



**CITY OF
MIDWEST CITY, OKLAHOMA**

ANNUAL FINANCIAL REPORT

JUNE 30, 2017

**CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2017**

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Independent Auditors' Report

RSM US LLP

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, 2017, 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, 2017, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 7 to the financial statements, the City restated Governmental Activities net position and The Midwest City Hospital Authority Major Governmental Fund fund balance as of July 1, 2016 to correct an error. The City also restated beginning net position due to a reclassification of certain non-major enterprise funds into the Midwest City Municipal Authority major enterprise fund. Our opinion is not modified with respect to these matters.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the pension and other post-employment benefit schedules, 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 schedule of debt service requirements, listed in the table of contents as other supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. These statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of debt service coverage requirements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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
January 12, 2018

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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 19.

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, 2017, by \$519,448,517 (net position). Of this amount, unrestricted net position of the governmental activities was a deficit of \$20,377,632 with the business type activities reporting an unrestricted net position of \$11,514,896. The unrestricted net position, if not in a deficit position, may be used to meet the government's ongoing obligations to citizens and creditors.
- The Primary Government's total net position increased by \$2,519,116 or .49% from the prior year. This was a result of a decrease of \$1,217,693 in the governmental activities while the business-type activities had an increase of \$3,736,809. 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 23.
- The City's total deferred inflows decreased by \$5,123,399 or, 86.38%. This is mainly due to decreases of police and fire pension related deferred inflows.
- Sales tax is the major source of revenue for governmental activities. Sales and use tax collections for fiscal year 2017 totaled \$32,765,177 compared to FY 2016 which totaled \$33,475,086. The total decrease in sales and use tax collection was \$709,909. A historical review of governmental activity revenues can be found in statistical information of the report.
- The City's total deferred outflows increased by \$2,733,291 or, 33.03%. This is mainly due to increases of police and fire pension related deferred outflows.
- At the end of the fiscal year 2017, the unassigned fund balance of the General Fund was \$1,846,876 or 6.6% of General Fund revenues.

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 government's near-term financing decisions. The relationship or differences between governmental

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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, 15 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 83 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, utility services, utility capital, customer deposits, golf 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 2 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 92 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As of June 30, 2017, the City's combined net position is \$519,448,507, of which \$400,575,914 can be attributed to governmental activities and \$118,872,593 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, 81.3%, 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.)
	2017	2016		2017	2016		2017	2016	
Current and other assets	\$ 156,720	\$ 155,954	0%	\$ 21,675	\$ 22,327	-3%	\$ 178,395	\$ 178,281	0%
Capital assets	318,064	324,230	-2%	160,373	163,369	-2%	478,437	487,599	-2%
Total assets	474,784	480,184	-1%	182,048	185,696	-2%	656,832	665,880	-1%
Deferred outflow of resources	10,133	7,346	38%	874	928	-6%	11,007	8,274	33%
Long-term debt outstanding	12,700	64,473	-80%	61,497	65,962	-7%	74,197	130,435	-43%
Other liabilities	70,835	15,333	362%	2,552	5,527	-54%	73,387	20,860	252%
Total liabilities	83,535	79,806	5%	64,049	71,489	-10%	147,584	151,295	-2%
Deferred inflow of resources	807	5,931	-86%	-	-	0%	807	5,931	-86%
Net position:									
Net investment in capital assets	316,764	322,494	-2%	105,420	103,868	1%	422,184	426,362	-1%
Restricted	104,189	99,560	5%	1,938	1,871	4%	106,127	101,431	5%
Unrestricted (deficit)	(20,378)	(20,261)	1%	11,515	9,396	23%	(8,863)	(10,865)	-18%
Total net position	\$ 400,575	\$ 401,793	0%	\$ 118,873	\$ 115,135	3%	\$ 519,448	\$ 516,928	0%

Governmental activities decreased the City's net position by \$1,217,693 or .24%. The business type activities increased the City's net position by \$3,736,809 or .72% for a net increase of \$2,519,116, or .49%. The key elements of these changes are contained in Table 2.

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TABLE 2
CHANGES IN NET POSITION
(In Thousands)

	<u>Governmental</u>		<u>% Inc.</u>	<u>Business-Type</u>		<u>% Inc.</u>	<u>Total Primary Government</u>		<u>% Inc.</u>
	<u>Activities</u>			<u>Activities</u>					
	<u>2017</u>	<u>2016</u>	<u>(Dec.)</u>	<u>2017</u>	<u>2016</u>	<u>(Dec.)</u>	<u>2017</u>	<u>2016</u>	<u>(Dec.)</u>
Revenues:									
Program revenues:									
Charges for services	\$ 7,709	\$ 8,233	-6%	\$ 28,977	\$ 28,074	3%	\$ 36,686	\$ 36,307	1%
Operating grants and contributions	4,960	4,724	5%	-	-	0%	4,960	4,724	5%
Capital grants and contributions	2,604	125	1983%	-	-	0%	2,604	125	1983%
General revenues:									
Sales and use taxes	32,765	33,475	-2%	-	-	0%	32,765	33,475	-2%
Other taxes	5,004	7,308	-32%	-	-	0%	5,004	7,308	-32%
Other general revenue	14,227	3,704	284%	(32)	962	-103%	14,195	4,666	204%
Total revenues	<u>67,269</u>	<u>57,569</u>	17%	<u>28,945</u>	<u>29,036</u>	0%	<u>96,214</u>	<u>86,605</u>	11%
Program expenses:									
General government	7,449	7,167	4%	-	-	-	7,449	7,167	4%
Public safety	29,356	28,732	2%	-	-	-	29,356	28,732	2%
Streets	15,169	15,404	-2%	-	-	-	15,169	15,404	-2%
Cultural, parks and recreation	1,887	1,909	-1%	-	-	-	1,887	1,909	-1%
Health and welfare	405	465	-13%	-	-	-	405	465	-13%
Economic development	6,773	4,361	55%	-	-	-	6,773	4,361	55%
Interest expense	1,347	1,462	-8%	-	-	-	1,347	1,462	-8%
Water	-	-	-	6,717	7,008	-4%	6,717	7,008	-4%
Sewer	-	-	-	8,077	9,408	-14%	8,077	9,408	-14%
Sanitation	-	-	-	4,439	4,596	-3%	4,439	4,596	-3%
Drainage	-	-	-	657	688	-5%	657	688	-5%
Conference center	-	-	-	8,053	7,400	9%	8,053	7,400	9%
Other activities	-	-	-	1,228	1,247	-2%	1,228	1,247	-2%
Total expenses	<u>62,386</u>	<u>59,500</u>	5%	<u>29,171</u>	<u>30,347</u>	-4%	<u>91,557</u>	<u>89,847</u>	2%
Excess (deficiency) before transfers	4,883	(1,931)	-353%	(226)	(1,311)	-83%	4,657	(3,242)	-244%
Transfers	(3,963)	(3,916)	1%	3,963	3,916	1%	-	-	
Increase (decrease) in net position	\$ 920	\$ (5,847)	-116%	\$ 3,737	\$ 2,605	43%	\$ 4,657	\$ (3,242)	-244%

Governmental Activities. The revenues reflect an increase over last year of \$9,700,044. This significant increase is primarily the result of increase in investment income of \$9,641,994. The Hospital Authority had an increase of \$11,516,153 in unrealized investment gain 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. City received \$2,522,094 in capital contributions from Oklahoma department of transportation in FY 2017.

The most significant governmental activities expense was providing public safety with a cost of \$29,355,902. 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 \$17,800,209 and dedicated sales tax of \$5,348,810 for the fiscal year ended June 30, 2017. The most significant portion of public safety expense is the cost of personnel. Salaries and benefits totaled \$25,548,698 Other significant governmental expenses are for the streets in the amount of \$15,169,319 of which \$11,920,788 is depreciation expense.

Business-type Activities. Business-type revenue decreased by \$90,008 or 0.3% from the prior year. The investment income decreased from \$889,843 to (\$34,574) due to the unrealized loss on investments in FY 2017.

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Budgetary Highlights. For fiscal year 2016-2017, General Fund revenue (including transfers) budget was amended by \$173,863 or .45% of the original budget of \$38,464,280. The actual revenue (including transfers) is less than the final budget projection by \$1,345,530, or 3.48%. General Fund actual expenditures (including transfers) on a budgetary basis was \$37,706,564 compared to the final budget of \$39,944,461. See page 75 of the report for more detail.

The Police Fund revenue (including transfers) budget was increased by \$32,491, or .25%, of the original budget of \$12,960,447. The actual revenue (including transfers) is less than the final budget projection by \$456,151 or 3.51%. The actual expenditures (including transfers) on a budgetary basis were \$12,917,020 compared to the final budget of \$13,791,515. Actual expenditures (including transfers) were \$874,494 or 6.34% below budget projections. Capital outlay of \$404,561 for equipment was not spent.

The Fire Fund revenues (including transfers) budget was amended by \$14,435 or .54%. The actual revenue (including transfers) was less than the final budget projection by \$349,061. The actual expenditures (including transfers) on a budgetary basis were \$10,451,922 compared to the final budget of \$11,410,601. Actual expenditures (including transfers) were \$958,679 or 8.53% below projections. Capital outlay appropriation of \$564,481 was not spent.

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

Capital Assets At the end of fiscal year 2017, the City had \$478,437,785 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 \$6,165,993 for the governmental activities. Although the City had land additions of \$84,283, building additions of \$67,847, equipment additions of \$665,361, vehicle additions of \$445,535, construction in progress additions of \$3,584,985 and infrastructure additions of \$5,728,467; the depreciation expense of \$14,408,693 caused the current year reduction, with street depreciation for the year amounting to of \$11,920,788.

The business activities had a net decrease of \$2,995,994. Table 3 reflects the net key elements that make up the capital assets by type and source.

TABLE 3
Capital Assets
(In Thousands)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	2017	2016	2017	2016	2017	2016
Land	\$ 32,767	\$ 32,682	\$ 7,572	\$ 7,572	\$ 40,339	\$ 40,254
Water rights	-	-	4,673	4,673	4,673	4,673
Construction in progress	5,947	4,661	2,693	2,443	8,640	7,104
Buildings	29,619	29,551	32,111	31,966	61,730	61,517
Machinery and equipment	20,535	19,998	13,774	13,182	34,309	33,180
Vehicles	9,400	9,235	8,765	8,367	18,165	17,602
Infrastructure	446,307	440,578	179,949	178,922	626,256	619,500
	544,575	536,705	249,537	247,125	794,112	783,830
Less: Depreciation	(226,510)	(212,476)	(89,164)	(83,755)	(315,674)	(296,231)
Totals	\$ 318,065	\$ 324,229	\$ 160,373	\$ 163,370	\$ 478,438	\$ 487,599

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

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Debt Administration. At year end, the City had \$86,959,222 in long term debt outstanding compared to \$93,076,634 at the end of the prior fiscal year, a decrease of 6.6% 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>	
	2017	2016	2017	2016	2017	2016
General obligation bonds	\$ 1,300	\$ 2,700	\$ -	\$ -	\$ 1,300	\$ 2,700
Notes payable	21,336	21,983	53,675	57,860	75,011	79,843
Accrued compensated absences	5,517	5,044	2,087	2,353	7,604	7,397
Revenue bonds	-	-	1,482	1,468	1,482	1,468
Revenue bonds premium	-	-	1,492	1,374	1,492	1,374
Refundable deposits	70	78	-	-	70	78
Totals	\$ 28,223	\$ 29,805	\$ 58,736	\$ 63,055	\$ 86,959	\$ 92,860

FACTORS AFFECTING FINANCIAL CONDITION

Economic Outlook - The Oklahoma City Metro unemployment rate is just .2% behind the national average, and the city has good reason to be optimistic this number will improve slightly before the end of fiscal year 2018. Previously offshored capital is trickling back into the country fueling job opportunities not seen in some time. New energy exploration in the STACK and SCOOP regions has also rejuvenated Oklahoma drillers. Most of the new job growth is occurring outside our municipal boundaries; nevertheless, unemployment is a regional statistic with a localized impact. The city recently came up short on two attractive industrial projects; however, both are well within driving distance of our residents and should still boost our local economy. These new companies promise several hundred jobs over the next year. Midwest City is also still in the running for two other industrial projects being touted by the Oklahoma Department of Commerce.

We offer the following review of local economic sectors:

- **Retail** - Midwest City's newer retail space continues to perform exceptionally well; however, our retail vacancy rate remains one of the highest in the metropolitan area. We have a sizeable amount of older product, most of which has significant deferred maintenance and/or difficult configurations. According to Price Edwards & Company's 2017 Mid -Year Eastern Oklahoma County Submarket report, most of our vacancies are found within five centers:

<u>Shopping Center</u>	<u>Vacancy Rate*</u>
Heritage Plaza, 351 N Air Depot Blvd	36.73%
Uptown Plaza, 7431 SE 15 th St	28.54%
Holiday Square, 1100 S Air Depot Blvd	25.39%
Boulevard Marketplace, 101 N Douglas Ave	24.73%
Village Oak, 1000 S. Douglas Blvd	22.55%

*As of June 30, 2017.

It is important to note the vacancy rate does not include any of the Heritage Park Mall real estate.

Sooner Rose Center

Hobby Lobby is performing much better at its new location in the Sooner Rose Shopping Center and Academy Sports+Outdoors reports good sales. The BancFirst building is coming along rapidly at the corner of SE 15th St and S Sooner Rd. Burlington Coat Factory is expected to open within a year.

Town Center Plaza

There are two vacancies at the time of this report: the former Payless Shoe Source at 7199 SE 29th St, Suite # 210, and the former Mutt's Amazing Hot Dogs & Hamburgers at 7199 SE 29th St, Suite # 209. The property owner is optimistic both locations can be leased to new restaurants in the near future. In addition, there is another restaurant interested in the Town Center IV Out Parcel #10, the undeveloped property directly east of Raising Cane's Chicken Fingers.

Town & Country Center, Uptown Center and Other

Payless Shoe Source also exited its corner location at Town & Country Center ("TCC" - E Reno Ave and N Air Depot Blvd). Nevertheless, TCC's vacancies still remain classified as "average" for typical Metro area Class C space. Heritage Plaza on N Air Depot Blvd and the Uptown Plaza on SE 15th St still have a lot of empty space. Representatives for these centers are working to fill the open space as quickly as possible. The completion of the SE 15th street construction project will certainly help Uptown Plaza flourish in the future. Heritage Plaza is a much more complicated puzzle because of its connection with Heritage Park Mall ("HPM"). Sears' Labor Day shuttering at HPM was not unexpected and there will be a negative impact to both sales tax and personal property tax collections.

A major facelift was completed at the Village Oaks Plaza, 1040 S Douglas Blvd, and representatives working to fill vacancies.

There have been three new strip shopping centers completed in the past six months: 2301 S Douglas Blvd, 2601 S Douglas Blvd and 1011 S Air Depot Blvd. The strip center at 2301 S Douglas Blvd started well behind the others but is filling up quickly. Midwest Wine & Spirits has moved from its SE 15th St and S Midwest Blvd location and Dunkin Donuts is under construction at the south end of the center. 2601 S Douglas Blvd and 1011 S Air Depot Blvd have a few tenants, but there is still plenty of room.

WinCo Foods opened Labor Day weekend but its true impact has yet to be realized. We have not received enough sales tax data to provide accurate insight as to the current status of the local grocery market.

A few months ago, our third OnCue Express opened at 2301 N Douglas Blvd.

- **Hospitality**

Dining Establishments

Jimmy John's Gourmet Sandwiches and Zaxby's Chicken both opened on S Douglas Blvd. Johnny's Charbroiler Express plans to debut in Midwest City near the intersection of SE 29th St and Planet Blvd soon. In the next few months, the first Shipley's Donuts in Oklahoma may arrive. The Wedge Pizzeria and the Drum Room are both scheduled to open this winter on S Air Depot.

Entertainment

In October, North Pole Adventure ("NPA") began moving from the late Crossroads Mall to the former Hobby Lobby space at SE 15th St and S Air Depot Blvd. NPA owners plan to have year round activities which should draw well over 45,000 patrons to Gateway Plaza and increase visitor traffic from surrounding cities. City staff continues working with representatives from Sooner Investment to plan the third phase of Sooner Rose Center.

Hotels

The Hilton Home2 Suites ("HH2S") opened in late September 2017 and its' impact on tax revenues is not yet known. The Midwest City Hospital Authority is set to sell land adjacent to HH2S to another hotelier and a construction date has not been released.

Progress on the Warren Theatre will accentuate tax revenues in the first half of 2018 as Key Construction Co, Wichita, KS, brings hundreds of workers to Midwest City to build Oklahoma's most luxurious, most modern cinema. Business from construction crews working on the Sooner Rose project will help offset the overabundance of hotel rooms found in the OKC Metro market.

- **Industrial** - The final plat of the Soldier Creek Industrial Park ("SCIP") is being presented for approval. We have fielded a few inquiries specific to the park but most did not fit our goals and objectives. A number of leads have also arrived from the Oklahoma Department of Commerce, which provides some assurance we will see job creation at SCIP in the forthcoming year.

The sale of the former Chromalloy building, 1720 National Ave, last summer has renewed hopes that something good is about to happen at that location. The 107,500 sq. ft. building, vacant since 2011, has reportedly been cleared of any environmental or structural issues and over the past three months two prospects have shown interest in the facility.

- **Other** - Price Edwards' 2017 Mid -Year Oklahoma City Industrial Market Summary revealed a 19.7% vacancy rate for properties in the Southeast Metro submarket, which was well behind the North submarket (10.19% vacant). The higher occupancies found in the Southwest submarket (only 7.06% vacancy) are likely attributable to its close proximity to Will Rogers World Airport and energy sector growth.

CITY OF MIDWEST CITY, OKLAHOMA
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FY 2017-2018 Budgets and Rates - The fiscal year 2017-2018 expenditure budgets presented to the Council and Board of Trustees was \$96,518,643, which is net of \$48,304,635 inter/intra-fund transfers.

The three major governmental funds reflect the following budgets adopted for FY 17-18:

	<u>Revenues</u>	<u>Transfers In</u>	<u>Expenditures</u>	<u>Transfer Out</u>	<u>(Use) of Fund Balance</u>
General	\$25,932,149	\$11,574,312	\$12,359,249	\$25,793,324	(\$646,112)
Police	\$ 2,771,959	\$ 9,814,127	\$12,886,942	\$ 100,000	(\$400,856)
Fire	\$ 2,282,444	\$ 7,934,063	\$10,355,922	\$ 210,000	(\$349,415)

Personal services were budgeted with merit steps included for all pay plans; non-represented, police and fire. No cost of living (COLA) was included for non-represented employees. The non-represented employees participate in a defined contribution plan; the contribution by the City is 14%.

Through union negotiations, a total of 0.5% COLA and a \$1,675 increase in each merit step 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.

The Fire union rolled their existing contract and received no COLA increase. 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 2017-2018, the budgeted amount is \$141,685.

The City is currently offering one medical insurance plan. The Blue Preferred Plan has a lower premium and reduced provider network compared to the Blue Option Plan which was previously provided as an option to City 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 becomes more financially stable and better equipped to handle any unforeseen emergencies or major loss of revenues.

Sales tax – Voters approved an increase in the City’s sales tax rate from 3.85% to 4.6% effective January 1, 2018.

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
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Statement of Net Position– June 30, 2017

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 21,226,146	\$ 3,748,034	\$ 24,974,180
Cash and cash equivalents, restricted	-	2,959,658	2,959,658
Investments	100,797,109	10,551,894	111,349,003
Accounts receivable, net	4,945,558	3,616,808	8,562,366
Interest receivable	62,193	21,511	83,704
Other receivable	19,489	144,984	164,473
Inventory	110,297	261,215	371,512
Internal balances	728,048	(728,048)	-
Prepaid items	4,200	-	4,200
Due from other governments	5,041,174	-	5,041,174
Lease receivable	19,637,373	-	19,637,373
Deposits held by others	708,575	-	708,575
Land held for economic development	3,439,804	-	3,439,804
Investments, non- current, restricted	-	1,098,504	1,098,504
Capital assets:			
Land, water rights, and construction in progress	38,713,216	14,938,456	53,651,672
Other capital assets, net of depreciation	279,351,169	145,434,944	424,786,113
Total assets	<u>474,784,351</u>	<u>182,047,960</u>	<u>656,832,311</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount on refunding	-	873,932	873,932
Deferred amount related to pensions	10,133,360	-	10,133,360
Total deferred outflows	<u>10,133,360</u>	<u>873,932</u>	<u>11,007,292</u>
LIABILITIES			
Accounts payable and accrued liabilities	844,184	1,334,785	2,178,969
Wages payable	1,565,314	486,560	2,051,874
Claims payable	2,276,396	-	2,276,396
Due to other governments	7,900	-	7,900
Accrued interest payable	8,558	731,021	739,579
Unearned revenue	7,997,658	-	7,997,658
Long-term liabilities:			
Due within one year	2,900,519	5,087,369	7,987,888
Due in more than one year	67,933,986	56,409,564	124,343,550
Total liabilities	<u>83,534,515</u>	<u>64,049,299</u>	<u>147,583,814</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred amount related to pensions	504,229	-	504,229
Deferred amount related to property taxes	303,043	-	303,043
Total deferred inflows	<u>807,272</u>	<u>-</u>	<u>807,272</u>
NET POSITION			
Net investment in capital assets	316,764,385	105,420,137	422,184,522
Restricted for:			
Debt service	449,735	1,937,560	2,387,295
Hospital	84,216,373	-	84,216,373
Capital improvements	9,271,536	-	9,271,536
Public Safety	7,191,855	-	7,191,855
Street operations	891,073	-	891,073
Culture and recreation	1,382,767	-	1,382,767
Economic Development	756,947	-	756,947
Other	28,887	-	28,887
Unrestricted (deficit)	(20,377,634)	11,514,896	(8,862,738)
Total net position	<u>\$ 400,575,924</u>	<u>\$ 118,872,593</u>	<u>\$ 519,448,517</u>

See accompanying notes to the basic financial statements.

CITY OF MIDWEST CITY, OKLAHOMA
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Statement of Activities –Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government							
Governmental activities							
General government	\$ 7,449,483	\$ 3,512,414	\$ 318,357	\$ -	\$ (3,618,712)	\$ -	\$ (3,618,712)
Public safety	29,355,902	1,861,094	3,446,289	21,273	(24,027,246)	-	(24,027,246)
Streets	15,169,319	574,913	487,915	2,522,094	(11,584,397)	-	(11,584,397)
Culture and recreation	1,886,875	477,568	241,432	-	(1,167,875)	-	(1,167,875)
Health and welfare	405,224	-	-	-	(405,224)	-	(405,224)
Economic development	6,771,651	1,282,773	466,241	60,423	(4,962,214)	-	(4,962,214)
Interest expense	1,346,832	-	-	-	(1,346,832)	-	(1,346,832)
Total governmental activities	<u>62,385,286</u>	<u>7,708,762</u>	<u>4,960,234</u>	<u>2,603,790</u>	<u>(47,112,500)</u>	<u>-</u>	<u>(47,112,500)</u>
Business-type activities:							
Water	6,717,313	8,025,588	-	-	-	1,308,275	1,308,275
Wastewater	8,077,426	8,037,169	-	-	-	(40,257)	(40,257)
Sanitation	4,439,219	6,039,417	-	-	-	1,600,198	1,600,198
Drainage	656,626	482,840	-	-	-	(173,786)	(173,786)
Conference center	8,053,338	5,313,318	-	-	-	(2,740,020)	(2,740,020)
Golf	1,162,659	1,079,019	-	-	-	(83,640)	(83,640)
Mobile home park	8,354	15	-	-	-	(8,339)	(8,339)
Industrial park	57,073	-	-	-	-	(57,073)	(57,073)
Total business-type activities	<u>29,172,008</u>	<u>28,977,366</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(194,642)</u>	<u>(194,642)</u>
Total primary government	<u>\$ 91,557,294</u>	<u>\$ 36,686,128</u>	<u>\$ 4,960,234</u>	<u>\$ 2,603,790</u>	<u>(47,112,500)</u>	<u>(194,642)</u>	<u>(47,307,142)</u>
General revenues:							
Taxes:							
Sales and use taxes					32,765,177	-	32,765,177
Property tax					361,940	-	361,940
Payment in lieu of taxes					965,723	-	965,723
Franchise and public service taxes					2,634,976	-	2,634,976
Hotel/motel taxes					571,404	-	571,404
Intergovernmental revenue not restricted to specific programs					469,872	-	469,872
Investment income					12,655,813	(34,581)	12,621,232
Miscellaneous					1,570,382	3,039	1,573,421
Transfers - internal activity					(3,962,993)	3,962,993	-
Total general revenues and transfers					<u>48,032,294</u>	<u>3,931,451</u>	<u>51,963,745</u>
Change in net position					919,794	3,736,809	4,656,603
Net position - beginning, restated					399,656,130	115,135,784	514,791,914
Net position - ending					<u>\$ 400,575,924</u>	<u>\$ 118,872,593</u>	<u>\$ 519,448,517</u>

See accompanying notes to the basic financial statements.

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

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2017

Governmental Funds Balance Sheet - June 30, 2017

	<u>General Fund</u>	<u>Police Fund</u>	<u>Fire Fund</u>	<u>Midwest City Hospital Authority</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and cash equivalents	\$ 1,451,702	\$ 593,661	\$ 360,790	\$ 10,482,680	\$ 3,470,386	\$ 16,359,219
Investments	4,147,609	1,633,566	1,179,788	82,573,158	10,476,822	100,010,943
Receivables:						
Accounts receivable	1,134,481	63,803	417	2,920,320	788,914	4,907,935
Accrued interest receivable	9,928	2,844	-	18,530	18,976	50,278
Due from other funds	97,918	1,659,312	1,278,246	2,689	209,992	3,248,157
Deposits held by others	-	-	-	-	708,575	708,575
Prepaid items	4,200	-	-	-	-	4,200
Other receivable	14,876	4,439	1,197	-	-	20,512
Due from other governments	2,911,709	358,613	320,523	-	1,450,329	5,041,174
Inventory	-	-	-	-	60,000	60,000
Land held for economic development	-	-	-	3,439,804	-	3,439,804
Advance to other funds	1,082,128	-	-	65,063	96,650	1,243,841
Total assets	<u>\$ 10,854,551</u>	<u>\$ 4,316,238</u>	<u>\$ 3,140,961</u>	<u>\$ 99,502,244</u>	<u>\$ 17,280,644</u>	<u>\$ 135,094,638</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$ 200,803	\$ 42,924	\$ 9,692	\$ 172,868	\$ 238,983	\$ 665,270
Wages payable	429,739	553,189	444,630	3,642	70,716	1,501,916
Unearned revenue	-	-	-	7,997,658	-	7,997,658
Refundable deposits - court	70,333	-	-	-	-	70,333
Due to other funds	2,824,261	-	-	-	906,480	3,730,741
Due to other governments	7,900	-	-	-	-	7,900
Advance from other funds	96,650	-	1,082,128	-	-	1,178,778
Total liabilities	<u>3,629,686</u>	<u>596,113</u>	<u>1,536,450</u>	<u>8,174,168</u>	<u>1,216,179</u>	<u>15,152,596</u>
Deferred inflows of resources:						
Unavailable revenue	877,954	55,137	-	627,538	567,110	2,127,739
Fund balances:						
Nonspendable	1,086,328	-	-	3,439,804	768,575	5,294,707
Restricted	1,683,663	3,664,988	1,604,511	85,836,679	12,775,521	105,565,362
Committed	-	-	-	1,424,055	-	1,424,055
Assigned	1,730,044	-	-	-	1,953,259	3,683,303
Unassigned	1,846,876	-	-	-	-	1,846,876
Total fund balances	<u>6,346,911</u>	<u>3,664,988</u>	<u>1,604,511</u>	<u>90,700,538</u>	<u>15,497,355</u>	<u>117,814,303</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 10,854,551</u>	<u>\$ 4,316,238</u>	<u>\$ 3,140,961</u>	<u>\$ 99,502,244</u>	<u>\$ 17,280,644</u>	<u>\$ 135,094,638</u>

See accompanying notes to the basic financial statements.

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2017

Reconciliation of Governmental Funds and Government-Wide Financial Statements:

Fund Balance – Net Position Reconciliation – June 30, 2017:

Fund balances of governmental funds \$ 117,814,303

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 \$225,400,213 317,150,917

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

Due from other governments	134
Other receivable, net of allowance	1,824,562
HMA hospital receivable	<u>19,637,373</u>
	<u>21,462,069</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 these fund financial statements, but are reported in the governmental activities of the Statement of Net Position.

Pension related deferred outflows	10,133,360
Net pension liability	(35,579,656)
Pension related deferred inflows	<u>(504,229)</u>
	<u>(25,950,525)</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, net of amount allocated to business-type activities. 4,791,506

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	(1,300,000)
Notes payable	(21,336,110)
Accrued compensated absences	(5,353,260)
OPEB Obligation - obligation shared by governmental function \$2,387,550, police function \$2,574,735, and fire function \$1,732,133	(6,694,418)
Accrued interest payable	<u>(8,558)</u>
	<u>(34,692,346)</u>

Net position of governmental activities \$ 400,575,924

See accompanying notes to the basic financial statements.

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2017

Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances – Year Ended June 30, 2017

	<u>General Fund</u>	<u>Police Fund</u>	<u>Fire Fund</u>	<u>Midwest City Hospital Authority</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES						
Taxes	\$ 22,894,067	\$ 2,824,401	\$ 2,524,409	\$ 965,723	\$ 8,119,050	\$ 37,327,650
Intergovernmental	523,162	691,229	2,257,612	-	1,539,806	5,011,809
Charges for services	2,277,916	36,382	26,638	-	2,223,138	4,564,074
Fines and forfeitures	1,354,250	101,781	-	-	125,607	1,581,638
Licenses and permits	384,330	1,300	9,300	-	109,902	504,832
Investment income	(16,134)	(1,622)	20,688	12,653,756	(68,968)	12,587,720
Miscellaneous	523,472	61,283	29,952	2,068,903	172,392	2,856,002
Total revenues	<u>27,941,063</u>	<u>3,714,754</u>	<u>4,868,599</u>	<u>15,688,382</u>	<u>12,220,927</u>	<u>64,433,725</u>
EXPENDITURES						
Current:						
General government	5,679,964	-	-	1,050,766	561,087	7,291,817
Public safety	938,494	13,223,038	12,259,757	-	708,246	27,129,535
Streets	2,819,266	-	-	-	80,790	2,900,056
Culture and recreation	961,990	-	-	-	558,642	1,520,632
Health and welfare	387,911	-	-	-	-	387,911
Economic development	2,890,929	-	-	2,406,230	1,128,947	6,426,106
Capital outlay	202,939	452,733	110,324	-	5,403,430	6,169,426
Debt service:						
Principal retirement	-	-	-	646,956	1,400,000	2,046,956
Interest and fiscal charges	6,056	-	44,455	1,206,608	122,529	1,379,648
Total expenditures	<u>13,887,549</u>	<u>13,675,771</u>	<u>12,414,536</u>	<u>5,310,560</u>	<u>9,963,671</u>	<u>55,252,087</u>
Excess (deficiency) of revenues over expenditures	<u>14,053,514</u>	<u>(9,961,017)</u>	<u>(7,545,937)</u>	<u>10,377,822</u>	<u>2,257,256</u>	<u>9,181,638</u>
OTHER FINANCING SOURCES (USES)						
Repayment of lease receivable	-	-	-	532,464	-	532,464
Transfers in	10,792,190	9,998,948	8,094,015	365,000	959,911	30,210,064
Transfers out	(26,312,761)	-	(166,000)	(175,000)	(7,645,504)	(34,299,265)
Total other financing sources and uses	<u>(15,520,571)</u>	<u>9,998,948</u>	<u>7,928,015</u>	<u>722,464</u>	<u>(6,685,593)</u>	<u>(4,089,201)</u>
Net change in fund balances	(1,467,057)	37,931	382,078	11,100,286	(4,428,337)	5,092,437
Fund balances - beginning, restated	7,813,968	3,627,057	1,222,433	79,600,252	19,925,692	112,721,866
Fund balances - ending	<u>\$ 6,346,911</u>	<u>\$ 3,664,988</u>	<u>\$ 1,604,511</u>	<u>\$ 90,700,538</u>	<u>\$ 15,497,355</u>	<u>\$ 117,814,303</u>

See accompanying notes to the basic financial statements.

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2017

Changes in Fund Balances – Changes in Net Position Reconciliation – Year Ended June 30, 2017:

Net change in fund balances - total governmental funds: \$ 5,092,437

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

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

Capital asset purchases capitalized	5,737,722
Capital asset donated	2,522,094
Loss on disposal of capital assets	(34,714)
Depreciation expense	(14,341,070)
	(6,115,968)

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.

169,901

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	(532,464)
Note payable principal payments	646,956
General obligation bond principal payments	1,400,000
	1,514,492

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	31,988
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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 net OPEB obligation	(183,798)
Change in accrued interest payable	25,656
Change in accrued compensated absences	(448,394)
	(606,536)

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, net of amount allocated to business-type activities

Total change in net position for internal service funds	301,016
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Change in net position of governmental activities	\$ 387,330
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See accompanying notes to the basic financial statements.

BASIC FINANCIAL STATEMENTS - PROPRIETARY FUNDS

**CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2017**

Proprietary Funds Statement of Net Position - June 30, 2017

	Midwest City Municipal Authority	Nonmajor Enterprise Funds	Total	Internal Service Funds
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 3,464,560	\$ 215,302	\$ 3,679,862	\$ 1,271,179
Cash and cash equivalents, restricted	2,959,658	-	2,959,658	-
Investments	9,624,675	704,235	10,328,910	4,673,070
Accounts receivable, net	3,616,808	-	3,616,808	36,600
Other receivable	144,984	-	144,984	-
Accrued interest receivable	21,511	-	21,511	11,915
Inventory	261,215	-	261,215	50,297
Due from other funds	768,656	-	768,656	1
Total current assets	<u>20,862,067</u>	<u>919,537</u>	<u>21,781,604</u>	<u>6,043,062</u>
Non-current assets:				
Investments, restricted	1,098,504	-	1,098,504	-
Advance to other funds	1,210,681	-	1,210,681	-
Land, construction in progress, and water rights	8,758,403	6,177,029	14,935,432	3,024
Other capital assets, net	142,544,163	2,751,070	145,295,233	1,053,179
Total non-current assets	<u>153,611,751</u>	<u>8,928,099</u>	<u>162,539,850</u>	<u>1,056,203</u>
Total assets	<u>174,473,818</u>	<u>9,847,636</u>	<u>184,321,454</u>	<u>7,099,265</u>
DEFERRED OUTFLOW OF RESOURCES				
Deferred amount on refunding	873,932	-	873,932	-
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	1,313,427	17,594	1,331,021	195,643
Claims liability	-	-	-	885,396
Wages payable	449,468	-	449,468	87,525
Due to other funds	1,923	-	1,923	284,150
Accrued interest payable	731,021	-	731,021	-
Accrued compensated absences	514,231	-	514,231	110,276
Refundable deposits	192,503	-	192,503	-
Revenue bonds payable	4,325,000	-	4,325,000	-
Total current liabilities	<u>7,527,573</u>	<u>17,594</u>	<u>7,545,167</u>	<u>1,562,990</u>
Non-current liabilities:				
Accrued compensated absences	810,472	-	810,472	220,551
Claims liability	-	-	-	1,391,000
Net OPEB obligation	2,592,347	-	2,592,347	505,795
Advance from other funds	1,210,681	65,063	1,275,744	-
Refundable deposits	1,289,354	-	1,289,354	-
Revenue bonds payable, net	51,437,132	-	51,437,132	-
Total non-current liabilities	<u>57,339,986</u>	<u>65,063</u>	<u>57,405,049</u>	<u>2,117,346</u>
Total liabilities	<u>64,867,559</u>	<u>82,657</u>	<u>64,950,216</u>	<u>3,680,336</u>
NET POSITION				
Net investment in capital assets	96,414,366	8,863,036	105,277,402	1,056,203
Restricted for debt service	1,937,560	-	1,937,560	-
Restricted for other purposes	98,135	216,134	314,269	-
Unrestricted	12,030,130	685,809	12,715,939	2,362,726
Total net position	<u>\$ 110,480,191</u>	<u>\$ 9,764,979</u>	<u>\$ 120,245,170</u>	<u>\$ 3,418,929</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

(1,372,577)

Total net position per Government-Wide financial statements

\$ 118,872,593

See accompanying notes to the basic financial statements.

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2017

Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Position - Year Ended June 30, 2017

	Midwest City Municipal Authority	Nonmajor Enterprise Funds	Total	Internal Service Funds
OPERATING REVENUES				
Charges for services	\$ 28,752,264	\$ -	\$ 28,752,264	\$ 10,346,690
Fees, licenses and permits	138,120	-	138,120	-
Miscellaneous	100,167	-	100,167	202,018
Total operating revenues	<u>28,990,551</u>	<u>-</u>	<u>28,990,551</u>	<u>10,548,708</u>
OPERATING EXPENSES				
Personal services	10,720,944	-	10,720,944	1,887,868
Materials and supplies	4,091,074	-	4,091,074	1,274,296
Other services and charges	6,601,443	8,354	6,609,797	1,991,036
Insurance claims and expense	-	-	-	5,019,395
Depreciation and amortization	5,743,347	57,073	5,800,420	92,189
Total operating expenses	<u>27,156,808</u>	<u>65,427</u>	<u>27,222,235</u>	<u>10,264,784</u>
Operating income (loss)	<u>1,833,743</u>	<u>(65,427)</u>	<u>1,768,316</u>	<u>283,924</u>
NON-OPERATING REVENUES (EXPENSES)				
Investment income (loss)	(52,124)	17,543	(34,581)	(80,286)
Interest expense and fiscal charges	(2,023,005)	-	(2,023,005)	-
Gain (loss) on asset retirement	28,180	-	28,180	-
Total non-operating revenue (expenses)	<u>(2,046,949)</u>	<u>17,543</u>	<u>(2,029,406)</u>	<u>(80,286)</u>
Income (loss) before contributions and transfers	<u>(213,206)</u>	<u>(47,884)</u>	<u>(261,090)</u>	<u>203,638</u>
Capital contributions	6,076	-	6,076	-
Transfers in	15,661,820	324,773	15,986,593	133,085
Transfers out	<u>(12,030,477)</u>	<u>-</u>	<u>(12,030,477)</u>	<u>-</u>
Change in net position	3,424,213	276,889	3,701,102	336,723
Total net position - beginning	107,055,978	9,488,090	116,544,068	3,082,206
Total net position - ending	<u>\$ 110,480,191</u>	<u>\$ 9,764,979</u>	<u>\$ 120,245,170</u>	<u>\$ 3,418,929</u>
Change in net position per above			\$ 3,701,102	
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			35,707	
Change in Business-Type Activities in Net Position per Government-Wide Financial Statements			<u>\$ 3,736,809</u>	

See accompanying notes to the basic financial statements.

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2017

Proprietary Funds Statement of Cash Flows - Year Ended June 30, 2017

	Midwest City Municipal Authority	Nonmajor Enterprise Funds	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 28,470,864	\$ -	\$ 28,470,864	\$ 10,596,274
Payments to suppliers	(14,957,643)	(29,883)	(14,987,526)	(1,557,675)
Payments to employees	(14,089,858)	-	(14,089,858)	(1,821,034)
Receipts (payments) from interfund loans	62,186	-	62,186	47,226
Receipt of customer deposits	570,774	-	570,774	-
Return of customer deposits	(558,002)	-	(558,002)	-
Claims and benefits paid	-	-	-	(6,934,710)
Net cash provided by operating activities	(501,679)	(29,883)	(531,562)	330,081
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	15,661,820	324,773	15,986,593	-
Transfers to other funds	(12,030,477)	-	(12,030,477)	133,085
Net cash provided by noncapital financing activities	3,631,343	324,773	3,956,116	133,085
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital assets purchased	(2,551,040)	(261,967)	(2,813,007)	(30,115)
Principal paid on capital debt	(60,037,132)	-	(60,037,132)	-
Payments of interfund loan for capital purchases	(1,273,021)	(115,996)	(1,389,017)	-
Interest and fiscal charges paid on capital debt	(2,101,325)	-	(2,101,325)	-
Proceeds from sale of capital assets	1,192	-	1,192	-
Net cash provided by (used in) capital and related financing activities	(65,961,326)	(377,963)	(66,339,289)	(30,115)
CASH FLOWS FROM INVESTING ACTIVITIES				
Sale (Purchase) of investments	1,797,949	103,360	1,901,309	(147,799)
Interest and dividends	290,990	17,543	308,533	103,927
Net cash provided by (used in) investing activities	2,088,939	120,903	2,209,842	(43,872)
Net increase in cash and cash equivalents	(60,742,723)	37,830	(60,704,893)	389,179
Balances - beginning of year	5,572,520	177,472	5,749,992	882,000
Balances - end of year	\$ (55,170,203)	\$ 215,302	\$ (54,954,901)	\$ 1,271,179
Reconciliation to Statement of Net Position:				
Cash and cash equivalents	\$ 3,464,560	\$ 215,302	\$ 3,679,862	\$ 1,271,179
Restricted cash and cash equivalents	2,959,658	-	2,959,658	-
Total cash and cash equivalents	\$ 6,424,218	\$ 215,302	\$ 6,639,520	\$ 1,271,179
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ 1,833,743	\$ (65,427)	\$ 1,768,316	\$ 283,924
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation expense	5,743,347	57,073	5,800,420	92,189
Change in assets and liabilities:				
Receivables, net	(414,292)	-	(414,292)	47,566
Other receivable	(57,187)	-	(57,187)	-
Due from other funds	1,546,691	-	1,546,691	(1)
Inventory	(11,626)	-	(11,626)	3,342
Accounts payable	(4,253,500)	(21,529)	(4,275,029)	(134,308)
Claims liability	-	-	-	(76,692)
Due to other funds	(513,489)	-	(513,489)	47,227
Due to employees	(418,851)	-	(418,851)	11,191
Refundable deposits	(1,172,908)	-	(1,172,908)	-
Net OPEB obligation	(1,724,830)	-	(1,724,830)	12,878
Accrued compensated absences	(1,225,233)	-	(1,225,233)	42,765
Net cash provided by operating activities	\$ (668,135)	\$ (29,883)	\$ (698,018)	\$ 330,081
Noncash activities:				
Contributed capital assets - from governmental funds	\$ 6,076	\$ -	\$ 6,076	\$ -

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 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. Economic development is also a principal mission of the Authority.

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, the City presents 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 remaining at year-end. 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 and available within 120 days of year end. 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 also 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. The Hospital Authority also makes investments and expenditures in economic development activities.

CITY OF MIDWEST CITY, OKLAHOMA
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For the Year Ended June 30, 2017

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, Street Light Fee, and General Government Sales Tax.

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

Capital Project Funds:

- Capital Improvement Fund – accounts for assessed fees that help fund capital projects for various functions of the City.
- Downtown Redevelopment Authority – accounts for the lease proceeds from the 29th street redevelopment. Proceeds are used to fund various needs of the City.
- 2002 Street Project Fund – accounts for the proceeds from the 2002 General Obligation Street Bonds which funds capital street projects.
- Dedicated Tax 2012 Fund – accounts for the sales tax restricted for street, parks, trails, sidewalks and public transportation projects.
- Sales Tax Capital Improvement Fund – accounts for sales tax restricted by a vote of the citizens for capital improvements, including debt retirements.
- Capital Outlay Reserve Fund – accounts for funds set aside to fund the five year capital needs projects.

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

Proprietary Funds:

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Midwest City Municipal Authority (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:

The 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.
- 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.

Non-Major:

- Utilities Authority Fund –accounts for industrial development activities.
- 29th and Douglas –accounts for activities of the trailer park at 29th and Douglas.

Internal Service Funds (aggregated in a single column for reporting purposes)

- Risk Management Fund - accounts for the cost of providing various insurance services (i.e workers compensation, general liability, vehicle and property) to other funds and departments of the City
- Public Works Administration Fund - accounts for the cost of centralization of administrative resources to various departments of the City. This fund primarily serves the business-type activities.
- Fleet Services Fund - accounts for fuel, maintenance and repairs for the City's fleet.
- Surplus Property Fund - accounts for the disposal of surplus property on behalf of all departments.
- L&H Benefits Fund - accounts for health and life benefits to employees.

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

Deposits and Investments:

Cash and cash equivalents includes all demand and savings accounts, certificates of deposit or short-term investments with an original maturity of three months or less, and money market investments. Trust account investments in open-ended mutual fund shares are also considered cash equivalents.

Investments, other than Hospital Authority 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. 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

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 average 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.

Land Held for Economic Development:

The Hospital Authority owns land that is being held for future economic development. This land is carried at the lower of cost or market.

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 \$95,468 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.

Unearned Revenue

In 1996, the Hospital Authority entered into a long-term lease agreement with a third party to lease the Midwest City Municipal Hospital for a 30 year period. The lessee prepaid the entire amount of the rent for the 30 years, a total of \$26.9 million. This amount is being recognized in income over the 30 year period.

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 11,000 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 1,314 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 until then. The City 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 also 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. 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%

During fiscal year 2017 the voters approved an increase in sales tax effective January 1, 2018, increasing the total tax rate from 3.85% to 4.6%. The additional .75% tax can be used for police, fire and general government operations and capital outlay.

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, 2017, the City's net assessed valuation of taxable property was \$304,059,153. The taxes levied by the City per \$1,000 of net assessed valuation for the year ended June 30, 2017 was \$0.96.

Property tax accrued on the lien date of January 1, 2017 and recorded as a deferred inflow of resources was \$303,043.

Expenditures and Expenses:

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

1.E. Internal and Interfund Balances and Activities

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

Government-Wide Financial Statements:

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

1. *Internal balances* – amounts reported in the fund financial statements as interfund receivable and payables are eliminated in the governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are reported as Internal Balances.
2. *Internal activities* - amounts reported in the fund financial statements as interfund transfers are eliminated in the government-wide statement of activities except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers - Internal Activities. The effect of interfund services between funds is not eliminated in the statement of activities.

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 the following new accounting standards during the year ended June 30, 2017.

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

The City implemented GASB Statement No. 77, *Tax Abatement Disclosures* - GASB 77 was issued in August 2015, and establishes financial reporting standards for tax abatement agreements entered into by state and local governments. The disclosures required by this Statement encompass tax abatements resulting from both (a) agreements that are entered into by the reporting government and (b) agreements that are entered into by other governments and that reduce the reporting government's tax revenues. Implementation had no material impact on the financial statements.

The City implemented 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*. 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 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.

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	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	\$ -	\$ 34,940,661	\$ -	\$ 34,940,661
Real Estate	-	-	1,013,891	1,013,891
Mutual Fund - equities	23,611,769	-	-	23,611,769
Mutual Fund - Fixed Income	5,615,404	-	-	5,615,404
	<u>\$ 29,227,173</u>	<u>\$ 34,940,661</u>	<u>\$ 1,013,891</u>	<u>\$ 65,181,725</u>

As of June 30, 2017, the City's investments in U.S. agency securities are valued using Level 2 inputs. The value is determined using quoted prices for similar assets or liabilities in active markets.

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
US equity index funds ⁽¹⁾	\$ 37,205,947	Daily	2 days
US fixed income debt funds ⁽²⁾	8,472,625	Daily	2 days
	<u>\$ 45,678,572</u>		

- (1) **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.
- (2) **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 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, 2017 by these entities are as follows:

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Type	Carrying Value	Credit Rating	Maturities in Years					
			On Demand	Less Than One	1 - 5	6 - 10	More than 10	
Demand deposits	\$ 15,448,550	n/a	\$ 15,448,550	\$ -	\$ -	\$ -	\$ -	
Time deposits	5,326,222	n/a	-	2,000,000	3,326,222	-	-	
Government Money Market Accounts	8,746,276	AAAm	8,746,276	-	-	-	-	
U.S. Agencies Obligations	34,940,661	n/a	-	-	-	209,661	34,731,000	
Sub-total	64,461,709		\$ 24,194,826	\$ 2,000,000	\$ 3,326,222	\$ 209,661	\$ 34,731,000	
Real Estate	1,013,891							
Mutual Funds - equities	60,817,716							
Fixed Income	14,088,029							
Sub-total	75,919,636							
Total Deposits and Investments	\$ 140,381,345							
Reconciliation to Financial Statements:								
Cash and cash equivalents	\$ 24,974,180							
Cash and cash equivalents, restricted	2,959,658							
Investments	111,349,003							
Investments, restricted	3,439,804							
	\$ 142,722,645							

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, 2017, 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 and Municipal 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, 2017, the investments held by the City mature between 2017 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 (classified as mutual funds – equities) and Vanguard mutual funds each exceed 5%.

Hospital Authority Investments:

The Hospital 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 Hospital Authority may invest portions of the fund corpus, or income, in real estate. Such real estate investments would typically include developed or undeveloped real property located in Midwest City, Oklahoma or its environs, or commingled funds which invest in various kinds of property located throughout the United States. The overall rate of return objective of the portfolio is a highest possible rate of return consistent with the risk levels established by the Board.

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

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

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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 2017 Percent
Equities - Domestic	20%-70%	85%	72.7%
Fixed Income	2.5%-30%	80%	16.8%
Real Estate	0%	20%	0%
Cash Equivalents	0%	36%	10.5%

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, 2017 are as follows:

Cash and Cash Equivalents:	
Pooled Cash Restricted for Debt Service	\$ 2,668,581
Pooled Cash Restricted for Refundable Deposits	<u>291,077</u>
	<u>\$ 2,959,658</u>
Investments:	
Pooled Investments Restricted for Refundable Deposits	\$ 1,098,504
	<u>\$ 1,098,504</u>

3. Lease Receivable

The Hospital 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 period with an 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 \$19.6 million receivable in the governmental activities.

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4. Capital Assets and Depreciation

Capital Assets:

For the year ended June 30, 2017, capital assets balances changed as follows:

	Balance at July 1, 2016	Additions	Disposals	Balance at June 30, 2017
PRIMARY GOVERNMENT:				
<i>Governmental activities:</i>				
Capital assets not being depreciated:				
Land	\$ 32,682,407	\$ 84,283	\$ -	\$ 32,766,690
Construction in progress	4,660,605	3,584,985	2,299,064	5,946,526
Total capital assets not being depreciated	<u>37,343,012</u>	<u>3,669,268</u>	<u>2,299,064</u>	<u>38,713,216</u>
Capital assets being depreciated:				
Buildings	29,551,161	67,847	-	29,619,008
Machinery and equipment	19,998,437	665,361	129,030	20,534,768
Vehicles	9,235,204	445,535	280,436	9,400,303
Infrastructure	440,578,139	5,728,467	-	446,306,606
Total other capital assets at historical cost	<u>499,362,941</u>	<u>6,907,210</u>	<u>409,466</u>	<u>505,860,685</u>
Less accumulated depreciation for:				
Buildings	11,697,767	656,930	-	12,354,697
Machinery and equipment	14,199,131	1,050,596	125,731	15,123,996
Vehicles	4,787,128	603,356	249,021	5,141,463
Infrastructure	181,791,549	12,097,811	-	193,889,360
Total accumulated depreciation	<u>212,475,575</u>	<u>14,408,693</u>	<u>374,752</u>	<u>226,509,516</u>
Capital assets being depreciated, net	<u>286,887,366</u>	<u>(7,501,483)</u>	<u>34,714</u>	<u>279,351,169</u>
Governmental activities capital assets, net	<u>\$ 324,230,378</u>	<u>\$ (3,832,215)</u>	<u>\$ 2,333,778</u>	<u>\$ 318,064,385</u>

	Balance at July 1, 2016	Additions	Disposals	Balance at June 30, 2017
<i>Business-type activities:</i>				
Capital assets not being depreciated:				
Land	\$ 7,572,449	\$ -	\$ -	\$ 7,572,449
Water rights	4,672,610	-	-	4,672,610
Construction in progress	2,443,374	770,588	520,565	2,693,397
Total capital assets not being depreciated	<u>14,688,433</u>	<u>770,588</u>	<u>520,565</u>	<u>14,938,456</u>
Capital assets being depreciated:				
Buildings	31,966,106	145,035	-	32,111,141
Machinery and equipment	13,181,574	872,595	280,330	13,773,839
Vehicles	8,366,688	537,344	138,959	8,765,073
Utility systems	178,921,899	1,026,662	-	179,948,561
Total other capital assets at historical cost	<u>232,436,267</u>	<u>2,581,636</u>	<u>419,289</u>	<u>234,598,614</u>
Less accumulated depreciation for:				
Buildings	9,911,516	719,496	-	10,631,012
Machinery and equipment	8,769,516	639,255	277,663	9,131,108
Vehicles	4,456,576	449,383	138,959	4,767,000
Utility systems	60,617,698	4,016,852	-	64,634,550
Total accumulated depreciation	<u>83,755,306</u>	<u>5,824,986</u>	<u>416,622</u>	<u>89,163,670</u>
Capital assets being depreciated, net	<u>148,680,961</u>	<u>(3,243,350)</u>	<u>2,667</u>	<u>145,434,944</u>
Business-type activities capital assets, net	<u>\$ 163,369,394</u>	<u>\$ (2,472,762)</u>	<u>\$ 523,232</u>	<u>\$ 160,373,400</u>

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Depreciation:

Depreciation expense has been allocated as follows:

Governmental Activities:

General government	\$ 426,366
Public safety	1,313,759
Streets	11,920,788
Culture and recreation	346,788
Health and welfare	27,413
Economic development	<u>305,956</u>
Sub-total governmental funds depreciation	14,341,070

Depreciation on capital assets held by the City's internal service funds is charged to the various functions based upon usage	<u>67,623</u>
Total	<u><u>\$ 14,408,693</u></u>

Business-Type Activities:

Water	\$ 1,077,059
Sewer	2,912,687
Sanitation	459,746
Drainage	275,039
Conference center/hotel	908,590
Golf	110,226
Industrial park	<u>57,073</u>
Total Business Type Activities	5,800,420

Depreciation on capital assets held by the City's internal service funds is charged to the various functions based upon usage	<u>24,566</u>
Total	<u><u>\$ 5,824,986</u></u>

5. Internal and Interfund Balances and Transfers

Internal and Interfund Balances:

Interfund receivables and payables at June 30, 2017 were as follows:

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Receivable Fund	Payable Fund	Amount	Nature of Interfund Balance			
General Gov Sales Tax	Surplus Property	\$ 56,392	Surplus properties sales proceeds to be distributed			
General Fund	Grant Fund	53,251	To cover negative balance in pooled cash			
General Fund	Grant Fund	44,667	To cover negative balance in pooled cash			
General Fund	Fire Fund	1,082,128	Long-term loan for capital improvements			
Police Fund	General Fund	1,561,629	Restricted sales tax payable			
Police Fund	Surplus Property	97,683	Surplus properties sales proceeds to be distributed			
Juvenile Fund	Surplus Property	780	Surplus properties sales proceeds to be distributed			
Fire Fund	General Fund	1,262,632	Restricted sales tax payable			
Fire Fund	Surplus Property	15,614	Surplus properties sales proceeds to be distributed			
Welcome Center	Surplus Property	324	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	Grant to be transferred			
Grant Fund	Surplus Property	1,222	Surplus properties sales proceeds to be distributed			
Grant Fund	Police Impound Fee	472	Revenue accrued to be transferred			
Downtown Redevelopment	Reimbursed Project	96,650	Long-term loan for capital improvements			
Hospital Authority	29th and Douglas	65,063	Long-term loan			
Hospital Authority	Surplus Property	2,689	Surplus properties sales proceeds to be distributed			
Capital Improvements Fund	Debt Service	34,617	Revenue accrued to be transferred			
Capital Improvements Fund	Grant Fund	112,000	Grant to be transferred			
Fleet Services Fund	Surplus Property	1	Surplus properties sales proceeds to be distributed			
Storm Water Quality	Surplus Property	54	Surplus properties sales proceeds to be distributed			
Construction Loan Payment	Utilities Capital Outlay	1,210,681	Long-term loan for economic improvements			
Sewer Construction Fund	Capital Imp Revenue Bond	1,923	To cover negative balance in pooled cash			
Sanitation Fund	Surplus Property	69,985	Surplus properties sales proceeds to be distributed			
Water Fund	Surplus Property	14,709	Surplus properties sales proceeds to be distributed			
Sewer	Surplus Property	11,294	Surplus properties sales proceeds to be distributed			
Hotel	Surplus Property	12,365	Surplus properties sales proceeds to be distributed			
Golf	Surplus Property	603	Surplus properties sales proceeds to be distributed			
Debt Service	Debt Service	657,723	Revenue accrued to be transferred			
		<u>\$ 6,471,336</u>				
Reconciliation to Fund Financial Statements:						
		Due From Other Funds	Advance From Other Funds	Due To Other Funds	Advance To Other Funds	Net Internal Balances
Governmental Funds		\$ 3,248,157	\$ 3,439,804	\$ 70,333	\$ 7,900	\$ 6,609,728
Proprietary Funds		768,656	1,210,681	1,923	1,275,744	\$ 701,670
Internal Service Funds		1	-	284,150	-	\$ (284,149)
Total		<u>\$ 4,016,814</u>	<u>\$ 4,650,485</u>	<u>\$ 356,406</u>	<u>\$ 1,283,644</u>	<u>\$ 7,027,249</u>
Reconciliation to Statement of Net Position:						
Net Internal Balances		\$ 701,670				
Internal Service Fund Activity reported in Business-Type Activities		(1,429,718)				
Net Internal Balances		<u>\$ (728,048)</u>				

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, 2017 were as follows:

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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	8,066,558	Debt Service Subsidy
General Fund	Community Development Block Grant	5,489	Grant Subsidy
General Fund	Downtown Redevelopment Authority	16,581	Retired Employee Insurance Subsidy
General Fund	Hospital Authority	16,580	Retired Employee Insurance Subsidy
General Gov Sales Tax	General Fund	4,485	Capital Outlay Subsidy
General Gov Sales Tax	G.O.Debt Services	15,531	Capital Outlay Subsidy
Street and Alley Fund	General Fund	250,000	Capital Outlay Subsidy
Street and Alley Fund	Water Fund	104,761	Capital Outlay Subsidy
Technology Fund	General Gov Sales Tax	4,800	Reimburse Cost
Technology Fund	Emergency Operations Fund	47,957	Contract Cost Allocation
General Fund	General Gov Sales Tax	92,500	Reimburse Cost
General Fund	Housing Grants	268	Grant Subsidy
Police Fund	General Fund	9,886,401	Ordinance Obligation
Police Fund	Downtown Redevelopment Authority	53,773	Retired Employee Insurance Subsidy
Police Fund	Hospital Authority	53,774	Retired Employee Insurance Subsidy
Juvenile Fund	General Fund	42,000	Operating Subsidy
Fire Fund	Grants Fund	7,913,808	Ordinance Obligation
Fire Fund	Downtown Redevelopment Authority	90,103	Retired Employee Insurance Subsidy
Fire Fund	Hospital Authority	90,104	Retired Employee Insurance Subsidy
Emergency Management Fund	Grants Fund	15,000	Grant Subsidy
General Fund	Park and Recreation	25,000	Operating Subsidy
Grants Fund	General Fund	149,509	City Match of CDBG Program
Grants Fund	Downtown Redevelopment Authority	1,647	Retired Employee Insurance Subsidy
Grants Fund	Hospital Authority	1,646	Retired Employee Insurance Subsidy
Grants Fund	Police Impound Fee	3,608	Grant Subsidy
General Fund	Grant Fund	76,813	Grant Subsidy
Hospital Authority	Downtown Redevelopment Authority	325,000	Return on owners investment
Hospital Authority	Convention and Visitor Bureau	40,000	Operating Subsidy
Police Capitalization	Police Impound Fee	5,000	Capital Outlay Subsidy
Capital Improvement Fund	Grants Fund	112,000	Grant Subsidy
Capital Improvement Fund	Revenue Bond Sinking Fund	206,967	Capital Outlay Subsidy
Public Works Administration	Downtown Redevelopment Authority	400	Retired Employee Insurance Subsidy
Public Works Administration	Hospital Authority	401	Retired Employee Insurance Subsidy
Fleet Services Fund	Downtown Redevelopment Authority	2,741	Retired Employee Insurance Subsidy
Fleet Services Fund	Hospital Authority	2,741	Retired Employee Insurance Subsidy
Risk Management	Downtown Redevelopment Authority	600	Retired Employee Insurance Subsidy
Risk Management	Hospital Authority	601	Retired Employee Insurance Subsidy
L&H Benefit	Downtown Redevelopment Authority	125,301	Operating Subsidy
L&H Benefit	Hospital Authority	300	Retired Employee Insurance Subsidy
Trailer Park Fund	Downtown Redevelopment Authority	124,350	Debt Service Subsidy
Storm Water Quality Fund	Downtown Redevelopment Authority	400	Retired Employee Insurance Subsidy
Storm Water Quality Fund	Hospital Authority	401	Retired Employee Inst
Capital Water Improve	Capital Improvement Revenue Bond Fund	49,441	Capitalize Interest Cost
Construction Loan Payment	Capital Improvement Revenue Bond Fund	44,883	Capitalize Interest Cost
Utility Services	Downtown Redevelopment Authority	715	Retired Employee Insurance Subsidy
Utility Services	Hospital Authority	714	Retired Employee Insurance Subsidy
Utilities Capital Outlay	Grants Fund	209,444	Grant Subsidy
Sanitation	Downtown Redevelopment Authority	1,429	Retired Employee Insurance Subsidy
Water Fund	Downtown Redevelopment Authority	1,521	Retired Employee Insurance Subsidy
Water Fund	Hospital Authority	1,520	Retired Employee Insurance Subsidy
Sewer Fund	Downtown Redevelopment Authority	4,788	Retired Employee Insurance Subsidy
Sewer Fund	Hospital Authority	4,788	Retired Employee Insurance Subsidy
Utility Authority	Grant Fund	60,423	Capital Outlay Subsidy
Utility Authority	Capital Sewer	140,000	Capital Outlay Subsidy
Hotel/Conference Center	Capital Improvement Fund	740,000	Eliminate Inter-Funds Due to/Due from
Hotel/Conference Center	Capital Improvement Revenue Bond Fund	1,144	Capitalize Interest Cost
Capital Improvement Revenue Bond Fund	Sewer Construction Fund	1,297,290	Debt Service Subsidy
Capital Improvement Revenue Bond Fund	Revenue Bond Sinking Fund	5,235,354	Debt Service Subsidy
Capital Improvement Revenue Bond Fund	General Fund	8,066,558	Debt Service Subsidy
		\$ 46,329,742	

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Internal and Interfund Transfers:

	Transfers From Other Funds	Transfers To Other Funds	Net Transfers
Reconciliation to Fund Financial Statements:			
Governmental Funds	\$ 532,464	\$ 30,210,064	\$ 30,742,528
Proprietary Funds	15,986,593	(12,030,477)	3,956,116
Internal Service Funds	133,085	-	133,085
Total	\$ 16,652,142	\$ 18,179,587	\$ 34,831,729
Reconciliation to Statement of Activities:			
Net Transfers			\$ 3,956,916
Capital Contributions to Enterprise Fund			6,077
Transfers - Internal Activity			\$ 3,962,993

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, 2017, the City's long-term debt balances changed as follows:

Primary Government:

<u>Type of Debt</u>	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2017</u>	<u>Due Within One Year</u>
Governmental Activities:					
General Obligation Bonds	\$ 2,700,000	\$ -	\$ 1,400,000	\$ 1,300,000	\$ 325,000
Notes Payable	21,983,066	-	646,956	21,336,110	683,969
Accrued Compensated Absences	5,043,849	3,204,139	2,730,806	5,517,182	1,821,217
Refundable Deposits	78,055	-	7,722	70,333	70,333
Total Governmental Activities	\$ 29,804,970	\$ 3,204,139	\$ 4,777,762	28,223,625	2,900,519
Reconciliation to Statement of Net Position:					
Plus: Net OPEB Obligation				7,031,224	-
Net Pension Liability				35,579,656	-
				\$ 70,834,505	\$ 2,900,519
Business-Type Activities:					
Notes Payable	\$ 216,090	\$ -	\$ 216,090	\$ -	\$ -
Revenue Bonds Payable	57,860,000	-	4,185,000	53,675,000	4,325,000
Revenue Bonds Premium	2,353,024	-	265,891	2,087,133	-
Refundable Deposits	1,468,052	491,149	477,345	1,481,856	192,503
Accrued Compensated Absences	1,374,312	898,668	781,372	1,491,608	569,866
Total Business-Type Activities	\$ 63,271,478	\$ 1,389,817	\$ 5,925,698	\$ 58,735,597	\$ 5,087,369
Reconciliation to Statement of Net Position:					
Plus: Net OPEB Obligation				2,761,336	-
				\$ 61,496,933	\$ 5,087,369

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

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Authority, and the Emergency Operations Fund. Net pension liability and OPEB are paid from the General Fund, Police Fund and fire Fund.

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

General Obligation Bonds:

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

		<u>\$ 1,300,000</u>
Total general obligation bonds		<u>\$ 1,300,000</u>
	Current	\$ 325,000
	Non-current	<u>975,000</u>
	Total	<u>\$ 1,300,000</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 \$683,969.

		<u>\$ 21,336,110</u>
Total notes payable		<u>\$ 21,336,110</u>
	Current	\$ 683,969
	Non-current	<u>20,652,141</u>
	Total	<u>\$ 21,336,110</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%.

	\$ 22,175,000
Unamortized Revenue Bond Premium	<u>92,494</u>
Total Revenue Bonds, Net	<u>\$ 22,267,494</u>

	\$ 970,000
Current	<u>970,000</u>
Non-current	<u>21,205,000</u>
Total	<u>\$ 22,175,000</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%.

	\$ 31,500,000
Unamortized Revenue Bond Premium	<u>1,994,637</u>
Total Revenue Bonds, Net	<u>\$ 33,494,637</u>

	\$ 3,355,000
Current	<u>3,355,000</u>
Non-current	<u>28,145,000</u>
Total	<u>\$ 31,500,000</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
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>\$ 1,300,000</u>	<u>\$ 128,375</u>	<u>\$ 21,336,110</u>	<u>\$ 2,768,916</u>

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Business-Type Activities

<u>Year Ending June 30,</u>	<u>Revenue Bonds Payable</u>	
	<u>Principal</u>	<u>Interest</u>
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	5,130,000	1,366,350
2023-2027	19,275,000	3,787,275
2028-2032	7,405,000	1,485,566
2033-2034	3,405,000	142,003
	<u>\$ 53,675,000</u>	<u>\$ 14,317,470</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 \$30,320,019. Pledged sales taxes transferred in the current year was \$13,506,337. Debt service payments on 2011 Revenue Bonds of \$1,794,800 for the current fiscal year were 13.3% of pledged sales tax. Other sources of revenues such as water and sewer are also pledged. Total net revenues including utilities and sales tax pledged was \$18,757,621.

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 \$37,672,450. Pledged sales taxes transferred in the current year was \$13,506,337. Debt service payments on the bonds were \$4,708,963 for the current fiscal year or 34.9% of pledged sales tax. Other sources of revenues such as water and sewer are also pledged. Total net revenues including utilities and sales tax pledged was \$18,757,621.

7. Net Position and Fund Balances

The following table shows the net position that is restricted:

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Fund	Restricted By	Amount
Hospital Authority	Enabling legislation	\$ 84,216,371
Technology Fund	Enabling legislation	385,604
Police Impound Fund	Enabling legislation	189,991
Urban Renewal Authority	Enabling legislation	3,804
Capital Outlay Reserve Fund	Enabling legislation	746,652
General Fund	Enabling legislation	153,025
Street Lighting Fund	Enabling legislation	579,338
		<u>86,274,785</u>
Street and Alley Fund	Statutory requirements	891,073
Juvenile Fund	Statutory requirements	17,718
Police Special Projects	Statutory requirements	203,609
Police Lab Fee	Statutory requirements	18,494
		<u>1,130,894</u>
Grant Fund	External contracts	168,639
General Fund	External contracts	1,514,891
Police Fund	External contracts	3,664,988
Fire Fund	External contracts	1,604,511
Park and Recreation Fund	External contracts	660,899
Emergency Operation Fund	External contracts	621,366
Welcome Center	External contracts	359,974
Convention and Visitors Bureau	External contracts	178,550
GO Debt Service Fund	External contracts	449,735
2002 GO Street Bond	External contracts	546,646
Downtown Redevelopment	External contracts	1,818,804
Dedicated Tax Fund	External contracts	1,262,788
Capital Improvement Fund	External contracts	2,252,558
General Government Sales Tax Fund	External contracts	1,679,145
		<u>16,783,494</u>
Total Restricted Net Position		<u>\$ 104,189,173</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	
	General Fund	Police Fund	Fire Fund	Hospital Authority	Governmental Fund	Total
Fund Balance:						
Nonspendable:						
Inventory	\$ -	\$ -	\$ -	\$ -	\$ 60,000	\$ 60,000
Deposits held by others	1,082,128	-	-	3,439,804	708,575	5,230,507
Prepaid expenses	4,200	-	-	-	-	4,200
	1,086,328	-	-	3,439,804	768,575	5,294,707
Restricted:						
Public safety	871,178	3,664,988	1,604,511	-	1,051,178	7,191,855
Hospital	-	-	-	85,836,679	-	85,836,679
General obligation debt service	-	-	-	-	189,868	189,868
Capital improvements	-	-	-	-	6,497,159	6,497,159
Street improvements	-	-	-	-	2,388,773	2,388,773
Street operations	-	-	-	-	891,073	891,073
Technology improvements	-	-	-	-	385,604	385,604
Culture and rec programs	361,894	-	-	-	1,020,873	1,382,767
Economic development	405,954	-	-	-	350,993	756,947
Public works	15,750	-	-	-	-	15,750
Health and welfare programs	28,887	-	-	-	-	28,887
Sub-total restricted	1,683,663	3,664,988	1,604,511	85,836,679	12,775,521	105,565,362
Committed to:						
Economic development	-	-	-	1,424,055	-	1,424,055
Assigned to:						
Capital improvements	-	-	-	-	163,679	163,679
Culture and rec programs	99,573	-	-	-	-	99,573
Health and welfare programs	73,444	-	-	-	-	73,444
Capital improvements	-	-	-	-	1,730,124	1,730,124
Public safety	502,578	-	-	-	-	502,578
Economic development	-	-	-	-	59,456	59,456
General government	26,745	-	-	-	-	26,745
Public works	76,905	-	-	-	-	76,905
Appropriation for use in FY 17-18 budget	646,112	-	-	-	-	646,112
General government - encumbrances	17,946	-	-	-	-	17,946
Public safety - encumbrances	1,212	-	-	-	-	1,212
Public works - encumbrances	37,142	-	-	-	-	37,142
Culture and rec - encumbrances	663	-	-	-	-	663
Economic development - encumbrances	45,567	-	-	-	-	45,567
Health and welfare - encumbrances	202,157	-	-	-	-	202,157
Sub-total assigned	1,730,044	-	-	-	1,953,259	3,683,303
Unassigned:	1,846,876	-	-	-	-	1,846,876
TOTAL FUND BALANCE	\$ 6,346,911	\$ 3,664,988	\$ 1,604,511	\$ 90,700,538	\$ 15,497,355	\$ 117,814,303

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The following is a breakdown of encumbrances at June 30, 2017:

Fund	Balance
Major Funds:	
General Fund	\$ 229,271
Police Fund	227,870
Fire Fund	27,972
Hospital Authority	581,260
	<u>\$ 1,066,373</u>
Non Major Fund:	
General Govt Sales Tax	\$ 95,327
Street and Alley Fund	65,615
Technology Fund	14,020
Police Federal Projects	72
Police Lab Fund	1,797
Police Impound Fund	3,780
Welcome Center Fund	11,598
Convention and Visitor Bureau	3,725
Street Tax Fund	139,249
Emergency Operations Fund	23,254
Park and Recreation Fund	26,890
Grant Fund	12,374
Capital Improvement Fund	75,937
Downtown Redevelopment Fund	106,634
Debt Service	
	<u>\$ 580,272</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.

The City restated beginning net position of the governmental activities and the Hospital Authority fund balance as follows:

	Governmental Activities	Governmental Funds/ Hospital Authority
Beginning net position/fund balance, as previously reported	\$ 401,793,617	\$ 81,737,739
Correction of economic development activity incorrectly classified as an investment	(2,137,487)	(2,137,487)
Beginning net position/fund balance, restated	<u>\$ 399,656,130</u>	<u>\$ 79,600,252</u>

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The net position and fund balance were restated to correct an error. The City recorded payments for economic development activities during the fiscal year ended June 30, 2016 as the purchase of land; the payments should have been reported as economic development expenses.

In addition, the City consolidated four enterprise fund accounts previously classified as non-major enterprise funds into the Municipal Authority major enterprise fund. This restatement increased beginning net position of the Municipal Authority and reduced beginning net position of the non-major enterprise funds by \$7,984,857.

8. Risk Management

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

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

Wind/hail	\$100,000
All other losses	25,000
EDP	1,000
Inland marine	5,000
Fine arts deductible	1,000
Automobile physical damage	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 \$7,591,989.

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

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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, 2014, to June 30, 2017, are as follows:

	<u>Risk Fund</u>	<u>Health Care</u>	<u>Total</u>
Claims liability, June 30, 2014	2,241,000	532,770	2,773,770
Claims and changes in estimates	806,158	6,799,627	7,605,785
Claims payments	<u>(842,158)</u>	<u>(6,792,826)</u>	<u>(7,634,984)</u>
Claims liability, June 30, 2015	2,205,000	539,571	2,744,571
Claims and changes in estimates	597,468	5,761,091	6,358,559
Claims payments	<u>(998,468)</u>	<u>(5,751,574)</u>	<u>(6,750,042)</u>
Claims liability, June 30, 2016	1,804,000	549,088	2,353,088
Claims and changes in estimates	1,307,827	4,848,703	6,156,530
Claims payments	<u>(1,213,827)</u>	<u>(5,019,395)</u>	<u>(6,233,222)</u>
Claims liability, June 30, 2017	<u>\$ 1,898,000</u>	<u>\$ 378,396</u>	<u>\$ 2,276,396</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:

	<u>Governmental Activities</u>
Net Pension Liability	
Police Pension System	\$ 3,490,072
Firefighter's Pension System	<u>32,089,584</u>
Total Net Pension Liability	<u>\$ 35,579,656</u>
Deferred Outflows of Resources	
Police Pension System	\$ 4,287,107
Firefighter's Pension System	<u>5,846,253</u>
Total Deferred Outflows of Resources	<u>\$ 10,133,360</u>
Deferred Inflows of Resources	
Police Pension System	\$ 441,376
Firefighter's Pension System	<u>62,853</u>
Total Deferred Inflows of Resources	<u>\$ 504,229</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.

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.

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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 \$788,522. The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of \$691,229 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 \$818,484. These on-behalf payments do 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, 2017, the City reported a liability of \$3,490,072 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. 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, 2016. Based upon this information, the City's proportion was 2.279% at June 30, 2016, which was a decrease of .000459% compared to its proportion at June 30, 2015.

For the year ended June 30, 2017, the City recognized pension expense of \$1,274,892. At June 30, 2017, 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	\$ 11,196	\$ 392,040
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	3,353,365	-
Changes in proportion and differences between City contributions and proportionate share of contributions City contributions subsequent to the measurement date	134,024	49,336
	<u>788,522</u>	<u>-</u>
Total	<u>\$ 4,287,107</u>	<u>\$ 441,376</u>

The \$788,522 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, 2018. Other deferred outflows and deferred inflows 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. The net deferred outflows related to the difference between expected and actual investment earnings and is being

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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:

2018	\$	510,922
2019		510,922
2020		1,197,285
2021		843,620
2022		(5,540)
Thereafter		-
	<u>\$</u>	<u>3,057,209</u>

Actuarial Assumptions-The total pension liability was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions, applied to all prior periods included in the measurement:

- Inflation: 3%
- Salary increases: 4.5% to 17% average, including inflation
- Investment rate of return: 7.5% net of pension plan investment expense
- Mortality rates:
 - Active employees (pre-retirement) RP-2000 Blue Collar Healthy Combined table with age set back 4 years with fully generational improvement using Scale AA.
 - 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.
- Cost-of-living Adjustment: Police officers eligible to receive increased benefits according to repealed Section 50-150 of Title 11 of the Oklahoma Statutes pursuant to a court order receive and adjustment of 1/3 to 1/2 of the increase or decrease of any adjustment to the base salary of a regular police officer, based on an increase in base salary.

The actuarial assumptions used in the July 1, 2016, 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

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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, 2016, are summarized in the following table:

<u>Asset Class</u>	<u>Real Rate of Return</u>
Fixed income	3.27%
Domestic equity	5.16%
International equity	8.61%
Real estate	4.97%
Private equity/debt	8.32%
Commodities	2.42%

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

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

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

	(6.5%)	Rate (7.5%)	(8.5%)
Employers' net pension liability (asset)	\$ 9,156,813	\$ 3,490,072	\$ (1,294,625)

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

Oklahoma Fire Pension and Retirement Systems

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

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

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

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

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

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

Contributions - The contributions requirements of the Plan are at an established rate determine by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 9% percent of their annual pay. Participating cities are required to contribute 14% of the employees' annual pay. Contributions to the pension plan from the City were \$1,144,695. The State of Oklahoma also made on-behalf contributions to FPRS in the amount of \$2,257,612 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

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on-behalf contributions on an accrual basis of \$2,425,148. 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, 2017, the City reported a liability of \$32,089,584 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. 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, 2016. Based upon this information, the City's proportion was 2.627%, at June 30, 2016, which was an increase of .013706% compared to its proportion at June 30, 2015.

For the year ended June 30, 2017, the City recognized pension expense of \$3,732,056. At June 30, 2017, 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	\$ 860,234	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	1,963,390	-
Changes in proportion and differences between City contributions and proportionate share of contributions	1,877,934	-
City contributions during the measurement period		62,853
City contributions subsequent to the measurement date	1,144,695	-
Total	<u>\$ 5,846,253</u>	<u>\$ 62,853</u>

The \$1,144,695 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, 2018. 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. The net deferred outflows of resources related 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:

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Year ended June 30:

	2018	\$	667,423
	2019		667,423
	2020		1,689,589
	2021		1,367,006
	2022		222,524
	Thereafter		24,740
		\$	4,638,705

Actuarial Assumptions-The total pension liability was determined by an actuarial valuation as of June 30, 2016, 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, 2016, 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, 2016, 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%	5.18%
Domestic equity	47%	8.70%
International equity	15%	10.87%
Real estate	10%	7.23%
Other assets	8%	6.24%

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

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of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Employers' net pension liability	\$ 40,622,739	\$ 32,089,584	\$ 24,935,259

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

OMRF Defined Contribution Plan:

The City has 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, 2017, the City contributed \$2,129,773 to the plan, while the employee contributions totaled \$8,338.

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, by calling (405) 606-7880, or at www.okmrf.org.

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.

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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 2017, the actuarially expected City contribution in the form of net age adjustment was \$620,842 to the Plan. Plan members receiving benefits contributed \$990,439 of the total premiums, through their payment of the full determined premium in FY 2017.

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, 2017:

Amortization of Actuarial Accrued Liability (AAL)	\$	1,407,356
Normal Cost		348,690
Interest on Net OPEB Obligation		452,663
Amortization of Net OPEB Obligation		(588,554)
Annual OPEB cost (expense)		1,620,155
Expected net benefits during the year		(1,357,335)
Increase in net OPEB obligation		262,820
Net OPEB obligation—beginning of year		9,529,740
Net OPEB obligation—end of year	\$	9,792,560

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
6/30/15	\$ 1,498,968	81%	\$ 8,370,342
6/30/16	\$ 1,498,968	81%	\$ 9,529,740
6/30/17	\$ 1,620,155	83.78%	\$ 9,792,560

Funded Status and Funding Progress. As of July 1, 2017, the most recent actuarial valuation date, the Plan was not funded. The actuarial accrued liability (AAL) for benefits was \$22,655,086, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$22,655,086. The covered payroll (annual payroll of active employees covered by the plan) was \$30.5 million, and the ratio of the UAAL to the covered payroll was 74.18 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

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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, 2017, 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 2021. 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, 2017, was thirty years. As of the date of this valuation, there are no plan assets.

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 \$7,031,244 and \$2,761,336, respectively, of the Net OPEB Obligation. In the governmental activities the obligation is shared by the general government function \$2,387,570, the police function \$2,574,735, and the fire function \$1,732,133 and internal service allocation \$336,806.

11. Commitments and Contingencies

Construction Contracts Outstanding

The following construction contracts were outstanding at June 30, 2017:

Utility Line Relocation- 15th Sooner/Buena Vista	\$ 250,000
	<u>\$ 250,000</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 Hospital 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 Hospital 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. This matter was settled in late November 2016 and the Hospital Authority recovered the deposit and legal fees.

12. Subsequent Event

The Hospital Authority issued \$16,475,000 in bond anticipation notes in July, 2017 for the Sooner Rose TIF District. The notes will be repaid on or before July 1, 2018 when the Hospital Authority obtains long-term financing. It is expected that the Hospital Authority will issue two series of bonds with a 20 year term. 50% of the debt will be repaid with ad valorem increment generated within the TIF district and the other 50% will be repaid with a portion of the sales tax generated within the district.

In November 2018, voters approved an increase in the City's sales tax rate from 3.85% to 4.6%, effective January 1, 2018.

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. 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

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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 will be material.

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.

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. The City has not yet determined the impact that implementation of GASB 80 will have on its net position.

GASB Statement 84, *Fiduciary Activities*, issued January 2017, will be effective for the City for the City beginning with its fiscal year ending June 30, 2019. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The City has not yet determined the impact that implementation of GASB 80 will have on its net position.

GASB Statement 85, *Omnibus 2017*, issued March 2017, will be effective for the City beginning with its fiscal year ending December 31, 2018. This Statement address a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits. The City has not yet determined the impact that implementation of GASB 85 will have on its net position.

GASB Statement 86, *Certain Debt Extinguishment Issues*, issued May 2017, will be effective for the City beginning with its fiscal year ending December 31, 2018. The primary objective of this Statement is to improve the consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The City has not yet determined the impact that implementation of GASB 86 will have on its net position.

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GASB Statement 87, *Leases*, issued June 2017, will be effective for the City beginning with its fiscal year ending December 31, 2020. The primary objective of this Statement is to increase the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The City has not yet determined the impact that implementation of GASB 87 will have on its net position.

REQUIRED SUPPLEMENTARY INFORMATION

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Budgetary Comparison Schedules – Year Ended June 30, 2017

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
Beginning Budgetary Fund Balance:	\$ 756,610	\$ 647,421	\$ 4,698,438	\$ 4,051,017
Resources (Inflows):				
Taxes	23,550,854	23,550,854	22,855,725	(695,129)
Charges for services	478,099	632,390	564,808	(67,582)
Fines and forfeitures	784,743	703,943	691,548	(12,395)
Licenses and permits	1,737,078	1,737,078	1,369,741	(367,337)
Investment income	379,123	379,123	384,328	5,205
Intergovernmental	165,118	163,638	140,049	(23,589)
Miscellaneous	316,375	412,469	474,939	62,470
Total Resources (Inflows)	<u>27,411,390</u>	<u>27,579,495</u>	<u>26,481,138</u>	<u>(1,098,357)</u>
Amounts available for appropriation	<u>28,168,000</u>	<u>28,226,916</u>	<u>31,179,576</u>	<u>2,952,660</u>
Charges to Appropriations (Outflows):				
City Manager	493,393	490,105	480,452	9,653
City Clerk	94,319	94,240	88,247	5,993
Personnel	444,401	437,269	376,685	60,584
City Attorney	103,468	101,808	92,777	9,031
Community Development	1,939,088	2,171,475	1,817,558	353,917
Park & Recreation	827,068	986,163	819,610	166,553
Finance	689,144	681,168	616,721	64,447
Animal Welfare	487,732	481,130	390,240	90,890
Municipal Court	499,746	507,165	494,621	12,544
Streets	2,940,103	2,961,691	2,832,215	129,476
General Government	1,156,272	1,204,997	1,063,742	141,255
Neighborhood Services	1,462,714	1,660,423	1,477,873	182,550
Information Technology	489,421	504,111	462,833	41,278
Emergency Response	977,934	1,113,561	1,057,601	55,960
Swimming Pools	297,997	297,212	250,156	47,056
Total Charges to Appropriations	<u>12,902,800</u>	<u>13,692,518</u>	<u>12,321,331</u>	<u>1,371,187</u>
Other financing sources (uses)				
Transfers from other funds	11,052,890	11,058,648	10,811,475	(247,173)
Transfers to other funds	(26,234,943)	(26,251,943)	(25,385,233)	866,710
Total other financing sources (uses)	<u>(15,182,053)</u>	<u>(15,193,295)</u>	<u>(14,573,758)</u>	<u>619,537</u>
Ending Budgetary Fund Balance	<u>\$ 83,147</u>	<u>\$ (658,897)</u>	<u>\$ 4,284,487</u>	<u>\$ 4,943,384</u>

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POLICE FUND				
	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budget Basis)	Final Budget
				Positive (Negative)
Beginning Budgetary Fund Balance:	\$ (158,186)	\$ (644,355)	\$ 2,297,263	\$ 2,941,618
Resources (Inflows):				
Taxes	2,892,728	2,892,728	2,817,505	(75,223)
Charges for services	49,152	49,153	36,383	(12,770)
License and permits	-	3,500	1,300	(2,200)
Investment income	53,129	53,129	45,105	(8,024)
Fines and forfeitures	136,847	136,847	106,115	(30,732)
Miscellaneous	3,500	32,490	57,475	24,985
Total Resources (Inflows)	3,135,356	3,167,847	3,063,883	(103,964)
Amounts available for appropriation	2,977,170	2,523,492	5,361,146	2,837,654
Charges to Appropriations (Outflows):				
Public Safety	13,457,531	13,791,515	12,917,020	874,495
Total Charges to Appropriations	13,457,531	13,791,515	12,917,020	874,495
Other financing sources (uses)				
Transfers from other funds	9,825,091	9,825,091	9,472,904	(352,187)
Total other financing sources (uses)	9,825,091	9,825,091	9,472,904	(352,187)
Ending Budgetary Fund Balance	\$ (655,270)	\$ (1,442,932)	\$ 1,917,030	\$ 3,359,962

FIRE FUND				
	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budget Basis)	Final Budget
				Positive (Negative)
Beginning Budgetary Fund Balance:	\$ 333,364	\$ (666,809)	\$ 1,709,798	\$ 2,376,607
Resources (Inflows):				
Taxes	2,585,478	2,585,478	2,518,245	(67,233)
Charges for services	17,783	17,783	26,638	8,855
Investment income	37,323	37,323	32,002	(5,321)
Licenses and permits	11,243	11,243	9,300	(1,943)
Miscellaneous	9,628	24,063	25,400	1,337
Total Resources (Inflows)	2,661,455	2,675,890	2,611,585	(64,305)
Amounts available for appropriation	2,994,819	2,009,081	4,321,383	2,312,302
Charges to Appropriations (Outflows):				
Public Safety	10,951,199	11,244,601	10,285,922	958,679
Total Charges to Appropriations	10,951,199	11,244,601	10,285,922	958,679
Other financing sources (uses)				
Transfers from other funds	7,957,488	7,957,488	7,672,732	(284,756)
Transfers to other funds	(166,000)	(166,000)	(166,000)	-
Total other financing sources (uses)	7,791,488	7,791,488	7,506,732	(284,756)
Ending Budgetary Fund Balance	\$ (164,892)	\$ (1,444,032)	\$ 1,542,193	\$ 2,986,225

Footnotes to Budgetary Comparison Schedule:

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

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

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

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

GENERAL FUND	Fund Balance	Net Change in	Fund Balance
	June 30, 2016	Fund Balance	June 30, 2017
Budget to GAAP Reconciliation:			
Fund Balance - GAAP Basis	\$ 7,813,968	\$ (1,467,057)	\$ 6,346,911
Increases (Decreases):			
Revenues:			
Receivable	(3,913,420)	(35,272)	(3,948,692)
Change in fair value of investments	(6,720)	4,080	(2,640)
Other misc items	-	72,066	72,066
Expenditures:			
Payables	3,311,658	919,868	4,231,526
Encumbrances	(160,340)	55,545	(104,795)
Impact of combining accounts:			
Reimbursed Projects Account	(654,288)	(6,016)	(660,304)
Employee Activity Account	(17,714)	(1,892)	(19,606)
Activity Account	(268,609)	(64,867)	(333,476)
Animals Best Friend Account	(78,332)	(21,895)	(100,227)
Disaster Relief Account	(1,327,765)	131,495	(1,196,270)
Fund Balance - Budgetary Basis	\$ 4,698,438	\$ (413,945)	\$ 4,284,493

POLICE FUND	Fund Balance	Net Change in	Fund Balance
	June 30, 2016	Fund Balance	June 30, 2017
Budget to GAAP Reconciliation:			
Fund Balance - GAAP Basis	\$ 3,627,057	\$ 37,931	\$ 3,664,988
Increases (Decreases):			
Revenues:			
Receivable	(1,564,790)	(524,221)	(2,089,011)
Change in fair value of investments	(3,046)	2,010	(1,036)
Other misc items	(348,158)	38,997	(309,161)
Expenditures:			
Payables	586,200	65,050	651,250
Fund Balance - Budgetary Basis	\$ 2,297,263	\$ (380,233)	\$ 1,917,030

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FIRE FUND	<u>Fund Balance June 30, 2016</u>	<u>Net Change in Fund Balance</u>	<u>Fund Balance June 30, 2017</u>
Budget to GAAP Reconciliation:			
Fund Balance - GAAP Basis	\$ 1,222,433	\$ -	\$ 1,222,433
Increases (Decreases):			
Revenues:			
Receivable	(1,175,749)	(423,019)	(1,598,768)
Change in fair value of investments	(2,339)	2,339	-
Expenditures:			
Payables	1,665,450	(129,000)	1,536,450
Fund Balance - Budgetary Basis	<u>\$ 1,709,795</u>	<u>\$ (549,680)</u>	<u>\$ 1,160,115</u>

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Required Supplementary Information – Pensions

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>2015</u>	<u>2016</u>	<u>2017</u>
City's proportion of the net pension liability	2.392%	2.613%	2.627%
City's proportionate share of the net pension liability	\$ 24,598,661	\$ 27,733,504	\$ 32,089,584
City's covered-employee payroll	\$ 6,734,825	\$ 7,151,904	\$ 6,922,999
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	365%	388%	464%
Plan fiduciary net position as a percentage of the total pension liability	68.12%	68.27%	64.87%

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

Notes to Schedule:

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

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>2015</u>	<u>2016</u>	<u>2017</u>
City's proportion of the net pension liability (asset)	2.2929%	2.3249%	2.2789%
City's proportionate share of the net pension liability (asset)	\$ (772,001)	\$ 94,795	\$ 3,490,072
City's covered-employee payroll	\$6,171,257	\$ 6,571,604	\$ 6,720,857
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	12.51%	1.44%	51.93%
Plan fiduciary net position as a percentage of the total pension liability (asset)	101.53%	99.82%	93.50%

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

Notes to Schedule:

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

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Statutorily required contribution	\$ 1,001,267	\$ 969,220	\$ 1,016,333
Contributions in relation to the statutorily required contribution	<u>1,064,424</u>	<u>969,270</u>	<u>1,016,378</u>
Contribution deficiency (excess)	<u>\$ (63,157)</u>	<u>\$ (50)</u>	<u>\$ (45)</u>
City's covered-employee payroll	\$ 7,151,904	\$ 6,922,999	\$ 7,259,523
Contributions as a percentage of covered-employee payroll	14.88%	14.00%	14.00%

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

Notes to Schedule:

Only three 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%.

There were no changes in the trends that affected the amounts reported in the schedules.

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Statutorily required contribution	\$ 854,309	\$ 873,711	\$ 786,165
Contributions in relation to the statutorily required contribution	<u>1,021,780</u>	<u>873,705</u>	<u>786,167</u>
Contribution deficiency (excess)	<u>\$ (167,471)</u>	<u>\$ 6</u>	<u>\$ (2)</u>
City's covered-employee payroll	\$ 6,571,604	\$ 6,720,857	\$ 6,047,423
Contributions as a percentage of covered-employee payroll	15.55%	13.00%	13.00%

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

Notes to Schedule:

Only the three 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%.

There were no changes in the trends that affected the amounts reported in the schedules.

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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>	<u>July 1, 2016</u>
Actuarial accrued liability - AAL (a)	\$ 29,797,397	\$ 32,591,119	\$ 20,823,987	\$ 22,655,086
Actuarial value of plan assets (b)	-	-	-	-
Unfunded actuarial accrued liability - UAAL (funding excess) (a)-(b)	29,797,397	32,591,119	20,823,987	22,655,086
Funded ratio (b)/(a)	0%	0%	0%	0%
Covered payroll (c)	\$ 25,016,000	\$ 28,628,580	\$ 30,280,298	\$ 30,539,200
UAAL (funding excess) as a % of covered payroll [UAAL/(c)]	119%	114%	69%	74%

Notes to Schedule:

There were no changes in the trends that affected the amounts reported in the schedules.

OTHER SUPPLEMENTARY INFORMATION

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Combining Balance Sheet – General Fund Accounts – June 30, 2017

	General Fund Accounts						Totals
	General Fund	Reimbursed Projects Account	Employee Activity Account	Activity Account	Animals Best Friend Account	Disaster Relief Account	
ASSETS							
Cash and cash equivalents	\$ 840,066	\$ 171,222	\$ 19,645	\$ 78,533	\$ 95,010	\$ 247,226	\$ 1,451,702
Investments	2,397,668	560,054	-	256,875	-	933,012	4,147,609
Accounts receivable	913,470	25,684	-	-	9,553	185,774	1,134,481
Accrued interest receivable	7,147	-	-	-	-	2,781	9,928
Other receivable	14,686	-	-	190	-	-	14,876
Due from other governments	2,911,271	-	-	-	-	438	2,911,709
Due from other funds	97,918	-	-	-	-	-	97,918
Prepaid items	4,200	-	-	-	-	-	4,200
Advance from other funds	1,082,128	-	-	-	-	-	1,082,128
Total assets	<u>\$ 8,268,554</u>	<u>\$ 756,960</u>	<u>\$ 19,645</u>	<u>\$ 335,598</u>	<u>\$ 104,563</u>	<u>\$ 1,369,231</u>	<u>\$ 10,854,551</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued liabilities	\$ 191,020	\$ 6	\$ 39	\$ 1,419	\$ -	\$ 8,319	\$ 200,803
Wages payable	422,058	-	-	703	-	6,978	429,739
Due to other governments	7,900	-	-	-	-	-	7,900
Refundable deposits	70,333	-	-	-	-	-	70,333
Due to other funds	2,824,261	-	-	-	-	-	2,824,261
Advance to other funds	-	96,650	-	-	-	-	96,650
Total liabilities	<u>3,515,572</u>	<u>96,656</u>	<u>39</u>	<u>2,122</u>	<u>-</u>	<u>15,297</u>	<u>3,629,686</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue	715,954	-	-	-	4,336	157,664	877,954
Fund balances:							
Nonspendable	1,086,328	-	-	-	-	-	1,086,328
Restricted	153,025	556,653	-	253,509	26,782	693,694	1,683,663
Assigned	950,799	103,651	19,606	79,967	73,445	502,576	1,730,044
Unassigned	1,846,876	-	-	-	-	-	1,846,876
Total fund balances	<u>4,037,028</u>	<u>660,304</u>	<u>19,606</u>	<u>333,476</u>	<u>100,227</u>	<u>1,196,270</u>	<u>6,346,911</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 8,268,554</u>	<u>\$ 756,960</u>	<u>\$ 19,645</u>	<u>\$ 335,598</u>	<u>\$ 104,563</u>	<u>\$ 1,369,231</u>	<u>\$ 10,854,551</u>

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Combining Schedule of Revenues, Expenditures and Changes in Fund Balance – General Fund Accounts – Year Ended June 30, 2017

	General Fund Accounts						Totals
	General Fund	Reimbursed Projects Account	Employee Activity Account	Activity Account	Animals Best Friend Account	Disaster Relief Account	
REVENUES							
Taxes	\$ 22,894,067	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,894,067
Intergovernmental	469,872	53,290	-	-	-	-	523,162
Charges for services	2,079,771	87,599	-	64,846	-	45,700	2,277,916
Investment income	(15,695)	13,955	343	5,314	1,593	(21,644)	(16,134)
Fines & forfeitures	1,330,843	-	-	-	23,407	-	1,354,250
Licenses & permits	384,330	-	-	-	-	-	384,330
Miscellaneous	247,382	82,126	3,096	98,896	1,145	90,827	523,472
Total revenues	27,390,570	236,970	3,439	169,056	26,145	114,883	27,941,063
EXPENDITURES							
Current:							
General government	5,278,763	68,963	9,047	-	-	323,191	5,679,964
Public Safety	938,384	110	-	-	-	-	938,494
Streets	2,819,266	-	-	-	-	-	2,819,266
Culture and recreation	832,260	541	-	129,189	-	-	961,990
Health & welfare	383,661	-	-	-	4,250	-	387,911
Economic development	2,835,816	55,113	-	-	-	-	2,890,929
Capital outlay	-	202,939	-	-	-	-	202,939
Debt service:							
Interest and fiscal charges	-	6,056	-	-	-	-	6,056
Total expenditures	13,088,150	333,722	9,047	129,189	4,250	323,191	13,887,549
Revenues over (under) expenditures	14,302,420	(96,752)	(5,608)	39,867	21,895	(208,308)	14,053,514
OTHER FINANCING SOURCES (USES)							
Transfers in	10,597,609	92,768	-	25,000	-	76,813	10,792,190
Transfers out	(26,312,761)	-	-	-	-	-	(26,312,761)
Transfers in - interaccount	-	10,000	7,500	-	-	-	17,500
Transfers out - interaccount	(17,500)	-	-	-	-	-	(17,500)
Total other financing sources (uses)	(15,732,652)	102,768	7,500	25,000	-	76,813	(15,520,571)
Net change in fund balances	(1,430,232)	6,016	1,892	64,867	21,895	(131,495)	(1,467,057)
Fund balances - beginning of year	5,467,260	654,288	17,714	268,609	78,332	1,327,765	7,813,968
Fund balances - end of year	\$ 4,037,028	\$ 660,304	\$ 19,606	\$ 333,476	\$ 100,227	\$ 1,196,270	\$ 6,346,911

CITY OF MIDWEST CITY, OKLAHOMA
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Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2017

	Special Revenue Funds										
	Grant Fund	Juvenile Fund	Park & Recreation Fund	Emergency Operations Fund	Technology Fund	Welcome Center Fund	Police Impound Fund	Street & Alley Fund	Police Special Projects Fund	Police Lab Fee Fund	Convention/Visitors Bureau Fund
ASSETS											
Cash and cash equivalents	\$ 231,297	\$ 10,774	\$ 149,916	\$ 140,202	\$ 94,536	\$ 82,434	\$ 46,324	\$ 200,355	\$ 203,834	\$ 17,610	\$ 39,016
Investments	-	-	490,364	458,591	309,219	269,635	151,521	655,346	-	-	127,620
Accrued interest receivable	-	-	-	-	-	-	-	-	-	-	-
Deposits held by others	-	-	-	-	-	-	-	-	-	-	-
Other receivable	142,817	52,875	1,800	-	156,547	-	4,650	-	-	5,473	-
Due from other governments	88,471	-	61,596	43,763	-	16,218	-	47,056	-	-	30,273
Due from other funds	1,694	780	-	4,037	-	324	-	-	-	-	148
Inventory	60,000	-	-	-	-	-	-	-	-	-	-
Advance from other funds	-	-	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 524,279</u>	<u>\$ 64,429</u>	<u>\$ 703,676</u>	<u>\$ 646,593</u>	<u>\$ 560,302</u>	<u>\$ 368,611</u>	<u>\$ 202,495</u>	<u>\$ 902,757</u>	<u>\$ 203,834</u>	<u>\$ 23,083</u>	<u>\$ 197,057</u>
LIABILITIES AND FUND BALANCES											
Liabilities:											
Accounts payable and accrued liabilities	8,682	-	39,382	5,360	48,110	1,305	12,032	11,684	225	315	8,866
Wages payable	20,332	1,019	3,395	19,867	6,796	7,332	-	-	-	-	9,641
Due to other funds	213,668	-	-	-	-	-	472	-	-	-	-
Total liabilities	<u>242,682</u>	<u>1,019</u>	<u>42,777</u>	<u>25,227</u>	<u>54,906</u>	<u>8,637</u>	<u>12,504</u>	<u>11,684</u>	<u>225</u>	<u>315</u>	<u>18,507</u>
Deferred inflows:											
Unavailable revenue	52,958	45,692	-	-	119,792	-	-	-	-	4,274	-
Fund balances:											
Nonspendable	60,000	-	-	-	-	-	-	-	-	-	-
Restricted	168,639	17,718	660,899	621,366	385,604	359,974	189,991	891,073	203,609	18,494	178,550
Assigned	-	-	-	-	-	-	-	-	-	-	-
Total fund balances	<u>228,639</u>	<u>17,718</u>	<u>660,899</u>	<u>621,366</u>	<u>385,604</u>	<u>359,974</u>	<u>189,991</u>	<u>891,073</u>	<u>203,609</u>	<u>18,494</u>	<u>178,550</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 524,279</u>	<u>\$ 64,429</u>	<u>\$ 703,676</u>	<u>\$ 646,593</u>	<u>\$ 560,302</u>	<u>\$ 368,611</u>	<u>\$ 202,495</u>	<u>\$ 902,757</u>	<u>\$ 203,834</u>	<u>\$ 23,083</u>	<u>\$ 197,057</u>

(continued)

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2017

Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2017

	Special Revenue Funds				Capital Project Funds					Debt Service Fund		Totals
	Urban Renewal Authority	General Government Sales Tax Fund	Street Light Fee	Tax Increment Financing Fund	Downtown Development Authority	2002 Street Project Fund	Dedicated Tax 2012 Fund	Sales Tax Capital Improvement Fund	Capital Improvement Fund	Capital Outlay Reserve Fund	G.O. Debt Services Fund	
ASSETS												
Cash and cash equivalents	\$ 63,260	\$ 340,907	\$ 117,044	\$ -	\$ 652,656	\$ 131,121	\$ 252,718	\$ -	\$ 440,558	\$ 213,146	\$ 42,678	\$ 3,470,386
Investments	-	1,286,560	382,843	-	2,463,080	428,886	953,739	-	1,662,636	697,185	139,597	10,476,822
Accrued interest receivable	-	3,835	-	-	7,342	-	2,843	-	4,956	-	-	18,976
Deposits held by others	-	-	-	-	687,800	300	-	-	20,475	-	-	708,575
Other receivable	-	-	79,451	-	345,301	-	-	-	-	-	-	788,914
Due from other governments	-	53,488	-	-	-	-	53,488	692,340	11,649	-	351,987	1,450,329
Due from other funds	-	56,392	-	-	-	-	-	-	146,617	-	-	209,992
Inventory	-	-	-	-	-	-	-	-	-	-	-	60,000
Advance from other funds	-	-	-	-	96,650	-	-	-	-	-	-	96,650
Total assets	<u>63,260</u>	<u>1,741,182</u>	<u>579,338</u>	<u>-</u>	<u>4,252,829</u>	<u>560,307</u>	<u>1,262,788</u>	<u>692,340</u>	<u>2,286,891</u>	<u>910,331</u>	<u>534,262</u>	<u>17,280,644</u>
LIABILITIES AND FUND BALANCES												
Liabilities:												
Accounts payable and accrued liabilities	-	62,037	-	-	13,767	13,360	-	-	13,858	-	-	238,983
Wages payable	-	-	-	-	2,334	-	-	-	-	-	-	70,716
Due to other funds	-	-	-	-	-	-	-	692,340	-	-	-	906,480
Total liabilities	<u>-</u>	<u>62,037</u>	<u>-</u>	<u>-</u>	<u>16,101</u>	<u>13,360</u>	<u>-</u>	<u>692,340</u>	<u>13,858</u>	<u>-</u>	<u>-</u>	<u>1,216,179</u>
Deferred inflows:												
Unavailable revenue	-	-	-	-	-	-	-	-	-	-	344,394	567,110
Fund balances:												
Nonspendable	-	-	-	-	687,800	300	-	-	20,475	-	-	768,575
Restricted	3,804	1,679,145	579,338	-	1,818,804	546,647	1,262,788	-	2,252,558	746,652	189,868	12,775,521
Assigned	59,456	-	-	-	1,730,124	-	-	-	-	163,679	-	1,953,259
Total fund balances	<u>63,260</u>	<u>1,679,145</u>	<u>579,338</u>	<u>-</u>	<u>4,236,728</u>	<u>546,947</u>	<u>1,262,788</u>	<u>-</u>	<u>2,273,033</u>	<u>910,331</u>	<u>189,868</u>	<u>15,497,355</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 63,260</u>	<u>\$ 1,741,182</u>	<u>\$ 579,338</u>	<u>\$ -</u>	<u>\$ 4,252,829</u>	<u>\$ 560,307</u>	<u>\$ 1,262,788</u>	<u>\$ 692,340</u>	<u>\$ 2,286,891</u>	<u>\$ 910,331</u>	<u>\$ 534,262</u>	<u>\$ 17,280,644</u>

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2017

Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Governmental Funds – Year Ended June 30, 2017

	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
REVENUES											
Taxes	\$ -	\$ -	\$ 505,519	\$ 344,673	\$ -	\$ 171,421	\$ -	\$ -	\$ -	\$ -	\$ 319,986
Intergovernmental	1,045,703	-	-	-	-	-	-	487,915	-	-	-
Charges for services	-	-	-	27,250	270,606	-	68,850	-	-	-	-
Investment income	72	548	12,039	11,761	7,710	6,482	3,277	(2,785)	3,066	329	3,678
Fines & forfeitures	-	72,313	-	-	18,825	-	-	-	23,326	11,143	-
Licenses & permits	-	-	-	-	23,400	-	-	-	-	-	-
Miscellaneous	23,056	-	60,797	-	-	23,055	-	-	32,490	-	7,450
Total revenues	1,068,831	72,861	578,355	383,684	320,541	200,958	72,127	485,130	58,882	11,472	331,114
EXPENDITURES											
Current:											
General government	-	-	-	-	464,311	-	-	-	-	-	-
Public safety	102,892	172,220	-	380,293	-	-	28,646	-	15,103	9,092	-
Streets	-	-	-	-	-	-	-	47,388	-	-	-
Culture and recreation	-	-	373,874	-	-	184,768	-	-	-	-	-
Economic development	646,535	-	-	-	-	-	-	-	-	-	321,237
Capital outlay	26,700	-	111,370	37,597	14,000	15,318	10,332	1,407,568	15,578	1,354	5,000
Debt service:											
Principal retirement	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	776,127	172,220	485,244	417,890	478,311	200,086	38,978	1,454,956	30,681	10,446	326,237
Revenues over (under) expenditures	292,704	(99,359)	93,111	(34,206)	(157,770)	872	33,149	(969,826)	28,201	1,026	4,877
OTHER FINANCING SOURCES (USES)											
Transfers in	156,410	42,000	-	15,000	52,757	-	-	354,761	-	-	-
Transfers out	(479,437)	-	(25,000)	(47,957)	-	-	(8,608)	-	-	-	(40,000)
Total other financing sources (uses)	(323,027)	42,000	(25,000)	(32,957)	52,757	-	(8,608)	354,761	-	-	(40,000)
Net change in fund balances	(30,323)	(57,359)	68,111	(67,163)	(105,013)	872	24,541	(615,065)	28,201	1,026	(35,123)
Fund balances - beginning of year	258,962	75,077	592,788	688,529	490,617	359,102	165,450	1,506,138	175,408	17,468	213,673
Fund balances - end of year	\$ 228,639	\$ 17,718	\$ 660,899	\$ 621,366	\$ 385,604	\$ 359,974	\$ 189,991	\$ 891,073	\$ 203,609	\$ 18,494	\$ 178,550

(continued)

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2017

Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Governmental Funds – Year Ended June 30, 2017

	Special Revenue Funds				Capital Project Funds						Debt Service Fund	Totals
	General Government			Downtown Development Authority	2002 Street Project Fund	Dedicated Tax 2012 Fund	Sales Tax Capital		Capital Improvement Fund	Capital Outlay Reserve Fund	G.O. Debt Services Fund	
	Urban Renewal Authority	Sales Tax Fund	Street Light Fee				Tax Increment Financing Fund	Improvement Fund				
REVENUES												
Taxes	\$ -	\$ 421,266	\$ -	\$ 64,944	\$ -	\$ -	\$ 421,266	\$ 5,439,779	\$ 104,770	\$ -	\$ 325,426	\$ 8,119,050
Intergovernmental	-	-	-	-	-	-	-	-	-	-	6,188	1,539,806
Charges for services	-	-	574,913	-	1,281,519	-	-	-	-	-	-	2,223,138
Investment income	1,162	(28,411)	4,425	2	(46,919)	(10,753)	(21,592)	2,542	(34,687)	16,631	2,455	(68,968)
Fines & forfeitures	-	-	-	-	-	-	-	-	-	-	-	125,607
Licenses & permits	-	-	-	-	-	-	-	-	86,502	-	-	109,902
Miscellaneous	-	23,466	-	-	2,044	-	-	-	-	-	34	172,392
Total revenues	1,162	416,321	579,338	64,946	1,236,644	(10,753)	399,674	5,442,321	156,585	16,631	334,103	12,220,927
EXPENDITURES												
Current:												
General government	-	95,274	-	1,502	-	-	-	-	-	-	-	561,087
Public safety	-	-	-	-	-	-	-	-	-	-	-	708,246
Streets	-	-	-	-	-	(1,165)	32,849	-	1,718	-	-	80,790
Culture and recreation	-	-	-	-	-	-	-	-	-	-	-	558,642
Economic development	525	-	-	-	160,650	-	-	-	-	-	-	1,128,947
Capital outlay	-	500,749	-	-	229,008	2,231,397	400,197	-	397,262	-	-	5,403,430
Debt service:												
Principal retirement	-	-	-	-	-	-	-	-	-	-	1,400,000	1,400,000
Interest and fiscal charges	-	-	-	1,104	-	-	-	-	-	-	121,425	122,529
Total expenditures	525	596,023	-	2,606	389,658	2,230,232	433,046	-	398,980	-	1,521,425	9,963,671
Revenues over (under) expenditures	637	(179,702)	579,338	62,340	846,986	(2,240,985)	(33,372)	5,442,321	(242,395)	16,631	(1,187,322)	2,257,256
OTHER FINANCING SOURCES (USES)												
Transfers in	-	20,016	-	-	-	-	-	-	318,967	-	-	959,911
Transfers out	-	(97,300)	-	-	(749,350)	-	-	(5,442,321)	(740,000)	-	(15,531)	(7,645,504)
Total other financing sources (uses)	-	(77,284)	-	-	(749,350)	-	-	(5,442,321)	(421,033)	-	(15,531)	(6,685,593)
Net change in fund balances	637	(256,986)	579,338	62,340	97,636	(2,240,985)	(33,372)	-	(663,428)	16,631	(1,202,853)	(4,428,337)
Fund balances - beginning of year	62,623	1,936,131	-	(62,340)	4,139,092	2,787,932	1,296,160	-	2,936,461	893,700	1,392,721	19,925,692
Fund balances - end of year	\$ 63,260	\$ 1,679,145	\$ 579,338	\$ -	\$ 4,236,728	\$ 546,947	\$ 1,262,788	\$ -	\$ 2,273,033	\$ 910,331	\$ 189,868	\$ 15,497,355

CITY OF MIDWEST CITY, OKLAHOMA
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Combining Schedule of Net Position – Midwest City Municipal Authority Accounts – June 30, 2017

Midwest City Municipal Authority											
	Water Account	Sewer Account	Sanitation Account	Conference Center/Hotel Account	Drainage Account	Debt Service Account	Utility Services	Utilities Capital Fund	Customer Deposit Fund	Golf Courses Fund	Total
ASSETS											
Current assets:											
Cash and cash equivalents	\$ 516,321	\$ 1,266,689	\$ 399,727	\$ 578,313	\$ 157,262	\$ -	\$ 78,283	\$ 352,780	\$ -	\$ 115,185	\$ 3,464,560
Cash and cash equivalents, restricted	-	-	-	-	-	2,668,581	-	-	291,077	-	2,959,658
Investments	1,688,845	3,977,141	1,508,542	549,337	313,384	-	256,058	1,331,368	-	-	9,624,675
Accounts receivable, net	1,194,152	1,115,215	831,282	278,229	62,873	-	132,500	-	2,557	-	3,616,808
Other receivable	-	-	-	140,141	-	-	-	-	-	4,843	144,984
Accrued interest receivable	-	9,773	4,496	-	-	-	-	3,968	3,274	-	21,511
Inventory	165,312	93,841	-	-	-	-	-	-	-	2,062	261,215
Due from other funds - interaccount	-	-	-	-	-	-	58,958	-	37,204	-	96,162
Due from other funds	14,709	13,271	69,985	12,365	-	657,723	-	-	-	603	768,656
Total current assets	<u>3,579,339</u>	<u>6,475,930</u>	<u>2,814,032</u>	<u>1,558,385</u>	<u>533,519</u>	<u>3,326,304</u>	<u>525,799</u>	<u>1,688,116</u>	<u>334,112</u>	<u>122,693</u>	<u>20,958,229</u>
Non-current assets:											
Investments, restricted	-	-	-	-	-	-	-	-	1,098,504	-	1,098,504
Due from other funds	1,210,681	-	-	-	-	-	-	-	-	-	1,210,681
Land, construction in progress, and water rights	6,683,861	929,895	700,000	211,340	1,250	-	-	-	-	232,057	8,758,403
Other capital assets, net	17,254,322	78,270,182	3,817,753	21,448,046	13,890,387	-	18,109	6,378,563	-	1,466,801	142,544,163
Total non-current assets	<u>25,148,864</u>	<u>79,200,077</u>	<u>4,517,753</u>	<u>21,659,386</u>	<u>13,891,637</u>	<u>-</u>	<u>18,109</u>	<u>6,378,563</u>	<u>1,098,504</u>	<u>1,698,858</u>	<u>153,611,751</u>
Total assets	<u>28,728,203</u>	<u>85,676,007</u>	<u>7,331,785</u>	<u>23,217,771</u>	<u>14,425,156</u>	<u>3,326,304</u>	<u>543,908</u>	<u>8,066,679</u>	<u>1,432,616</u>	<u>1,821,551</u>	<u>174,569,980</u>
DEFERRED OUTFLOWS OF RESOURCES											
Deferred amount on refunding	-	-	-	-	-	873,932	-	-	-	-	873,932
LIABILITIES											
Current liabilities:											
Accounts payable and accrued liabilities	368,902	246,202	139,059	463,295	20	-	13,461	67,621	-	14,867	1,313,427
Wages payable	97,318	137,452	48,688	79,566	11,571	-	36,976	-	-	37,897	449,468
Due to other funds - interaccount	37,204	-	-	-	-	-	-	58,958	-	-	96,162
Due to other funds	-	-	-	-	-	1,923	-	-	-	-	1,923
Accrued interest payable	-	-	-	-	-	731,021	-	-	-	-	731,021
Accrued compensated absences	126,090	142,322	32,320	113,545	13,996	-	36,181	-	-	49,777	514,231
Refundable deposits	-	-	-	49,241	-	-	-	-	143,262	-	192,503
Revenue bonds payable	-	-	-	-	-	4,325,000	-	-	-	-	4,325,000
Total current liabilities	<u>629,514</u>	<u>525,976</u>	<u>220,067</u>	<u>705,647</u>	<u>25,587</u>	<u>5,057,944</u>	<u>86,618</u>	<u>126,579</u>	<u>143,262</u>	<u>102,541</u>	<u>7,623,735</u>
Non-current liabilities:											
Accrued compensated absences	252,181	284,643	64,641	9,099	27,992	-	72,362	-	-	99,554	810,472
Net OPEB obligation	653,075	1,052,667	337,978	-	84,494	-	295,144	-	-	168,989	2,592,347
Due to other funds	-	-	-	-	-	-	-	1,210,681	-	-	1,210,681
Refundable deposits	-	-	-	-	-	-	-	-	1,289,354	-	1,289,354
Revenue bonds payable, net	-	-	-	-	-	51,437,132	-	-	-	-	51,437,132
Total non-current liabilities	<u>905,256</u>	<u>1,337,310</u>	<u>402,619</u>	<u>9,099</u>	<u>112,486</u>	<u>51,437,132</u>	<u>367,506</u>	<u>1,210,681</u>	<u>1,289,354</u>	<u>268,543</u>	<u>57,339,986</u>
Total liabilities	<u>1,534,770</u>	<u>1,863,286</u>	<u>622,686</u>	<u>714,746</u>	<u>138,073</u>	<u>56,495,076</u>	<u>454,124</u>	<u>1,337,260</u>	<u>1,432,616</u>	<u>371,084</u>	<u>64,963,721</u>
NET POSITION											
Net investment in capital assets	23,938,183	79,200,077	4,517,753	21,659,386	13,891,637	(54,888,200)	18,109	6,378,563	-	1,698,858	96,414,366
Restricted for debt service	-	-	-	-	-	1,937,560	-	-	-	-	1,937,560
Restricted for other purposes	-	-	-	-	-	-	46,589	-	-	51,546	98,135
Unrestricted	3,255,250	4,612,644	2,191,346	843,639	395,446	655,800	25,086	350,856	-	(299,937)	12,030,130
Total net position	<u>\$ 27,193,433</u>	<u>\$ 83,812,721</u>	<u>\$ 6,709,099</u>	<u>\$ 22,503,025</u>	<u>\$ 14,287,083</u>	<u>\$ (52,294,840)</u>	<u>\$ 89,784</u>	<u>\$ 6,729,419</u>	<u>\$ -</u>	<u>\$ 1,450,467</u>	<u>\$ 110,480,191</u>

CITY OF MIDWEST CITY, OKLAHOMA
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Combining Schedule of Revenues, Expenses and Changes in Net Position – Midwest City Municipal Authority Accounts – Year Ended June 30, 2017

Midwest City Municipal Authority											
	Water Account	Sewer Account	Sanitation Account	Conference Center/Hotel Account	Drainage Account	Debt Service Account	Utility Services	Utilities Capital Fund	Customer Deposit Fund	Golf Courses Fund	Total
OPERATING REVENUES											
Charges for services	\$ 7,147,690	\$ 7,830,882	\$ 5,864,158	\$ 5,310,855	\$ 449,652	\$ -	\$ 1,067,399	\$ -	\$ -	\$ 1,081,628	\$ 28,752,264
Fees, licenses and permits	8,250	12,660	-	-	-	-	117,210	-	-	-	138,120
Miscellaneous	66,791	935	18,602	10,000	3,839	-	-	-	-	-	100,167
Total operating revenues	<u>7,222,731</u>	<u>7,844,477</u>	<u>5,882,760</u>	<u>5,320,855</u>	<u>453,491</u>	<u>-</u>	<u>1,184,609</u>	<u>-</u>	<u>-</u>	<u>1,081,628</u>	<u>28,990,551</u>
OPERATING EXPENSES											
Personal services	2,149,510	3,225,284	1,146,909	2,386,143	298,335	-	777,600	-	-	737,163	10,720,944
Materials and supplies	941,245	648,335	874,529	1,349,030	44,433	-	33,440	-	-	200,062	4,091,074
Other services and charges	1,540,888	1,317,767	1,984,733	1,446,741	40,075	-	154,041	-	-	117,198	6,601,443
Depreciation and amortization	647,546	2,912,687	459,746	908,590	275,039	-	4,561	424,952	-	110,226	5,743,347
Total operating expenses	<u>5,279,189</u>	<u>8,104,073</u>	<u>4,465,917</u>	<u>6,090,504</u>	<u>657,882</u>	<u>-</u>	<u>969,642</u>	<u>424,952</u>	<u>-</u>	<u>1,164,649</u>	<u>27,156,808</u>
Operating income (loss)	<u>1,943,542</u>	<u>(259,596)</u>	<u>1,416,843</u>	<u>(769,649)</u>	<u>(204,391)</u>	<u>-</u>	<u>214,967</u>	<u>(424,952)</u>	<u>-</u>	<u>(83,021)</u>	<u>1,833,743</u>
NON-OPERATING REVENUES (EXPENSES)											
Investment income	57,091	(49,992)	(30,601)	(10,125)	10,223	4,742	6,032	(16,761)	(24,537)	1,804	(52,124)
Interest expense and fiscal charges	(4,291)	-	-	-	-	(1,970,860)	-	(47,854)	-	-	(2,023,005)
Gain on asset retirement	1,030	10,356	19,241	162	-	-	-	-	-	(2,609)	28,180
Total non-operating revenue (expenses)	<u>53,830</u>	<u>(39,636)</u>	<u>(11,360)</u>	<u>(9,963)</u>	<u>10,223</u>	<u>(1,966,118)</u>	<u>6,032</u>	<u>(64,615)</u>	<u>(24,537)</u>	<u>(805)</u>	<u>(2,046,949)</u>
Income (loss) before transfers	<u>1,997,372</u>	<u>(299,232)</u>	<u>1,405,483</u>	<u>(779,612)</u>	<u>(194,168)</u>	<u>(1,966,118)</u>	<u>220,999</u>	<u>(489,567)</u>	<u>(24,537)</u>	<u>(83,826)</u>	<u>(213,206)</u>
Capital contributions	-	-	-	-	-	-	-	-	-	6,076	6,076
Transfers in - interaccount	12,291	-	-	-	-	-	588,216	-	36,828	-	637,335
Transfers out - interaccount	(36,828)	-	(420,258)	-	-	-	(167,958)	-	(12,291)	-	(637,335)
Transfers in	97,365	10,378	2,859	741,144	-	14,599,201	1,429	209,444	-	-	15,661,820
Transfers out	(853,220)	(2,251,295)	(763,936)	-	-	(8,162,026)	-	-	-	-	(12,030,477)
Change in net position	<u>1,216,980</u>	<u>(2,540,149)</u>	<u>224,148</u>	<u>(38,468)</u>	<u>(194,168)</u>	<u>4,471,057</u>	<u>54,470</u>	<u>308,093</u>	<u>-</u>	<u>(77,750)</u>	<u>3,424,213</u>
Total net position - beginning, restated	25,976,453	86,352,870	6,484,951	22,541,493	14,481,251	(56,765,897)	35,314	6,421,326	-	1,528,217	107,055,978
Total net position - ending	<u>\$ 27,193,433</u>	<u>\$ 83,812,721</u>	<u>\$ 6,709,099</u>	<u>\$ 22,503,025</u>	<u>\$ 14,287,083</u>	<u>\$ (52,294,840)</u>	<u>\$ 89,784</u>	<u>\$ 6,729,419</u>	<u>\$ -</u>	<u>\$ 1,450,467</u>	<u>\$ 110,480,191</u>

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Combining Schedule of Cash Flows – Midwest City Municipal Authority Accounts – June 30, 2017

	Midwest City Municipal Authority										
	Water Account	Sewer Account	Sanitation Account	Conference Center/Hotel Account	Drainage Account	Debt Service Account	Utility Services	Utilities Capital Fund	Customer Deposit Fund	Golf Courses Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES											
Receipts from customers	\$ 7,015,379	\$ 7,823,342	\$ 5,837,014	\$ 5,122,106	\$ 453,531	\$ -	\$ 1,120,516	\$ -	\$ (1,158)	\$ 1,080,134	\$ 28,470,864
Payments to suppliers	(3,010,769)	(5,030,774)	(3,069,933)	(3,094,972)	(84,543)	-	(204,217)	(135,763)	-	(326,672)	(14,957,643)
Payments to employees	(3,007,759)	(4,539,609)	(1,553,052)	(2,498,068)	(400,847)	-	(1,115,185)	-	-	(975,338)	(14,089,858)
Receipts (payments) from interfund loans	48,382	(12,278)	(19,241)	(740,162)	-	(11,891)	-	846,845	(49,412)	(57)	62,186
Receipt of customer deposits	-	-	-	-	-	-	-	-	570,774	-	570,774
Return of customer deposits	-	-	-	-	-	-	-	-	(558,002)	-	(558,002)
Net cash provided by (used in) operating activities	1,045,233	(1,759,319)	1,214,788	(1,211,096)	(31,859)	(11,891)	(198,886)	711,082	(37,798)	(221,933)	(501,679)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES											
Transfers from other funds - interaccount	12,291	-	-	-	-	-	-	588,216	36,828	-	637,335
Transfers to other funds - interaccount	(36,828)	-	(420,258)	-	-	-	(167,958)	-	(12,291)	-	(637,335)
Transfers from other funds	97,365	10,378	2,859	741,144	-	14,599,201	1,429	209,444	-	-	15,661,820
Transfers to other funds	(853,220)	(2,251,295)	(763,936)	-	-	(8,162,026)	-	-	-	-	(12,030,477)
Net cash provided by (used in) noncapital financing activities	(780,392)	(2,240,917)	(1,181,335)	741,144	-	6,437,175	(166,529)	797,660	24,537	-	3,631,343
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES											
Capital assets purchased	(693,087)	(91,007)	(532,543)	(378,165)	(197,399)	-	-	(563,243)	-	(95,596)	(2,551,040)
Principal paid on capital debt	(90,000)	-	-	-	-	(59,947,132)	-	-	-	-	(60,037,132)
Payments of interfund loan for capital purchases	120,104	(62,340)	-	-	-	-	-	(1,330,785)	-	-	(1,273,021)
Interest and fiscal charges paid on capital debt	32,913	-	-	-	-	(2,086,384)	-	(47,854)	-	-	(2,101,325)
Proceeds from sale of capital assets	1,030	-	-	162	-	-	-	-	-	-	1,192
Net cash provided by (used in) capital and related financing activities	(629,040)	(153,347)	(532,543)	(378,003)	(197,399)	(62,033,516)	-	(1,941,882)	-	(95,596)	(65,961,326)
CASH FLOWS FROM INVESTING ACTIVITIES											
Sale (purchase) of investments	(516,325)	2,319,349	(4,248)	337,444	161,794	-	(300)	(671,176)	42,487	128,924	1,797,949
Interest and dividends	57,090	126,170	39,331	(5,684)	10,223	4,742	6,032	23,906	27,376	1,804	290,990
Net cash provided by (used in) investing activities	(459,235)	2,445,519	35,083	331,760	172,017	4,742	5,732	(647,270)	69,863	130,728	2,088,939
Net increase (decrease) in cash and cash equivalents	(823,434)	(1,708,064)	(464,007)	(516,195)	(57,241)	(55,603,490)	(359,683)	(1,080,410)	56,602	(186,801)	(60,742,723)
Balances - beginning of year	257,664	1,396,110	305,689	379,762	104,422	2,652,850	56,204	154,888	234,475	30,456	5,572,520
Balances - end of year	\$ (565,770)	\$ (311,954)	\$ (158,318)	\$ (136,433)	\$ 47,181	\$ (52,950,640)	\$ (303,479)	\$ (925,522)	\$ 291,077	\$ (156,345)	\$ (55,170,203)
Reconciliation to Statement of Net Position:											
Cash and cash equivalents	\$ 516,321	\$ 1,266,689	\$ 399,727	\$ 578,313	\$ 157,262	\$ -	\$ 78,283	\$ 352,780	\$ -	\$ 115,185	\$ 3,464,560
Restricted cash and cash equivalents	-	-	-	-	-	2,668,581	-	-	291,077	-	2,959,658
Total cash and cash equivalents	\$ 516,321	\$ 1,266,689	\$ 399,727	\$ 578,313	\$ 157,262	\$ 2,668,581	\$ 78,283	\$ 352,780	\$ 291,077	\$ 115,185	\$ 6,424,218
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:											
Operating income (loss)	\$ 1,943,542	\$ (259,596)	\$ 1,416,843	\$ (769,649)	\$ (204,391)	\$ -	\$ 214,967	\$ (424,952)	\$ -	\$ (83,021)	\$ 1,833,743
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:											
Depreciation expense	647,546	2,912,687	459,746	908,590	275,039	-	4,561	424,952	-	110,226	5,743,347
Change in assets and liabilities:											
Receivables, net	(207,352)	(21,135)	(25,746)	(93,354)	40	-	(64,093)	-	(1,158)	(1,494)	(414,292)
Other receivable	-	-	-	(57,187)	-	-	-	-	-	-	(57,187)
Due from other funds	27,271	993	50,744	12,203	-	643,909	-	846,845	(35,820)	546	1,546,691
Inventory	(14,752)	2,067	-	-	-	-	-	-	-	1,059	(11,626)
Accounts payable	(513,884)	(3,066,739)	(210,671)	(299,201)	(35)	-	(16,736)	(135,763)	-	(10,471)	(4,253,500)
Due to other funds	95,934	-	48,688	(660,434)	-	-	36,976	(58,958)	(13,592)	37,897	(513,489)
Due to employees	(98,874)	(131,986)	(38,490)	(69,313)	(10,368)	-	(34,065)	-	-	(35,755)	(418,851)
Refundable deposits	-	-	-	(48,208)	-	-	295,144	-	(1,419,844)	-	(1,172,908)
Unfunded OPEB obligation	(384,504)	(742,269)	(263,971)	-	(54,161)	-	(215,173)	-	-	(64,752)	(1,724,830)
Accrued compensated absences	(374,871)	(440,070)	(103,682)	(42,612)	(37,983)	-	(88,347)	-	-	(137,668)	(1,225,233)
Net cash provided by (used in) operating activities	\$ 1,120,056	\$ (1,746,048)	\$ 1,333,461	\$ (1,119,165)	\$ (31,859)	\$ 643,909	\$ 133,234	\$ 652,124	\$ (1,470,414)	\$ (183,433)	\$ (668,135)
Noncash activities:											
Contributed capital assets - from governmental funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,076	\$ 6,076

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Combining Statement of Net Position - Nonmajor Enterprise Funds – June 30, 2017

	<u>Utilities Authority</u>	<u>29th & Douglas Fund</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 215,302	\$ -	\$ 215,302
Investments	704,235	-	704,235
Total current assets	919,537	-	919,537
Non-current assets:			
Land, construction in progress, and water rights	677,029	5,500,000	6,177,029
Other capital assets, net	2,751,070	-	2,751,070
Total non-current assets	3,428,099	5,500,000	8,928,099
Total assets	4,347,636	5,500,000	9,847,636
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	17,594	-	17,594
Total current liabilities	17,594	-	17,594
Non-current liabilities:			
Advance to other funds	-	65,063	65,063
Total non-current liabilities	-	65,063	65,063
Total liabilities	17,594	65,063	82,657
NET POSITION			
Net investment in capital assets	3,428,099	5,434,937	8,863,036
Restricted for other purposes	216,134	-	216,134
Unrestricted (deficit)	685,809	-	685,809
Total net position	\$ 4,330,042	\$ 5,434,937	\$ 9,764,979

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Combining Statement of Revenues, Expenses and Changes in Net Position - Nonmajor Enterprise Funds – Year Ended June 30, 2017

	<u>Utilities Authority</u>	<u>29th & Douglas Fund</u>	<u>Total</u>
OPERATING REVENUES			
Total operating revenues	-	-	-
OPERATING EXPENSES			
Other services and charges	-	8,354	8,354
Depreciation and amortization	57,073	-	57,073
Total operating expenses	57,073	8,354	65,427
Operating income (loss)	(57,073)	(8,354)	(65,427)
NON-OPERATING REVENUES (EXPENSES)			
Investment income (loss)	17,543	-	17,543
Total non-operating revenue (expenses)	17,543	-	17,543
Income (loss) before contributions and transfers	(39,530)	(8,354)	(47,884)
Transfers in	200,423	124,350	324,773
Change in net position	160,893	115,996	276,889
Total net position - beginning	4,169,149	5,318,941	9,488,090
Total net position - ending	<u>\$ 4,330,042</u>	<u>\$ 5,434,937</u>	<u>\$ 9,764,979</u>

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Combining Statement of Cash Flows - Nonmajor Enterprise Funds – June 30, 2017

	<u>Utilities Authority</u>	<u>29th & Douglas Fund</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers	\$ (21,529)	\$ (8,354)	\$ (29,883)
Net cash provided by (used in) operating activities	<u>(21,529)</u>	<u>(8,354)</u>	<u>(29,883)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	200,423	124,350	324,773
Net cash provided by (used in) noncapital financing activities	<u>200,423</u>	<u>124,350</u>	<u>324,773</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital assets purchased	(261,967)	-	(261,967)
Payments of interfund loan for capital purchases	-	(115,996)	(115,996)
Net cash provided by (used in) capital and related financing activities	<u>(261,967)</u>	<u>(115,996)</u>	<u>(377,963)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale (purchase) of investments	103,360	-	103,360
Interest and dividends	17,543	-	17,543
Net cash provided by (used in) investing activities	<u>120,903</u>	<u>-</u>	<u>120,903</u>
Net increase (decrease) in cash and cash equivalents	37,830	-	37,830
Balances - beginning of year	<u>177,472</u>	<u>-</u>	<u>177,472</u>
Balances - end of year	<u>\$ 215,302</u>	<u>\$ -</u>	<u>\$ 215,302</u>
Reconciliation to Statement of Net Position:			
Cash and cash equivalents	\$ 215,302	\$ -	\$ 215,302
Restricted cash and cash equivalents	-	-	-
Total cash and cash equivalents	<u>\$ 215,302</u>	<u>\$ -</u>	<u>\$ 215,302</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (57,073)	\$ (8,354)	\$ (65,427)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation expense	57,073	-	57,073
Change in assets and liabilities:			
Accounts payable	(21,529)	-	(21,529)
Net cash provided by (used in) operating activities	<u>\$ (21,529)</u>	<u>\$ (8,354)</u>	<u>\$ (29,883)</u>

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Combining Statement of Net Position– Internal Service Funds – June 30, 2017

	Public Works Administration	Fleet Services Fund	Surplus Property Fund	Risk Management Fund	L & H Benefits Fund	Totals
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 68,172	\$ 57,694	\$ 85,168	\$ 738,101	\$ 322,044	\$ 1,271,179
Investments	222,984	188,713	263,973	2,785,540	1,211,860	4,673,070
Receivables:						
Accounts receivable	-	-	1,100	122	35,378	36,600
Accrued interest receivable	-	-	-	8,303	3,612	11,915
Due from other funds	-	1	-	-	-	1
Inventories	-	50,297	-	-	-	50,297
Total current assets	<u>291,156</u>	<u>296,705</u>	<u>350,241</u>	<u>3,532,066</u>	<u>1,572,894</u>	<u>6,043,062</u>
Non-current assets:						
Capital Assets:						
Non-depreciable	3,024	-	-	-	-	3,024
Depreciable, net of accumulated depreciation	139,711	812,477	100,991	-	-	1,053,179
Total non-current assets	<u>142,735</u>	<u>812,477</u>	<u>100,991</u>	<u>-</u>	<u>-</u>	<u>1,056,203</u>
Total assets	<u>433,891</u>	<u>1,109,182</u>	<u>451,232</u>	<u>3,532,066</u>	<u>1,572,894</u>	<u>7,099,265</u>
LIABILITIES						
Current liabilities:						
Accounts payable and accrued liabilities	3,764	82,069	713	4,058	105,039	195,643
Claims liability	-	-	-	507,000	378,396	885,396
Wages payable	37,092	39,205	1,075	8,360	1,793	87,525
Due to other funds	-	-	284,150	-	-	284,150
Accrued compensated absences	55,635	39,531	1,357	13,618	135	110,276
Total current liabilities	<u>96,491</u>	<u>160,805</u>	<u>287,295</u>	<u>533,036</u>	<u>485,363</u>	<u>1,562,990</u>
Non-current liabilities:						
Accrued compensated absences	111,270	79,062	2,713	27,236	270	220,551
Net OPEB obligation	168,989	274,021	21,123	21,124	20,538	505,795
Claims liability	-	-	-	1,391,000	-	1,391,000
Total non-current liabilities	<u>280,259</u>	<u>353,083</u>	<u>23,836</u>	<u>1,439,360</u>	<u>20,808</u>	<u>2,117,346</u>
Total liabilities	<u>376,750</u>	<u>513,888</u>	<u>311,131</u>	<u>1,972,396</u>	<u>506,171</u>	<u>3,680,336</u>
NET POSITION						
Net investment in capital assets	142,735	812,477	100,991	-	-	1,056,203
Unrestricted (deficit)	(85,594)	(217,183)	39,110	1,559,670	1,066,723	2,362,726
Total net position	<u>\$ 57,141</u>	<u>\$ 595,294</u>	<u>\$ 140,101</u>	<u>\$ 1,559,670</u>	<u>\$ 1,066,723</u>	<u>\$ 3,418,929</u>

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Combining Statement of Revenues, Expenses and Changes in Net Position – Internal Service Funds – Year Ended June 30, 2017

	Public Works Administration	Fleet Services Fund	Surplus Property Fund	Risk Management Fund	L & H Benefits Fund	Totals
OPERATING REVENUES						
Charges for services	\$ 971,205	\$ 2,249,067	\$ 44,200	\$ 1,991,444	\$ 5,090,774	\$ 10,346,690
Miscellaneous	-	2,667	57	80,008	119,286	202,018
Total operating revenues	<u>971,205</u>	<u>2,251,734</u>	<u>44,257</u>	<u>2,071,452</u>	<u>5,210,060</u>	<u>10,548,708</u>
OPERATING EXPENSES						
Personal services	843,898	834,731	33,018	145,760	30,461	1,887,868
Materials and supplies	5,918	1,263,578	1,769	3,031	-	1,274,296
Other services and charges	133,031	83,292	8,135	1,745,921	20,657	1,991,036
Insurance claims and expenses	-	-	-	-	5,019,395	5,019,395
Depreciation and amortization	24,566	62,637	4,986	-	-	92,189
Total operating expenses	<u>1,007,413</u>	<u>2,244,238</u>	<u>47,908</u>	<u>1,894,712</u>	<u>5,070,513</u>	<u>10,264,784</u>
Operating income (loss)	<u>(36,208)</u>	<u>7,496</u>	<u>(3,651)</u>	<u>176,740</u>	<u>139,547</u>	<u>283,924</u>
NON-OPERATING REVENUES						
Investment income	5,152	2,513	5,917	(67,596)	(26,272)	(80,286)
Total non-operating revenue	<u>5,152</u>	<u>2,513</u>	<u>5,917</u>	<u>(67,596)</u>	<u>(26,272)</u>	<u>(80,286)</u>
Income (loss) before transfers	<u>(31,056)</u>	<u>10,009</u>	<u>2,266</u>	<u>109,144</u>	<u>113,275</u>	<u>203,638</u>
Transfers in	801	5,482	-	1,201	125,601	133,085
Transfers out	-	-	-	-	-	-
Change in net position	<u>(30,255)</u>	<u>15,491</u>	<u>2,266</u>	<u>110,345</u>	<u>238,876</u>	<u>336,723</u>
Total net position - beginning	87,396	579,803	137,835	1,449,325	827,847	3,082,206
Total net position - ending	<u>\$ 57,141</u>	<u>\$ 595,294</u>	<u>\$ 140,101</u>	<u>\$ 1,559,670</u>	<u>\$ 1,066,723</u>	<u>\$ 3,418,929</u>

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As of and for the Year Ended June 30, 2017

Combining Statement of Cash Flows – Internal Service Funds – Year Ended June 30, 2017

	Public Works Administration	Fleet Services Fund	Surplus Property Fund	Risk Management Fund	L. & H Benefits Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$ 971,205	\$ 2,251,734	\$ 43,924	\$ 2,123,163	\$ 5,206,248	\$ 10,596,274
Payments to suppliers	(138,443)	(1,362,148)	(10,108)	(26,319)	(20,657)	(1,557,675)
Payments to employees	(818,970)	(805,433)	(29,801)	(134,789)	(32,041)	(1,821,034)
Claims and benefits paid	-	-	-	(1,651,921)	(5,282,789)	(6,934,710)
Payment from (to) other funds	-	(1)	47,227	-	-	47,226
Net cash provided by (used in) operating activities	13,792	84,152	51,242	310,134	(129,239)	330,081
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Operating transfers in	801	5,482	-	1,201	125,601	133,085
Operating transfers out	-	-	-	-	-	-
Net cash provided by (used in) noncapital financing activities	801	5,482	-	1,201	125,601	133,085
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Capital assets purchased	(12,517)	(3,870)	(13,728)	-	-	(30,115)
Net cash provided by (used in) capital and related financing activities	(12,517)	(3,870)	(13,728)	-	-	(30,115)
CASH FLOWS FROM INVESTING ACTIVITIES						
Sale (purchase) of investments	9,791	(188,713)	(19,425)	(171,552)	222,100	(147,799)
Interest and dividends	5,152	3,112	5,917	59,403	30,343	103,927
Net cash provided by (used in) investing activities	14,943	(185,601)	(13,508)	(112,149)	252,443	(43,872)
Net increase (decrease) in cash and cash equivalents	17,019	(99,837)	24,006	199,186	248,805	389,179
Balances - beginning of year	51,153	157,531	61,162	538,915	73,239	882,000
Balances - end of year	\$ 68,172	\$ 57,694	\$ 85,168	\$ 738,101	\$ 322,044	\$ 1,271,179
Reconciliation to Statement of Net Position:						
Cash and cash equivalents	\$ 68,172	\$ 57,694	\$ 85,168	\$ 738,101	\$ 322,044	\$ 1,271,179
Total cash and cash equivalents	\$ 68,172	\$ 57,694	\$ 85,168	\$ 738,101	\$ 322,044	\$ 1,271,179
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	\$ (36,208)	\$ 7,496	\$ (3,651)	\$ 176,740	\$ 139,547	\$ 283,924
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation expense	24,566	62,637	4,986	-	-	92,189
Change in assets and liabilities:						
Receivables, net	-	-	(333)	51,711	(3,812)	47,566
Due from other funds	-	(1)	-	-	-	(1)
Inventory	-	3,342	-	-	-	3,342
Accounts payable	506	(18,620)	(204)	(23,288)	(92,702)	(134,308)
Claims liability	-	-	-	94,000	(170,692)	(76,692)
Due to employees	2,418	6,864	129	1,573	207	11,191
Due to other funds	-	-	47,227	-	-	47,227
Net OPEB obligation	4,683	7,024	585	586	-	12,878
Accrued compensated absences	17,827	15,410	2,503	8,812	(1,787)	42,765
Net cash provided by (used in) operating activities	\$ 13,792	\$ 84,152	\$ 51,242	\$ 310,134	\$ (129,239)	\$ 330,081

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Debt Service Coverage Schedule - Year Ended June 30, 2017

	2011 and 2011A Revenue Bonds
GROSS REVENUE AVAILABLE:	
Water revenue	\$ 7,222,731
Wastewater revenue	7,844,477
Pledged sales tax	13,506,337
Investment income	7,105
Total Gross Revenue Available	28,580,650
OPERATING EXPENSES:	
Total Operating Expenses	9,823,029
Net Revenue Available for Debt Service	\$ 18,757,621
Average Annual Debt Service	
2011 Revenue Bonds	\$ 1,808,379
2011A Revenue Bonds	4,709,500
	\$ 6,517,879
Computed Coverage	288%
Coverage Requirement	125%

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STATISTICAL INFORMATION

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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 & Recreation</u>	<u>Economic Development</u>	<u>Debt Services</u>	<u>Total</u>
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
2016-17	8,009,505	27,757,453	7,336,480	387,911	1,647,320	6,686,814	3,426,604	55,252,087

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Governmental Revenues By Source
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Taxes</u>	<u>Intergov- emmental</u>	<u>Licenses & Permits</u>	<u>Charges for Services</u>	<u>Fines & Forfeitures</u>	<u>Investment Income</u>	<u>Misc Revenues</u>	<u>Total</u>
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
2016-17	37,327,650	5,011,809	504,832	4,564,074	1,581,638	13,120,184	2,856,002	64,966,189

* 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	
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%
2017	296,756,210	35,937,171	13,524,628	9,022,864	330,156,570	(1) 3,001,423,364	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

Fiscal Year	City Sinking Fund	MWC Schools	Rose State College	Oklahoma County	Total Midwest City Resident	Choctaw Schools	Total Midwest City Resident	OKC Schools	Total Midwest City Resident
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
2017	0.92	65.54	19.21	23.28	111.95	76.16	119.57	59.36	102.77

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Computation of Legal Debt Margin
June 30, 2017

Net assessed valuation	\$330,156,570
Debt limit (a)	\$33,015,657
Applicable bonds outstanding	\$1,300,000
Legal debt margin	\$31,715,657

(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

Fiscal Year	Principal	Interest (1)	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to Government Expenditures
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%
2016-17	1,400,000	121,425	1,521,425	57,389,574	2.65%

(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>
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
2016-17	54,371	330,156,570	1,300,000	189,868	110,132	0.34%	20

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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>
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
2016-17	28,580,650	9,823,029	18,757,621	6,517,879	2.88

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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>	
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
2016-17	14	22,360,831	94	14,092,784	36,453,615

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Miscellaneous Statistics
June 30, 2017

Date of Incorporation	1943
Form of government	Council-manager
Square miles in city limits	24.37
Miles of streets	725.7 Lane miles
Education	
Number of primary schools	8
Number of secondary schools	3
Number of High schools	2
Number of colleges	1
Police Protection	
Number of officers	94
Fire Protection	
Number of stations	6
Number of headquarters	1
Number of personnel per shift	25
Public Works	
Water storage capacity (millions of gallons)	9.5
Miles of water lines	302.8
Miles of sanitary sewer lines	286.8

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Miscellaneous Statistics, Continued
June 30, 2017

City Employees

<u>Fiscal Year</u>	<u>Full Time Government</u>	<u>Full Time Hotel/Conference Center</u>
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	-
2016-17	470	-

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Miscellaneous Statistics, Continued
June 30, 2017

City Water Usage (Gallons)

<u>Fiscal Year</u>	<u>Annual Usage</u>	<u>Average Daily Usage</u>
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
2016-17	2,193,795,000	6,010,397