899	137,705	17,409	698,085	890,618	12,878,552
Revenues over (under) expenditures	15,439,858	369,839	(4,159)	33,111	23,468	40,246	101,309	16,003,672
OTHER FINANCING SOURCES (USES)								
Transfers in	10,729,847	-	-	-	9,942	-	-	10,739,789
Transfers out	(25,542,499)	-	-	-	-	-	-	(25,542,499)
Transfers in - interaccount	-	-	7,500	-	-	-	-	7,500
Transfers out - interaccount	(7,500)	-	-	-	-	-	-	(7,500)
Total other financing sources (uses)	(14,820,152)	-	7,500	-	9,942	-	-	(14,802,710)
Net change in fund balances	619,706	369,839	3,341	33,111	33,410	40,246	101,309	1,200,962
Fund balances - beginning of year	4,289,992	276,943	12,534	269,904	38,462	1,318,459	-	6,206,294
Fund balances - end of year	<u>\$ 4,909,698</u>	<u>\$ 646,782</u>	<u>\$ 15,875</u>	<u>\$ 303,015</u>	<u>\$ 71,872</u>	<u>\$ 1,358,705</u>	<u>\$ 101,309</u>	<u>\$ 7,407,256</u>

CITY OF MIDWEST CITY, OKLAHOMA
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Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2015

	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 Fund
ASSETS											
Cash and cash equivalents	\$ 258,668	\$ 104,185	\$ 65,204	\$ 127,539	\$ 81,962	\$ 56,131	\$ 111,976	\$ 320,879	\$ 181,061	\$ 21,465	\$ 24,129
Investments	-	-	313,182	612,586	393,675	269,605	-	1,358,781	-	-	115,895
Accrued interest receivable	-	-	-	-	-	-	-	3,911	-	-	-
Deposits held by others	-	-	-	-	-	-	-	-	-	-	-
Other receivable	22,788	57,499	-	624	139,327	-	2,550	-	-	6,171	-
Due from other governments	120,677	-	62,132	43,772	-	17,340	-	45,673	-	-	32,368
Due from other funds	1,222	780	-	287	-	323	-	-	-	-	148
Inventory	60,000	-	-	-	-	-	-	-	-	-	-
Advance from other funds	-	-	-	-	-	-	-	-	-	-	-
Total assets	<u>463,355</u>	<u>162,464</u>	<u>440,518</u>	<u>784,808</u>	<u>614,964</u>	<u>343,399</u>	<u>114,526</u>	<u>1,729,244</u>	<u>181,061</u>	<u>27,636</u>	<u>172,540</u>
LIABILITIES AND FUND BALANCES											
Liabilities:											
Accounts payable and accrued liabilities	27,979	2,974	24,728	600	1,527	2,193	-	3,285	1,124	1,385	2,854
Accrued interest payable	-	-	-	-	-	-	-	-	-	-	-
Wages payable	20,875	5,892	5,860	13,030	6,701	5,787	-	-	-	-	5,951
Due to other funds	37,569	-	-	-	-	-	-	-	-	-	-
Advance to other funds	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	<u>86,423</u>	<u>8,866</u>	<u>30,588</u>	<u>13,630</u>	<u>8,228</u>	<u>7,980</u>	<u>-</u>	<u>3,285</u>	<u>1,124</u>	<u>1,385</u>	<u>8,805</u>
Deferred inflows:											
Unavailable revenue	30,887	45,881	-	-	80,918	-	-	-	-	4,090	-
Fund balances:											
Nonspendable	60,000	-	-	-	-	-	-	-	-	-	-
Restricted	286,045	107,717	409,930	771,178	525,818	335,419	113,444	1,725,959	178,866	22,161	163,735
Assigned	-	-	-	-	-	-	1,082	-	1,071	-	-
Unassigned (deficit)	-	-	-	-	-	-	-	-	-	-	-
Total fund balances	<u>346,045</u>	<u>107,717</u>	<u>409,930</u>	<u>771,178</u>	<u>525,818</u>	<u>335,419</u>	<u>114,526</u>	<u>1,725,959</u>	<u>179,937</u>	<u>22,161</u>	<u>163,735</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 463,355</u>	<u>\$ 162,464</u>	<u>\$ 440,518</u>	<u>\$ 784,808</u>	<u>\$ 614,964</u>	<u>\$ 343,399</u>	<u>\$ 114,526</u>	<u>\$ 1,729,244</u>	<u>\$ 181,061</u>	<u>\$ 27,636</u>	<u>\$ 172,540</u>

(continued)

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015

Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2015

	Special Revenue Funds			Capital Project Funds					Debt Service Fund		Totals
	Urban Renewal Authority	General Government Sales Tax Fund	Tax Increment Financing Fund	Downtown Development Authority	2002 Street Project Fund	Dedicated Tax 2012 Fund	Sales Tax Capital Improvement Fund	Capital Improvement Fund	Capital Outlay Reserve Fund	G.O. Debt Services Fund	
ASSETS											
Cash and cash equivalents	\$ 3,804	\$ 380,928	\$ -	\$ 425,539	\$ 619,726	\$ 201,694	\$ -	\$ 392,930	\$ 150,572	\$ 265,492	\$ 3,793,884
Investments	-	1,613,064	-	1,801,969	2,624,269	854,087	-	1,663,886	723,215	1,124,241	13,468,455
Accrued interest receivable	-	4,643	-	5,187	7,554	2,459	-	4,790	-	3,236	31,780
Deposits held by others	-	-	-	687,300	300	-	-	2,000	-	-	689,600
Other receivable	-	-	-	429,154	-	-	-	-	-	-	658,113
Due from other governments	-	53,500	-	-	-	53,500	692,030	12,111	-	1,617,886	2,750,989
Due from other funds	-	50,653	-	-	-	-	-	410,000	-	-	463,413
Inventory	-	-	-	-	-	-	-	-	-	-	60,000
Advance from other funds	-	-	-	184,121	-	-	-	-	-	-	184,121
Total assets	<u>3,804</u>	<u>2,102,788</u>	<u>-</u>	<u>3,533,270</u>	<u>3,251,849</u>	<u>1,111,740</u>	<u>692,030</u>	<u>2,485,717</u>	<u>873,787</u>	<u>3,010,855</u>	<u>22,100,355</u>
LIABILITIES AND FUND BALANCES											
Liabilities:											
Accounts payable and accrued liabilities	-	16,101	-	3,212	994	87,428	-	34,523	-	-	210,907
Accrued interest payable	-	-	-	-	-	-	-	-	-	47,031	47,031
Wages payable	-	-	-	2,010	-	-	-	-	-	-	66,106
Due to other funds	-	-	-	-	-	-	-	-	-	-	37,569
Advance to other funds	-	-	1,181,139	-	-	-	-	-	-	-	1,181,139
Total liabilities	<u>-</u>	<u>16,101</u>	<u>1,181,139</u>	<u>5,222</u>	<u>994</u>	<u>87,428</u>	<u>-</u>	<u>34,523</u>	<u>-</u>	<u>47,031</u>	<u>1,542,752</u>
Deferred inflows:											
Unavailable revenue	-	-	-	-	-	-	-	-	-	1,598,844	1,760,620
Fund balances:											
Nonspendable	-	-	-	687,300	300	-	-	2,000	-	-	749,600
Restricted	3,804	1,461,306	-	1,818,804	3,216,495	1,024,312	692,030	2,449,194	746,652	1,364,980	17,417,849
Assigned	-	625,381	-	1,021,944	34,060	-	-	-	127,135	-	1,810,673
Unassigned (deficit)	-	-	(1,181,139)	-	-	-	-	-	-	-	(1,181,139)
Total fund balances	<u>3,804</u>	<u>2,086,687</u>	<u>(1,181,139)</u>	<u>3,528,048</u>	<u>3,250,855</u>	<u>1,024,312</u>	<u>692,030</u>	<u>2,451,194</u>	<u>873,787</u>	<u>1,364,980</u>	<u>18,796,983</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 3,804</u>	<u>\$ 2,102,788</u>	<u>\$ -</u>	<u>\$ 3,533,270</u>	<u>\$ 3,251,849</u>	<u>\$ 1,111,740</u>	<u>\$ 692,030</u>	<u>\$ 2,485,717</u>	<u>\$ 873,787</u>	<u>\$ 3,010,855</u>	<u>\$ 22,100,355</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, 2015

	Special Revenue Funds										Convention/ Visitors Bureau Fund
	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	
REVENUES											
Taxes	\$ -	\$ -	\$ 510,726	\$ 347,233	\$ -	\$ 175,806	\$ -	\$ -	\$ -	\$ -	\$ 328,172
Intergovernmental	934,877	-	-	-	-	-	-	535,974	-	-	-
Charges for services	-	-	6,200	27,250	304,629	-	74,840	-	-	-	-
Investment income	29	2,704	9,322	20,682	12,483	8,979	2,028	61,152	4,416	643	3,733
Fines & forfeitures	-	113,546	-	-	30,751	-	-	-	9,035	11,265	-
Licenses & permits	-	-	-	-	17,600	-	-	-	-	-	-
Miscellaneous	13,376	-	121	-	-	25,922	-	-	5,637	-	51,360
Total revenues	<u>948,282</u>	<u>116,250</u>	<u>526,369</u>	<u>395,165</u>	<u>365,463</u>	<u>210,707</u>	<u>76,868</u>	<u>597,126</u>	<u>19,088</u>	<u>11,908</u>	<u>383,265</u>
EXPENDITURES											
Current:											
General government	-	-	-	-	376,001	-	-	-	-	-	-
Public safety	320,985	156,738	-	361,601	-	-	1,687	-	18,457	11,382	-
Streets	-	-	-	-	-	-	-	24,539	-	-	-
Culture and recreation	-	-	258,669	-	-	181,565	-	-	-	-	-
Economic development	544,780	-	-	-	-	-	-	-	-	-	357,009
Capital outlay	66,548	3,289	178,126	31,178	-	19,937	1,000	116,738	19,582	1,077	-
Debt service:											
Principal retirement	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>932,313</u>	<u>160,027</u>	<u>436,795</u>	<u>392,779</u>	<u>376,001</u>	<u>201,502</u>	<u>2,687</u>	<u>141,277</u>	<u>38,039</u>	<u>12,459</u>	<u>357,009</u>
Revenues over (under) expenditures	<u>15,969</u>	<u>(43,777)</u>	<u>89,574</u>	<u>2,386</u>	<u>(10,538)</u>	<u>9,205</u>	<u>74,181</u>	<u>455,849</u>	<u>(18,951)</u>	<u>(551)</u>	<u>26,256</u>
OTHER FINANCING SOURCES (USES)											
Transfers in	140,059	25,000	-	11,255	43,498	-	1,740	14,885	-	-	10,000
Transfers out	(151,203)	-	-	(43,498)	-	-	-	-	(9,942)	-	-
Total other financing sources (uses)	<u>(11,144)</u>	<u>25,000</u>	<u>-</u>	<u>(32,243)</u>	<u>43,498</u>	<u>-</u>	<u>1,740</u>	<u>14,885</u>	<u>(9,942)</u>	<u>-</u>	<u>10,000</u>
Net change in fund balances	4,825	(18,777)	89,574	(29,857)	32,960	9,205	75,921	470,734	(28,893)	(551)	36,256
Fund balances - beginning of year	341,220	126,494	320,356	801,035	492,858	326,214	38,605	1,255,225	208,830	22,712	127,479
Fund balances - end of year	<u>\$ 346,045</u>	<u>\$ 107,717</u>	<u>\$ 409,930</u>	<u>\$ 771,178</u>	<u>\$ 525,818</u>	<u>\$ 335,419</u>	<u>\$ 114,526</u>	<u>\$ 1,725,959</u>	<u>\$ 179,937</u>	<u>\$ 22,161</u>	<u>\$ 163,735</u>

(continued)

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015

Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Governmental Funds – Year Ended June 30, 2015

	Special Revenue Funds			Capital Project Funds					Debt Service Fund		Totals
	General		Downtown Development Authority	2002 Street Project Fund	Dedicated Tax 2012 Fund	Sales Tax Capital		Capital Improvement Fund	Capital Outlay Reserve Fund	G.O. Debt Services Fund	
	Urban Renewal Authority	Government Sales Tax Fund				Tax Increment Financing Fund	Improvement Fund				
REVENUES											
Taxes	\$ -	\$ 424,396	\$ 1,113,644	\$ -	\$ -	\$ 424,396	\$ 5,494,316	\$ 91,418	\$ -	\$ 1,557,935	\$ 10,468,042
Intergovernmental	-	-	-	-	-	-	-	-	-	31,675	1,502,526
Charges for services	-	-	-	1,453,366	-	-	-	-	-	-	1,866,285
Investment income	206	59,055	91	92,499	178,370	1,070	2,643	159,117	105,087	81,111	805,420
Fines & forfeitures	-	-	-	-	-	-	-	-	-	-	164,597
Licenses & permits	-	-	-	-	-	-	-	71,046	-	-	88,646
Miscellaneous	-	20,072	-	-	13,700	-	-	5,700	-	41	135,929
Total revenues	<u>206</u>	<u>503,523</u>	<u>1,113,735</u>	<u>1,545,865</u>	<u>192,070</u>	<u>425,466</u>	<u>5,496,959</u>	<u>327,281</u>	<u>105,087</u>	<u>1,670,762</u>	<u>15,031,445</u>
EXPENDITURES											
Current:											
General government	-	-	363	-	-	-	-	-	-	-	376,364
Public safety	-	-	-	-	-	-	-	-	-	-	870,850
Streets	-	-	-	-	4,967	13,595	-	10	-	-	43,111
Culture and recreation	-	-	-	-	-	-	-	-	-	-	440,234
Economic development	12,270	-	-	137,945	-	-	-	-	-	-	1,052,004
Capital outlay	-	457,717	-	37,703	153,042	304,962	-	1,651,111	-	-	3,042,010
Debt service:											
Principal retirement	-	-	-	-	-	-	-	-	-	1,400,000	1,400,000
Interest and fiscal charges	-	-	91,816	-	-	-	-	-	-	236,459	328,275
Total expenditures	<u>12,270</u>	<u>457,717</u>	<u>92,179</u>	<u>175,648</u>	<u>158,009</u>	<u>318,557</u>	<u>-</u>	<u>1,651,121</u>	<u>-</u>	<u>1,636,459</u>	<u>7,552,848</u>
Revenues over (under) expenditures	<u>(12,064)</u>	<u>45,806</u>	<u>1,021,556</u>	<u>1,370,217</u>	<u>34,061</u>	<u>106,909</u>	<u>5,496,959</u>	<u>(1,323,840)</u>	<u>105,087</u>	<u>34,303</u>	<u>7,478,597</u>
OTHER FINANCING SOURCES (USES)											
Transfers in	-	609,170	-	-	-	-	-	608,586	-	-	1,464,193
Transfers out	-	-	-	(702,400)	-	-	(5,512,227)	-	(500,000)	(42,539)	(6,961,809)
Total other financing sources (uses)	<u>-</u>	<u>609,170</u>	<u>-</u>	<u>(702,400)</u>	<u>-</u>	<u>-</u>	<u>(5,512,227)</u>	<u>608,586</u>	<u>(500,000)</u>	<u>(42,539)</u>	<u>(5,497,616)</u>
Net change in fund balances	(12,064)	654,976	1,021,556	667,817	34,061	106,909	(15,268)	(715,254)	(394,913)	(8,236)	1,980,981
Fund balances - beginning of year	15,868	1,431,711	(2,202,695)	2,860,231	3,216,794	917,403	707,298	3,166,448	1,268,700	1,373,216	16,816,002
Fund balances - end of year	<u>\$ 3,804</u>	<u>\$ 2,086,687</u>	<u>\$ (1,181,139)</u>	<u>\$ 3,528,048</u>	<u>\$ 3,250,855</u>	<u>\$ 1,024,312</u>	<u>\$ 692,030</u>	<u>\$ 2,451,194</u>	<u>\$ 873,787</u>	<u>\$ 1,364,980</u>	<u>\$ 18,796,983</u>

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015

Combining Schedule of Net Position – Midwest City Municipal Authority Accounts – June 30, 2015

	<u>Midwest City Municipal Authority</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>	<u>Total</u>
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 508,806	\$ 1,520,232	\$ 366,492	\$ 442,313	\$ 101,771	\$ -	\$ 2,939,614
Cash and cash equivalents, restricted	-	-	-	-	-	2,642,744	2,642,744
Investments	2,267,937	6,267,809	1,551,932	983,830	488,816	-	11,560,324
Accounts receivable, net	887,415	1,079,566	742,829	232,256	62,074	-	3,004,140
Other receivable	232,088	-	-	89,830	-	-	321,918
Accrued interest receivable	3,772	13,860	4,467	2,832	-	108	25,039
Inventory	136,180	96,886	-	-	-	-	233,066
Due from other funds	13,119	54	48,845	8,777	-	-	70,795
Total current assets	<u>4,049,317</u>	<u>8,978,407</u>	<u>2,714,565</u>	<u>1,759,838</u>	<u>652,661</u>	<u>2,642,852</u>	<u>20,797,640</u>
Non-current assets:							
Due from other funds	-	1,181,139	-	-	-	-	1,181,139
Land, construction in progress, and water rights	5,484,107	63,255,779	701,261	10,500	393,423	-	69,845,070
Other capital assets, net	17,669,766	20,072,748	3,781,405	22,767,161	13,549,670	-	77,840,750
Total non-current assets	<u>23,153,873</u>	<u>84,509,666</u>	<u>4,482,666</u>	<u>22,777,661</u>	<u>13,943,093</u>	<u>-</u>	<u>148,866,959</u>
Total assets	<u>27,203,190</u>	<u>93,488,073</u>	<u>7,197,231</u>	<u>24,537,499</u>	<u>14,595,754</u>	<u>2,642,852</u>	<u>169,664,599</u>
DEFERRED OUTFLOW OF RESOURCES							
Deferred amount on refunding	-	-	-	-	-	982,047	982,047
LIABILITIES							
Current liabilities:							
Accounts payable and accrued liabilities	348,043	3,441,719	208,502	314,457	22,174	-	4,334,895
Wages payable	89,383	107,040	35,833	53,959	7,855	-	294,070
Due to other funds	1,198	-	-	410,000	-	-	411,198
Accrued interest payable	-	-	-	-	-	822,671	822,671
Accrued compensated absences	117,605	116,157	37,431	39,671	11,425	-	322,289
Refundable deposits	-	-	-	41,758	-	-	41,758
Notes payable	212,039	-	-	-	-	-	212,039
Revenue bonds payable	-	-	-	-	-	4,055,000	4,055,000
Total current liabilities	<u>768,268</u>	<u>3,664,916</u>	<u>281,766</u>	<u>859,845</u>	<u>41,454</u>	<u>4,877,671</u>	<u>10,493,920</u>
Non-current liabilities:							
Accrued compensated absences	235,210	232,314	74,861	5,223	22,850	-	570,458
Net OPEB obligation	588,683	772,647	294,342	-	55,189	-	1,710,861
Notes payable	216,090	-	-	-	-	-	216,090
Revenue bonds payable, net	-	-	-	-	-	60,478,915	60,478,915
Total non-current liabilities	<u>1,039,983</u>	<u>1,004,961</u>	<u>369,203</u>	<u>5,223</u>	<u>78,039</u>	<u>60,478,915</u>	<u>62,976,324</u>
Total liabilities	<u>1,808,251</u>	<u>4,669,877</u>	<u>650,969</u>	<u>865,068</u>	<u>119,493</u>	<u>65,356,586</u>	<u>73,470,244</u>
NET POSITION							
Net investment in capital assets	23,153,873	83,328,527	4,482,666	22,777,661	13,943,094	(63,551,855)	84,133,966
Restricted for debt service	-	-	-	-	-	1,810,142	1,810,142
Unrestricted (deficit)	2,241,066	5,489,669	2,063,596	894,770	533,167	10,026	11,232,294
Total net position	<u>\$ 25,394,939</u>	<u>\$ 88,818,196</u>	<u>\$ 6,546,262</u>	<u>\$ 23,672,431</u>	<u>\$ 14,476,261</u>	<u>\$ (61,731,687)</u>	<u>\$ 97,176,402</u>

CITY OF MIDWEST CITY, OKLAHOMA
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Combining Schedule of Revenues, Expenses and Changes in Net Position – Midwest City Municipal Authority Accounts – Year Ended June 30, 2015

	Midwest City Municipal Authority						Total
	Water Account	Sewer Account	Sanitation Account	Conference Center/Hotel Account	Drainage Account	Debt Service Account	
OPERATING REVENUES							
Charges for services	\$ 6,052,979	\$ 7,516,433	\$ 5,356,916	\$ 5,679,816	\$ 444,027	\$ -	\$ 25,050,171
Fees, licenses and permits	9,300	15,485	-	-	-	-	24,785
Miscellaneous	2,916	3,100	30,657	195,980	800	-	233,453
Total operating revenues	<u>6,065,195</u>	<u>7,535,018</u>	<u>5,387,573</u>	<u>5,875,796</u>	<u>444,827</u>	<u>-</u>	<u>25,308,409</u>
OPERATING EXPENSES							
Personal services	2,340,565	3,184,181	1,183,115	2,361,263	232,675	-	9,301,799
Materials and supplies	717,673	564,343	649,516	1,513,188	110,267	-	3,554,987
Other services and charges	1,542,246	1,210,725	1,937,731	1,771,801	37,967	-	6,500,470
Depreciation and amortization	676,266	1,369,453	431,171	926,143	261,631	-	3,664,664
Total operating expenses	<u>5,276,750</u>	<u>6,328,702</u>	<u>4,201,533</u>	<u>6,572,395</u>	<u>642,540</u>	<u>-</u>	<u>23,021,920</u>
Operating income (loss)	<u>788,445</u>	<u>1,206,316</u>	<u>1,186,040</u>	<u>(696,599)</u>	<u>(197,713)</u>	<u>-</u>	<u>2,286,489</u>
NON-OPERATING REVENUES (EXPENSES)							
Investment income	263,413	870,606	(8,415)	36,406	22,072	1,073	1,185,155
Interest expense and fiscal charges	(17,398)	-	-	-	-	(2,329,504)	(2,346,902)
Gain (loss) on asset retirement	(437,885)	66	-	3,652	-	-	(434,167)
Total non-operating revenue (expenses)	<u>(191,870)</u>	<u>870,672</u>	<u>(8,415)</u>	<u>40,058</u>	<u>22,072</u>	<u>(2,328,431)</u>	<u>(1,595,914)</u>
Income (loss) before contributions and transfers	<u>596,575</u>	<u>2,076,988</u>	<u>1,177,625</u>	<u>(656,541)</u>	<u>(175,641)</u>	<u>(2,328,431)</u>	<u>690,575</u>
Transfers in	37,863	-	-	-	-	16,139,631	16,177,494
Transfers out	(1,763,344)	(3,452,550)	(763,936)	(360,000)	-	(8,237,446)	(14,577,276)
Change in net position	(1,128,906)	(1,375,562)	413,689	(1,016,541)	(175,641)	5,573,754	2,290,793
Total net position - beginning	26,523,845	90,193,758	6,132,573	24,688,972	14,651,902	(67,305,441)	94,885,609
Total net position - ending	<u>\$ 25,394,939</u>	<u>\$ 88,818,196</u>	<u>\$ 6,546,262</u>	<u>\$ 23,672,431</u>	<u>\$ 14,476,261</u>	<u>\$ (61,731,687)</u>	<u>\$ 97,176,402</u>

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015

Combining Schedule of Cash Flows – Midwest City Municipal Authority Accounts – June 30, 2015

	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	\$ 5,896,163	\$ 7,452,582	\$ 5,344,726	\$ 6,185,344	\$ 444,827	\$ -	\$ 25,323,642
Payments to suppliers	(2,363,111)	(1,975,639)	(2,513,034)	(3,347,081)	(130,856)	-	(10,329,721)
Payments to employees	(2,280,748)	(3,162,539)	(1,134,700)	(2,384,233)	(255,660)	-	(9,217,880)
Receipts (payments) from interfund loans	(1,271)	4,527,284	50,528	116,349	-	(3,522,060)	1,170,830
Net cash provided by (used in) operating activities	<u>1,251,033</u>	<u>6,841,688</u>	<u>1,747,520</u>	<u>570,379</u>	<u>58,311</u>	<u>(3,522,060)</u>	<u>6,946,871</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Transfers from other funds	37,863	-	-	-	-	16,139,631	16,177,494
Transfers to other funds	(1,763,344)	(3,452,550)	(763,936)	(360,000)	-	(8,237,446)	(14,577,276)
Net cash provided by (used in) noncapital financing activities	<u>(1,725,481)</u>	<u>(3,452,550)</u>	<u>(763,936)</u>	<u>(360,000)</u>	<u>-</u>	<u>7,902,185</u>	<u>1,600,218</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Capital assets purchased	(1,064,352)	(9,822,276)	(49,390)	(305,110)	(392,173)	-	(11,633,301)
Principal paid on capital debt	(206,380)	-	-	-	-	(3,930,000)	(4,136,380)
Payments of interfund loan for capital purchases	-	53,112	-	-	-	-	53,112
Interest and fiscal charges paid on capital debt	(17,398)	-	-	-	-	(2,581,638)	(2,599,036)
Proceeds from sale of capital assets	722	66	-	3,652	-	-	4,440
Net cash provided by (used in) capital and related financing activities	<u>(1,287,408)</u>	<u>(9,769,098)</u>	<u>(49,390)</u>	<u>(301,458)</u>	<u>(392,173)</u>	<u>(6,511,638)</u>	<u>(18,311,165)</u>
CASH FLOWS FROM INVESTING ACTIVITIES							
Sale (purchase) of investments	1,607,599	5,737,116	(664,223)	194,856	318,778	-	7,194,126
Interest and dividends	256,314	828,596	(8,212)	31,796	22,073	1,047	1,131,614
Net cash provided by (used in) investing activities	<u>1,863,913</u>	<u>6,565,712</u>	<u>(672,435)</u>	<u>226,652</u>	<u>340,851</u>	<u>1,047</u>	<u>8,325,740</u>
Net increase (decrease) in cash and cash equivalents	102,057	185,752	261,759	135,573	6,989	(2,130,466)	(1,438,336)
Balances - beginning of year	406,749	1,334,480	104,733	306,740	94,782	4,773,210	7,020,694
Balances - end of year	<u>\$ 508,806</u>	<u>\$ 1,520,232</u>	<u>\$ 366,492</u>	<u>\$ 442,313</u>	<u>\$ 101,771</u>	<u>\$ 2,642,744</u>	<u>\$ 5,582,358</u>
Reconciliation to Statement of Net Position:							
Cash and cash equivalents	\$ 508,806	\$ 1,520,232	\$ 366,492	\$ 442,313	\$ 101,771	\$ -	\$ 2,939,614
Restricted cash and cash equivalents	-	-	-	-	-	2,642,744	2,642,744
Total cash and cash equivalents	<u>\$ 508,806</u>	<u>\$ 1,520,232</u>	<u>\$ 366,492</u>	<u>\$ 442,313</u>	<u>\$ 101,771</u>	<u>\$ 2,642,744</u>	<u>\$ 5,582,358</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:							
Operating income (loss)	\$ 788,445	\$ 1,206,316	\$ 1,186,040	\$ (696,599)	\$ (197,713)	\$ -	\$ 2,286,489
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation expense	676,266	1,369,453	431,171	926,143	261,631	-	3,664,664
Change in assets and liabilities:							
Receivables, net	63,004	(82,436)	(127,593)	313,160	-	-	166,135
Other receivable	(232,036)	-	84,746	(8,408)	-	-	(155,698)
Due from other funds	(722)	4,527,284	50,528	(3,651)	-	-	4,573,439
Inventory	(17,862)	(3,005)	-	-	-	-	(20,867)
Accounts payable	(85,330)	(197,566)	74,213	(62,092)	17,378	-	(253,397)
Due to other funds	(549)	-	-	120,000	-	(3,522,060)	(3,402,609)
Due to employees	7,501	11,462	4,054	(27,412)	564	-	(3,831)
Refundable deposits	-	-	-	4,796	-	-	4,796
Unfunded OPEB liability	19,130	(41,001)	50,248	-	(26,176)	-	2,201
Accrued compensated absences	33,186	51,181	(5,887)	4,442	2,627	-	85,549
Net cash provided by (used in) operating activities	<u>\$ 1,251,033</u>	<u>\$ 6,841,688</u>	<u>\$ 1,747,520</u>	<u>\$ 570,379</u>	<u>\$ 58,311</u>	<u>\$ (3,522,060)</u>	<u>\$ 6,946,871</u>

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Combining Statement of Net Position - Nonmajor Enterprise Funds – June 30, 2015

	<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	\$ 221,024	\$ 44,402	\$ -	\$ -	\$ 86,373	\$ -	\$ 351,799
Cash and cash equivalents, restricted	-	-	-	257,587	-	-	257,587
Investments	935,940	213,267	-	-	-	-	1,149,207
Receivables:							
Other receivable	-	-	-	-	3,959	-	3,959
Interest	2,694	-	-	3,140	-	-	5,834
Due from other funds	-	58,958	-	1,198	10,123	-	70,279
Accounts receivable, net	-	67,188	-	2,125	-	-	69,313
Inventories	-	-	-	-	2,703	-	2,703
Total current assets	<u>1,159,658</u>	<u>383,815</u>	<u>-</u>	<u>264,050</u>	<u>103,158</u>	<u>-</u>	<u>1,910,681</u>
Non-current assets:							
Investments, restricted	-	-	-	1,090,767	-	-	1,090,767
Land, construction in progress, and water rights	2,537,820	8,314	565,351	-	232,057	5,500,000	8,843,542
Other capital assets, net	-	15,814	5,995,574	-	1,526,496	-	7,537,884
Total non-current assets	<u>2,537,820</u>	<u>24,128</u>	<u>6,560,925</u>	<u>1,090,767</u>	<u>1,758,553</u>	<u>5,500,000</u>	<u>17,472,193</u>
Total assets	<u>3,697,478</u>	<u>407,943</u>	<u>6,560,925</u>	<u>1,354,817</u>	<u>1,861,711</u>	<u>5,500,000</u>	<u>19,382,874</u>
LIABILITIES							
Current liabilities:							
Accounts payable and accrued liabilities	84,058	16,636	624,924	-	12,947	-	738,565
Wages payable	-	32,281	-	-	31,060	-	63,341
Unearned revenue	-	-	-	-	-	-	-
Due to other funds	-	-	58,958	-	-	-	58,958
Accrued compensated absences	-	28,497	-	-	39,842	-	68,339
Refundable deposits	-	-	-	139,205	-	-	139,205
Total current liabilities	<u>84,058</u>	<u>77,414</u>	<u>683,882</u>	<u>139,205</u>	<u>83,849</u>	<u>-</u>	<u>1,068,408</u>
Non-current liabilities:							
Accrued compensated absences	-	56,995	-	-	79,684	-	136,679
Net OPEB Obligation	-	202,360	-	-	110,378	-	312,738
Refundable deposits	-	-	-	1,252,847	-	-	1,252,847
Advance to other funds	-	-	-	-	-	289,774	289,774
Total non-current liabilities	<u>-</u>	<u>259,355</u>	<u>-</u>	<u>1,252,847</u>	<u>190,062</u>	<u>289,774</u>	<u>1,992,038</u>
Total liabilities	<u>84,058</u>	<u>336,769</u>	<u>683,882</u>	<u>1,392,052</u>	<u>273,911</u>	<u>289,774</u>	<u>3,060,446</u>
NET POSITION							
Net investment in capital assets	2,537,820	24,128	6,560,925	-	1,758,553	5,500,000	16,381,426
Restricted for other purposes	216,134	48,858	-	-	51,183	-	316,175
Unrestricted (deficit)	859,466	(1,812)	(683,882)	(37,235)	(221,936)	(289,774)	(375,173)
Total net position	<u>\$ 3,613,420</u>	<u>\$ 71,174</u>	<u>\$ 5,877,043</u>	<u>\$ (37,235)</u>	<u>\$ 1,587,800</u>	<u>\$ 5,210,226</u>	<u>\$ 16,322,428</u>

CITY OF MIDWEST CITY, OKLAHOMA
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Combining Statement of Revenues, Expenses and Changes in Net Position - Nonmajor Enterprise Funds – Year Ended June 30, 2015

	<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	\$ -	\$ 1,019,550	\$ -	\$ -	\$ 1,035,001	\$ 52	\$ 2,054,603
Total operating revenues	<u>-</u>	<u>1,019,550</u>	<u>-</u>	<u>-</u>	<u>1,035,001</u>	<u>52</u>	<u>2,054,603</u>
OPERATING EXPENSES							
Personal services	-	749,845	-	-	661,980	-	1,411,825
Materials and supplies	1,599	91,793	37,001	-	191,974	-	322,367
Other services and charges	-	130,518	-	-	106,841	22,458	259,817
Depreciation and amortization	-	3,849	198,949	-	108,748	-	311,546
Total operating expenses	<u>1,599</u>	<u>976,005</u>	<u>235,950</u>	<u>-</u>	<u>1,069,543</u>	<u>22,458</u>	<u>2,305,555</u>
Operating income (loss)	<u>(1,599)</u>	<u>43,545</u>	<u>(235,950)</u>	<u>-</u>	<u>(34,542)</u>	<u>(22,406)</u>	<u>(250,952)</u>
NON-OPERATING REVENUES (EXPENSES)							
Investment income	(18,477)	8,542	183,671	70,526	2,435	-	246,697
Gain (loss) on sales of capital assets	-	-	(1,332)	-	16,500	-	15,168
Total non-operating revenue (expenses)	<u>(18,477)</u>	<u>8,542</u>	<u>182,339</u>	<u>70,526</u>	<u>18,935</u>	<u>-</u>	<u>261,865</u>
Income (loss) before transfers	<u>(20,076)</u>	<u>52,087</u>	<u>(53,611)</u>	<u>70,526</u>	<u>(15,607)</u>	<u>(22,406)</u>	<u>10,913</u>
Transfers in	1,167,123	-	1,000,000	-	-	127,400	2,294,523
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(37,863)</u>	<u>-</u>	<u>-</u>	<u>(37,863)</u>
Change in net position	1,147,047	52,087	946,389	32,663	(15,607)	104,994	2,267,573
Total net position - beginning	2,466,373	19,087	4,930,654	(69,898)	1,603,407	5,105,232	14,054,855
Total net position - ending	<u>\$ 3,613,420</u>	<u>\$ 71,174</u>	<u>\$ 5,877,043</u>	<u>\$ (37,235)</u>	<u>\$ 1,587,800</u>	<u>\$ 5,210,226</u>	<u>\$ 16,322,428</u>

CITY OF MIDWEST CITY, OKLAHOMA
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As of and for the Year Ended June 30, 2015

Combining Statement of Cash Flows - Nonmajor Enterprise Funds – June 30, 2015

	<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	\$ -	\$ 1,017,698	\$ -	\$ (999)	\$ 1,034,896	\$ 52	\$ 2,051,647
Payments to suppliers	(764,868)	(211,201)	517,141	-	(298,254)	(3,102)	(760,284)
Payments to employees	-	(779,902)	-	-	(674,317)	-	(1,454,219)
Payments of interfund loan	387,642	(58,958)	462,729	549	(50,528)	(101,892)	639,542
Receipt of customer deposits	-	-	-	478,125	-	-	478,125
Return of customer deposits	-	-	-	(455,531)	-	-	(455,531)
Net cash provided by (used in) operating activities	<u>(377,226)</u>	<u>(32,363)</u>	<u>979,870</u>	<u>22,144</u>	<u>11,797</u>	<u>(104,942)</u>	<u>499,280</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Transfers from other funds	1,167,123	-	1,000,000	-	-	127,400	2,294,523
Transfers to other funds	-	-	-	(37,863)	-	-	(37,863)
Net cash provided by (used in) noncapital financing activities	<u>1,167,123</u>	<u>-</u>	<u>1,000,000</u>	<u>(37,863)</u>	<u>-</u>	<u>127,400</u>	<u>2,256,660</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Capital assets purchased	(356,574)	-	(4,777,228)	-	(58,033)	-	(5,191,835)
Payments of interfund loan for capital purchases	-	-	-	-	-	(22,458)	(22,458)
Proceeds from sale of capital assets	-	-	42,738	-	16,500	-	59,238
Net cash provided by (used in) capital and related financing activities	<u>(356,574)</u>	<u>-</u>	<u>(4,734,490)</u>	<u>-</u>	<u>(41,533)</u>	<u>(22,458)</u>	<u>(5,155,055)</u>
CASH FLOWS FROM INVESTING ACTIVITIES							
Sale (purchase) of investments	(272,177)	38,656	2,323,833	86,038	-	-	2,176,350
Interest and dividends	(18,354)	8,542	190,219	65,935	2,435	-	248,777
Net cash provided by (used in) investing activities	<u>(290,531)</u>	<u>47,198</u>	<u>2,514,052</u>	<u>151,973</u>	<u>2,435</u>	<u>-</u>	<u>2,425,127</u>
Net increase (decrease) in cash and cash equivalents	142,792	14,835	(240,568)	136,254	(27,301)	-	26,012
Balances - beginning of year	78,232	29,567	240,568	121,333	113,674	-	583,374
Balances - end of year	<u>\$ 221,024</u>	<u>\$ 44,402</u>	<u>\$ -</u>	<u>\$ 257,587</u>	<u>\$ 86,373</u>	<u>\$ -</u>	<u>\$ 609,386</u>
Reconciliation to Statement of Net Position:							
Cash and cash equivalents	\$ 221,024	\$ 44,402	\$ -	\$ -	\$ 86,373	\$ -	\$ 351,799
Restricted cash and cash equivalents	-	-	-	257,587	-	-	257,587
Total cash and cash equivalents	<u>\$ 221,024</u>	<u>\$ 44,402</u>	<u>\$ -</u>	<u>\$ 257,587</u>	<u>\$ 86,373</u>	<u>\$ -</u>	<u>\$ 609,386</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:							
Operating income (loss)	\$ (1,599)	\$ 43,545	\$ (235,950)	\$ -	\$ (34,542)	\$ (22,406)	\$ (250,952)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation expense	-	3,849	198,949	-	108,748	-	311,546
Change in assets and liabilities:							
Receivables, net	-	(1,852)	-	(999)	(105)	-	(2,956)
Due from other funds	387,642	(58,958)	403,771	549	-	-	733,004
Accounts payable	(763,269)	11,110	554,142	-	465	(3,102)	(200,654)
Inventory	-	-	-	-	96	-	96
Due to other funds	-	-	58,958	-	(50,528)	-	8,430
Due to employees	-	1,968	-	-	3,254	-	5,222
Refundable deposits	-	-	-	22,594	-	-	22,594
Accrued compensated absences	-	9,709	-	-	4,215	-	13,924
Net OPEB obligation	-	(41,734)	-	-	(19,806)	-	(61,540)
Net cash provided by (used in) operating activities	<u>\$ (377,226)</u>	<u>\$ (32,363)</u>	<u>\$ 979,870</u>	<u>\$ 22,144</u>	<u>\$ 11,797</u>	<u>\$ (25,508)</u>	<u>\$ 578,714</u>

CITY OF MIDWEST CITY, OKLAHOMA
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Combining Statement of Net Position– Internal Service Funds – June 30, 2015

	<u>Public Works Administration</u>	<u>Fleet Services Fund</u>	<u>Surplus Property Fund</u>	<u>Risk Management Fund</u>	<u>L & H Benefits Fund</u>	<u>Totals</u>
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 37,261	\$ 120,338	\$ 52,374	\$ 708,271	\$ 256,520	\$ 1,174,764
Investments	178,967	-	227,233	2,999,214	1,511,309	4,916,723
Receivables:						
Accounts receivable	-	-	2,213	122	34,052	36,387
Accrued interest receivable	-	-	-	8,634	4,350	12,984
Due from other funds	-	75	-	-	-	75
Inventories	-	68,490	-	-	-	68,490
Total current assets	<u>216,228</u>	<u>188,903</u>	<u>281,820</u>	<u>3,716,241</u>	<u>1,806,231</u>	<u>6,209,423</u>
Non-current assets:						
Capital Assets:						
Non-depreciable	5,045	3,784	-	-	-	8,829
Depreciable, net of accumulated depreciation	175,738	916,652	96,602	-	-	1,188,992
Total non-current assets	<u>180,783</u>	<u>920,436</u>	<u>96,602</u>	<u>-</u>	<u>-</u>	<u>1,197,821</u>
Total assets	<u>397,011</u>	<u>1,109,339</u>	<u>378,422</u>	<u>3,716,241</u>	<u>1,806,231</u>	<u>7,407,244</u>
LIABILITIES						
Current liabilities:						
Accounts payable and accrued liabilities	6,706	48,100	314	25,534	69,938	150,592
Claims liability	-	-	-	521,000	539,571	1,060,571
Wages payable	24,540	30,277	1,293	5,953	2,051	64,114
Due to other funds	-	-	223,927	-	-	223,927
Accrued compensated absences	40,988	28,543	421	11,953	488	82,393
Total current liabilities	<u>72,234</u>	<u>106,920</u>	<u>225,955</u>	<u>564,440</u>	<u>612,048</u>	<u>1,581,597</u>
Non-current liabilities:						
Accrued compensated absences	81,976	57,086	842	23,906	977	164,787
Claims liability	-	-	-	1,684,000	-	1,684,000
Total non-current liabilities	<u>81,976</u>	<u>57,086</u>	<u>842</u>	<u>1,707,906</u>	<u>977</u>	<u>1,848,787</u>
Total liabilities	<u>154,210</u>	<u>164,006</u>	<u>226,797</u>	<u>2,272,346</u>	<u>613,025</u>	<u>3,430,384</u>
NET POSITION						
Net investment in capital assets	180,783	920,436	96,602	-	-	1,197,821
Unrestricted (deficit)	62,018	24,897	55,023	1,443,895	1,193,206	2,779,039
Total net position	<u>\$ 242,801</u>	<u>\$ 945,333</u>	<u>\$ 151,625</u>	<u>\$ 1,443,895</u>	<u>\$ 1,193,206</u>	<u>\$ 3,976,860</u>

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Combining Statement of Revenues, Expenses and Changes in Net Position – Internal Service Funds – Year Ended June 30, 2015

	<u>Public Works Administration</u>	<u>Fleet Services Fund</u>	<u>Surplus Property Fund</u>	<u>Risk Management Fund</u>	<u>L & H Benefits Fund</u>	<u>Totals</u>
OPERATING REVENUES						
Charges for services	\$ 856,824	\$ 2,257,222	\$ 42,973	\$ 2,086,514	\$ 5,602,676	\$ 10,846,209
Miscellaneous	-	1,956	374	2,323	84,952	89,605
Total operating revenues	<u>856,824</u>	<u>2,259,178</u>	<u>43,347</u>	<u>2,088,837</u>	<u>5,687,628</u>	<u>10,935,814</u>
OPERATING EXPENSES						
Personal services	739,307	756,077	27,840	159,092	28,836	1,711,152
Materials and supplies	11,109	1,377,182	1,072	3,475	-	1,392,838
Other services and charges	90,535	95,900	6,951	1,617,522	23,779	1,834,687
Insurance claims and expenses	-	-	-	(5,264)	5,054,748	5,049,484
Depreciation and amortization	36,244	61,627	4,353	-	-	102,224
Total operating expenses	<u>877,195</u>	<u>2,290,786</u>	<u>40,216</u>	<u>1,774,825</u>	<u>5,107,363</u>	<u>10,090,385</u>
Operating income (loss)	<u>(20,371)</u>	<u>(31,608)</u>	<u>3,131</u>	<u>314,012</u>	<u>580,265</u>	<u>845,429</u>
NON-OPERATING REVENUES						
Investment income	5,830	2,788	7,592	166,915	59,582	242,707
Gain (loss) on capital asset disposal	-	(782)	-	-	-	(782)
Total non-operating revenue	<u>5,830</u>	<u>2,006</u>	<u>7,592</u>	<u>166,915</u>	<u>59,582</u>	<u>241,925</u>
Change in net position	(14,541)	(29,602)	10,723	480,927	639,847	1,087,354
Total net position - beginning, restated	257,342	974,935	140,902	962,968	553,359	2,889,506
Total net position - ending	<u>\$ 242,801</u>	<u>\$ 945,333</u>	<u>\$ 151,625</u>	<u>\$ 1,443,895</u>	<u>\$ 1,193,206</u>	<u>\$ 3,976,860</u>

CITY OF MIDWEST CITY, OKLAHOMA
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Combining Statement of Cash Flows – Internal Service Funds – Year Ended June 30, 2015

	Public Works Administration	Fleet Services Fund	Surplus Property Fund	Risk Management Fund	L & H Benefits Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$ 856,824	\$ 2,259,256	\$ 44,457	\$ 2,088,837	\$ 5,665,135	\$ 10,914,509
Payments to suppliers	(95,296)	(1,497,146)	(8,487)	(1,620,997)	(23,779)	(3,245,705)
Payments to employees	(716,975)	(742,665)	(27,862)	(150,433)	(28,273)	(1,666,208)
Claims and benefits paid	-	-	-	(19,520)	(5,106,030)	(5,125,550)
Payment from (to) other funds	-	515	(11,584)	-	-	(11,069)
Net cash provided by (used in) operating activities	44,553	19,960	(3,476)	297,887	507,053	865,977
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Capital assets purchased	(5,045)	(11,834)	(7,500)	-	-	(24,379)
Net cash provided by (used in) capital and related financing activities	(5,045)	(11,834)	(7,500)	-	-	(24,379)
CASH FLOWS FROM INVESTING ACTIVITIES						
Sale (purchase) of investments	(26,027)	-	17,349	(49,285)	(419,563)	(477,526)
Interest and dividends	5,830	2,788	7,593	155,437	55,382	227,030
Net cash provided by (used in) investing activities	(20,197)	2,788	24,942	106,152	(364,181)	(250,496)
Net increase in cash and cash equivalents	19,311	10,914	13,966	404,039	142,872	591,102
Balances - beginning of year	17,950	109,424	38,408	304,232	113,648	583,662
Balances - end of year	\$ 37,261	\$ 120,338	\$ 52,374	\$ 708,271	\$ 256,520	\$ 1,174,764
Reconciliation to Statement of Net Position:						
Cash and cash equivalents	\$ 37,261	\$ 120,338	\$ 52,374	\$ 708,271	\$ 256,520	\$ 1,174,764
Total cash and cash equivalents	\$ 37,261	\$ 120,338	\$ 52,374	\$ 708,271	\$ 256,520	\$ 1,174,764
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	\$ (20,371)	\$ (31,608)	\$ 3,131	\$ 314,012	\$ 580,265	\$ 845,429
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation expense	36,244	61,627	4,353	-	-	102,224
Change in assets and liabilities:						
Receivables, net	-	78	1,110	-	(22,493)	(21,305)
Due from other funds	-	515	-	-	-	515
Inventory	-	26,168	-	-	-	26,168
Accounts payable	6,348	(50,232)	(464)	11,216	(58,083)	(91,215)
Claims liability	-	-	-	(36,000)	6,801	(29,199)
Due to employees	3,042	7,646	661	626	262	12,237
Due to other funds	-	-	(11,584)	-	-	(11,584)
Accrued compensated absences	19,290	5,766	(683)	8,033	301	32,707
Net cash provided by (used in) operating activities	\$ 44,553	\$ 19,960	\$ (3,476)	\$ 297,887	\$ 507,053	\$ 865,977

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Debt Service Coverage Schedule - Year Ended June 30, 2015

	2011 and 2011A Revenue Bonds
GROSS REVENUE AVAILABLE:	
Water revenue	\$ 6,065,195
Wastewater revenue	7,535,018
Pledged sales tax	13,731,761
Investment income	1,134,019
Total Gross Revenue Available	28,465,993
OPERATING EXPENSES:	
Total Operating Expenses	11,029,592
Net Revenue Available for Debt Service	\$ 17,436,401
Average Annual Debt Service	
2011 Revenue Bonds	\$ 1,808,379
2011A Revenue Bonds	4,709,500
	\$ 6,517,879
Computed Coverage	268%
Coverage Requirement	125%

**CITY OF MIDWEST CITY, OKLAHOMA
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As of and for the Year Ended June 30, 2015**

STATISTICAL INFORMATION

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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
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
2014-15	6,704,404	28,657,862	5,138,517	410,969	1,746,966	3,792,050	3,650,604	50,101,372

**CITY OF MIDWEST CITY, OKLAHOMA
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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>
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
2014-15	39,781,445	5,543,732	349,439	3,662,747	2,045,294	8,377,665	2,381,400	62,141,722

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

CITY OF MIDWEST CITY, OKLAHOMA
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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	
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 (1)	2,652,222,991	11%
2015	272,926,268	26,469,753	11,878,425	9,320,146	296,030,326 (1)	2,691,184,782	11%

(1) New established exemption for veterans

**CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
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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>
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
2015	5.18	71.03	19.88	23.72	119.81	76.17	124.95	59.71	108.49

**CITY OF MIDWEST CITY, OKLAHOMA
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Computation of Legal Debt Margin
June 30, 2015

Net assessed valuation	\$296,030,326
Debt limit (a)	\$29,603,033
Applicable bonds outstanding	\$4,100,000
Legal debt margin	\$25,503,033

(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
ANNUAL FINANCIAL REPORT
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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</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%
2014-15	1,400,000	259,975	1,659,975	50,101,372	3.31%

(1) Excludes bond issuance and other costs

**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</u>	<u>Assessed Value</u>	<u>Gross Bonded Debt</u>	<u>Less Debt Service Money Available</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
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
2014-15	54,371	296,030,326	4,100,000	1,364,980	2,735,020	0.92%	50

CITY OF MIDWEST CITY, OKLAHOMA
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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>
2005-06	\$ 15,148,626	\$ 8,765,616	\$ 6,383,010	\$ 2,000,344	3.19
2006-07	11,389,730	7,378,584	4,011,146	2,000,344	2.01
2007-08	14,201,820	7,372,367	6,829,453	2,000,344	3.41
2008-09	14,535,584	8,191,452	6,344,132	2,000,344	3.17
2009-10	14,822,864	7,867,225	6,955,639	2,000,344	3.48
2010-11	15,207,582	8,004,126	7,203,456	2,000,344	3.60
2011-12	17,702,453	8,669,659	9,032,794	6,517,879	1.39
2012-13	27,258,461	9,443,537	17,814,924	6,517,879	2.73
2013-14	28,567,824	9,583,902	18,983,902	6,517,879	2.91
2014-15	28,465,993	9,581,604	17,436,401	6,517,879	2.70

**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>	
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
2014-15	15	6,748,210	103	16,365,722	23,113,932

CITY OF MIDWEST CITY, OKLAHOMA
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Miscellaneous Statistics
June 30, 2015

Date of Incorporation	1943
Form of government	Council-manager
Square miles in city limits	28
Miles of streets	565 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	94
Fire Protection	
Number of stations	6
Number of headquarters	1
Number of personnel per shift	24
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.

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
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Miscellaneous Statistics, Continued
June 30, 2015

City Employees

<u>Fiscal Year</u>	<u>Full Time Government</u>	<u>Full Time Hotel/Conference Center</u>
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	489	-
2014-15	477	-

CITY OF MIDWEST CITY, OKLAHOMA
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Miscellaneous Statistics, Continued
June 30, 2015

City Water Usage (Gallons)

<u>Fiscal Year</u>	<u>Annual Usage</u>	<u>Average Daily Usage</u>
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
2014-15	1,604,378,570	4,395,558