



**CITY OF  
MIDWEST CITY, OKLAHOMA**

**ANNUAL FINANCIAL REPORT**

**JUNE 30, 2016**

**CITY OF MIDWEST CITY, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2016**

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RSM US LLP

## 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, 2016, 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. 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, 2016, 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.

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## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of pension plan funding progress and other post-employment benefits funding progress, and the general fund, police fund, and fire fund budgetary comparison schedules, 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 other governmental fund budgetary comparison schedules, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

*RSM US LLP*

Oklahoma City, Oklahoma  
December 28, 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, 2016, by \$516,929,402 (net position). Of this amount, unrestricted net position of the governmental activities was a deficit of \$20,260,132 with the business type activities reporting an unrestricted net position of \$9,396,345. 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 decreased by \$3,242,754 or .62% from the prior year. This was a result of a decrease of \$5,847,274 in the governmental activities while the business-type activities had an increase of \$2,604,520. 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 deferred inflows decreased by \$2,385,231 or, 28.68%. 2002 general obligation bond will be paid off in fiscal year 2017 from sinking fund balances instead of property tax, therefore deferred property tax inflows decreased by \$1,239,511. Also, police and fire pension related deferred inflows decreased by \$1,145,720.
- Sales tax is the major source of revenue for governmental activities. Sales and use tax collections for fiscal year 2016 totaled \$33,475,086 compared to FY 2015 which totaled \$33,008,553. The total increase in sales and use tax collection was \$466,533. A historical review of governmental activity revenues can be found in statistical information of the report.
- At the end of the fiscal year 2016, the unassigned fund balance of the General Fund was \$4,257,831 or 14.4% of General Fund revenues.
- Health Insurance premiums decreased \$329,679 from the prior year or 5.88%. This was due to more employees choosing low premium insurance plans offered by the City in fiscal year 2016.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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



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**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 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

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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 88 of this report.

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As of June 30, 2016, the City's combined net position is \$516,929,402, of which \$401,793,617 can be attributed to governmental activities and \$115,135,785 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.

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The largest portion of the City's net position, 82.5%, 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.)
	2016	2015		2016	2015		2016	2015	
Current and other assets	\$ 155,954	\$ 154,784	1%	\$ 22,327	\$ 23,240	-4%	\$ 178,281	\$ 178,024	0%
Capital assets	324,230	335,228	-3%	163,369	164,248	-1%	487,599	499,476	-2%
<b>Total assets</b>	<b>480,184</b>	<b>490,012</b>	-	<b>185,696</b>	<b>187,488</b>	-1%	<b>665,880</b>	<b>677,500</b>	-2%
<b>Deferred outflow of resources</b>	<b>7,346</b>	<b>2,737</b>	168%	<b>928</b>	<b>982</b>	-5%	<b>8,274</b>	<b>3,719</b>	122%
Long-term debt outstanding	64,473	61,934	4%	65,962	69,640	-5%	130,435	131,574	-1%
Other liabilities	15,333	14,858	3%	5,527	6,299	-12%	20,860	21,157	-1%
<b>Total liabilities</b>	<b>79,806</b>	<b>76,792</b>	4%	<b>71,489</b>	<b>75,939</b>	-6%	<b>151,295</b>	<b>152,731</b>	-1%
<b>Deferred inflow of resources</b>	<b>5,931</b>	<b>8,316</b>	-29%	<b>-</b>	<b>-</b>	0%	<b>5,931</b>	<b>8,316</b>	-29%
Net position:									
Net investment in capital assets	322,494	331,128	-3%	103,868	100,696	3%	426,362	431,824	-1%
Restricted	99,560	98,153	1%	1,871	2,126	-12%	101,431	100,279	1%
Unrestricted (deficit)	(20,261)	(21,640)	-6%	9,396	9,709	-3%	(10,865)	(11,931)	-9%
<b>Total net position</b>	<b>\$ 401,793</b>	<b>\$ 407,641</b>	-1%	<b>\$ 115,135</b>	<b>\$ 112,531</b>	2%	<b>\$ 516,928</b>	<b>\$ 520,172</b>	-1%

Governmental activities decreased the City's net position by \$5,847,274 or 1.12%. The business type activities increased the City's net position by \$2,604,520 or .2% for a net decrease of \$3,242,754, or .6%. 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.)
	2016	2015		2016	2015		2016	2015	
Revenues:									
Program revenues:									
Charges for services	\$ 8,233	\$ 6,825	21%	\$ 28,074	\$ 27,377	3%	\$ 36,307	\$ 34,202	6%
Operating grants and contributions	4,724	4,865	-3%	-	-	0%	4,724	4,865	-3%
Capital grants and contributions	125	2,594	-95%	-	-	0%	125	2,594	-95%
General revenues:									
Sales and use taxes	33,475	33,009	1%	-	-	0%	33,475	33,009	1%
Other taxes	7,308	7,266	1%	-	-	0%	7,308	7,266	1%
Other general revenue	3,704	8,469	-56%	962	1,433	-33%	4,666	9,902	-53%
Total revenues	<u>57,569</u>	<u>63,028</u>	-9%	<u>29,036</u>	<u>28,810</u>	1%	<u>86,605</u>	<u>91,838</u>	-6%
Program expenses:									
General government	7,167	6,431	11%	-	-	-	7,167	6,431	11%
Public safety	28,732	26,748	7%	-	-	-	28,732	26,748	7%
Streets	15,404	14,939	3%	-	-	-	15,404	14,939	3%
Cultural, parks and recreation	1,909	1,641	16%	-	-	-	1,909	1,641	16%
Health and welfare	465	430	8%	-	-	-	465	430	8%
Economic development	4,361	3,845	13%	-	-	-	4,361	3,845	13%
Interest expense	1,462	1,567	-7%	-	-	-	1,462	1,567	-7%
Water	-	-	-	7,008	6,820	3%	7,008	6,820	3%
Sewer	-	-	-	9,408	6,256	50%	9,408	6,256	50%
Sanitation	-	-	-	4,596	4,155	11%	4,596	4,155	11%
Drainage	-	-	-	688	638	8%	688	638	8%
Conference center	-	-	-	7,400	8,858	-16%	7,400	8,858	-16%
Other activities	-	-	-	1,247	1,082	15%	1,247	1,082	15%
Total expenses	<u>59,500</u>	<u>55,601</u>	7%	<u>30,347</u>	<u>27,809</u>	9%	<u>89,847</u>	<u>83,410</u>	8%
Excess (deficiency) before transfers	(1,931)	7,427	-126%	(1,311)	1,001	-231%	(3,242)	8,428	-138%
Transfers	<u>(3,916)</u>	<u>(3,857)</u>	2%	<u>3,916</u>	<u>3,857</u>	2%	<u>-</u>	<u>-</u>	
<b>Increase (decrease) in net position</b>	<b>\$ (5,847)</b>	<b>\$ 3,570</b>	<b>-264%</b>	<b>\$ 2,605</b>	<b>\$ 4,858</b>	<b>-46%</b>	<b>\$ (3,242)</b>	<b>\$ 8,428</b>	<b>-138%</b>

**Governmental Activities.** The revenues reflect a decrease over last year of \$5,460,461. This significant decrease is primarily the result of decrease in investment income of \$4,859,300. The Hospital Authority had a decrease of \$4,958,658 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 most significant governmental activities expense was providing public safety with a cost of \$28,732,258. These expenses were funded by revenue collected from a variety of sources with the largest being a transfer from General Fund in the amount of \$17,469,337 and dedicated sales tax of \$5,464,697 for the fiscal year ended June 30, 2016. The most significant portion of public safety expense is the cost of personnel. Salaries and benefits totaled \$25,378,074 Other significant governmental expenses are for the streets in the amount of \$15,404,119 of which \$11,945,366 is depreciation expense.

**Business-type Activities.** Business-type revenue increased by \$226,677 or 2.3% from the prior year. The investment income decreased from \$1,431,852 to \$889,843 due to the unrealized loss on investments in FY 2016.

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**Budgetary Highlights.** For fiscal year 2015-2016, General Fund revenue (including transfers) budget was amended by \$482,136 or 1.27% of the original budget of \$37,419,532. The actual revenue (including transfers) is less than the final budget projection by \$106,031, or 0.28%. General Fund actual expenditures (including transfers) on a budgetary basis was \$36,346,390 compared to the final budget of \$38,294,807. See page 74 of the report for more detail.

The Police Fund revenue (including transfers) budget was increased by \$173,623, or 1.34%, of the original budget of \$12,789,952. The actual revenue (including transfers) is more than the final budget projection by \$17,075 or 0.13%. The actual expenditures (including transfers) on a budgetary basis were \$12,718,926 compared to the final budget of \$13,853,779. Actual expenditures (including transfers) were \$1,134,853 or 8.19% below budget projections. Some vacant positions were budgeted but not staffed. Capital outlay of \$575,670 for equipment was not spent.

The Fire Fund revenues (including transfers) budget was amended by \$134,383 or 1.27%. The actual revenue (including transfers) was less than the final budget projection by \$72,408. The actual expenditures (including transfers) on a budgetary basis were \$10,284,339 compared to the final budget of \$11,176,072. Actual expenditures (including transfers) were \$891,733 or 7.69 % below projections. Some vacant positions were budgeted but not staffed. Capital outlay appropriation of \$439,503 was not spent.

The budget to actual comparisons for these funds can be found on pages 75-78 of the report.

**Capital Asset** At the end of fiscal year 2016, the City had \$487,599,772 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 \$10,538,497 for the governmental activities. Although the City had land additions of \$138,198, building additions of \$165,912, equipment additions of \$730,668, vehicle additions of \$539,440, construction in progress additions of \$1,732,064 and infrastructure additions of \$1,199,058; the depreciation expense of \$14,406,124 caused the current year reduction, with street depreciation for the year amounting to of \$11,945,366.

The business activities had a net increase of \$824,348. The Sewer Facility construction in progress of \$65,437,015 was moved to the infrastructure category upon completion of the project. 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>	
	2016	2015	2016	2015	2016	2015
Land	\$ 32,682	\$ 32,544	\$ 7,572	\$ 7,550	\$ 40,254	\$ 40,094
Water rights	-	-	4,673	4,673	4,673	4,673
Construction in progress	4,661	3,519	2,443	66,463	7,104	69,982
Buildings	29,551	29,385	31,966	31,363	61,517	60,748
Machinery and equipment	19,998	19,328	13,182	12,925	33,180	32,253
Vehicles	9,235	9,047	8,367	8,032	17,602	17,079
Infrastructure	440,578	439,838	178,922	110,923	619,500	550,761
	<u>536,705</u>	<u>533,661</u>	<u>247,125</u>	<u>241,929</u>	<u>783,830</u>	<u>775,590</u>
Less: Depreciation	<u>(212,476)</u>	<u>(198,433)</u>	<u>(83,755)</u>	<u>(77,679)</u>	<u>(296,231)</u>	<u>(276,112)</u>
<b>Totals</b>	<b>\$ 324,229</b>	<b>\$ 335,228</b>	<b>\$ 163,370</b>	<b>\$ 164,250</b>	<b>\$ 487,599</b>	<b>\$ 499,478</b>

Additional information on the City's capital assets can be found on pages 48-49 of this report.

**Debt Administration.** At year end, the City had \$93,076,634 in long term debt outstanding compared to \$98,605,500 at the end of the prior fiscal year, a decrease of 5.6% as shown in Table 4. See pages 52-55 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>	
	2016	2015	2016	2015	2016	2015
General obligation bonds	\$ 2,700	\$ 4,100	\$ -	\$ -	\$ 2,700	\$ 4,100
Notes payable	21,983	22,592	216	428	22,199	23,020
Accrued compensated absences	5,044	4,215	57,860	61,915	62,904	66,130
Revenue bonds	-	-	2,353	2,619	2,353	2,619
Revenue bonds premium	-	-	1,468	1,434	1,468	1,434
Refundable deposits	78	82	1,374	1,221	1,452	1,303
	<u>29,805</u>	<u>30,989</u>	<u>63,271</u>	<u>67,617</u>	<u>93,076</u>	<u>98,606</u>
<b>Totals</b>	<b>\$ 29,805</b>	<b>\$ 30,989</b>	<b>\$ 63,271</b>	<b>\$ 67,617</b>	<b>\$ 93,076</b>	<b>\$ 98,606</b>

**FACTORS AFFECTING FINANCIAL CONDITION**

**Economic Outlook.** Oklahoma's unemployment rate continues inching toward the national average, which is negative news in a state that had been the trendsetter in new job creation prior to 2014. Nevertheless, eastern Oklahoma County has been somewhat insulated from the energy sector downturn thanks to good jobs in and around Tinker Air Force Base. Boeing Aircraft during the next calendar year is expected to add approximately 400 more positions to its campus on SE 59<sup>th</sup> ST, just south of the City limits. The city expects continued slow growth in some of the companies that service Tinker Air Force Base, Boeing and the like.

We offer the following review of local economic sectors:

- **Retail.** In the past year the Sooner Rose Shopping Center has risen from the intersection of SE 15<sup>th</sup> ST and S Sooner RD with Academy Sports + Outdoors and Hobby Lobby as its first tenants.

A new center is coming online at 2601 S Douglas BLVD that is reportedly 60% pre-leased. Another is in the works at 1011 S Air Depot BLVD, but construction is moving very slowly. A small center is also planned for the 2300 block of S Douglas BLVD.

The biggest retail “splash” is expected to be the completion of the WinCo Foods store sometime in late 2017. While the start of construction will create spikes in use tax collections, we do not expect doors to open until late this fiscal year or early in FY 2017 – 2018.

OnCue Express is vigorously working to complete its third location in Midwest City. The latest store will be situated at the SW corner of NE 23<sup>rd</sup> ST (U.S. Highway 62) and N Douglas BLVD on the north side of the city.

- **Hospitality.** Restaurant activity has been a great source of sales tax collections that remains virtually unaffected by e-commerce. More and more families are choosing to dine out, and we feel this trend will continue into 2017.

Zaxby’s Chicken continues making rapid progress on its new location on S Douglas BLVD where it will join the recently completed Freddy’s Frozen Custard & Steakhamburgers on our east restaurant row.

Meanwhile, there are at least six new restaurant pad sites in the works including two at the Sooner Rose Center, three in the S Douglas BLVD corridor and another in TCP. We are also working to recruit restaurants to the area around the new OnCue. No building plans have been filed and no start dates have been announced on any of these projects.

The lodging business is not doing quite as well. Hotels are being erected in many parts of the OKC Metro area; however, they may be three years too late. A lot of franchisees overbuilt based on the strength of oilfield traffic, but overall room availability frequently exceeds demand. Midwest City has a Hilton Home 2 Suites that will contribute another 91 rooms to this surplus when it opens in 2017.

- **Industrial.** The Soldier Creek Industrial Park (“SCIP”) was recently certified by the Oklahoma Department of Commerce as being a “Site Ready” light industrial park. The preliminary plat was approved in November and all utilities should be installed in early 2017. The completion of SCIP’s first phase opens up approximately 40 acres up for industrial development with over 100 undeveloped acres remaining in the neighboring area. The city has responded to two Oklahoma Department of Commerce requests for proposals for manufacturing facilities where SCIP may be a good candidate. The city has also seen some fleeting interest in the 107,000 ft.<sup>2</sup> Chromalloy building which has long been vacant.

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- **Office and Professional.** The glut of Metro area hotel rooms leftover from the decrease in energy sector activities may only be surpassed by the amount of office space available. Significant vacancies remain citywide in Class B and Class C office space. The silver lining lies in the fact there was a shortage of Class A space before the Boom that still exists. In fact, Midwest City’s only new Class A space, Mid-Town Office Park, seems to be doing well and there may be plans for expansion. Although office development does not produce sales tax revenue, the number of type of jobs being created is advantageous to the local economy.

**FY 2016-2017 Budgets and Rates.** The fiscal year 2016-2017 expenditure budgets presented to the Council and Board of Trustees was \$100,987,189, which is net of \$48,975,154 inter/intra-fund transfers.

The three major governmental funds reflect the following budgets adopted for FY 16-17:

	<u>Revenues</u>	<u>Transfers In</u>	<u>Expenditures</u>	<u>Transfer Out</u>	<u>(Use) of Fund Balance</u>
General	\$26,927,381	\$10,817,890	\$12,189,935	\$26,232,963	(\$677,627)
Police	\$ 2,835,897	\$ 9,825,091	\$12,906,635	\$ 234,000	(\$479,647)
Fire	\$ 2,327,040	\$ 7,957,488	\$10,318,247	\$ 378,500	(\$412,219)

Personal services were budgeted with the merit steps included for all pay plans; non-represented, police and fire. A 1.0% cost of living (COLA) was included for all non-represented employees. The non-represented employees participate in a defined contribution plan; the contribution by the City is 14%.

Through later negotiations, a total of 0.5% increase was implemented for police. 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.

Through later negotiations, a total of 2.3% increase was implemented for fire. The statutory contribution requirement for fire defined benefit pension plan will remain the same at 23%. The City currently pays 18% and the employee pays 5%.

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 2016-2017 the budgeted is \$112,537.

City is currently offering two medical insurance plans, Blue Option Plan and Blue Preferred Plan. Blue Preferred Plan has lower premium with a reduced network to employees.

**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 transfer outs and capital outlay. The reserves are only accessible if a significant event should occur such as a downturn in the economy greatly affecting the funding of the City’s operations, uses for natural disasters or one-time non-recurring emergency that disrupts the cash receipts of the City. With this resolution in place for maintaining a reserve, the City



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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  
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**BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE**

**CITY OF MIDWEST CITY, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**For the Year Ended June 30, 2016**

**Statement of Net Position– June 30, 2016**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 14,954,984	\$ 2,913,820	\$ 17,868,804
Cash and cash equivalents, restricted	-	2,887,325	2,887,325
Investments	104,793,098	12,556,389	117,349,487
Accounts receivable, net	5,155,745	3,204,010	8,359,755
Interest receivable	66,582	22,430	89,012
Other receivable	19,826	86,303	106,129
Inventory	113,639	249,589	363,228
Internal balances	785,480	(785,480)	-
Prepaid items	4,615	-	4,615
Due from other governments	4,974,080	-	4,974,080
Lease receivable	20,169,837	-	20,169,837
Deposits held by others	4,915,851	-	4,915,851
Investments, non-current, restricted	-	1,193,028	1,193,028
Capital assets:			
Land, water rights, and construction in progress	37,343,012	14,688,433	52,031,445
Other capital assets, net of depreciation	286,887,366	148,680,961	435,568,327
Total assets	<u>480,184,115</u>	<u>185,696,808</u>	<u>665,880,923</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred amount on refunding	-	927,989	927,989
Deferred amount related to pensions	7,346,012	-	7,346,012
Total deferred outflows	<u>7,346,012</u>	<u>927,989</u>	<u>8,274,001</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	2,613,032	4,295,881	6,908,913
Wages payable	1,429,863	453,525	1,883,388
Claims payable	2,353,088	-	2,353,088
Due to other governments	8,550	-	8,550
Accrued interest payable	34,214	777,621	811,835
Unearned revenue	8,894,591	-	8,894,591
Long-term liabilities:			
Due within one year	3,789,945	5,071,939	8,861,884
Due in more than one year	60,682,556	60,890,047	121,572,603
Total liabilities	<u>79,805,839</u>	<u>71,489,013</u>	<u>151,294,852</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred amount related to pensions	5,638,139	-	5,638,139
Deferred amount related to property taxes	292,532	-	292,532
Total deferred inflows	<u>5,930,671</u>	<u>-</u>	<u>5,930,671</u>
<b>NET POSITION</b>			
Net investment in capital assets	322,493,871	103,868,269	426,362,140
Restricted for:			
Debt service	1,434,476	1,871,171	3,305,647
Hospital	76,250,368	-	76,250,368
Capital improvements	11,587,425	-	11,587,425
Public Safety	6,584,361	-	6,584,361
Street operations	1,506,138	-	1,506,138
Culture and recreation	1,436,763	-	1,436,763
Economic Development	732,604	-	732,604
Other	27,743	-	27,743
Unrestricted (deficit)	(20,260,132)	9,396,344	(10,863,788)
Total net position	<u>\$ 401,793,617</u>	<u>\$ 115,135,784</u>	<u>\$ 516,929,401</u>

See accompanying notes to the basic financial statements.

**CITY OF MIDWEST CITY, OKLAHOMA**  
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**For the Year Ended June 30, 2016**

**Statement of Activities –Year Ended June 30, 2016**

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
<b>Primary government</b>							
Governmental activities							
General government	\$ 7,166,992	\$ 3,499,283	\$ 164,975	\$ -	\$ (3,502,734)	\$ -	\$ (3,502,734)
Public safety	28,732,258	2,629,817	3,591,649	27,230	(22,483,562)	-	(22,483,562)
Streets	15,404,119	141,648	529,784	15,467	(14,717,220)	-	(14,717,220)
Culture and recreation	1,909,102	505,466	63,554	-	(1,340,082)	-	(1,340,082)
Health and welfare	464,889	-	-	-	(464,889)	-	(464,889)
Economic development	4,360,854	1,456,957	374,374	82,309	(2,447,214)	-	(2,447,214)
Interest expense	1,461,517	-	-	-	(1,461,517)	-	(1,461,517)
Total governmental activities	<u>59,499,731</u>	<u>8,233,171</u>	<u>4,724,336</u>	<u>125,006</u>	<u>(46,417,218)</u>	<u>-</u>	<u>(46,417,218)</u>
Business-type activities:							
Water	7,007,982	7,202,813	-	-	-	194,831	194,831
Wastewater	9,408,356	8,018,367	-	-	-	(1,389,989)	(1,389,989)
Sanitation	4,595,959	5,910,071	-	-	-	1,314,112	1,314,112
Drainage	688,044	480,287	-	-	-	(207,757)	(207,757)
Conference center	7,399,848	5,343,154	-	-	-	(2,056,694)	(2,056,694)
Golf	1,195,429	1,119,514	-	-	-	(75,915)	(75,915)
Mobile home park	27,279	145	-	-	-	(27,134)	(27,134)
Industrial park	23,988	-	-	-	-	(23,988)	(23,988)
Total business-type activities	<u>30,346,885</u>	<u>28,074,351</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,272,534)</u>	<u>(2,272,534)</u>
Total primary government	<u>\$ 89,846,616</u>	<u>\$ 36,307,522</u>	<u>\$ 4,724,336</u>	<u>\$ 125,006</u>	<u>(46,417,218)</u>	<u>(2,272,534)</u>	<u>(48,689,752)</u>
<b>General revenues:</b>							
Taxes:							
Sales and use taxes					33,475,086	-	33,475,086
Property tax					3,630,576	-	3,630,576
Franchise and public service taxes					2,610,661	-	2,610,661
Hotel/motel taxes					597,837	-	597,837
Intergovernmental revenue not restricted to specific programs					467,541	-	467,541
Investment income					3,113,120	889,842	4,002,962
Miscellaneous					590,695	71,639	662,334
Transfers - internal activity					(3,915,572)	3,915,572	-
Total general revenues and transfers					<u>40,569,944</u>	<u>4,877,053</u>	<u>45,446,997</u>
Change in net position					(5,847,274)	2,604,519	(3,242,755)
Net position - beginning					407,640,891	112,531,265	520,172,156
Net position - ending					<u>\$ 401,793,617</u>	<u>\$ 115,135,784</u>	<u>\$ 516,929,401</u>

See accompanying notes to the basic financial statements.

**CITY OF MIDWEST CITY, OKLAHOMA  
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**BASIC FINANCIAL STATEMENTS - GOVERNMENTAL FUNDS**

**CITY OF MIDWEST CITY, OKLAHOMA**  
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**Governmental Funds Balance Sheet - June 30, 2016**

	<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>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 1,298,525	\$ 457,990	\$ 290,458	\$ 8,417,710	\$ 3,659,454	\$ 14,124,137
Investments	4,839,610	2,190,477	1,426,233	77,142,586	14,717,346	100,316,252
Receivables:						
Accounts receivable	1,179,309	70,720	923	3,128,469	691,458	5,070,879
Accrued interest receivable	10,453	3,416	2,624	6,779	32,131	55,403
Due from other funds	41,968	1,134,461	852,411	2,689	828,455	2,859,984
Deposits held by others	-	-	-	4,223,251	692,600	4,915,851
Prepaid items	4,615	-	-	-	-	4,615
Other receivable	15,177	4,475	874	-	-	20,526
Due from other governments	2,868,013	351,718	314,360	-	1,439,989	4,974,080
Inventory	-	-	-	-	60,000	60,000
Advance from other funds	1,271,817	-	-	181,059	141,476	1,594,352
Total assets	<u>\$ 11,529,487</u>	<u>\$ 4,213,257</u>	<u>\$ 2,887,883</u>	<u>\$ 93,102,543</u>	<u>\$ 22,262,909</u>	<u>\$ 133,996,079</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>						
Liabilities:						
Accounts payable and accrued liabilities	\$ 291,273	\$ 8,014	\$ 13,079	\$ 1,070,391	\$ 911,051	\$ 2,293,808
Accrued interest payable	-	-	-	-	-	-
Wages payable	402,112	520,577	380,554	3,868	73,623	1,380,734
Unearned revenue	-	-	-	8,894,591	-	8,894,591
Refundable deposits - court	78,055	-	-	-	-	78,055
Due to other funds	1,881,934	-	-	846,845	723,800	3,452,579
Due to other governments	8,550	-	-	-	-	8,550
Advance to other funds	141,476	-	1,271,817	-	62,340	1,475,633
Total liabilities	<u>2,803,400</u>	<u>528,591</u>	<u>1,665,450</u>	<u>10,815,695</u>	<u>1,770,814</u>	<u>17,583,950</u>
Deferred inflows of resources:						
Unavailable revenue	912,119	57,609	-	549,109	566,403	2,085,240
Fund balances:						
Nonspendable	1,276,432	-	-	4,223,251	752,600	6,252,283
Restricted	1,572,213	3,496,564	1,222,433	77,514,488	16,976,545	100,782,243
Assigned	1,979,309	130,493	-	-	2,258,887	4,368,689
Unassigned (deficit)	2,986,014	-	-	-	(62,340)	2,923,674
Total fund balances	<u>7,813,968</u>	<u>3,627,057</u>	<u>1,222,433</u>	<u>81,737,739</u>	<u>19,925,692</u>	<u>114,326,889</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 11,529,487</u>	<u>\$ 4,213,257</u>	<u>\$ 2,887,883</u>	<u>\$ 93,102,543</u>	<u>\$ 22,262,909</u>	<u>\$ 133,996,079</u>

See accompanying notes to the basic financial statements.

**CITY OF MIDWEST CITY, OKLAHOMA**  
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**For the Year Ended June 30, 2016**

**Reconciliation of Governmental Funds and Government-Wide Financial Statements:**

**Fund Balance – Net Position Reconciliation – June 30, 2016:**

<b>Fund balances of governmental funds</b>	\$	114,326,889
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 \$211,431,196		<u>323,266,885</u>
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		113,773
Other receivable, net of allowance		1,678,935
HMA hospital receivable		<u>20,169,837</u>
		<u>21,962,545</u>
Certain 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.		
Pension related deferred outflows		7,346,012
Net pension liability		(27,828,299)
Pension related deferred inflows		<u>(5,638,139)</u>
		<u>(26,120,426)</u>
Internal service funds are used by management to charge the cost of certain activities to individual funds. An allocation of the assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		<u>4,490,490</u>
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		(2,700,000)
Notes payable		(21,983,066)
Accrued compensated absences		(4,904,866)
OPEB Obligation - obligation shared by governmental function \$2,320,819, police \$2,505,664, and fire \$1,684,135		(6,510,620)
Accrued interest payable		<u>(34,214)</u>
		<u>(36,132,766)</u>
<b>Net position of governmental activities</b>	<b>\$</b>	<b><u><u>401,793,617</u></u></b>

See accompanying notes to the basic financial statements.

**CITY OF MIDWEST CITY, OKLAHOMA**  
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**Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances – Year Ended June 30, 2016**

	<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>
<b>REVENUES</b>						
Taxes	\$ 23,308,700	\$ 2,885,595	\$ 2,579,102	\$ 935,362	\$ 10,588,220	\$ 40,296,979
Intergovernmental	881,619	837,945	2,447,937	-	1,200,457	5,367,958
Charges for services	2,273,604	102,497	23,019	-	1,859,931	4,259,051
Fines and forfeitures	1,690,351	125,594	-	-	155,201	1,971,146
Licenses and permits	367,757	2,600	9,990	-	187,595	567,942
Investment income	329,678	111,760	49,018	2,125,093	930,813	3,546,362
Miscellaneous	602,192	45,549	52,181	975,342	263,672	1,938,936
Total revenues	<u>29,453,901</u>	<u>4,111,540</u>	<u>5,161,247</u>	<u>4,035,797</u>	<u>15,185,889</u>	<u>57,948,374</u>
<b>EXPENDITURES</b>						
Current:						
General government	5,409,617	-	-	1,412,994	560,804	7,383,415
Public safety	923,340	13,267,060	12,102,205	-	724,084	27,016,689
Streets	2,754,360	-	-	-	93,943	2,848,303
Culture and recreation	1,024,887	-	-	-	477,680	1,502,567
Health and welfare	413,564	-	-	-	-	413,564
Economic development	2,866,830	-	-	-	1,048,025	3,914,855
Capital outlay	478,422	257,123	99,342	37,633	3,561,019	4,433,539
Debt service:						
Principal retirement	-	-	-	608,693	1,400,000	2,008,693
Interest and fiscal charges	8,238	-	51,426	1,245,046	191,891	1,496,601
Total expenditures	<u>13,879,258</u>	<u>13,524,183</u>	<u>12,252,973</u>	<u>3,304,366</u>	<u>8,057,446</u>	<u>51,018,226</u>
Excess (deficiency) of revenues over expenditures	<u>15,574,643</u>	<u>(9,412,643)</u>	<u>(7,091,726)</u>	<u>731,431</u>	<u>7,128,443</u>	<u>6,930,148</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	10,803,483	9,703,727	7,778,045	300,000	1,154,644	29,739,899
Transfers out	(25,971,414)	(34,433)	(191,946)	(300,150)	(7,154,378)	(33,652,321)
Total other financing sources and uses	<u>(15,167,931)</u>	<u>9,669,294</u>	<u>7,586,099</u>	<u>(150)</u>	<u>(5,999,734)</u>	<u>(3,912,422)</u>
Net change in fund balances	406,712	256,651	494,373	731,281	1,128,709	3,017,726
Fund balances - beginning	7,407,256	3,370,406	728,060	81,006,458	18,796,983	111,309,163
Fund balances - ending	<u>\$ 7,813,968</u>	<u>\$ 3,627,057</u>	<u>\$ 1,222,433</u>	<u>\$ 81,737,739</u>	<u>\$ 19,925,692</u>	<u>\$ 114,326,889</u>

See accompanying notes to the basic financial statements.



**CITY OF MIDWEST CITY, OKLAHOMA  
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For the Year Ended June 30, 2016**

**Changes in Fund Balances – Changes in Net Position Reconciliation – Year Ended June 30, 2016:**

Net change in fund balances - total governmental funds: \$ 3,017,726

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	3,885,312
Capital asset donated	15,467
Loss on disposal of capital assets	(506,620)
Depreciation expense	(14,337,983)
	(10,943,824)

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.

1,753,171

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	(489,098)
Note payable principal payments	608,693
General obligation bond principal payments	1,400,000
	1,519,595

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	259,259
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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	(163,877)
Change in accrued interest payable	(21,376)
Change in accrued compensated absences	(814,013)
	(999,266)

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	(453,935)
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Change in net position of governmental activities	\$ (5,847,274)
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See accompanying notes to the basic financial statements.

**CITY OF MIDWEST CITY, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
For the Year Ended June 30, 2016**

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**BASIC FINANCIAL STATEMENTS - PROPRIETARY FUNDS**

**CITY OF MIDWEST CITY, OKLAHOMA**  
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**Proprietary Funds Statement of Net Position - June 30, 2016**

	<u>Midwest City Municipal Authority</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>	<u>Internal Service Funds</u>
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 2,443,647	\$ 419,020	\$ 2,862,667	\$ 882,000
Cash and cash equivalents, restricted	2,652,850	234,475	2,887,325	-
Investments	10,426,510	1,897,104	12,323,614	4,709,621
Accounts receivable, net	3,134,204	69,806	3,204,010	84,166
Other receivable	82,954	3,349	86,303	-
Accrued interest receivable	19,280	3,150	22,430	11,179
Inventory	246,468	3,121	249,589	53,639
Due from other funds	735,120	907,733	1,642,853	599
Total current assets	<u>19,741,033</u>	<u>3,537,758</u>	<u>23,278,791</u>	<u>5,741,204</u>
Non-current assets:				
Investments, restricted	-	1,193,028	1,193,028	-
Advance from other funds	1,393,125	-	1,393,125	-
Land, construction in progress, and water rights	8,465,248	6,223,185	14,688,433	1,141
Other capital assets, net	138,053,194	10,472,983	148,526,177	1,117,136
Total non-current assets	<u>147,911,567</u>	<u>17,889,196</u>	<u>165,800,763</u>	<u>1,118,277</u>
Total assets	<u>167,652,600</u>	<u>21,426,954</u>	<u>189,079,554</u>	<u>6,859,481</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>				
Deferred amount on refunding	927,989	-	927,989	-
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable and accrued liabilities	4,090,530	202,093	4,292,623	329,951
Claims liability	-	-	-	1,101,088
Wages payable	349,031	69,820	418,851	76,334
Due to other funds	741,384	72,550	813,934	236,923
Accrued interest payable	777,621	-	777,621	-
Accrued compensated absences	354,380	75,338	429,718	96,021
Refundable deposits	48,208	143,230	191,438	-
Notes payable	216,090	-	216,090	-
Revenue bonds payable	4,185,000	-	4,185,000	-
Total current liabilities	<u>10,762,244</u>	<u>563,031</u>	<u>11,325,275</u>	<u>1,840,317</u>
Non-current liabilities:				
Accrued compensated absences	644,838	150,677	795,515	192,041
Claims liability	-	-	-	1,252,000
Net OPEB obligation	2,074,362	451,841	2,526,203	492,917
Advance to other funds	-	1,511,844	1,511,844	-
Refundable deposits	-	1,276,614	1,276,614	-
Revenue bonds payable, net	56,028,024	-	56,028,024	-
Total non-current liabilities	<u>58,747,224</u>	<u>3,390,976</u>	<u>62,138,200</u>	<u>1,936,958</u>
Total liabilities	<u>69,509,468</u>	<u>3,954,007</u>	<u>73,463,475</u>	<u>3,777,275</u>
<b>NET POSITION</b>				
Net investment in capital assets	87,017,317	16,696,168	103,713,485	1,118,277
Restricted for debt service	1,871,171	-	1,871,171	-
Restricted for other purposes	-	314,423	314,423	-
Unrestricted	10,182,633	462,356	10,644,989	1,963,929
Total net position	<u>\$ 99,071,121</u>	<u>\$ 17,472,947</u>	<u>\$ 116,544,068</u>	<u>\$ 3,082,206</u>

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

(1,408,284)

Total net position per Government-Wide financial statements

\$ 115,135,784

See accompanying notes to the basic financial statements.

**CITY OF MIDWEST CITY, OKLAHOMA**  
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**Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Position - Year Ended June 30, 2016**

	<b>Midwest City Municipal Authority</b>	<b>Nonmajor Enterprise Funds</b>	<b>Total</b>	<b>Internal Service Funds</b>
<b>OPERATING REVENUES</b>				
Charges for services	\$ 25,802,731	\$ 2,150,985	\$ 27,953,716	\$ 10,341,515
Fees, licenses and permits	32,050	-	32,050	-
Miscellaneous	24,578	-	24,578	76,618
Total operating revenues	<u>25,859,359</u>	<u>2,150,985</u>	<u>28,010,344</u>	<u>10,418,133</u>
<b>OPERATING EXPENSES</b>				
Personal services	9,867,376	1,636,489	11,503,865	2,265,596
Materials and supplies	3,522,665	216,986	3,739,651	1,393,724
Other services and charges	7,660,414	310,379	7,970,793	4,326,559
Insurance claims and expense	-	-	-	3,543,711
Depreciation and amortization	4,925,468	514,933	5,440,401	101,470
Total operating expenses	<u>25,975,923</u>	<u>2,678,787</u>	<u>28,654,710</u>	<u>11,631,060</u>
Operating income (loss)	<u>(116,564)</u>	<u>(527,802)</u>	<u>(644,366)</u>	<u>(1,212,927)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Investment income	724,383	165,459	889,842	323,171
Interest expense and fiscal charges	(1,244,791)	(29,964)	(1,274,755)	-
Gain on asset retirement	1,383	4,645	6,028	-
Other non-operating revenue	-	151,169	151,169	-
Total non-operating revenue (expenses)	<u>(519,025)</u>	<u>291,309</u>	<u>(227,716)</u>	<u>323,171</u>
Income (loss) before transfers	<u>(635,589)</u>	<u>(236,493)</u>	<u>(872,082)</u>	<u>(889,756)</u>
Capital contributions	-	3,591	3,591	-
Transfers in	16,654,305	1,533,070	18,187,375	-
Transfers out	<u>(14,123,997)</u>	<u>(149,649)</u>	<u>(14,273,646)</u>	<u>(4,898)</u>
Change in net position	1,894,719	1,150,519	3,045,238	(894,654)
Total net position - beginning	97,176,402	16,322,428	113,498,830	3,976,860
Total net position - ending	<u>\$ 99,071,121</u>	<u>\$ 17,472,947</u>	<u>\$ 116,544,068</u>	<u>\$ 3,082,206</u>
Change in net position per above			\$ 3,045,238	
Some amounts reported for business-type activities in the Statement of Activities are different because the net revenue (expense) of certain internal service funds is reported with business-type activities			(440,719)	
Change in Business-Type Activities in Net Position per Government-Wide Financial Statements			<u>\$ 2,604,519</u>	

See accompanying notes to the basic financial statements.

**CITY OF MIDWEST CITY, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**For the Year Ended June 30, 2016**

**Proprietary Funds Statement of Cash Flows - Year Ended June 30, 2016**

	Midwest City Municipal Authority	Nonmajor Enterprise Funds	Total	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 25,974,709	\$ 2,302,286	\$ 28,276,995	\$ 10,370,354
Payments to suppliers	(10,614,270)	(1,064,255)	(11,678,525)	(5,653,876)
Payments to employees	(9,342,443)	(1,469,910)	(10,812,353)	(1,719,577)
Receipts (payments) from interfund loans	(334,139)	(823,877)	(1,158,016)	12,472
Receipt of customer deposits	-	520,622	520,622	-
Return of customer deposits	-	(492,830)	(492,830)	-
Claims and benefits paid	-	-	-	(3,807,391)
<b>Net cash provided by (used in) operating activities</b>	<b>5,683,857</b>	<b>(1,027,964)</b>	<b>4,655,893</b>	<b>(798,018)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers from other funds	16,654,305	1,533,070	18,187,375	-
Transfers to other funds	(14,123,997)	(149,649)	(14,273,646)	(4,898)
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>2,530,308</b>	<b>1,383,421</b>	<b>3,913,729</b>	<b>(4,898)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Capital assets purchased	(4,588,249)	(826,084)	(5,414,333)	(21,926)
Principal paid on capital debt	(4,267,039)	-	(4,267,039)	-
Proceeds from interfund loan for capital purchases	-	1,398,797	1,398,797	-
Payments of interfund loan for capital purchases	(211,986)	(176,727)	(388,713)	-
Interest and fiscal charges paid on capital debt	(1,501,674)	(29,964)	(1,531,638)	-
Proceeds from sale of capital assets	4,966	4,645	9,611	-
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>(10,563,982)</b>	<b>370,667</b>	<b>(10,193,315)</b>	<b>(21,926)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of investments	1,177,069	(844,058)	333,011	222,586
Interest and dividends	686,887	162,043	848,930	309,492
<b>Net cash provided by (used in) investing activities</b>	<b>1,863,956</b>	<b>(682,015)</b>	<b>1,181,941</b>	<b>532,078</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(485,861)</b>	<b>44,109</b>	<b>(441,752)</b>	<b>(292,764)</b>
<b>Balances - beginning of year</b>	<b>5,582,358</b>	<b>609,386</b>	<b>6,191,744</b>	<b>1,174,764</b>
<b>Balances - end of year</b>	<b>\$ 5,096,497</b>	<b>\$ 653,495</b>	<b>\$ 5,749,992</b>	<b>\$ 882,000</b>
<b>Reconciliation to Statement of Net Position:</b>				
Cash and cash equivalents	\$ 2,443,647	\$ 419,020	\$ 2,862,667	\$ 882,000
Restricted cash and cash equivalents	2,652,850	234,475	2,887,325	-
<b>Total cash and cash equivalents</b>	<b>\$ 5,096,497</b>	<b>\$ 653,495</b>	<b>\$ 5,749,992</b>	<b>\$ 882,000</b>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>				
Operating income (loss)	\$ (116,564)	\$ (527,802)	\$ (644,366)	\$ (1,212,927)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	4,925,468	514,933	5,440,401	101,470
Loss on impairment of capital asset	826,576	-	826,576	-
Other nonoperating revenue	-	151,169	151,169	-
Change in assets and liabilities:				
Receivables, net	(130,064)	132	(129,932)	(47,779)
Other receivable	238,964	-	238,964	-
Due from other funds	(664,325)	(837,469)	(1,501,794)	(524)
Inventory	(13,402)	(418)	(13,820)	14,851
Accounts payable	(244,365)	(536,472)	(780,837)	179,359
Claims liability	-	-	-	(391,483)
Due to other funds	330,186	13,592	343,778	12,996
Due to employees	54,961	6,479	61,440	12,220
Refundable deposits	6,450	27,792	34,242	-
Net OPEB obligation	363,501	139,103	502,604	492,917
Accrued compensated absences	106,471	20,997	127,468	40,882
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 5,683,857</b>	<b>\$ (1,027,964)</b>	<b>\$ 4,655,893</b>	<b>\$ (798,018)</b>

See accompanying notes to the basic financial statements.

**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**

**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

In determining the financial reporting entity, the City of Midwest 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:

**Blended Component Units:** Separate legal entities for which the City Council members serve as the trustees/governing body of the City 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 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 29<sup>th</sup> 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.
- 29<sup>th</sup> and Douglas –accounts for activities of the trailer park at 29<sup>th</sup> 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.

**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. 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 recorded 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 acquisition 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.

The City capitalizes interest on construction in progress for enterprise funds that have outstanding long term debt. The City capitalized \$309,125 in interest costs.

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, net pension liability, net OPEB obligation, 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 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 1/2 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 for pension-related amounts.

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 for pension-related amounts.

**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.
- 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



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- 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, 2016, 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, 2016 was \$5.18.

Property tax accrued on the lien date of January 1, 2016 and recorded as a deferred inflow of resources was \$292,532.

**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.

**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. 72, *Fair Value Measurement and Application* – the 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. Implementation has resulted in additional disclosures in the investment note.

The City implemented 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. Implementation has resulted in additional disclosures in the investment note.

The City implemented 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*. Implementation had no material impact on the financial statements.

The City implemented GASB Statement No. 82, *Pension Issues – An Amendment of GASB Statements No. 67, 68 and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and 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. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. Implementation had no material impact on the financial statements.

## **2. Cash and Cash Equivalents, Deposits and Investments**

### **Deposits and Investments Risks**

Fair value is the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date. The City categorizes its fair value measurements within

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the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
US agency securities	\$ 556,576	\$ 38,744,972	\$ -	\$ 39,301,548
Real Estate	-	-	3,163,362	3,163,362
Mutual Fund - equities	15,084,215	-	-	15,084,215
Mutual Fund - International	5,343,606	-	-	5,343,606
Mutual Fund - Fixed Income	5,742,044	-	-	5,742,044
	<u>\$ 26,726,441</u>	<u>\$ 38,744,972</u>	<u>\$ 3,163,362</u>	<u>\$ 68,634,775</u>

Real estate investments classified in Level 3 are valued using the change in assessed property tax land values for similar properties from the county assessor.

Certain investments that do not have a readily determinable fair value are measured at net asset value (NAV), or its equivalent. NAV per share is calculated as of the City's year-end in a manner consistent with the Governmental Accounting Standards Board's measurement principles. The valuation method for investments measured at the NAV per share (or its equivalent) is presented on the following table.

Investments Measured at Net Asset Value	Fair Value	Redemption Frequency	Redemption Notice Period
International equity index funds <sup>(1)</sup>	\$ 3,951,852	Daily	1 day
US equity index funds <sup>(2)</sup>	31,586,146	Daily	2 days
US fixed income debt funds <sup>(3)</sup>	8,500,664	Daily	2 days
	<u>\$ 44,038,662</u>		

- (1) **International equity index funds** – The fund seeks to achieve investment results that are similar to the price and yield performance, before fees and expenses of the MSCI EAFE Index. The Fund uses a replication indexing strategy to manage the underlying fund by investing in substantially all of the securities of the Index in approximately the same proportions as the Index. The investment is valued at the net asset value of units held at the end of the period based upon the fair value of the underlying investments.
- (2) **US equity index funds** – The Fund is an index fund that seeks investment results that correspond generally to the S&P 500 Index. The Fund is invested and reinvested in a portfolio of equity securities with the objective of approximating as closely as practicable the capitalization weighted total rate of return of that segment of the U.S. market for publicly traded equity securities represented by the larger capitalized companies. The investment is valued at the net asset value of units held at the end of the period based upon the fair value of the underlying investments.
- (3) **US fixed income debt funds** – The US fixed income debt fund is an index fund that establishes an objective of delivering investment performance approximating as closely as practicable the total rate of return of the market for debt securities as defined by the Barclays U.S. Aggregate Bond Index. The Fund uses a "passive" or indexing approach to try to achieve the Fund's

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investment objective. The investment is valued at the net asset value of units held at the end of the period based upon the fair value of the underlying investments.

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, 2016 by these entities are as follows:

**Schedule of Deposits and Investments by Type - June 30, 2016**

Type	Carrying Value	Credit Rating	Maturities in Years				
			On Demand	Less Than One	1 - 5	6 - 10	More than 10
Demand deposits	\$ 11,895,541	n/a	\$ 11,895,541	\$ -	\$ -	\$ -	\$ -
Time deposits	6,213,363	n/a	-	3,000,000	3,213,363	-	-
Government Money Market Accounts	8,515,546	AAAm	8,515,546	-	-	-	-
U.S. Agencies Obligations	38,744,972	n/a	-	-	-	279,201	38,465,771
Sub-total	65,369,422		\$ 20,411,087	\$ 3,000,000	\$ 3,213,363	\$ 279,201	\$ 38,465,771
Real Estate	3,163,362						
Mutual Funds	49,699,944						
Mutual Funds - equities	19,059,448						
Foreign equities	2,006,468						
Sub-total	73,929,222						
Total Deposits and Investments	\$ 139,298,644						
Reconciliation to Financial Statements:							
Cash and cash equivalents	\$ 17,868,804						
Cash and cash equivalents, restricted	2,887,325						
Investments	117,349,487						
Investments, restricted	1,193,028						
	\$ 139,298,644						

*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 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, 2016, 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, 2016, the investments held by the City mature between 2016 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. The city’s investments in Blackrock exceed 5%.

**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).

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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 2016 Percent
Equities - Domestic	20%-70%	85%	64.3%
Equities - International	0%	0%	7.6%
Fixed Income	2.5%-30%	80%	18.0%
Real Estate	0%	20%	0%
Cash Equivalents	0%	36%	10.1%

**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, 2016 are as follows:

Cash and Cash Equivalents:	
Pooled Cash Restricted for Debt Service	\$ 2,652,850
Pooled Cash Restricted for Refundable Deposits	234,475
	<u>\$ 2,887,325</u>
Investments:	
Pooled Investments Restricted for Refundable Deposits	\$ 1,193,028
	<u>\$ 1,193,028</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 within 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 \$20.2 million receivable in the governmental activities.

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**4. Capital Assets and Depreciation**

**Capital Assets:**

For the year ended June 30, 2016, capital assets balances changed as follows:

	Balance at July 1, 2015	Additions	Disposals	Balance at June 30, 2016
<b>PRIMARY GOVERNMENT:</b>				
<i>Governmental activities:</i>				
Capital assets not being depreciated:				
Land	\$ 32,544,209	\$ 138,198	\$ -	\$ 32,682,407
Construction in progress	3,518,506	1,732,064	589,965	4,660,605
Total capital assets not being depreciated	<u>36,062,715</u>	<u>1,870,262</u>	<u>589,965</u>	<u>37,343,012</u>
Capital assets being depreciated:				
Buildings	29,385,249	165,912	-	29,551,161
Machinery and equipment	19,327,994	730,668	60,225	19,998,437
Vehicles	9,047,114	539,440	351,350	9,235,204
Infrastructure	439,837,953	1,199,058	458,872	440,578,139
Total other capital assets at historical cost	<u>497,598,310</u>	<u>2,635,078</u>	<u>870,447</u>	<u>499,362,941</u>
Less accumulated depreciation for:				
Buildings	10,978,634	719,133	-	11,697,767
Machinery and equipment	13,212,474	1,033,825	47,168	14,199,131
Vehicles	4,507,549	596,238	316,659	4,787,128
Infrastructure	169,734,621	12,056,928	-	181,791,549
Total accumulated depreciation	<u>198,433,278</u>	<u>14,406,124</u>	<u>363,827</u>	<u>212,475,575</u>
Capital assets being depreciated, net	<u>299,165,032</u>	<u>(11,771,046)</u>	<u>506,620</u>	<u>286,887,366</u>
Governmental activities capital assets, net	<u>\$ 335,227,747</u>	<u>\$ (9,900,784)</u>	<u>\$ 1,096,585</u>	<u>\$ 324,230,378</u>

	Balance at July 1, 2015	Additions	Disposals	Balance at June 30, 2016
<i>Business-type activities:</i>				
Capital assets not being depreciated:				
Land	\$ 7,549,649	\$ 22,800	\$ -	\$ 7,572,449
Water rights	4,672,610	-	-	4,672,610
Construction in progress	66,463,084	1,653,234	65,672,944	2,443,374
Total capital assets not being depreciated	<u>78,685,343</u>	<u>1,676,034</u>	<u>65,672,944</u>	<u>14,688,433</u>
Capital assets being depreciated:				
Buildings	31,362,796	603,310	-	31,966,106
Machinery and equipment	12,924,544	338,270	81,240	13,181,574
Vehicles	8,031,670	515,052	180,034	8,366,688
Utility systems	110,923,120	68,019,387	20,608	178,921,899
Total other capital assets at historical cost	<u>163,242,130</u>	<u>69,476,019</u>	<u>281,882</u>	<u>232,436,267</u>
Less accumulated depreciation for:				
Buildings	9,193,225	718,291	-	9,911,516
Machinery and equipment	8,176,628	649,962	57,074	8,769,516
Vehicles	4,209,008	422,062	174,494	4,456,576
Utility systems	56,100,583	4,518,342	1,227	60,617,698
Total accumulated depreciation	<u>77,679,444</u>	<u>6,308,657</u>	<u>232,795</u>	<u>83,755,306</u>
Capital assets being depreciated, net	<u>85,562,686</u>	<u>63,167,362</u>	<u>49,087</u>	<u>148,680,961</u>
Business-type activities capital assets, net	<u>\$ 164,248,029</u>	<u>\$ 64,843,396</u>	<u>\$ 65,722,031</u>	<u>\$ 163,369,394</u>



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**Depreciation:**

Depreciation expense has been allocated as follows:

**Governmental Activities:**

General government	\$ 408,617
Public safety	1,343,198
Streets	11,945,366
Culture and recreation	312,846
Health and welfare	33,577
Economic development	294,379
Sub-total governmental funds depreciation	<u>14,337,983</u>

Depreciation on capital assets held by the City's internal service funds is charged to the various functions based upon usage	68,142
Total	<u>\$ 14,406,125</u>

**Business-Type Activities:**

Water	\$ 1,025,613
Sewer	2,640,864
Sanitation	439,116
Drainage	269,001
Conference center/hotel	939,947
Golf	101,872
Industrial park	23,988
Total Business Type Activities	<u>5,440,401</u>

Depreciation on capital assets held by the City's internal service funds is charged to the various functions based upon usage	33,328
Total	<u>\$ 5,473,729</u>

Wastewater expenses include an impairment loss of \$834,928 on the old wastewater treatment plan due to changes in environmental factors. The same amount is included in additions to accumulated depreciation in the above schedule.

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**5. Internal and Interfund Balances and Transfers**

**Internal and Interfund Balances:**

Interfund receivables and payables at June 30, 2016 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	\$ 47,772	Surplus properties sales proceeds to be distributed			
General Fund	Comm Dev Block Grant	41,968	To cover negative balance in pooled cash			
General Fund	Fire Fund	1,271,817	Long-term loan for capital improvements			
Police Fund	General Fund	1,040,585	Restricted sales tax payable			
Police Fund	Surplus Property	93,876	Surplus properties sales proceeds to be distributed			
Juvenile Fund	Surplus Property	780	Surplus properties sales proceeds to be distributed			
Fire Fund	General Fund	841,349	Restricted sales tax payable			
Fire Fund	Surplus Property	11,062	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			
Emergency Operating Fund	Grant Fund	3,750	Grants to be transferred			
CDBG	Surplus Property	1,222	Surplus properties sales proceeds to be distributed			
Grant Fund	Police Impound	283	Revenue accrued to be transferred			
Downtown Redevelopment	Reimbursed Project	141,476	Long-term loan for capital improvements			
Hospital Authority	29th and Douglas	181,059	Long-term loan			
Hospital Authority	Surplus Property	2,689	Surplus properties sales proceeds to be distributed			
Capital Improvements Fund	Debt Service	33,890	Revenue accrued to be transferred			
Capital Improvements Fund	Hotel & Conference Center	740,000	Capital outlay subsidy			
Fleet Services Fund	Surplus Property	598	Surplus properties sales proceeds to be distributed			
Sewer Fund	Surplus Property	54	Surplus properties sales proceeds to be distributed			
Water Fund	Utility Capital Outlay	1,330,785	Long-term loan for economic improvements			
Water Fund	Customer Deposits	13,592	Revenue accrued to be transferred			
Sewer Fund	Tax Increment Financing Fund	62,340	Long-term loan for economic improvements			
Utilities Capital Outlay	Hospital Authority	846,845	To cover negative balance in pooled cash			
Utility Services	Utility Capital Outlay	58,958	To cover negative balance in pooled cash			
Sanitation Fund	Surplus Property	50,744	Surplus properties sales proceeds to be distributed			
Water Fund	Surplus Property	13,679	Surplus properties sales proceeds to be distributed			
Sewer Fund	Surplus Property	939	Surplus properties sales proceeds to be distributed			
Hotel/Conference Center	Surplus Property	12,203	Surplus properties sales proceeds to be distributed			
Golf	Surplus Property	546	Surplus properties sales proceeds to be distributed			
Customer Deposit	Water Fund	1,384	Meter deposit liability			
Capital Improvement Rev. Bond	Revenue Bond Sinking Fund	643,909	Revenue accrued to be transferred			
		<u>\$ 7,490,912</u>				
		<b>Due From Other</b>	<b>Advance From</b>	<b>Due To Other</b>	<b>Advance To</b>	<b>Net Internal</b>
		<b>Funds</b>	<b>Other Funds</b>	<b>Funds</b>	<b>Other Funds</b>	<b>Balances</b>
<b>Reconciliation to Fund Financial Statements:</b>						
Governmental Funds		\$ 2,859,984	\$ 1,594,352	\$ 3,452,579	\$ 1,475,633	\$ (473,876)
Proprietary Funds		1,642,853	1,393,125	813,934	1,511,844	\$ 710,200
Internal Service Funds		599	-	236,923	-	\$ (236,324)
Total		<u>\$ 4,503,436</u>	<u>\$ 2,987,477</u>	<u>\$ 4,503,436</u>	<u>\$ 2,987,477</u>	<u>\$ -</u>
<b>Reconciliation to Statement of Net Position:</b>						
Net Internal Balances		\$ 710,200				
Internal Service Fund Activity reported in Business-Type Activities		(1,495,680)				
Net Internal Balances		<u>\$ (785,480)</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, 2016 were as follows:

Transfer In	Transfer Out	Amount	Nature of Transfer
General Fund	Fire Fund	166,000	Code Enforcement Allocation
General Fund	Storm Water Quality Fund	41,907	Indirect Cost Allocation
General Fund	Sanitation Fund	763,936	Indirect Cost Allocation
General Fund	Water Fund	748,459	Indirect Cost Allocation
General Fund	Sewer Fund	772,099	Indirect Cost Allocation
General Fund	Capital Improvement Revenue Bond Fund	8,291,332	Debt Service Subsidy
General Fund	Grants Fund	19,750	Grant Subsidy
General Gov Sales Tax	General Fund	35,028	Capital Outlay Subsidy
General Gov Sales Tax	G.O.Debt Services	32,442	Capital Outlay Subsidy
General Gov Sales Tax	Park & Recreation	647	Contract Cost Allocation
General Gov Sales Tax	Risk Management	289	Contract Cost Allocation
General Gov Sales Tax	Convention & Visitor Bureau	428	Contract Cost Allocation
General Gov Sales Tax	Emergency Operations Fund	536	Contract Cost Allocation
General Gov Sales Tax	Welcome Center	589	Contract Cost Allocation
General Gov Sales Tax	Public Works Administration	867	Contract Cost Allocation
General Gov Sales Tax	Downtown Redevelopment Authority	123	Contract Cost Allocation
General Gov Sales Tax	Juvenile Fund	429	Contract Cost Allocation
General Gov Sales Tax	Community Development Block Grant	621	Contract Cost Allocation
General Gov Sales Tax	Police Fund	34,433	Contract Cost Allocation
General Gov Sales Tax	Hospital Authority	150	Contract Cost Allocation
General Gov Sales Tax	Technology Fund	601	Contract Cost Allocation
General Gov Sales Tax	Fire Fund	25,946	Contract Cost Allocation
General Gov Sales Tax	L&H Benefits	161	Contract Cost Allocation
Street and Alley Fund	Water Fund	60,708	Reimburse Repair Cost
Technology Fund	Emergency Operations Fund	45,673	Contract Cost Allocation
Police Fund	General Fund	9,703,451	Ordinance Obligation
Police Fund	Grants Fund	276	Grant Subsidy
Juvenile Fund	General Fund	25,000	Operating Subsidy
Fire Fund	General Fund	7,765,886	Ordinance Obligation
Fire Fund	Grants Fund	12,159	Grant Subsidy
Emergency Management Fund	Grants Fund	18,750	Grant Subsidy
Community Development Block Grant	General Fund	147,126	City Match of CDBG Program
Grants Fund	Police Impound Fee	1,682	Grant Subsidy
Urban Renewal Authority	Downtown Redevelopment Authority	65,000	Operating Subsidy
Hospital Authority	Downtown Redevelopment Authority	300,000	Return on owners investment
Capital Improvement Fund	Conference Center / Hotel Fund	360,000	Capital Outlay Subsidy
Capital Improvement Fund	Revenue Bond Sinking Fund	297,415	Capital Outlay Subsidy
Trailer Park Fund	Downtown Redevelopment Authority	135,894	Debt Service Subsidy
Drainage Tax Fund	Capital Improvements	180,000	Capital Outlay Subsidy
Drainage Tax Fund	Capital Improvement Revenue Bond Fund	35,746	Capitalize Interest Cost
Capital Water Improve	Capital Improvement Revenue Bond Fund	90,583	Capitalize Interest Cost
Construction Loan Payment	Capital Improvement Revenue Bond Fund	114,649	Capitalize Interest Cost
Sewer Construction	Capital Improvement Revenue Bond Fund	729,374	Capitalize Interest Cost
Utilities Capital Outlay	Sanitation	747,884	Capital Outlay Subsidy
Utilities Capital Outlay	Capital Drainage Improvement	804	Contract Cost Allocation
Utilities Capital Outlay	Storm Water Quality Fund	1,357	Contract Cost Allocation
Utilities Capital Outlay	Public Works Administration	881	Contract Cost Allocation
Utilities Capital Outlay	Interservice fund	2,593	Contract Cost Allocation
Utilities Capital Outlay	Surplus Property	107	Contract Cost Allocation
Utilities Capital Outlay	Utility Services	2,813	Contract Cost Allocation
Utilities Capital Outlay	Water Fund	6,893	Contract Cost Allocation
Utilities Capital Outlay	Sewer Fund	9,540	Contract Cost Allocation
Utilities Capital Outlay	Golf	4,019	Contract Cost Allocation
Utilities Capital Outlay	Utility Services	97,976	Contract Cost Allocation
Water Fund	Customer Deposits Fund	44,841	Interest earnings
Sewer Fund	Grant Fund	3,800	Grant Subsidy
Utility Authority	Grant Fund	82,309	Capital Outlay Subsidy
Utility Authority	Capital Sewer	140,000	Capital Outlay Subsidy
Utility Authority	Hospital Authority	300,000	Capital Outlay Subsidy
Golf	General Fund	3,591	Capital Donation
Capital Improvement Revenue Bond Fund	Sewer Construction Fund	1,208,726	Debt Service Subsidy
Capital Improvement Revenue Bond Fund	Revenue Bond Sinking Fund	5,955,254	Debt Service Subsidy
Capital Improvement Revenue Bond Fund	General Fund	8,291,332	Debt Service Subsidy
		<u>\$ 47,930,865</u>	

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**Internal and Interfund Transfers:**

	Transfers From Other Funds	Transfers To Other Funds	Net Transfers
<b>Reconciliation to Fund Financial Statements:</b>			
Governmental Funds	\$ 29,739,899	\$ (33,652,321)	\$ (3,912,422)
Proprietary Funds	18,187,375	(14,273,646)	3,913,729
Internal Service Funds	-	(4,898)	(4,898)
Total	\$ 47,927,274	\$ (47,930,865)	\$ (3,591)
<b>Reconciliation to Statement of Activities:</b>			
Net Transfers			\$ 3,911,981
Capital Contributions to Enterprise Fund			3,591
Transfers - Internal Activity			\$ 3,915,572

**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 liabilities. For the year ended June 30, 2016, the City's long-term debt balances changed as follows:

**Primary Government:**

<u>Type of Debt</u>	<u>Balance July 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2016</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
General Obligation Bonds	\$ 4,100,000	\$ -	\$ 1,400,000	\$ 2,700,000	\$ 1,400,000
Notes Payable	22,591,759	-	608,693	21,983,066	646,956
Accrued Compensated Absences	4,215,069	3,386,188	2,557,408	5,043,849	1,664,934
Total Governmental Activities	\$ 30,906,828	\$ 3,386,188	\$ 4,566,101	29,726,915	3,711,890
<b>Reconciliation to Statement of Net Position:</b>					
Plus: Net OPEB Obligation				6,839,232	-
Net Pension Liability				27,828,299	-
Refundable Deposits				78,055	78,055
				\$ 64,472,501	\$ 3,789,945
<b>Business-Type Activities:</b>					
Notes Payable	\$ 428,129	\$ -	\$ 212,039	\$ 216,090	\$ 216,090
Revenue Bonds Payable	61,915,000	-	4,055,000	57,860,000	4,185,000
Revenue Bonds Premium	2,618,915	-	265,891	2,353,024	-
Refundable Deposits	1,433,811	520,434	486,193	1,468,052	191,438
Accrued Compensated Absences	1,220,728	992,619	839,035	1,374,312	479,411
Total Business-Type Activities	\$ 67,616,583	\$ 1,513,053	\$ 5,858,158	\$ 63,271,478	\$ 5,071,939
<b>Reconciliation to Statement of Net Position:</b>					
Plus: Net OPEB Obligation				2,690,508	-
				\$ 65,961,986	\$ 5,071,939

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.

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

**General Obligation Bonds:**

\$4,500,000 general obligation bonds dated May 1, 2006 for public safety, payable in annual installments of \$275,000 the first year and \$325,000, thereafter, with interest rates of 3.75% to 3.95%, repaid by property tax levies. Final maturity in May 2021. Current portion \$325,000. \$ 1,625,000

\$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. 1,075,000

Total general obligation bonds \$ 2,700,000

Current	\$ 1,400,000
Non-current	<u>1,300,000</u>
Total	<u>\$ 2,700,000</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 \$646,956. \$ 21,983,066

Total notes payable \$ 21,983,066

Current	\$ 646,956
Non-current	<u>21,336,110</u>
Total	<u>\$ 21,983,066</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%.

	\$ 23,115,000
Unamortized Revenue Bond Premium	<u>98,216</u>
Total Revenue Bonds, Net	<u>\$ 23,213,216</u>

	\$ 940,000
Current	<u>22,175,000</u>
Non-current	<u>\$ 23,115,000</u>
Total	<u>\$ 23,115,000</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%.

	\$ 34,745,000
Unamortized Revenue Bond Premium	<u>2,254,808</u>
Total Revenue Bonds, Net	<u>\$ 36,999,808</u>

	\$ 3,245,000
Current	<u>31,500,000</u>
Non-current	<u>\$ 34,745,000</u>
Total	<u>\$ 34,745,000</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>\$ 216,090</u>
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	<u>\$ 216,090</u>
Current	<u>\$ 216,090</u>

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

Governmental-Type Activities				
Year Ending June 30,	G.O. Bonds Payable		Notes Payable	
	Principal	Interest	Principal	Interest
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>\$ 2,700,000</u>	<u>\$ 249,000</u>	<u>\$ 21,983,066</u>	<u>\$ 3,978,489</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>
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	-	-	4,925,000	1,575,288
2022-2026	-	-	23,080,000	4,693,088
2027-2031	-	-	7,130,000	1,772,647
2032-2034	-	-	5,005,000	315,459
	<u>\$ 216,090</u>	<u>\$ 5,925</u>	<u>\$ 57,860,000</u>	<u>\$ 16,636,232</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 \$32,114,819. Pledged sales taxes transferred in the current year was \$13,849,343. Debt service payments on 2011 Revenue Bonds of \$1,797,625 for the current fiscal year were 13.0% 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 \$17,259,575.

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 \$42,381,413. Pledged sales taxes transferred in the current year was \$13,849,343. Debt service payments on the bonds were \$4,711,663 for the current fiscal year or 34.0% 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 \$17,259,575.

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 \$222,015. Water revenues received in the current year was \$6,460,751. Debt service payments of \$223,778 for the current fiscal year were 3.5% 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	\$ 76,250,368
Technology Fund	Enabling legislation	490,617
Police Impound Fund	Enabling legislation	165,450
Urban Renewal Authority	Enabling legislation	3,804
Capital Outlay Reserve Fund	Enabling legislation	746,652
General Fund	Enabling legislation	137,312
		<u>77,794,203</u>
Street and Alley Fund	Statutory requirements	1,506,138
Juvenile Fund	Statutory requirements	75,077
Police Special Projects	Statutory requirements	175,408
Police Lab Fee	Statutory requirements	17,468
		<u>1,774,091</u>
Grant Fund	External contracts	198,962
General Fund	External contracts	1,434,901
Police Fund	External contracts	3,496,564
Fire Fund	External contracts	1,222,433
Park and Recreation Fund	External contracts	592,788
Emergency Operation Fund	External contracts	688,529
Welcome Center	External contracts	359,102
Convention and Visitors Bureau	External contracts	213,673
GO Debt Service Fund	External contracts	1,434,476
2002 GO Street Bond	External contracts	2,787,632
Downtown Redevelopment	External contracts	1,818,803
Dedicated Tax Fund	External contracts	1,296,160
Capital Improvement Fund	External contracts	2,555,863
General Government Sales Tax Fund	External contracts	1,891,698
		<u>19,991,584</u>
Total Restricted Net Position		<u>\$ 99,559,878</u>



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

	Major Special Revenue Funds				Other Governmental Fund	Total
	General Fund	Police Fund	Fire Fund	Hospital Authority		
Fund Balance:						
Nonspendable:						
Inventory	\$ -	\$ -	\$ -	\$ -	\$ 60,000	\$ 60,000
Deposits held by others	1,271,817	-	-	4,223,251	692,600	6,187,668
Prepaid expenses	4,615	-	-	-	-	4,615
	1,276,432	-	-	4,223,251	752,600	6,252,283
Restricted:						
Public safety	743,432	3,496,564	1,222,433	-	1,121,932	6,584,361
Hospital	-	-	-	77,514,488	-	77,514,488
General obligation debt service	-	-	-	-	1,392,721	1,392,721
Capital improvements	-	-	-	-	7,013,016	7,013,016
Street improvements	-	-	-	-	4,083,792	4,083,792
Street operations	-	-	-	-	1,506,138	1,506,138
Technology improvements	-	-	-	-	490,617	490,617
Culture and rec programs	484,873	-	-	-	951,890	1,436,763
Economic development	316,165	-	-	-	416,439	732,604
Health and welfare programs	27,743	-	-	-	-	27,743
Sub-total restricted	1,572,213	3,496,564	1,222,433	77,514,488	16,976,545	100,782,243
Assigned in:						
Culture and rec programs	88,206	-	-	-	-	88,206
Downtown redevelopment	-	-	-	-	1,632,989	1,632,989
Health and welfare programs	52,695	-	-	-	-	52,695
Capital improvements	-	-	-	-	567,079	567,079
Public safety	710,885	130,493	-	-	-	841,378
Economic development	-	-	-	-	58,819	58,819
Streets	60,022	-	-	-	-	60,022
Appropriation for use in FY 16-17 budget	677,627	-	-	-	-	677,627
General government - encumbrances	71,921	-	-	-	-	71,921
Public safety - encumbrances	1,765	-	-	-	-	1,765
Public works - encumbrances	34,549	-	-	-	-	34,549
Culture and rec - encumbrances	1,071	-	-	-	-	1,071
Economic development - encumbrances	50,784	-	-	-	-	50,784
Health and welfare - encumbrances	229,784	-	-	-	-	229,784
Sub-total assigned	1,979,309	130,493	-	-	2,258,887	4,368,689
Unassigned (deficit):	2,986,014	-	-	-	(62,340)	2,923,674
<b>TOTAL FUND BALANCE</b>	\$ 7,813,968	\$ 3,627,057	\$ 1,222,433	\$ 81,737,739	\$ 19,925,692	\$ 114,326,889

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The following is a breakdown of encumbrances at June 30, 2016:

<b>Fund</b>	<b>Balance</b>
<b>Major Funds:</b>	
General Fund	\$ 280,911
Police Fund	238,586
Fire Fund	68,122
Hospital Authority	5,485,313
	<u>\$ 6,072,932</u>
<b>Non Major Fund:</b>	
Capital Outlay Fund	
General Govt Sales Tax	\$ 182,506
Street and Alley Fund	671,996
Technology Fund	9,476
Police Federal Projects	7,272
Police Lab Fund	1,115
Police Impound Fund	400
Welcome Center Fund	15,135
Convention and Visitor Bureau	3,390
Street Tax Fund	240,685
Emergency Operations Fund	18,970
Park and Recreation Fund	16,106
Grant Fund	34,205
Capital Improvement Fund	138,600
Downtown Redevelopment Fund	80,680
Debt Service	28,219
	<u>\$ 1,448,755</u>

Per resolution, the City Council has established a minimum fund balance policy for the General Fund equal to ten percent (10%) of the fund's budgetary operating expenditures each fiscal year. In addition, a reserve equal to five percent (5%) of the budgetary operating expenditures for each fund has been established for the following 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.

## 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.

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- 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	2,500

- 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 \$500,000 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, 2013, to June 30, 2016, are as follows:

	<u>Risk Fund</u>	<u>Health Care</u>	<u>Total</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	(410,552)	(7,698,047)	(8,108,599)
Claims liability, June 30, 2014	<u>2,241,000</u>	<u>532,770</u>	<u>2,773,770</u>
Claims and changes in estimates	806,158	6,799,627	7,605,785
Claims payments	(842,158)	(6,792,826)	(7,634,984)
Claims liability, June 30, 2015	<u>2,205,000</u>	<u>539,571</u>	<u>2,744,571</u>
Claims and changes in estimates	597,468	5,761,091	6,358,559
Claims payments	(998,468)	(5,751,574)	(6,750,042)
Claims liability, June 30, 2016	<u>\$ 1,804,000</u>	<u>\$ 549,088</u>	<u>\$ 2,353,088</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

**Summary Defined Benefit Plans Balances:**

	Governmental
	Activities
Net Pension Liability	
Police Pension System	\$ 94,795
Firefighter's Pension System	27,733,504
Total Net Pension Liability	<u>\$ 27,828,299</u>
Deferred Outflows of Resources	
Police Pension System	\$ 2,705,980
Firefighter's Pension System	4,640,032
Total Deferred Outflows of Resources	<u>\$ 7,346,012</u>
Deferred Inflows of Resources	
Police Pension System	\$ 2,587,640
Firefighter's Pension System	3,050,499
Total Deferred Inflows of Resources	<u>\$ 5,638,139</u>

**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](http://www.ok.gov/OPPRS).

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**Benefits provided** - OPPRS provides retirement, disability, and death benefits to members of the plan. The normal retirement date under the Plan is the date upon which the participant completes 20 years of credited service, regardless of age. Participants become vested upon completing 10 years of credited service as a contributing participant of the Plan. No vesting occurs prior to completing 10 years of credited service. Participants' contributions are refundable, without interest, upon termination prior to normal retirement. Participants who have completed 10 years of credited service may elect a vested 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 \$837,945. 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 an accrual basis of \$825,107. 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 Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** - At June 30, 2016, the City reported a liability of \$94,795 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015. 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

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pension plan for all participating employers as of June 30, 2015. Based upon this information, the City's proportion was 2.3249%.

For the year ended June 30, 2016, the City recognized pension expense of \$360,457. 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	\$ -	\$ 524,165
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	1,698,691	2,063,475
Changes in proportion and differences between City contributions and proportionate share of contributions	26,366	-
City contributions subsequent to the measurement date	980,923	-
<b>Total</b>	<b>\$ 2,705,980</b>	<b>\$ 2,587,640</b>

The \$980,923 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, 2017. Other deferred outflows of resources related to pensions are being amortized over a closed period equal to the average of the expected service lives of all employees as of the beginning of the measurement period, which was 5.77 years and 5.83 years as of July 1, 2015 and 2014, respectively. The deferred inflows relates to the difference between expected and actual investment earnings and is being amortized over a closed 5-year period as of the beginning of each measurement period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	2017	\$	(351,829)
	2018		(351,829)
	2019		(351,829)
	2020		348,373
	2021		(12,251)
Thereafter			-
		<b>\$</b>	<b>(719,365)</b>

**Actuarial Assumptions**-The total pension liability was determined by an actuarial valuation as of June 30, 2015, 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

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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.

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, 2015, 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, 2015, are summarized in the following table:

<u>Asset Class</u>	<u>Real Rate of Return</u>
Fixed income	2.24%
Domestic equity	4.87%
International equity	7.68%
Real estate	5.47%
Private equity/debt	5.80%
Commodities	2.96%

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.

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**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:

	(6.5%)	Rate (7.5%)	(8.5%)
Employers' net pension liability (asset)	\$ 5,695,986	\$ 94,795	\$ (4,627,398)

**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](http://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](http://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-



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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.

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 \$873,705. The State of Oklahoma also made on-behalf contributions to FPRS in the amount of \$2,447,937 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 \$2,838,898. 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, 2016, the City reported a liability of \$27,733,504 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015. 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, 2015. Based upon this information, the City's proportion was 2.6129%.

For the year ended June 30, 2016, the City recognized pension expense of \$2,761,613. At June 30, 2016, 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	\$ 547,928	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	983,165	3,050,499
Changes in proportion and differences between City contributions and proportionate share of contributions	2,154,805	-
City contributions subsequent to the measurement date	954,134	-
Total	<u>\$ 4,640,032</u>	<u>\$ 3,050,499</u>

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The \$954,134 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, 2017. Other deferred outflows of resources related to pensions are being amortized over a closed period equal to the average of the expected service lives of all employees as of the beginning of the measurement period, which was 6.31 years and 6.37 years as of July 1, 2015 and 2014, respectively. The deferred inflows of resources relates to the difference between expected and actual investment earnings and is being amortized over a closed 5-year period as of the beginning of each measurement period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2017	\$	(220,585)
2018		(220,585)
2019		(220,585)
2020		796,247
2021		449,219
Thereafter		132,017
	<u>\$</u>	<u>715,728</u>

**Actuarial Assumptions**-The total pension liability was determined by an actuarial valuation as of June 30, 2015, 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, 2015, 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, 2015, 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%	5.13%
Domestic equity	37%	8.02%
International equity	20%	9.49%
Real estate	10%	7.47%
Other assets	13%	6.25%

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

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

	(6.5%)	Rate (7.5%)	(8.5%)
Employers' net pension liability	\$ 36,009,051	\$ 27,733,504	\$ 20,792,771

**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](http://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 an agent multiple employer 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, 2016, the City contributed \$2,111,914 to the plan, while the employee contributions totaled \$2,177.

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 \$339,570 to the Plan. Plan members receiving benefits contributed \$980,725 of the total premiums, through their payment of the full determined premium in FY 2016.

*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, 2016:

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		(339,570)
Increase in net OPEB obligation		1,159,398
Net OPEB obligation—beginning of year		8,370,342
Net OPEB obligation—end of year	\$	9,529,740

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/14	\$ 2,718,990	51%	\$ 8,087,659
6/30/15	\$ 1,498,968	81%	\$ 8,370,342
6/30/16	\$ 1,498,968	81%	\$ 9,529,740

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*Funded Status and Funding Progress.* As of July 1, 2015, 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, 2015, 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 \$6,839,231 and \$2,690,509, respectively, of the Net OPEB Obligation. In the governmental activities the obligation is shared by the general government function \$2,320,820, the police function \$2,505,664, and the fire function \$1,684,135 and internal service allocation \$492,917.

## **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, 2016, the city reported a deficit fund balance of \$62,340 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, 2016:

15th & Douglas Intersection	\$ 588,617
Carl Albert Water Tower	387,570
CNG Fueling Station	558,600
	<u>\$ 1,534,787</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 was settled in late November and the Authority recovered the deposit and legal fees.

### **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. 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 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. 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

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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 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.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements* – GASB 81 was issued in March 2016, to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. At this time, the impact to the city is unknown.



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GASB Statement No. 83, Certain Asset Retirement Obligations, issued December 2016, will be effective for the City beginning with its fiscal year ending June 30, 2019. Under Statement No. 83, a government that has legal obligations to perform future asset retirement activities related to its tangible capital assets is required to recognize a liability and a corresponding deferred outflow of resources. The Statement identifies the circumstances that trigger the recognition of these transactions. The Statement also requires the measurement of an asset retirement obligation to be based on the best estimate of the current value of outlays expected to be incurred while the deferred outflow of resources associated with the asset retirement obligation will be measured at the amount of the corresponding liability upon initial measurement and generally recognized as an expense during the reporting periods that the asset provides service. The Statement requires disclosures including a general description of the asset retirement obligation and associated tangible capital assets; the source of the obligation to retire the assets; the methods and assumptions used to measure the liability; and other relevant information.

**REQUIRED SUPPLEMENTARY INFORMATION**

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**Budgetary Comparison Schedules – Year Ended June 30, 2016**

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
<b>Beginning Budgetary Fund Balance:</b>	\$ 1,181,066	\$ 1,040,560	\$ 4,249,192	\$ 3,208,632
<b>Resources (Inflows):</b>				
Taxes	23,408,281	23,729,398	23,421,884	(307,514)
Charges for services	489,167	489,167	486,195	(2,972)
Fines and forfeitures	1,628,507	1,789,526	1,786,146	(3,380)
Licenses and permits	242,435	242,435	367,757	125,322
Investment income	125,154	125,154	113,994	(11,160)
Intergovernmental	439,424	439,424	467,579	28,155
Miscellaneous	211,501	211,501	366,138	154,637
<b>Total Resources (Inflows)</b>	<u>26,544,469</u>	<u>27,026,605</u>	<u>27,009,693</u>	<u>(16,912)</u>
<b>Amounts available for appropriation</b>	<u>27,725,535</u>	<u>28,067,165</u>	<u>31,258,885</u>	<u>3,191,720</u>
<b>Charges to Appropriations (Outflows):</b>				
City Manager	478,636	481,492	467,495	13,997
City Clerk	582,091	603,319	570,956	32,363
Personnel	382,636	382,965	362,859	20,106
City Attorney	102,684	102,684	97,952	4,732
Community Development	1,766,728	1,772,758	1,630,168	142,590
Park & Recreation	625,523	625,743	590,304	35,439
Finance	661,645	683,117	654,086	29,031
Animal Welfare	440,907	442,102	413,704	28,398
Streets	2,997,976	3,015,780	2,737,635	278,145
General Government	1,144,851	1,175,848	1,053,160	122,688
Neighborhood Services	1,149,770	1,151,957	1,099,975	51,982
Information Technology	470,480	485,352	416,391	68,961
Emergency Response	954,232	954,903	914,207	40,696
Swimming Pools	274,156	299,066	285,696	13,370
<b>Total Charges to Appropriations</b>	<u>12,032,315</u>	<u>12,177,086</u>	<u>11,294,588</u>	<u>882,498</u>
<b>Other financing sources (uses)</b>				
Transfers from other funds	10,875,063	10,875,063	10,785,943	(89,120)
Transfers to other funds	(25,811,673)	(26,117,721)	(26,051,802)	65,919
<b>Total other financing sources (uses)</b>	<u>(14,936,610)</u>	<u>(15,242,658)</u>	<u>(15,265,859)</u>	<u>(23,201)</u>
<b>Ending Budgetary Fund Balance</b>	<u>\$ 756,610</u>	<u>\$ 647,421</u>	<u>\$ 4,698,438</u>	<u>\$ 4,051,017</u>

See accompanying notes to this schedule.

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<b>POLICE FUND</b>				
	<b>Budgeted Amounts</b>		<b>Actual Amounts (Budget Basis)</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Beginning Budgetary Fund Balance:</b>	\$ 484,463	\$ 254,859	\$ 2,035,550	\$ 1,780,691
<b>Resources (Inflows):</b>				
Taxes	2,905,074	2,905,074	2,892,569	(12,505)
Charges for services	99,307	98,307	102,497	4,190
License and permits	-	-	2,600	2,600
Investment income	63,113	63,113	56,460	(6,653)
Fines and forfeitures	138,215	138,215	131,097	(7,118)
Miscellaneous	-	26,232	49,352	23,120
<b>Total Resources (Inflows)</b>	<b>3,205,709</b>	<b>3,230,941</b>	<b>3,234,575</b>	<b>3,634</b>
<b>Amounts available for appropriation</b>	<b>3,690,172</b>	<b>3,485,800</b>	<b>5,270,125</b>	<b>1,784,325</b>
<b>Charges to Appropriations (Outflows):</b>				
Public Safety	13,433,601	13,819,346	12,684,493	1,134,853
<b>Total Charges to Appropriations</b>	<b>13,433,601</b>	<b>13,819,346</b>	<b>12,684,493</b>	<b>1,134,853</b>
<b>Other financing sources (uses)</b>				
Transfers from other funds	9,585,243	9,723,634	9,746,074	22,440
Transfers to other funds	-	(34,443)	(34,443)	-
<b>Total other financing sources (uses)</b>	<b>9,585,243</b>	<b>9,689,191</b>	<b>9,711,631</b>	<b>22,440</b>
<b>Ending Budgetary Fund Balance</b>	<b>\$ (158,186)</b>	<b>\$ (644,355)</b>	<b>\$ 2,297,263</b>	<b>\$ 2,941,618</b>

<b>FIRE FUND</b>				
	<b>Budgeted Amounts</b>		<b>Actual Amounts (Budget Basis)</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Beginning Budgetary Fund Balance:</b>	\$ 665,200	\$ (76,206)	\$ 1,481,072	\$ 1,557,278
<b>Resources (Inflows):</b>				
Taxes	2,596,513	2,596,513	2,585,336	(11,177)
Charges for services	22,000	22,000	23,019	1,019
Investment income	47,915	47,915	37,704	(10,211)
Licenses and permits	11,151	11,151	9,990	(1,161)
Miscellaneous	103,197	106,247	44,728	(61,519)
<b>Total Resources (Inflows)</b>	<b>2,780,776</b>	<b>2,783,826</b>	<b>2,700,777</b>	<b>(83,049)</b>
<b>Amounts available for appropriation</b>	<b>3,445,976</b>	<b>2,707,620</b>	<b>4,181,849</b>	<b>1,474,229</b>
<b>Charges to Appropriations (Outflows):</b>				
Public Safety	10,616,922	10,984,126	10,092,393	891,733
<b>Total Charges to Appropriations</b>	<b>10,616,922</b>	<b>10,984,126</b>	<b>10,092,393</b>	<b>891,733</b>
<b>Other financing sources (uses)</b>				
Transfers from other funds	7,670,310	7,801,643	7,812,285	10,642
Transfers to other funds	(166,000)	(191,946)	(191,946)	-
<b>Total other financing sources (uses)</b>	<b>7,504,310</b>	<b>7,609,697</b>	<b>7,620,339</b>	<b>10,642</b>
<b>Ending Budgetary Fund Balance</b>	<b>\$ 333,364</b>	<b>\$ (666,809)</b>	<b>\$ 1,709,795</b>	<b>\$ 2,376,604</b>

**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

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unreserved budgetary fund balance. This presentation of unreserved fund balances on a budgetary basis is used to demonstrate compliance with Article 10, § 26 of the Oklahoma State Constitution.

2. The legal level of appropriation control is the department level within a fund. Transfers of appropriation between departments and object categories require the approval of the City Manager. All supplemental appropriations require the approval of the City Council. Supplemental appropriations must be filed with the Office of the State Auditor and Inspector.

3. The 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:

<b>GENERAL FUND</b>	<u><b>Fund Balance</b></u> <u><b>June 30, 2015</b></u>	<u><b>Net Change in</b></u> <u><b>Fund Balance</b></u>	<u><b>Fund Balance</b></u> <u><b>June 30, 2016</b></u>
<b>Budget to GAAP Reconciliation:</b>			
<b>Fund Balance - GAAP Basis</b>	\$ 7,407,256	\$ 406,712	\$ 7,813,968
Increases (Decreases):			
Revenues:			
Receivable	(3,170,688)	(742,732)	(3,913,420)
Change in fair value of investments	6,468	(13,188)	(6,720)
Expenditures:			
Payables	2,562,995	748,663	3,311,658
Encumbrances	(59,281)	(101,059)	(160,340)
Impact of combining accounts:			
Reimbursed Projects Account	(646,782)	(7,506)	(654,288)
Employee Activity Account	(15,875)	(1,839)	(17,714)
Activity Account	(303,015)	34,406	(268,609)
Animals Best Friend Account	(71,872)	(6,460)	(78,332)
Disaster Relief Account	(1,358,705)	30,940	(1,327,765)
<b>Fund Balance - Budgetary Basis</b>	<u>\$ 4,350,501</u>	<u>\$ 347,937</u>	<u>\$ 4,698,438</u>

<b>POLICE FUND</b>	<u><b>Fund Balance</b></u> <u><b>June 30, 2015</b></u>	<u><b>Net Change in</b></u> <u><b>Fund Balance</b></u>	<u><b>Fund Balance</b></u> <u><b>June 30, 2016</b></u>
<b>Budget to GAAP Reconciliation:</b>			
<b>Fund Balance - GAAP Basis</b>	\$ 3,370,406	\$ 256,651	\$ 3,627,057
Increases (Decreases):			
Revenues:			
Receivable	(1,613,026)	(299,922)	(1,912,948)
Change in fair value of investments	3,576	(6,622)	(3,046)
Expenditures:			
Payables	274,594	311,606	586,200
<b>Fund Balance - Budgetary Basis</b>	<u>\$ 2,035,550</u>	<u>\$ 261,713</u>	<u>\$ 2,297,263</u>

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<b>FIRE FUND</b>	<u><b>Fund Balance June 30, 2015</b></u>	<u><b>Net Change in Fund Balance</b></u>	<u><b>Fund Balance June 30, 2016</b></u>
<b>Budget to GAAP Reconciliation:</b>			
<b>Fund Balance - GAAP Basis</b>	\$ 728,060	\$ 494,373	\$ 1,222,433
Increases (Decreases):			
Revenues:			
Receivable	(1,200,664)	24,915	(1,175,749)
Change in fair value of investments	841	(3,180)	(2,339)
Expenditures:			
Payables	1,952,835	(287,385)	1,665,450
<b>Fund Balance - Budgetary Basis</b>	<u><u>\$ 1,481,072</u></u>	<u><u>\$ 228,723</u></u>	<u><u>\$ 1,709,795</u></u>

***Required Supplementary Information – Pension***

**Schedules of Required Supplementary Information  
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><b>2014</b></u>	<u><b>2015</b></u>
City's proportion of the net pension liability	2.392%	2.613%
City's proportionate share of the net pension liability	\$ 24,598,661	\$ 27,733,504
City's covered-employee payroll	\$ 6,734,825	\$ 7,151,904
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	365%	388%
Plan fiduciary net position as a percentage of the total pension liability	68.12%	68.27%

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

**Notes to Schedule:**

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

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**Schedules of Required Supplementary Information  
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>	<u>2015</u>
City's proportion of the net pension liability (asset)	2.2929%	2.3249%
City's proportionate share of the net pension liability (asset)	\$ (772,001)	\$ 94,795
City's covered-employee payroll	\$6,171,257	\$ 6,571,604
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	(12.51%)	-(1.44%)
Plan fiduciary net position as a percentage of the total pension liability (asset)	101.53%	99.82%

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

**Notes to Schedule:**

Only the two previous fiscal years are 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>	<u>2016</u>
Statutorily required contribution	\$ 1,001,267	\$ 969,220
Contributions in relation to the statutorily required contribution	<u>1,064,424</u>	<u>969,270</u>
Contribution deficiency (excess)	<u>\$ (63,157)</u>	<u>\$ (50)</u>
City's covered-employee payroll	\$ 7,151,904	\$6,922,999
Contributions as a percentage of covered-employee payroll	14.88%	14.00%

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

**Notes to Schedule:**

Only two previous fiscal years are 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**

	<u>2015</u>	<u>2016</u>
Statutorily required contribution	\$ 854,309	\$ 873,711
Contributions in relation to the statutorily required contribution	<u>1,021,780</u>	<u>873,705</u>
Contribution deficiency (excess)	<u>\$ (167,471)</u>	<u>\$ 6</u>
City's covered-employee payroll	\$ 6,571,604	\$ 6,720,857
Contributions as a percentage of covered-employee payroll	15.55%	13.00%

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

**Notes to Schedule:**

Only the two previous fiscal years are 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 – Other Post Employment Benefit (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%



**OTHER SUPPLEMENTARY INFORMATION**

**CITY OF MIDWEST CITY, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**For the Year Ended June 30, 2016**

**Combining Balance Sheet – General Fund Accounts – June 30, 2016**

	General Fund Accounts						Totals
	General Fund	Reimbursed Projects Account	Employee Activity Account	Activity Account	Animals Best Friend Account	Disaster Relief Account	
<b>ASSETS</b>							
Cash and cash equivalents	\$ 795,158	\$ 145,513	\$ 17,714	\$ 48,579	\$ 74,490	\$ 217,071	\$ 1,298,525
Investments	2,853,268	662,165	-	219,698	-	1,104,479	4,839,610
Accounts receivable	977,979	26,750	-	-	9,673	164,907	1,179,309
Accrued interest receivable	7,536	-	-	-	-	2,917	10,453
Other receivable	13,747	-	-	1,430	-	-	15,177
Due from other governments	2,867,575	-	-	-	-	438	2,868,013
Due from other funds	41,968	-	-	-	-	-	41,968
Prepaid items	4,615	-	-	-	-	-	4,615
Advance from other funds	1,271,817	-	-	-	-	-	1,271,817
Total assets	<u>\$ 8,833,663</u>	<u>\$ 834,428</u>	<u>\$ 17,714</u>	<u>\$ 269,707</u>	<u>\$ 84,163</u>	<u>\$ 1,489,812</u>	<u>\$ 11,529,487</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>							
<b>Liabilities:</b>							
Accounts payable and accrued liabilities	\$ 234,363	\$ 38,664	\$ -	\$ 459	\$ -	\$ 17,787	\$ 291,273
Wages payable	395,196	-	-	639	-	6,277	402,112
Due to other governments	8,550	-	-	-	-	-	8,550
Refundable deposits	78,055	-	-	-	-	-	78,055
Due to other funds	1,881,934	-	-	-	-	-	1,881,934
Advance to other funds	-	141,476	-	-	-	-	141,476
Total liabilities	<u>2,598,098</u>	<u>180,140</u>	<u>-</u>	<u>1,098</u>	<u>-</u>	<u>24,064</u>	<u>2,803,400</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable revenue	768,305	-	-	-	5,831	137,983	912,119
<b>Fund balances:</b>							
Nonspendable	1,276,432	-	-	-	-	-	1,276,432
Restricted	137,312	594,266	-	198,117	25,637	616,881	1,572,213
Assigned	1,067,502	60,022	17,714	70,492	52,695	710,884	1,979,309
Unassigned	2,986,014	-	-	-	-	-	2,986,014
Total fund balances	<u>5,467,260</u>	<u>654,288</u>	<u>17,714</u>	<u>268,609</u>	<u>78,332</u>	<u>1,327,765</u>	<u>7,813,968</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 8,833,663</u>	<u>\$ 834,428</u>	<u>\$ 17,714</u>	<u>\$ 269,707</u>	<u>\$ 84,163</u>	<u>\$ 1,489,812</u>	<u>\$ 11,529,487</u>

**CITY OF MIDWEST CITY, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
For the Year Ended June 30, 2016**

**Combining Schedule of Revenues, Expenditures and Changes in Fund Balance – General Fund  
Accounts – Year Ended June 30, 2016**

General Fund Accounts							
	General Fund	Reimbursed Projects Account	Employee Activity Account	Activity Account	Animals Best Friend Account	Disaster Relief Account	Totals
<b>REVENUES</b>							
Taxes	\$ 23,308,700	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,308,700
Intergovernmental	467,541	414,078	-	-	-	-	881,619
Charges for services	2,051,689	80,213	-	77,238	-	64,464	2,273,604
Investment income	222,630	17,968	352	6,360	1,458	80,910	329,678
Fines & forfeitures	1,666,417	-	-	-	23,934	-	1,690,351
Licenses & permits	367,757	-	-	-	-	-	367,757
Miscellaneous	366,137	31,099	2,973	91,314	345	110,324	602,192
Total revenues	<u>28,450,871</u>	<u>543,358</u>	<u>3,325</u>	<u>174,912</u>	<u>25,737</u>	<u>255,698</u>	<u>29,453,901</u>
<b>EXPENDITURES</b>							
Current:							
General government	5,079,346	14,897	8,986	-	-	306,388	5,409,617
Public Safety	918,757	4,583	-	-	-	-	923,340
Streets	2,754,360	-	-	-	-	-	2,754,360
Culture and recreation	884,604	1,236	-	139,047	-	-	1,024,887
Health & welfare	408,916	-	-	-	4,648	-	413,564
Economic development	2,747,782	119,048	-	-	-	-	2,866,830
Capital outlay	9,370	384,259	-	70,164	14,629	-	478,422
Debt service:							
Interest and fiscal charges	-	8,238	-	-	-	-	8,238
Total expenditures	<u>12,803,135</u>	<u>532,261</u>	<u>8,986</u>	<u>209,211</u>	<u>19,277</u>	<u>306,388</u>	<u>13,879,258</u>
Revenues over (under) expenditures	<u>15,647,736</u>	<u>11,097</u>	<u>(5,661)</u>	<u>(34,299)</u>	<u>6,460</u>	<u>(50,690)</u>	<u>15,574,643</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	10,783,733	-	-	-	-	19,750	10,803,483
Transfers out	(25,967,716)	(3,591)	-	(107)	-	-	(25,971,414)
Transfers in - interaccount	-	-	7,500	-	-	-	7,500
Transfers out - interaccount	(7,500)	-	-	-	-	-	(7,500)
Total other financing sources (uses)	<u>(15,191,483)</u>	<u>(3,591)</u>	<u>7,500</u>	<u>(107)</u>	<u>-</u>	<u>19,750</u>	<u>(15,167,931)</u>
Net change in fund balances	456,253	7,506	1,839	(34,406)	6,460	(30,940)	406,712
Fund balances - beginning of year	5,011,007	646,782	15,875	303,015	71,872	1,358,705	7,407,256
Fund balances - end of year	<u>\$ 5,467,260</u>	<u>\$ 654,288</u>	<u>\$ 17,714</u>	<u>\$ 268,609</u>	<u>\$ 78,332</u>	<u>\$ 1,327,765</u>	<u>\$ 7,813,968</u>

**CITY OF MIDWEST CITY, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2016**

**Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2016**

	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
<b>ASSETS</b>											
Cash and cash equivalents	\$ 215,462	\$ 73,081	\$ 99,008	\$ 118,337	\$ 85,151	\$ 62,888	\$ 163,033	\$ 293,771	\$ 177,016	\$ 16,457	\$ 34,669
Investments	-	-	450,542	538,498	387,486	286,175	-	1,494,733	-	-	157,764
Accrued interest receivable	-	-	-	-	-	-	-	3,948	-	-	-
Deposits held by others	-	-	-	-	-	-	-	-	-	-	-
Other receivable	26,876	61,804	3,200	1,223	159,593	-	2,700	-	-	6,090	-
Due from other governments	56,893	-	61,186	42,921	-	17,565	-	48,364	-	-	32,788
Due from other funds	1,505	780	-	4,037	-	323	-	-	-	-	148
Inventory	60,000	-	-	-	-	-	-	-	-	-	-
Advance from other funds	-	-	-	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b>360,736</b>	<b>135,665</b>	<b>613,936</b>	<b>705,016</b>	<b>632,230</b>	<b>366,951</b>	<b>165,733</b>	<b>1,840,816</b>	<b>177,016</b>	<b>22,547</b>	<b>225,369</b>
<b>LIABILITIES AND FUND BALANCES</b>											
<b>Liabilities:</b>											
Accounts payable and accrued liabilities	18,072	-	18,108	-	11,317	1,037	-	334,678	1,608	90	3,055
Wages payable	19,600	7,195	3,040	16,487	9,160	6,812	-	-	-	-	8,641
Due to other funds	45,718	-	-	-	-	-	283	-	-	-	-
Advance to other funds	-	-	-	-	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>83,390</b>	<b>7,195</b>	<b>21,148</b>	<b>16,487</b>	<b>20,477</b>	<b>7,849</b>	<b>283</b>	<b>334,678</b>	<b>1,608</b>	<b>90</b>	<b>11,696</b>
<b>Deferred inflows:</b>											
Unavailable revenue	18,384	53,393	-	-	121,136	-	-	-	-	4,989	-
<b>Fund balances:</b>											
Nonspendable	60,000	-	-	-	-	-	-	-	-	-	-
Restricted	198,962	75,077	592,788	688,529	490,617	359,102	165,450	1,506,138	175,408	17,468	213,673
Assigned	-	-	-	-	-	-	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-	-	-	-	-	-	-
<b>Total fund balances</b>	<b>258,962</b>	<b>75,077</b>	<b>592,788</b>	<b>688,529</b>	<b>490,617</b>	<b>359,102</b>	<b>165,450</b>	<b>1,506,138</b>	<b>175,408</b>	<b>17,468</b>	<b>213,673</b>
<b>Total liabilities, deferred inflows, and fund balances</b>	<b>\$ 360,736</b>	<b>\$ 135,665</b>	<b>\$ 613,936</b>	<b>\$ 705,016</b>	<b>\$ 632,230</b>	<b>\$ 366,951</b>	<b>\$ 165,733</b>	<b>\$ 1,840,816</b>	<b>\$ 177,016</b>	<b>\$ 22,547</b>	<b>\$ 225,369</b>

(continued)

**CITY OF MIDWEST CITY, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2016**

**Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2016**

	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
<b>ASSETS</b>											
Cash and cash equivalents	\$ 62,623	\$ 319,352	\$ -	\$ 477,300	\$ 507,657	\$ 203,834	\$ -	\$ 363,234	\$ 161,011	\$ 225,570	\$ 3,659,454
Investments	-	1,624,893	-	2,428,546	2,583,004	1,037,127	-	1,848,169	732,689	1,147,720	14,717,346
Accrued interest receivable	-	4,292	-	6,415	6,823	2,739	-	4,882	-	3,032	32,131
Deposits held by others	-	-	-	687,300	300	-	-	5,000	-	-	692,600
Other receivable	-	-	-	429,972	-	-	-	-	-	-	691,458
Due from other governments	-	52,460	-	-	-	52,460	677,799	12,653	-	384,900	1,439,989
Due from other funds	-	47,772	-	-	-	-	-	773,890	-	-	828,455
Inventory	-	-	-	-	-	-	-	-	-	-	60,000
Advance from other funds	-	-	-	141,476	-	-	-	-	-	-	141,476
<b>Total assets</b>	<b>62,623</b>	<b>2,048,769</b>	<b>-</b>	<b>4,171,009</b>	<b>3,097,784</b>	<b>1,296,160</b>	<b>677,799</b>	<b>3,007,828</b>	<b>893,700</b>	<b>1,761,222</b>	<b>22,262,909</b>
<b>LIABILITIES AND FUND BALANCES</b>											
<b>Liabilities:</b>											
Accounts payable and accrued liabilities	-	112,638	-	29,229	309,852	-	-	71,367	-	-	911,051
Wages payable	-	-	-	2,688	-	-	-	-	-	-	73,623
Due to other funds	-	-	-	-	-	-	677,799	-	-	-	723,800
Advance to other funds	-	-	62,340	-	-	-	-	-	-	-	62,340
<b>Total liabilities</b>	<b>-</b>	<b>112,638</b>	<b>62,340</b>	<b>31,917</b>	<b>309,852</b>	<b>-</b>	<b>677,799</b>	<b>71,367</b>	<b>-</b>	<b>-</b>	<b>1,770,814</b>
<b>Deferred inflows:</b>											
Unavailable revenue	-	-	-	-	-	-	-	-	-	368,501	566,403
<b>Fund balances:</b>											
Nonspendable	-	-	-	687,300	300	-	-	5,000	-	-	752,600
Restricted	3,804	1,891,698	-	1,818,803	2,787,632	1,296,160	-	2,555,863	746,652	1,392,721	16,976,545
Assigned	58,819	44,433	-	1,632,989	-	-	-	375,598	147,048	-	2,258,887
Unassigned (deficit)	-	-	(62,340)	-	-	-	-	-	-	-	(62,340)
<b>Total fund balances</b>	<b>62,623</b>	<b>1,936,131</b>	<b>(62,340)</b>	<b>4,139,092</b>	<b>2,787,932</b>	<b>1,296,160</b>	<b>-</b>	<b>2,936,461</b>	<b>893,700</b>	<b>1,392,721</b>	<b>19,925,692</b>
<b>Total liabilities, deferred inflows, and fund balances</b>	<b>\$ 62,623</b>	<b>\$ 2,048,769</b>	<b>\$ -</b>	<b>\$ 4,171,009</b>	<b>\$ 3,097,784</b>	<b>\$ 1,296,160</b>	<b>\$ 677,799</b>	<b>\$ 3,007,828</b>	<b>\$ 893,700</b>	<b>\$ 1,761,222</b>	<b>\$ 22,262,909</b>

**CITY OF MIDWEST CITY, OKLAHOMA**  
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**As of and for the Year Ended June 30, 2016**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Governmental Funds – Year Ended June 30, 2016**

	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
<b>REVENUES</b>											
Taxes	\$ -	\$ -	\$ 518,439	\$ 352,140	\$ -	\$ 179,351	\$ -	\$ -	\$ -	\$ -	\$ 334,789
Intergovernmental	662,660	-	-	-	-	-	-	529,784	-	-	-
Charges for services	-	-	-	27,250	303,406	-	73,500	-	-	-	-
Investment income	205	1,618	11,267	16,669	10,859	7,603	3,308	104,032	3,570	449	3,900
Fines & forfeitures	-	103,409	-	-	26,913	-	-	-	15,730	9,149	-
Licenses & permits	-	-	-	-	24,800	-	-	-	-	-	-
Miscellaneous	18,864	-	41,534	-	83	24,986	-	-	6,067	-	-
Total revenues	<u>681,729</u>	<u>105,027</u>	<u>571,240</u>	<u>396,059</u>	<u>366,061</u>	<u>211,940</u>	<u>76,808</u>	<u>633,816</u>	<u>25,367</u>	<u>9,598</u>	<u>338,689</u>
<b>EXPENDITURES</b>											
Current:											
General government	-	-	-	-	446,334	-	-	-	-	-	-
Public safety	163,918	162,238	-	365,171	-	-	1,837	-	20,136	10,784	-
Streets	-	-	-	-	-	-	-	58,500	-	-	-
Culture and recreation	-	-	307,481	-	-	170,199	-	-	-	-	-
Economic development	583,733	-	-	-	-	-	-	-	-	-	287,294
Capital outlay	32,304	-	80,254	86,078	-	17,469	22,365	855,845	9,760	3,507	1,029
Debt service:											
Principal retirement	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>779,955</u>	<u>162,238</u>	<u>387,735</u>	<u>451,249</u>	<u>446,334</u>	<u>187,668</u>	<u>24,202</u>	<u>914,345</u>	<u>29,896</u>	<u>14,291</u>	<u>288,323</u>
Revenues over (under) expenditures	<u>(98,226)</u>	<u>(57,211)</u>	<u>183,505</u>	<u>(55,190)</u>	<u>(80,273)</u>	<u>24,272</u>	<u>52,606</u>	<u>(280,529)</u>	<u>(4,529)</u>	<u>(4,693)</u>	<u>50,366</u>
<b>OTHER FINANCING SOURCES (USES)</b>											
Transfers in	148,808	25,000	-	18,750	45,673	-	-	60,708	-	-	-
Transfers out	(137,665)	(429)	(647)	(46,209)	(601)	(589)	(1,682)	-	-	-	(428)
Total other financing sources (uses)	<u>11,143</u>	<u>24,571</u>	<u>(647)</u>	<u>(27,459)</u>	<u>45,072</u>	<u>(589)</u>	<u>(1,682)</u>	<u>60,708</u>	<u>-</u>	<u>-</u>	<u>(428)</u>
Net change in fund balances	(87,083)	(32,640)	182,858	(82,649)	(35,201)	23,683	50,924	(219,821)	(4,529)	(4,693)	49,938
Fund balances - beginning of year	346,045	107,717	409,930	771,178	525,818	335,419	114,526	1,725,959	179,937	22,161	163,735
Fund balances - end of year	<u>\$ 258,962</u>	<u>\$ 75,077</u>	<u>\$ 592,788</u>	<u>\$ 688,529</u>	<u>\$ 490,617</u>	<u>\$ 359,102</u>	<u>\$ 165,450</u>	<u>\$ 1,506,138</u>	<u>\$ 175,408</u>	<u>\$ 17,468</u>	<u>\$ 213,673</u>

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**CITY OF MIDWEST CITY, OKLAHOMA**  
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**As of and for the Year Ended June 30, 2016**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Governmental Funds – Year Ended June 30, 2016**

	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	
<b>REVENUES</b>											
Taxes	\$ -	\$ 430,394	\$ 1,166,123	\$ -	\$ -	\$ 430,394	\$ 5,558,011	\$ 106,669	\$ -	\$ 1,511,910	\$ 10,588,220
Intergovernmental	-	-	-	-	-	-	-	-	-	8,013	1,200,457
Charges for services	-	-	-	1,455,775	-	-	-	-	-	-	1,859,931
Investment income	687	118,450	1,072	154,705	188,554	67,342	2,628	130,086	19,913	83,896	930,813
Fines & forfeitures	-	-	-	-	-	-	-	-	-	-	155,201
Licenses & permits	-	-	-	-	-	-	-	162,795	-	-	187,595
Miscellaneous	-	28,600	-	1,857	141,648	-	-	-	-	33	263,672
Total revenues	<u>687</u>	<u>577,444</u>	<u>1,167,195</u>	<u>1,612,337</u>	<u>330,202</u>	<u>497,736</u>	<u>5,560,639</u>	<u>399,550</u>	<u>19,913</u>	<u>1,603,852</u>	<u>15,185,889</u>
<b>EXPENDITURES</b>											
Current:											
General government	-	114,296	174	-	-	-	-	-	-	-	560,804
Public safety	-	-	-	-	-	-	-	-	-	-	724,084
Streets	-	-	-	-	23,402	12,041	-	-	-	-	93,943
Culture and recreation	-	-	-	-	-	-	-	-	-	-	477,680
Economic development	6,868	-	-	170,130	-	-	-	-	-	-	1,048,025
Capital outlay	-	746,994	-	330,146	769,723	213,847	-	391,698	-	-	3,561,019
Debt service:											
Principal retirement	-	-	-	-	-	-	-	-	-	1,400,000	1,400,000
Interest and fiscal charges	-	-	48,222	-	-	-	-	-	-	143,669	191,891
Total expenditures	<u>6,868</u>	<u>861,290</u>	<u>48,396</u>	<u>500,276</u>	<u>793,125</u>	<u>225,888</u>	<u>-</u>	<u>391,698</u>	<u>-</u>	<u>1,543,669</u>	<u>8,057,446</u>
Revenues over (under) expenditures	<u>(6,181)</u>	<u>(283,846)</u>	<u>1,118,799</u>	<u>1,112,061</u>	<u>(462,923)</u>	<u>271,848</u>	<u>5,560,639</u>	<u>7,852</u>	<u>19,913</u>	<u>60,183</u>	<u>7,128,443</u>
<b>OTHER FINANCING SOURCES (USES)</b>											
Transfers in	65,000	133,290	-	-	-	-	-	657,415	-	-	1,154,644
Transfers out	-	-	-	(501,017)	-	-	(6,252,669)	(180,000)	-	(32,442)	(7,154,378)
Total other financing sources (uses)	<u>65,000</u>	<u>133,290</u>	<u>-</u>	<u>(501,017)</u>	<u>-</u>	<u>-</u>	<u>(6,252,669)</u>	<u>477,415</u>	<u>-</u>	<u>(32,442)</u>	<u>(5,999,734)</u>
Net change in fund balances	58,819	(150,556)	1,118,799	611,044	(462,923)	271,848	(692,030)	485,267	19,913	27,741	1,128,709
Fund balances - beginning of year	3,804	2,086,687	(1,181,139)	3,528,048	3,250,855	1,024,312	692,030	2,451,194	873,787	1,364,980	18,796,983
Fund balances - end of year	<u>\$ 62,623</u>	<u>\$ 1,936,131</u>	<u>\$ (62,340)</u>	<u>\$ 4,139,092</u>	<u>\$ 2,787,932</u>	<u>\$ 1,296,160</u>	<u>\$ -</u>	<u>\$ 2,936,461</u>	<u>\$ 893,700</u>	<u>\$ 1,392,721</u>	<u>\$ 19,925,692</u>

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**Combining Schedule of Net Position – Midwest City Municipal Authority Accounts – June 30, 2016**

	Midwest City Municipal Authority						Total
	Water Account	Sewer Account	Sanitation Account	Conference Center/Hotel Account	Drainage Account	Debt Service Account	
<b>ASSETS</b>							
Current assets:							
Cash and cash equivalents	\$ 257,664	\$ 1,396,110	\$ 305,689	\$ 379,762	\$ 104,422	\$ -	\$ 2,443,647
Cash and cash equivalents, restricted	-	-	-	-	-	2,652,850	2,652,850
Investments	1,172,520	6,334,566	1,555,372	888,874	475,178	-	10,426,510
Accounts receivable, net	986,800	1,094,080	805,536	184,875	62,913	-	3,134,204
Other receivable	-	-	-	82,954	-	-	82,954
Accrued interest receivable	-	12,824	4,108	2,348	-	-	19,280
Inventory	150,560	95,908	-	-	-	-	246,468
Due from other funds	27,271	993	50,744	12,203	-	643,909	735,120
Total current assets	<u>2,594,815</u>	<u>8,934,481</u>	<u>2,721,449</u>	<u>1,551,016</u>	<u>642,513</u>	<u>3,296,759</u>	<u>19,741,033</u>
Non-current assets:							
Due from other funds	1,330,785	62,340	-	-	-	-	1,393,125
Land, construction in progress, and water rights	6,632,098	1,114,420	712,036	5,444	1,250	-	8,465,248
Other capital assets, net	17,260,543	80,907,336	3,732,921	22,184,367	13,968,027	-	138,053,194
Total non-current assets	<u>25,223,426</u>	<u>82,084,096</u>	<u>4,444,957</u>	<u>22,189,811</u>	<u>13,969,277</u>	<u>-</u>	<u>147,911,567</u>
Total assets	<u>27,818,241</u>	<u>91,018,577</u>	<u>7,166,406</u>	<u>23,740,827</u>	<u>14,611,790</u>	<u>3,296,759</u>	<u>167,652,600</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
Deferred amount on refunding	-	-	-	-	-	927,989	927,989
<b>LIABILITIES</b>							
Current liabilities:							
Accounts payable and accrued liabilities	513,884	3,066,739	210,671	299,201	35	-	4,090,530
Wages payable	98,874	131,986	38,490	69,313	10,368	-	349,031
Due to other funds	1,384	-	-	740,000	-	-	741,384
Accrued interest payable	-	-	-	-	-	777,621	777,621
Accrued compensated absences	124,957	146,690	34,561	35,511	12,661	-	354,380
Refundable deposits	-	-	-	48,208	-	-	48,208
Notes payable	216,090	-	-	-	-	-	216,090
Revenue bonds payable	-	-	-	-	-	4,185,000	4,185,000
Total current liabilities	<u>955,189</u>	<u>3,345,415</u>	<u>283,722</u>	<u>1,192,233</u>	<u>23,064</u>	<u>4,962,621</u>	<u>10,762,244</u>
Non-current liabilities:							
Accrued compensated absences	249,914	293,380	69,121	7,101	25,322	-	644,838
Net OPEB obligation	636,685	1,026,912	328,612	-	82,153	-	2,074,362
Notes payable	-	-	-	-	-	-	-
Revenue bonds payable, net	-	-	-	-	-	56,028,024	56,028,024
Total non-current liabilities	<u>886,599</u>	<u>1,320,292</u>	<u>397,733</u>	<u>7,101</u>	<u>107,475</u>	<u>56,028,024</u>	<u>58,747,224</u>
Total liabilities	<u>1,841,788</u>	<u>4,665,707</u>	<u>681,455</u>	<u>1,199,334</u>	<u>130,539</u>	<u>60,990,645</u>	<u>69,509,468</u>
<b>NET POSITION</b>							
Net investment in capital assets	23,676,551	82,021,756	4,444,957	22,189,811	13,969,277	(59,285,035)	87,017,317
Restricted for debt service	-	-	-	-	-	1,871,171	1,871,171
Unrestricted (deficit)	2,299,902	4,331,114	2,039,994	351,682	511,974	647,967	10,182,633
Total net position	<u>\$ 25,976,453</u>	<u>\$ 86,352,870</u>	<u>\$ 6,484,951</u>	<u>\$ 22,541,493</u>	<u>\$ 14,481,251</u>	<u>\$ (56,765,897)</u>	<u>\$ 99,071,121</u>



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**Combining Schedule of Revenues, Expenses and Changes in Net Position – Midwest City Municipal Authority Accounts – Year Ended June 30, 2016**

	Midwest City Municipal Authority						Total
	Water Account	Sewer Account	Sanitation Account	Conference Center/Hotel Account	Drainage Account	Debt Service Account	
<b>OPERATING REVENUES</b>							
Charges for services	\$ 6,443,139	\$ 7,810,908	\$ 5,737,874	\$ 5,363,322	\$ 447,488	\$ -	\$ 25,802,731
Fees, licenses and permits	12,000	20,050	-	-	-	-	32,050
Miscellaneous	5,612	98	18,135	-	733	-	24,578
<b>Total operating revenues</b>	<b>6,460,751</b>	<b>7,831,056</b>	<b>5,756,009</b>	<b>5,363,322</b>	<b>448,221</b>	<b>-</b>	<b>25,859,359</b>
<b>OPERATING EXPENSES</b>							
Personal services	2,377,828	3,614,324	1,200,000	2,379,854	295,370	-	9,867,376
Materials and supplies	884,601	514,307	797,341	1,258,346	68,070	-	3,522,665
Other services and charges	1,514,545	2,520,393	1,989,102	1,597,715	38,659	-	7,660,414
Depreciation and amortization	636,540	2,640,864	439,116	939,947	269,001	-	4,925,468
<b>Total operating expenses</b>	<b>5,413,514</b>	<b>9,289,888</b>	<b>4,425,559</b>	<b>6,175,862</b>	<b>671,100</b>	<b>-</b>	<b>25,975,923</b>
<b>Operating income (loss)</b>	<b>1,047,237</b>	<b>(1,458,832)</b>	<b>1,330,450</b>	<b>(812,540)</b>	<b>(222,879)</b>	<b>-</b>	<b>(116,564)</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>							
Investment income	111,443	432,980	118,103	43,716	12,927	5,214	724,383
Interest expense and fiscal charges	(11,739)	-	-	-	-	(1,233,052)	(1,244,791)
Gain (loss) on asset retirement	560	981	1,956	(2,114)	-	-	1,383
<b>Total non-operating revenue (expenses)</b>	<b>100,264</b>	<b>433,961</b>	<b>120,059</b>	<b>41,602</b>	<b>12,927</b>	<b>(1,227,838)</b>	<b>(519,025)</b>
<b>Income (loss) before contributions and transfers</b>	<b>1,147,501</b>	<b>(1,024,871)</b>	<b>1,450,509</b>	<b>(770,938)</b>	<b>(209,952)</b>	<b>(1,227,838)</b>	<b>(635,589)</b>
Transfers in	250,073	733,174	-	-	215,746	15,455,312	16,654,305
Transfers out	(816,060)	(2,173,629)	(1,511,820)	(360,000)	(804)	(9,261,684)	(14,123,997)
<b>Change in net position</b>	<b>581,514</b>	<b>(2,465,326)</b>	<b>(61,311)</b>	<b>(1,130,938)</b>	<b>4,990</b>	<b>4,965,790</b>	<b>1,894,719</b>
<b>Total net position - beginning</b>	<b>25,394,939</b>	<b>88,818,196</b>	<b>6,546,262</b>	<b>23,672,431</b>	<b>14,476,261</b>	<b>(61,731,687)</b>	<b>97,176,402</b>
<b>Total net position - ending</b>	<b>\$ 25,976,453</b>	<b>\$ 86,352,870</b>	<b>\$ 6,484,951</b>	<b>\$ 22,541,493</b>	<b>\$ 14,481,251</b>	<b>\$ (56,765,897)</b>	<b>\$ 99,071,121</b>

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**Combining Schedule of Cash Flows – Midwest City Municipal Authority Accounts – June 30, 2016**

	<b>Midwest City Municipal Authority</b>						<b>Total</b>
	<b>Water Account</b>	<b>Sewer Account</b>	<b>Sanitation Account</b>	<b>Conference Center/Hotel Account</b>	<b>Drainage Account</b>	<b>Debt Service Account</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
Receipts from customers	\$ 6,593,454	\$ 7,816,542	\$ 5,693,302	\$ 5,424,029	\$ 447,382	\$ -	\$ 25,974,709
Payments to suppliers	(2,247,685)	(2,582,126)	(2,784,274)	(2,871,317)	(128,868)	-	(10,614,270)
Payments to employees	(2,298,279)	(3,243,514)	(1,171,683)	(2,366,782)	(262,185)	-	(9,342,443)
Receipts (payments) from interfund loans	(13,966)	(939)	(1,899)	326,574	-	(643,909)	(334,139)
<b>Net cash provided by (used in) operating activities</b>	<b>2,033,524</b>	<b>1,989,963</b>	<b>1,735,446</b>	<b>512,504</b>	<b>56,329</b>	<b>(643,909)</b>	<b>5,683,857</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>							
Transfers from other funds	250,073	733,174	-	-	215,746	15,455,312	16,654,305
Transfers to other funds	(816,060)	(2,173,629)	(1,511,820)	(360,000)	(804)	(9,261,684)	(14,123,997)
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>(565,987)</b>	<b>(1,440,455)</b>	<b>(1,511,820)</b>	<b>(360,000)</b>	<b>214,942</b>	<b>6,193,628</b>	<b>2,530,308</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>							
Capital assets purchased	(1,375,308)	(2,160,669)	(399,451)	(357,636)	(295,185)	-	(4,588,249)
Principal paid on capital debt	(212,039)	-	-	-	-	(4,055,000)	(4,267,039)
Payments of interfund loan for capital purchases	(1,330,785)	1,118,799	-	-	-	-	(211,986)
Interest and fiscal charges paid on capital debt	(11,739)	-	-	-	-	(1,489,935)	(1,501,674)
Proceeds from sale of capital assets	560	981	-	3,425	-	-	4,966
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>(2,929,311)</b>	<b>(1,040,889)</b>	<b>(399,451)</b>	<b>(354,211)</b>	<b>(295,185)</b>	<b>(5,544,935)</b>	<b>(10,563,982)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
Sale (purchase) of investments	1,099,360	(40,832)	4,893	100,010	13,638	-	1,177,069
Interest and dividends	111,272	408,091	110,129	39,146	12,927	5,322	686,887
<b>Net cash provided by (used in) investing activities</b>	<b>1,210,632</b>	<b>367,259</b>	<b>115,022</b>	<b>139,156</b>	<b>26,565</b>	<b>5,322</b>	<b>1,863,956</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(251,142)</b>	<b>(124,122)</b>	<b>(60,803)</b>	<b>(62,551)</b>	<b>2,651</b>	<b>10,106</b>	<b>(485,861)</b>
<b>Balances - beginning of year</b>	<b>508,806</b>	<b>1,520,232</b>	<b>366,492</b>	<b>442,313</b>	<b>101,771</b>	<b>2,642,744</b>	<b>5,582,358</b>
<b>Balances - end of year</b>	<b>\$ 257,664</b>	<b>\$ 1,396,110</b>	<b>\$ 305,689</b>	<b>\$ 379,762</b>	<b>\$ 104,422</b>	<b>\$ 2,652,850</b>	<b>\$ 5,096,497</b>
<b>Reconciliation to Statement of Net Position:</b>							
Cash and cash equivalents	\$ 257,664	\$ 1,396,110	\$ 305,689	\$ 379,762	\$ 104,422	\$ -	\$ 2,443,647
Restricted cash and cash equivalents	-	-	-	-	-	2,652,850	2,652,850
<b>Total cash and cash equivalents</b>	<b>\$ 257,664</b>	<b>\$ 1,396,110</b>	<b>\$ 305,689</b>	<b>\$ 379,762</b>	<b>\$ 104,422</b>	<b>\$ 2,652,850</b>	<b>\$ 5,096,497</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>							
Operating income (loss)	\$ 1,047,237	\$ (1,458,832)	\$ 1,330,450	\$ (812,540)	\$ (222,879)	\$ -	\$ (116,564)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation expense	636,540	2,640,864	439,116	939,947	269,001	-	4,925,468
Loss on impairment of capital asset	-	826,576	-	-	-	-	826,576
Change in assets and liabilities:							
Receivables, net	(99,385)	(14,514)	(62,707)	47,381	(839)	-	(130,064)
Other receivable	232,088	-	-	6,876	-	-	238,964
Due from other funds	(14,152)	(939)	(1,899)	(3,426)	-	(643,909)	(664,325)
Inventory	(14,380)	978	-	-	-	-	(13,402)
Accounts payable	165,841	(374,980)	2,169	(15,256)	(22,139)	-	(244,365)
Due to other funds	186	-	-	330,000	-	-	330,186
Due to employees	9,491	24,946	2,657	15,354	2,513	-	54,961
Refundable deposits	-	-	-	6,450	-	-	6,450
Unfunded OPEB obligation	48,002	254,265	34,270	-	26,964	-	363,501
Accrued compensated absences	22,056	91,599	(8,610)	(2,282)	3,708	-	106,471
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 2,033,524</b>	<b>\$ 1,989,963</b>	<b>\$ 1,735,446</b>	<b>\$ 512,504</b>	<b>\$ 56,329</b>	<b>\$ (643,909)</b>	<b>\$ 5,683,857</b>

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**Combining Statement of Net Position - Nonmajor Enterprise Funds – June 30, 2016**

	<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 &amp; Douglas Fund</u>	<u>Total</u>
<b>ASSETS</b>							
Current assets:							
Cash and cash equivalents	\$ 177,472	\$ 56,204	\$ 154,888	\$ -	\$ 30,456	\$ -	\$ 419,020
Cash and cash equivalents, restricted	-	-	-	234,475	-	-	234,475
Investments	807,595	255,758	704,827	-	128,924	-	1,897,104
Receivables:							
Other receivable	-	-	-	-	3,349	-	3,349
Interest	-	-	-	3,150	-	-	3,150
Due from other funds	-	58,958	846,845	1,384	546	-	907,733
Accounts receivable, net	-	68,407	-	1,399	-	-	69,806
Inventories	-	-	-	-	3,121	-	3,121
Total current assets	<u>985,067</u>	<u>439,327</u>	<u>1,706,560</u>	<u>240,408</u>	<u>166,396</u>	<u>-</u>	<u>3,537,758</u>
Non-current assets:							
Investments, restricted	-	-	-	1,193,028	-	-	1,193,028
Land, construction in progress, and water rights	415,063	1,936	74,129	-	232,057	5,500,000	6,223,185
Other capital assets, net	2,808,142	20,734	6,166,143	-	1,477,964	-	10,472,983
Total non-current assets	<u>3,223,205</u>	<u>22,670</u>	<u>6,240,272</u>	<u>1,193,028</u>	<u>1,710,021</u>	<u>5,500,000</u>	<u>17,889,196</u>
Total assets	<u>4,208,272</u>	<u>461,997</u>	<u>7,946,832</u>	<u>1,433,436</u>	<u>1,876,417</u>	<u>5,500,000</u>	<u>21,426,954</u>
<b>LIABILITIES</b>							
Current liabilities:							
Accounts payable and accrued liabilities	39,123	16,736	135,763	-	10,471	-	202,093
Wages payable	-	34,065	-	-	35,755	-	69,820
Unearned revenue	-	-	-	-	-	-	-
Due to other funds	-	-	58,958	13,592	-	-	72,550
Accrued compensated absences	-	29,449	-	-	45,889	-	75,338
Refundable deposits	-	-	-	143,230	-	-	143,230
Total current liabilities	<u>39,123</u>	<u>80,250</u>	<u>194,721</u>	<u>156,822</u>	<u>92,115</u>	<u>-</u>	<u>563,031</u>
Non-current liabilities:							
Accrued compensated absences	-	58,898	-	-	91,779	-	150,677
Net OPEB Obligation	-	287,535	-	-	164,306	-	451,841
Refundable deposits	-	-	-	1,276,614	-	-	1,276,614
Advance to other funds	-	-	1,330,785	-	-	181,059	1,511,844
Total non-current liabilities	<u>-</u>	<u>346,433</u>	<u>1,330,785</u>	<u>1,276,614</u>	<u>256,085</u>	<u>181,059</u>	<u>3,390,976</u>
Total liabilities	<u>39,123</u>	<u>426,683</u>	<u>1,525,506</u>	<u>1,433,436</u>	<u>348,200</u>	<u>181,059</u>	<u>3,954,007</u>
<b>NET POSITION</b>							
Net investment in capital assets	3,223,205	22,670	6,240,272	-	1,710,021	5,500,000	16,696,168
Restricted for other purposes	216,134	48,038	-	-	50,251	-	314,423
Unrestricted (deficit)	729,810	(35,394)	181,054	-	(232,055)	(181,059)	462,356
Total net position	<u>\$ 4,169,149</u>	<u>\$ 35,314</u>	<u>\$ 6,421,326</u>	<u>\$ -</u>	<u>\$ 1,528,217</u>	<u>\$ 5,318,941</u>	<u>\$ 17,472,947</u>

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**Combining Statement of Revenues, Expenses and Changes in Net Position - Nonmajor Enterprise Funds – Year Ended June 30, 2016**

	<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 &amp; Douglas Fund</u>	<u>Total</u>
<b>OPERATING REVENUES</b>							
Charges for services	\$ -	\$ 1,036,016	\$ -	\$ -	\$ 1,114,869	\$ 100	\$ 2,150,985
Total operating revenues	<u>-</u>	<u>1,036,016</u>	<u>-</u>	<u>-</u>	<u>1,114,869</u>	<u>100</u>	<u>2,150,985</u>
<b>OPERATING EXPENSES</b>							
Personal services	-	854,775	-	-	781,714	-	1,636,489
Materials and supplies	-	30,284	3,675	-	183,027	-	216,986
Other services and charges	-	167,554	-	-	115,546	27,279	310,379
Depreciation and amortization	23,988	4,424	384,649	-	101,872	-	514,933
Total operating expenses	<u>23,988</u>	<u>1,057,037</u>	<u>388,324</u>	<u>-</u>	<u>1,182,159</u>	<u>27,279</u>	<u>2,678,787</u>
Operating income (loss)	<u>(23,988)</u>	<u>(21,021)</u>	<u>(388,324)</u>	<u>-</u>	<u>(67,290)</u>	<u>(27,179)</u>	<u>(527,802)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>							
Investment income	57,408	6,420	16,065	82,076	3,490	-	165,459
Other non-operating revenue	-	79,530	71,639	-	-	-	151,169
Gain (loss) on sales of capital assets	-	-	-	-	4,645	-	4,645
Interest expense and fiscal charges	-	-	(29,964)	-	-	-	(29,964)
Total non-operating revenue (expenses)	<u>57,408</u>	<u>85,950</u>	<u>57,740</u>	<u>82,076</u>	<u>8,135</u>	<u>-</u>	<u>291,309</u>
Income (loss) before contributions and transfers	<u>33,420</u>	<u>64,929</u>	<u>(330,584)</u>	<u>82,076</u>	<u>(59,155)</u>	<u>(27,179)</u>	<u>(236,493)</u>
Capital contributions	-	-	-	-	3,591	-	3,591
Transfers in	522,309	-	874,867	-	-	135,894	1,533,070
Transfers out	-	(100,789)	-	(44,841)	(4,019)	-	(149,649)
Change in net position	555,729	(35,860)	544,283	37,235	(59,583)	108,715	1,150,519
Total net position - beginning	3,613,420	71,174	5,877,043	(37,235)	1,587,800	5,210,226	16,322,428
Total net position - ending	<u>\$ 4,169,149</u>	<u>\$ 35,314</u>	<u>\$ 6,421,326</u>	<u>\$ -</u>	<u>\$ 1,528,217</u>	<u>\$ 5,318,941</u>	<u>\$ 17,472,947</u>

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**Combining Statement of Cash Flows - Nonmajor Enterprise Funds – June 30, 2016**

	<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 &amp; Douglas Fund</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
Receipts from customers	\$ -	\$ 1,114,327	\$ 71,639	\$ 741	\$ 1,115,479	\$ 100	\$ 2,302,286
Payments to suppliers	(44,935)	(197,738)	(492,836)	-	(301,467)	(27,279)	(1,064,255)
Payments to employees	-	(764,961)	-	-	(704,949)	-	(1,469,910)
Payments of interfund loan	-	-	(846,845)	13,391	9,577	-	(823,877)
Receipt of customer deposits	-	-	-	520,622	-	-	520,622
Return of customer deposits	-	-	-	(492,830)	-	-	(492,830)
<b>Net cash provided by (used in) operating activities</b>	<b>(44,935)</b>	<b>151,628</b>	<b>(1,268,042)</b>	<b>41,924</b>	<b>118,640</b>	<b>(27,179)</b>	<b>(1,027,964)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>							
Transfers from other funds	522,309	-	874,867	-	-	135,894	1,533,070
Transfers to other funds	-	(100,789)	-	(44,841)	(4,019)	-	(149,649)
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>522,309</b>	<b>(100,789)</b>	<b>874,867</b>	<b>(44,841)</b>	<b>(4,019)</b>	<b>135,894</b>	<b>1,383,421</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>							
Capital assets purchased	(709,373)	(2,966)	(63,996)	-	(49,749)	-	(826,084)
Proceeds from interfund loan for capital purchases	-	-	1,398,797	-	-	-	1,398,797
Payments of interfund loan for capital purchases	-	-	(68,012)	-	-	(108,715)	(176,727)
Interest and fiscal charges paid on capital debt	-	-	(29,964)	-	-	-	(29,964)
Proceeds from sale of capital assets	-	-	-	-	4,645	-	4,645
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>(709,373)</b>	<b>(2,966)</b>	<b>1,236,825</b>	<b>-</b>	<b>(45,104)</b>	<b>(108,715)</b>	<b>370,667</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
Sale (purchase) of investments	131,162	(42,491)	(704,827)	(98,978)	(128,924)	-	(844,058)
Interest and dividends	57,285	6,420	16,065	78,783	3,490	-	162,043
<b>Net cash provided by (used in) investing activities</b>	<b>188,447</b>	<b>(36,071)</b>	<b>(688,762)</b>	<b>(20,195)</b>	<b>(125,434)</b>	<b>-</b>	<b>(682,015)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(43,552)</b>	<b>11,802</b>	<b>154,888</b>	<b>(23,112)</b>	<b>(55,917)</b>	<b>-</b>	<b>44,109</b>
<b>Balances - beginning of year</b>	<b>221,024</b>	<b>44,402</b>	<b>-</b>	<b>257,587</b>	<b>86,373</b>	<b>-</b>	<b>609,386</b>
<b>Balances - end of year</b>	<b>\$ 177,472</b>	<b>\$ 56,204</b>	<b>\$ 154,888</b>	<b>\$ 234,475</b>	<b>\$ 30,456</b>	<b>\$ -</b>	<b>\$ 653,495</b>
<b>Reconciliation to Statement of Net Position:</b>							
Cash and cash equivalents	\$ 177,472	\$ 56,204	\$ 154,888	\$ -	\$ 30,456	\$ -	\$ 419,020
Restricted cash and cash equivalents	-	-	-	234,475	-	-	234,475
Total cash and cash equivalents	<b>\$ 177,472</b>	<b>\$ 56,204</b>	<b>\$ 154,888</b>	<b>\$ 234,475</b>	<b>\$ 30,456</b>	<b>\$ -</b>	<b>\$ 653,495</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>							
Operating income (loss)	\$ (23,988)	\$ (21,021)	\$ (388,324)	\$ -	\$ (67,290)	\$ (27,179)	\$ (527,802)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation expense	23,988	4,424	384,649	-	101,872	-	514,933
Other non operating revenue	-	79,530	71,639	-	-	-	151,169
Change in assets and liabilities:							
Receivables, net	-	(1,219)	-	741	610	-	132
Due from other funds	-	-	(846,845)	(201)	9,577	-	(837,469)
Accounts payable	(44,935)	100	(489,161)	-	(2,476)	-	(536,472)
Inventory	-	-	-	-	(418)	-	(418)
Due to other funds	-	-	-	13,592	-	-	13,592
Due to employees	-	1,784	-	-	4,695	-	6,479
Refundable deposits	-	-	-	27,792	-	-	27,792
Accrued compensated absences	-	2,855	-	-	18,142	-	20,997
Net OPEB obligation	-	85,175	-	-	53,928	-	139,103
<b>Net cash provided by (used in) operating activities</b>	<b>\$ (44,935)</b>	<b>\$ 151,628</b>	<b>\$ (1,268,042)</b>	<b>\$ 41,924</b>	<b>\$ 118,640</b>	<b>\$ (27,179)</b>	<b>\$ (1,027,964)</b>

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**Combining Statement of Net Position– Internal Service Funds – June 30, 2016**

	<b>Public Works Administration</b>	<b>Fleet Services Fund</b>	<b>Surplus Property Fund</b>	<b>Risk Management Fund</b>	<b>L &amp; H Benefits Fund</b>	<b>Totals</b>
<b>ASSETS</b>						
Current assets:						
Cash and cash equivalents	\$ 51,153	\$ 157,531	\$ 61,162	\$ 538,915	\$ 73,239	\$ 882,000
Investments	232,775	-	244,548	2,742,047	1,490,251	4,709,621
Receivables:						
Accounts receivable	-	-	767	51,833	31,566	84,166
Accrued interest receivable	-	-	-	7,243	3,936	11,179
Due from other funds	-	599	-	-	-	599
Inventories	-	53,639	-	-	-	53,639
Total current assets	<u>283,928</u>	<u>211,769</u>	<u>306,477</u>	<u>3,340,038</u>	<u>1,598,992</u>	<u>5,741,204</u>
Non-current assets:						
Capital Assets:						
Non-depreciable	-	1,141	-	-	-	1,141
Depreciable, net of accumulated depreciation	154,784	870,103	92,249	-	-	1,117,136
Total non-current assets	<u>154,784</u>	<u>871,244</u>	<u>92,249</u>	<u>-</u>	<u>-</u>	<u>1,118,277</u>
Total assets	<u>438,712</u>	<u>1,083,013</u>	<u>398,726</u>	<u>3,340,038</u>	<u>1,598,992</u>	<u>6,859,481</u>
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable and accrued liabilities	3,258	100,689	917	27,346	197,741	329,951
Claims liability	-	-	-	552,000	549,088	1,101,088
Wages payable	34,674	32,341	946	6,787	1,586	76,334
Due to other funds	-	-	236,923	-	-	236,923
Accrued compensated absences	49,693	34,394	522	10,681	731	96,021
Total current liabilities	<u>87,625</u>	<u>167,424</u>	<u>239,308</u>	<u>596,814</u>	<u>749,146</u>	<u>1,840,317</u>
Non-current liabilities:						
Accrued compensated absences	99,385	68,789	1,045	21,361	1,461	192,041
Net OPEB obligation	164,306	266,997	20,538	20,538	20,538	492,917
Claims liability	-	-	-	1,252,000	-	1,252,000
Total non-current liabilities	<u>263,691</u>	<u>335,786</u>	<u>21,583</u>	<u>1,293,899</u>	<u>21,999</u>	<u>1,936,958</u>
Total liabilities	<u>351,316</u>	<u>503,210</u>	<u>260,891</u>	<u>1,890,713</u>	<u>771,145</u>	<u>3,777,275</u>
<b>NET POSITION</b>						
Net investment in capital assets	154,784	871,244	92,249	-	-	1,118,277
Unrestricted (deficit)	(67,388)	(291,441)	45,586	1,449,325	827,847	1,963,929
Total net position	<u>\$ 87,396</u>	<u>\$ 579,803</u>	<u>\$ 137,835</u>	<u>\$ 1,449,325</u>	<u>\$ 827,847</u>	<u>\$ 3,082,206</u>

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**Combining Statement of Revenues, Expenses and Changes in Net Position – Internal Service Funds – Year Ended June 30, 2016**

	<u>Public Works Administration</u>	<u>Fleet Services Fund</u>	<u>Surplus Property Fund</u>	<u>Risk Management Fund</u>	<u>L &amp; H Benefits Fund</u>	<u>Totals</u>
<b>OPERATING REVENUES</b>						
Charges for services	\$ 912,824	\$ 2,179,638	\$ 44,070	\$ 1,931,986	\$ 5,272,997	\$ 10,341,515
Miscellaneous	-	524	274	3,109	72,711	76,618
Total operating revenues	<u>912,824</u>	<u>2,180,162</u>	<u>44,344</u>	<u>1,935,095</u>	<u>5,345,708</u>	<u>10,418,133</u>
<b>OPERATING EXPENSES</b>						
Personal services	934,923	1,047,211	49,596	180,648	53,218	2,265,596
Materials and supplies	7,251	1,354,772	398	31,303	-	1,393,724
Other services and charges	96,915	79,173	10,302	4,123,649	16,520	4,326,559
Insurance claims and expenses	-	-	-	(2,205,000)	5,748,711	3,543,711
Depreciation and amortization	33,328	63,789	4,353	-	-	101,470
Total operating expenses	<u>1,072,417</u>	<u>2,544,945</u>	<u>64,649</u>	<u>2,130,600</u>	<u>5,818,449</u>	<u>11,631,060</u>
Operating income (loss)	<u>(159,593)</u>	<u>(364,783)</u>	<u>(20,305)</u>	<u>(195,505)</u>	<u>(472,741)</u>	<u>(1,212,927)</u>
<b>NON-OPERATING REVENUES</b>						
Investment income	5,936	1,846	6,622	201,224	107,543	323,171
Gain (loss) on capital asset disposal	-	-	-	-	-	-
Total non-operating revenue	<u>5,936</u>	<u>1,846</u>	<u>6,622</u>	<u>201,224</u>	<u>107,543</u>	<u>323,171</u>
Change in net position	(155,405)	(365,530)	(13,790)	5,430	(365,359)	(894,654)
Total net position - beginning, restated	242,801	945,333	151,625	1,443,895	1,193,206	3,976,860
Total net position - ending	<u>\$ 87,396</u>	<u>\$ 579,803</u>	<u>\$ 137,835</u>	<u>\$ 1,449,325</u>	<u>\$ 827,847</u>	<u>\$ 3,082,206</u>

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**Combining Statement of Cash Flows – Internal Service Funds – Year Ended June 30, 2016**

	Public Works Administration	Fleet Services Fund	Surplus Property Fund	Risk Management Fund	L & H Benefits Fund	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Receipts from customers	\$ 912,824	\$ 2,180,162	\$ 45,790	\$ 1,883,384	\$ 5,348,194	\$ 10,370,354
Payments to suppliers	(107,614)	(1,366,505)	(10,097)	(4,153,140)	(16,520)	(5,653,876)
Payments to employees	(734,369)	(760,596)	(29,101)	(163,093)	(32,418)	(1,719,577)
Claims and benefits paid	-	-	-	1,804,000	(5,611,391)	(3,807,391)
Payment from (to) other funds	-	(524)	12,996	-	-	12,472
<b>Net cash provided by (used in) operating activities</b>	<b>70,841</b>	<b>52,537</b>	<b>19,588</b>	<b>(628,849)</b>	<b>(312,135)</b>	<b>(798,018)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Operating transfers out	(1,748)	(2,593)	(107)	(289)	(161)	(4,898)
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>(1,748)</b>	<b>(2,593)</b>	<b>(107)</b>	<b>(289)</b>	<b>(161)</b>	<b>(4,898)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Capital assets purchased	(7,329)	(14,597)	-	-	-	(21,926)
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>(7,329)</b>	<b>(14,597)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(21,926)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Sale (purchase) of investments	(53,808)	-	(17,315)	272,651	21,058	222,586
Interest and dividends	5,936	1,846	6,622	187,131	107,957	309,492
<b>Net cash provided by (used in) investing activities</b>	<b>(47,872)</b>	<b>1,846</b>	<b>(10,693)</b>	<b>459,782</b>	<b>129,015</b>	<b>532,078</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>13,892</b>	<b>37,193</b>	<b>8,788</b>	<b>(169,356)</b>	<b>(183,281)</b>	<b>(292,764)</b>
<b>Balances - beginning of year</b>	<b>37,261</b>	<b>120,338</b>	<b>52,374</b>	<b>708,271</b>	<b>256,520</b>	<b>1,174,764</b>
<b>Balances - end of year</b>	<b>\$ 51,153</b>	<b>\$ 157,531</b>	<b>\$ 61,162</b>	<b>\$ 538,915</b>	<b>\$ 73,239</b>	<b>\$ 882,000</b>
<b>Reconciliation to Statement of Net Position:</b>						
Cash and cash equivalents	\$ 51,153	\$ 157,531	\$ 61,162	\$ 538,915	\$ 73,239	\$ 882,000
Total cash and cash equivalents	<b>\$ 51,153</b>	<b>\$ 157,531</b>	<b>\$ 61,162</b>	<b>\$ 538,915</b>	<b>\$ 73,239</b>	<b>\$ 882,000</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>						
Operating income (loss)	\$ (159,593)	\$ (364,783)	\$ (20,305)	\$ (195,505)	\$ (472,741)	\$ (1,212,927)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation expense	33,328	63,789	4,353	-	-	101,470
Change in assets and liabilities:						
Receivables, net	-	-	1,446	(51,711)	2,486	(47,779)
Due from other funds	-	(524)	-	-	-	(524)
Inventory	-	14,851	-	-	-	14,851
Accounts payable	(3,448)	52,589	603	1,812	127,803	179,359
Claims liability	-	-	-	(401,000)	9,517	(391,483)
Due to employees	10,134	2,064	(347)	834	(465)	12,220
Due to other funds	-	-	12,996	-	-	12,996
Net OPEB obligation	164,306	266,997	20,538	20,538	20,538	492,917
Accrued compensated absences	26,114	17,554	304	(3,817)	727	40,882
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 70,841</b>	<b>\$ 52,537</b>	<b>\$ 19,588</b>	<b>\$ (628,849)</b>	<b>\$ (312,135)</b>	<b>\$ (798,018)</b>



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**Debt Service Coverage Schedule - Year Ended June 30, 2016**

	<b>2011 and 2011A Revenue Bonds</b>
<b>GROSS REVENUE AVAILABLE:</b>	
Water revenue	\$ 6,460,751
Wastewater revenue	7,831,056
Pledged sales tax	13,849,343
Investment income	544,423
Total Gross Revenue Available	28,685,573
<b>OPERATING EXPENSES:</b>	
Total Operating Expenses	11,425,998
Net Revenue Available for Debt Service	\$ 17,259,575
<b>Average Annual Debt Service</b>	
2011 Revenue Bonds	\$ 1,808,379
2011A Revenue Bonds	4,709,500
	\$ 6,517,879
Computed Coverage	265%
Coverage Requirement	125%

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**STATISTICAL INFORMATION**

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

<u>Fiscal Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Streets</u>	<u>Health and Welfare</u>	<u>Culture &amp; Recreation</u>	<u>Economic Development</u>	<u>Debt Services</u>	<u>Total</u>
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
2015-16	7,714,835	27,494,864	4,865,569	755,691	2,037,909	4,644,064	3,505,294	51,018,226

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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 &amp; Permits</u>	<u>Charges for Services</u>	<u>Fines &amp; Forfeitures</u>	<u>Investment Income</u>	<u>Misc Revenues</u>	<u>Total</u>
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
2015-16	40,296,979	5,367,958	567,942	4,259,051	1,971,146	3,546,362	1,938,936	57,948,374

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

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**Assessed Value of Taxable Property  
Last Ten Fiscal Years**

Fiscal Year	Real Property	Personal Property	Public Service Property	Veteran and Homestead Exemption	Total Actual		Ratio of Total Assessed Value to Total Estimated Actual Value
					Assessed Value	Estimated Actual Value	
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%
2016	283,028,134	25,089,341	11,544,013	9,165,223	304,059,153 (1)	2,764,174,118	11%

(1) New established exemption for veterans

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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>
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
2016	0.96	70.64	19.65	23.81	115.06	76.17	120.59	59.36	103.78

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Computation of Legal Debt Margin  
June 30, 2016

Net assessed valuation	\$304,059,153
Debt limit (a)	\$30,405,915
Applicable bonds outstanding	\$2,700,000
Legal debt margin	\$27,705,915

(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.

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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>
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%
2015-16	1,400,000	190,700	1,590,700	51,018,226	3.12%

(1) Excludes bond issuance and other costs



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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>
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
2015-16	54,371	304,059,153	2,700,000	1,392,720	1,307,280	0.43%	24

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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>
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	18,884,389	6,517,879	2.70
2015-16	28,685,573	11,425,998	17,259,575	6,517,879	2.65

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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.

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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>	
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
2015-16	26	69,362,500	126	23,727,017	93,089,517

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Miscellaneous Statistics  
June 30, 2016

Date of Incorporation	1943
Form of government	Council-manager
Square miles in city limits	28
Miles of streets	565 Lane miles
<b>Education</b>	
Number of primary schools	8
Number of secondary schools	3
Number of High schools	2
Number of colleges	1
<b>Police Protection</b>	
Number of officers	94
<b>Fire Protection</b>	
Number of stations	6
Number of headquarters	1
Number of personnel per shift	24
	25
<b>Public Works</b>	
Water storage capacity (millions of gallons)	9.5
Miles of water lines	300.5
Miles of sanitary sewer lines	281.4

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Miscellaneous Statistics, Continued  
June 30, 2016

**City Employees**

<u>Fiscal Year</u>	<u>Full Time Government</u>	<u>Full Time Hotel/Conference Center</u>
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	-
2015-16	472	-

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Miscellaneous Statistics, Continued  
June 30, 2016

City Water Usage (Gallons)

<u>Fiscal Year</u>	<u>Annual Usage</u>	<u>Average Daily Usage</u>
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
2015-16	1,778,171,000	4,857,417