

# Report of Audit

on

## Financial Statements



**June 30, 2016**

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RSM US LLP

## Independent Auditor's Report

Honorable Mayor and City Council  
City of Enid  
Enid, 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 Enid, Oklahoma, (the City) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Enid, Oklahoma, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **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 and other major special revenue funds 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 coverage requirements, listed in the table of contents as Other Supplementary Information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates 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.

*RSM US LLP*

Oklahoma City, Oklahoma  
December 22, 2016

## City of Enid, Oklahoma

### Management's Discussion and Analysis June 30, 2016

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The following discussion and analysis of the City of Enid's (the City) financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2016. Please read it in conjunction with the City's financial statements, which begin on page 13.

#### Financial Highlights

The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$203,533,803 (net position).

During the year, the government's total net position increased by \$9,944,962, from its beginning balance. This is attributed to increased revenues from utility charges for service and a reduction in expenditures for interest expense related to outstanding debt and a reduction in planned capital expenditures in correlation with the Kaw Lake water pipeline project.

Governmental activities accounted for a decrease of (\$2,113,439). Business-type activities increased overall net position by \$12,058,401.

At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$29,043,088, a decrease of (\$1,979,177) in comparison with the prior year. Fund balance of \$3,438,710 is considered nonspendable, consisting of inventories, prepaid expenses and assets held for sale. A total of \$2,555,554 is restricted by contractual agreements; State Statutes, or enabling legislation. Fund balance of \$23,048,824 is available for spending at the government's discretion, although \$15,915,039 of that balance has been committed by the governing board.

At the end of the current fiscal year, unassigned fund balance for the general fund was \$7,431,623, or 19 percent of total general fund expenditures and transfers out.

The City's total long term obligations increased \$13,074 during the current fiscal year. The key factors in this increase were the increase in a net pension liability of \$2,516,446, offset by payments on revenue bonds and notes and reduction of judgments of \$2,416,622.

#### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

The statement of net position presents information on all of the City's assets and liabilities, deferred inflows/outflows, with the net difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Enid is improving or deteriorating.

## City of Enid, Oklahoma

### Management's Discussion and Analysis June 30, 2016

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The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, and culture and recreation. The business-type activities of the City include the Enid Municipal Authority which includes the City's water, wastewater, landfill, and sanitation utility operations.

The government-wide financial statements can be found on pages 13-14 of this report.

Fund financial statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds** - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. A reconciliation of the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances with the governmental-wide statements of net position and activities provides a comparison between governmental funds and governmental activities.

The City maintains eighteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, police fund, and fire fund, all of which are considered to be major funds. Data from the other fifteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its general fund, police fund, and fire fund. A budgetary comparison statement has been provided, as required supplementary information, for these funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 15-17 of this report.

## City of Enid, Oklahoma

### Management's Discussion and Analysis June 30, 2016

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**Proprietary funds** - The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Internal service funds are an accounting device used to accumulate and allocate costs internally among the entity's various functions. The City of Enid uses an internal service fund to account for its health care plan. Because this service predominately services governmental functions, it is included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the Enid Municipal Authority, Enid Event Center and Convention Hall, and Woodring Airport, all of which are considered to be major funds of the City. The City maintains seven proprietary funds. Data from the other proprietary funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor proprietary funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 18-21 of this report.

**Fiduciary funds** - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reported in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The City maintains two different types of fiduciary funds. The pension trust fund is used to report resources held in trust for retirees and beneficiaries covered by the Employee Retirement System of Enid, Oklahoma. The agency funds report sources held by the City in a custodial capacity for individuals, private organizations, and other governments.

The basic fiduciary fund financial statements can be found on pages 22-23 of this report.

Notes to the financial statements: The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24-63 of this report.

Other information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligations to provide pension benefits to its employees, and actual revenues and expenditures on a budgetary basis compared with the original and final budgets for the general fund, police fund, and fire fund.

Required supplementary information can be found on pages 64-73 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and nonmajor proprietary funds are presented immediately following the required supplementary information on pensions and budgetary comparisons.

Combining statements and schedules can be found on pages 74-83 of this report.



**City of Enid, Oklahoma**

**Management's Discussion and Analysis  
June 30, 2016**

**Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City's governmental activities, assets and deferred outflows exceeded liabilities and deferred inflows by \$62,896,369 at the close of the most recent fiscal year. The business-type activities assets and deferred outflows exceeded liabilities and deferred inflows by \$140,637,434.

**City of Enid**  
Net Position  
June 30, 2016 and 2015

	Governmental Activities		Business-Type Activities		Totals	
	June 30		June 30		June 30	
	2016	2015	2016	2015	2016	2015
Current assets	\$ 36,455,241	\$ 37,131,696	\$ 23,000,328	\$ 16,099,411	\$ 59,455,569	\$ 53,231,107
Capital and other noncurrent assets	66,682,493	67,420,576	177,153,206	176,143,635	243,835,699	243,564,211
Total assets	103,137,734	104,552,272	200,153,534	192,243,046	303,291,268	296,795,318
Deferred outflows	7,600,792	6,537,635	1,266,681	834,860	8,867,473	7,372,495
Current liabilities	7,216,604	6,741,225	16,558,763	8,792,807	23,775,367	15,534,032
Long-term liabilities	34,321,908	30,677,216	51,068,920	55,706,066	85,390,828	86,383,282
Total liabilities	41,538,512	37,418,441	67,627,683	64,498,873	109,166,195	101,917,314
Deferred inflows	6,303,645	8,661,658	371,702	-	6,675,347	8,661,658
Net position:						
Net investment						
in capital assets	66,682,493	65,151,559	133,037,009	128,995,334	199,719,502	194,146,893
Restricted	2,555,554	2,764,845	11,628,329	8,426,092	14,183,883	11,190,937
Unrestricted	(6,341,678)	(2,906,596)	(4,027,904)	(8,842,393)	(10,369,582)	(11,748,989)
Total net position	\$ 62,896,369	\$ 65,009,808	\$ 140,637,434	\$ 128,579,033	\$ 203,533,803	\$ 193,588,841

By far the largest portion of the City's net position (98 percent) reflects its investment in capital assets (e.g., land, buildings, improvements, vehicles, 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.

An additional portion of the City's net position (6 percent) represents resources that are subject to external restrictions on how they may be used either by external groups such as creditors, grantors, or laws and regulations of other governments, or by law through constitutional provisions or enabling legislation. The remaining balance is unrestricted net position of (\$10,369,582) or (-5 percent) of total net position.

**City of Enid, Oklahoma**

**Management's Discussion and Analysis  
June 30, 2016**

The City's net position increased by \$9,944,962 during the current fiscal year, compared with the restated beginning net position. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

Governmental activities: Governmental activities increased the City's net position by (\$2,113,439).

The key elements of this increase are as follows:

- Increase of transfers from the Enid Municipal Authority to the General Fund to support general fund operations.
- Reclassification of the Enid Economic Development Authority from business-type activities to governmental activities.

**City of Enid**  
Statement of Activities  
Years Ended June 30, 2016 and 2015

	Governmental		Business-Type		Totals	
	Activities		Activities		June 30	
	June 30	June 30	June 30	June 30	June 30	June 30
	2016	2015	2016	2015	2016	2015
Program revenues:						
Charges for services	\$ 3,233,115	\$ 4,099,347	\$ 38,432,581	\$ 36,755,846	\$ 41,665,696	\$ 40,855,193
Grants/contributions	3,050,226	2,894,495	871,338	4,467,395	3,921,564	7,361,890
General revenues	36,674,401	39,320,852	8,033,848	1,893,926	44,708,249	41,214,778
Total revenues	42,957,742	46,314,694	47,337,767	43,117,167	90,295,509	89,431,861
Expenses:						
General government	10,020,758	11,181,311	-	-	10,020,758	11,181,311
Public safety	19,715,997	19,831,497	-	-	19,715,997	19,831,497
Public works	14,576,701	9,583,037	-	-	14,576,701	9,583,037
Culture and recreation	2,911,377	2,903,210	-	-	2,911,377	2,903,210
Utility operations	-	-	18,141,482	20,974,874	18,141,482	20,974,874
Airport	-	-	1,822,914	2,177,377	1,822,914	2,177,377
Economic development	3,730,323	977,294	-	-	3,730,323	977,294
Golf	-	-	642,028	675,207	642,028	675,207
Event center	-	-	6,610,581	7,114,231	6,610,581	7,114,231
Transit	-	-	675,163	735,446	675,163	735,446
Other	269,803	327,269	1,233,420	1,371,800	1,503,223	1,699,069
Total expenses	51,224,959	44,803,618	29,125,588	33,048,935	80,350,547	77,852,553
Increase in net position before transfers	(8,267,217)	1,511,076	18,212,179	10,068,232	9,944,962	11,579,308
Transfers, net	6,153,778	3,274,904	(6,153,778)	(3,274,904)	-	-
Increase (decrease) in net position	(2,113,439)	4,785,980	12,058,401	6,793,328	9,944,962	11,579,308
Net position, beginning, restated	65,009,808	60,223,828	128,579,033	121,785,705	193,588,841	182,009,533
Net position, ending	\$ 62,896,369	\$ 65,009,808	\$ 140,637,434	\$ 128,579,033	\$ 203,533,803	\$ 193,588,841

City of Enid, Oklahoma

Management's Discussion and Analysis  
June 30, 2016

**City of Enid**  
Governmental Activities  
Years Ended June 30, 2016 and 2015

	Program Revenues		Cost of Services	
	2016	2015	2016	2015
General government	\$ 352,596	\$ 1,130,901	\$ 10,020,758	\$ 11,181,311
Public safety	2,124,233	2,229,175	19,715,997	19,831,497
Public works	679,470	674,942	14,576,701	9,583,037
Culture and recreation	76,816	64,329	2,911,377	2,903,210
Economic development	-	-	3,730,323	977,294
Interest on long-term debt	-	-	269,803	327,269
Total governmental activities	<u>\$ 3,233,115</u>	<u>\$ 4,099,347</u>	<u>\$ 51,224,959</u>	<u>\$ 44,803,618</u>

**Business-type activities.** Business-type activities increased the City's net position by \$12,058,401. The key elements in this increase are:

- Increased in charges for utility service.
- Transfer of stormwater and sanitary sewer capital asset additions.
- Reduced interest expense due to the extinguishment of the 1987A bonds

**City of Enid**  
Business-Type Activities  
Years Ended June 30, 2016 and 2015

	Program Revenues		Cost of Services	
	2016	2015	2016	2015
Utility operations	\$ 33,634,614	\$ 31,349,208	\$ 18,141,482	\$ 20,974,874
Airport	1,168,366	1,468,471	1,822,914	2,177,377
Golf	369,472	371,757	642,028	675,207
Economic development	-	-	-	-
Event center	3,159,742	3,446,532	6,610,581	7,114,231
Transit	100,387	119,878	675,163	735,446
Other	-	-	1,233,420	1,371,800
Total business-type activities	<u>\$ 38,432,581</u>	<u>\$ 36,755,846</u>	<u>\$ 29,125,588</u>	<u>\$ 33,048,935</u>

**Financial Analysis of the Government's Funds**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unrestricted fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

## City of Enid, Oklahoma

### Management's Discussion and Analysis June 30, 2016

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As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$29,043,088, a decrease of (\$1,979,177) in comparison with the prior year. Approximately 79 percent of this total amount \$23,048,824 constitutes unrestricted fund balance, which is available for spending at the government's discretion. The remainder of fund balance is nonspendable or restricted by contractual obligations, laws and regulations, or enabling legislation as approved by a vote of the citizens of Enid.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$7,431,623. As a measure of the general fund's liquidity, it may be useful to compare fund balance to total fund expenditures. Unassigned fund balance represents 19 percent of total general fund expenditures and transfers out.

The fund balance of the City's general fund increased \$754,467 during the current fiscal year, primarily due to reduced expenditures across general government, public safety, public works and culture and recreation and reduced transfers out related to sales tax receipts.

The police fund has a total fund balance of \$4,143,815. The net decrease in fund balance during the current year was (\$252,397), due primarily to reduced sales tax receipts during the fiscal year.

The fire fund has a total fund balance of \$971,909, which was all committed. The net decrease in fund balance during the current year was (\$519,605), due primarily to reduced sales tax receipts during the fiscal year.

**Proprietary funds.** The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The Enid Municipal Authority showed total net position of \$87,807,749. Unrestricted net position of the Enid Municipal Authority at the end of the year was a deficit balance of (\$3,725,328). The total increase in net position was \$14,165,551. Operating revenues showed an increase of \$2,438,070 while operating expenses increased by \$8,339.

The changes in operating revenues were due to increased water and utility rates in January 2016 and expenses remained the same.

The Woodring Airport Fund showed total net position of \$21,227,565, an increase of \$77,104.

The Enid Event Center and Convention Hall fund showed total net position of \$32,043,324, a decrease of \$1,807,644, primarily due to depreciation expense on capital assets and reduced hotel tax receipts for the fiscal year.

### **Budgetary Highlights of Major Governmental Funds**

The general fund budget increased by \$348,860 for departmental expenditures and revenues increased by \$137,719 during the year, while estimated net transfers remained the same. The general fund breakdown by department is outlined on the Budgetary Comparison Schedule – General Fund and Major Special Revenue Funds Schedule in the Required Supplementary Information section of the audit.

**City of Enid, Oklahoma**

**Management’s Discussion and Analysis  
June 30, 2016**

Revenues received were less than budget estimates by \$1,714,573, and actual expenditures and transfers were less than final budget appropriations by \$2,902,382, resulting in an overall net increase in fund balance of \$976,198 prior to adjustments outlined on the Reconciliation of Budgetary Comparison Schedule on a Budgetary Basis with Fund Financial Statements in the Required Supplementary Information section of the audit. As a result, the City did not need to use a portion of its fund balance to cover expenditures and transfers.

The police fund showed an increase of \$21,656 in its budgeted expenditures during the year, while revenues remained the same as originally estimated. Actual revenues and transfers in totaled \$8,764,127, or \$437,703 less than budget estimates. Expenditures and transfers out of \$8,963,385 were less than budgeted by \$2,047,181, resulting in an overall net increase in fund balance of \$199,258.

The fire fund increased its expenditure budget during the year by \$745,664, while revenues remained the same as originally estimated. Actual revenues and transfers in totaled \$7,456,989, or less than budget estimates by \$460,841. Expenditures and transfers out of \$8,153,447, were less than the budget appropriations by \$593,002.

**Capital Asset and Debt Administration**

Capital assets: The City’s investment in capital assets for its governmental and business-type activities as of June 30, 2016, amounts to \$243,835,699 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, improvements, equipment, and vehicles.

**City of Enid**  
Capital Assets  
(Net of Depreciation)  
Years Ended June 30, 2016 and 2015

	Governmental Activities		Business-Type Activities		Totals	
	June 30		June 30		June 30	
	2016	2015	2016	2015	2016	2015
Land	\$ 6,205,793	\$ 5,540,305	\$ 7,679,120	\$ 7,669,176	\$ 13,884,913	\$ 13,209,481
Construction in progress	9,048,228	7,441,198	22,617,672	17,453,344	31,665,900	24,894,542
Buildings	6,826,518	6,884,489	64,762,572	68,134,432	71,589,090	75,018,921
Improvements	41,234,978	40,674,524	69,387,711	70,307,262	110,622,689	110,981,786
Equipment	1,260,850	2,228,715	11,574,854	11,587,080	12,835,704	13,815,795
Vehicles	2,106,126	2,382,328	1,131,277	992,341	3,237,403	3,374,669
Capital assets, net	<u>\$66,682,493</u>	<u>\$65,151,559</u>	<u>\$ 177,153,206</u>	<u>\$176,143,635</u>	<u>\$ 243,835,699</u>	<u>\$ 241,295,194</u>

Major capital asset events during the current fiscal year included the following:

- Property purchases for economic development at Cleveland & Owen K. Garriott.
- Local Street Program completion.
- Waterline relocations on Willow Road and on Broadway Avenue.
- Water expansion study in conjunction with the Kaw Lake Pipeline project.
- Sanitary Sewer improvements at 54<sup>th</sup> Street and the Water Reclamation Facility.
- Concession & ride shelter building at Meadowlake Park.
- Pedestrian Trail, phases 5 & 6.
- Twelve new SUVs added to the Police Department fleet.
- Landfill compactor and bulldozer.

Additional information of the City’s capital assets can be found in Note 3 on pages 40-41 of this report.

**City of Enid, Oklahoma**

**Management's Discussion and Analysis  
June 30, 2016**

Long-term debt: At the end of the current fiscal year, the City had total debt outstanding of \$94,596,524. The debt secured solely by specified revenue sources (i.e., revenue bonds and notes) totaling \$53,163,824; tax apportionment bonds (TIF) of \$2,849,180; other notes payable to other governmental entities of \$637,000; capital lease obligations of \$884,186; judgments against the City for \$263,887; the long-term portion of accrued compensated absences totaling \$2,175,413; net other post-employment obligations of \$30,389; workers' compensation reserve liability of \$1,562,211; net pension liability of \$29,893,758; and landfill closure and post-closure liability and other long-term liabilities in the amount of \$3,136,676.

**City of Enid**  
Outstanding Long-Term Liabilities  
June 30, 2016 and 2015

	Governmental		Business-Type		Totals	
	Activities		Activities		June 30	
	June 30	June 30	June 30	June 30	June 30	June 30
	2016	2015	2016	2015	2016	2015
Judgments	\$ 263,887	\$ 436,407	\$ -	\$ -	\$ 263,887	\$ 436,407
Net pension liability	27,350,303	25,327,727	2,543,455	2,049,585	29,893,758	27,377,312
Net OPEB obligation	30,389	5,586	-	-	30,389	5,586
Workers' compensation claims	1,165,124	1,284,909	397,146	459,553	1,562,270	1,744,462
Compensated absences	1,932,683	1,942,625	242,671	218,772	2,175,354	2,161,397
Revenue bonds	-	-	7,000,000	8,445,000	7,000,000	8,445,000
Tax apportionment bonds (TIF)	2,849,180	3,648,282	-	-	2,849,180	3,648,282
Deferred interest on bonds	-	-	-	-	-	-
Notes payable	3,557,000	768,000	43,243,824	47,023,246	46,800,824	47,791,246
Capital lease obligations	-	-	884,186	29,331	884,186	29,331
Landfill closure and post-closure and other long-term liabilities	-	-	3,136,676	2,944,427	3,136,676	2,944,427
<b>Total outstanding debt</b>	<b>\$ 37,148,566</b>	<b>\$ 33,413,536</b>	<b>\$ 57,447,958</b>	<b>\$ 61,169,914</b>	<b>\$ 94,596,524</b>	<b>\$ 94,583,450</b>

The City's total long term obligations increased \$13,074 during the current fiscal year. The key factors in this increase were increased net pension liability of \$2,516,446, the issuance of the Series 2015 taxable revenues bonds in the amount of \$2,920,000, offset by payments on existing debt.

Additional information on the City's long-term debt can be found in Note 3 on pages 41-47 of this report.

## City of Enid, Oklahoma

### Management's Discussion and Analysis June 30, 2016

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#### **Economic Factors and Next Year's Budgets and Rates**

The City's elected and appointed officials considered many factors when setting the fiscal-year 2016-2017 revenue and expense budgets.

When setting the fiscal year 2017 expenditure budget, city staff worked diligently to keep increases in expenditures to a minimum.

It is anticipated that sales and use taxes will decrease slightly over the first six months of 2017 compared to the 2015-2016 projected amount. Starting in January 2017, a new  $\frac{3}{4}$  cent sales and use tax revenue will accumulate to fund water capital projects related to the Kaw Lake water pipeline project. Additionally, most utility rates will automatically increase a minimum of 2 percent or more effective January 1, 2017. It is anticipated that water revenues may decrease a significant amount in 2017 due to an increase in the amount of non-potable water used by Koch Industries and a resulting loss in water revenue.

The City will be looking at using General Obligation Bonds, and Revenue Notes in the future to increase the funding available to build and repair infrastructure such as streets, water lines, sewer lines, storm water drains, parks and quality-of-life improvements.

The City currently has three recognized unions. The City has a two year agreement with the Fraternal Order of Police (FOP), through June 2017. The FOP retained the right to re-open negotiations on compensation for the 2016-2017 fiscal year but has not at this point. The current agreement with the American Federation of State, County and Municipal Employees (AFSCME) #1136 and the International Association of Fire Fighters (IAFF) is through June 2017.

#### **Requests for Information**

This financial report is designed to provide our citizens, taxpayers, customers, and investors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact the City of Enid's Chief Financial Officer, at City of Enid, Post Office Box 1768, Enid, Oklahoma 73702-1768 or telephone (580) 616-7283. You may also visit our website at [www.enid.org](http://www.enid.org) for more budgetary and contact information.

City of Enid, Oklahoma

Statement of Net Position  
June 30, 2016

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
<b>Assets</b>			
Cash and cash equivalents	\$ 3,781,771	\$ 1,068,331	\$ 4,850,102
Investments	17,039,345	98,752	17,138,097
Receivables (net of allowance for uncollectibles)	5,365,515	5,010,307	10,375,822
Receivables for property taxes - succeeding year	876,683	-	876,683
Internal balances	4,098,251	(4,098,251)	-
Inventories	50,029	179,656	229,685
Prepaid expenses	115,186	70,672	185,858
Restricted cash and investments	1,854,968	20,670,861	22,525,829
Assets held for sale	3,273,493	-	3,273,493
Capital assets:			
Land and construction in progress	15,254,021	30,296,792	45,550,813
Depreciable buildings, improvements, equipment and vehicles, net of accumulated depreciation	51,428,472	146,856,414	198,284,886
<b>Total assets</b>	<b>103,137,734</b>	<b>200,153,534</b>	<b>303,291,268</b>
<b>Deferred outflows of resources</b>			
Deferred amounts related to pensions	7,600,792	1,266,681	8,867,473
<b>Liabilities</b>			
Accounts payable and accrued liabilities	4,191,014	1,274,281	5,465,295
Payable from restricted assets:			
Accrued interest	186,333	325,374	511,707
Customer deposits	-	1,159,347	1,159,347
Unearned revenue	12,599	204,119	216,718
Long-term liabilities:			
Due within one year	2,826,658	6,379,038	9,205,696
Due in more than one year	34,321,908	51,068,920	85,390,828
<b>Total liabilities</b>	<b>41,538,512</b>	<b>60,411,079</b>	<b>101,949,591</b>
<b>Deferred inflows of resources</b>			
Property taxes succeeding year	876,683	-	876,683
Deferred amounts related to pensions	5,426,962	371,702	5,798,664
<b>Total deferred inflows of resources</b>	<b>6,303,645</b>	<b>371,702</b>	<b>6,675,347</b>
<b>Net position</b>			
Net investment in capital assets	66,682,493	133,037,009	199,719,502
Restricted:			
Debt service	893,317	1,492,645	2,385,962
Capital improvements	970,243	10,135,598	11,105,841
Public safety	537,991	-	537,991
Public works	154,003	-	154,003
Other	-	86	86
Unrestricted (deficit)	(6,341,678)	(4,027,904)	(10,369,582)
<b>Total net position</b>	<b>\$ 62,896,369</b>	<b>\$ 140,637,434</b>	<b>\$ 203,533,803</b>

The accompanying notes are an integral part of these financial statements.



City of Enid, Oklahoma

Statement of Activities  
Year Ended June 30, 2016

	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
<b>Primary Government</b>							
Governmental activities:							
General government	\$ 10,020,758	\$ 352,596	\$ 3,840	\$ -	\$ (9,664,322)	\$ -	\$ (9,664,322)
Public safety	19,715,997	2,124,233	2,589,310	45,046	(14,957,408)	-	(14,957,408)
Public works	14,576,701	679,470	375,956	-	(13,521,275)	-	(13,521,275)
Culture and recreation	2,911,377	76,816	26,920	9,154	(2,798,487)	-	(2,798,487)
Economic development	3,730,323	-	-	-	(3,730,323)	-	(3,730,323)
Interest on long-term debt	269,803	-	-	-	(269,803)	-	(269,803)
<b>Total governmental activities</b>	<b>51,224,959</b>	<b>3,233,115</b>	<b>2,996,026</b>	<b>54,200</b>	<b>(44,941,618)</b>	<b>-</b>	<b>(44,941,618)</b>
Business-type activities:							
Utility operations	18,141,482	33,634,614	-	-	-	15,493,132	15,493,132
Airport	1,822,914	1,168,366	-	675,971	-	21,423	21,423
Golf	642,028	369,472	-	-	-	(272,556)	(272,556)
Event center	6,610,581	3,159,742	-	-	-	(3,450,839)	(3,450,839)
Transit and other	675,163	100,387	195,367	-	-	(379,409)	(379,409)
Sales tax remitted to schools	1,233,420	-	-	-	-	(1,233,420)	(1,233,420)
<b>Total business-type activities</b>	<b>29,125,588</b>	<b>38,432,581</b>	<b>195,367</b>	<b>675,971</b>	<b>-</b>	<b>10,178,331</b>	<b>10,178,331</b>
<b>Total primary government</b>	<b>\$ 80,350,547</b>	<b>\$ 41,665,696</b>	<b>\$ 3,191,393</b>	<b>\$ 730,171</b>	<b>(44,941,618)</b>	<b>10,178,331</b>	<b>(34,763,287)</b>
General revenues:							
Taxes:							
Sales and use					31,492,962	-	31,492,962
Property					1,105,044	1,443,195	2,548,239
Franchise					2,777,279	-	2,777,279
Other					651,633	-	651,633
Interest income					185,660	40,331	225,991
Miscellaneous					461,823	59,307	521,130
Contributed capital					-	6,450,901	6,450,901
Gain on disposition of assets					-	40,114	40,114
Transfers - internal activity					6,153,778	(6,153,778)	-
<b>Total general revenues and transfers</b>					<b>42,828,179</b>	<b>1,880,070</b>	<b>44,708,249</b>
<b>Change in net position</b>					<b>(2,113,439)</b>	<b>12,058,401</b>	<b>9,944,962</b>
Net position, beginning					65,009,808	128,579,033	193,588,841
Net position, ending					<b>\$ 62,896,369</b>	<b>\$ 140,637,434</b>	<b>\$ 203,533,803</b>

The accompanying notes are an integral part of these financial statements.

City of Enid, Oklahoma

Balance Sheet—Governmental Funds  
June 30, 2016

	General	Police Fund	Fire Fund	Capital Improvement Fund	Nonmajor Governmental Funds	Total
<b>Assets</b>						
Cash and cash equivalents	\$ 185,815	\$ 728,638	\$ 206,512	\$ 643,643	\$ 1,685,124	\$ 3,449,732
Investments	758,425	3,678,413	1,042,543	2,860,885	7,022,833	15,363,099
Receivables:						
Accounts	52,587	-	-	-	-	52,587
Taxes	4,968,676	138,253	138,253	-	233,996	5,479,178
Due from other governments	3,840	50,612	-	-	18,943	73,395
Accrued interest	-	-	-	-	38	38
Due from other funds	4,996,103	-	-	676,822	-	5,672,925
Inventories	50,029	-	-	-	-	50,029
Prepaid expenses	67,509	36,148	3,413	-	8,116	115,186
Assets held for sale	-	-	-	-	3,273,493	3,273,493
Restricted cash and investments	-	-	-	970,243	884,725	1,854,968
<b>Total assets</b>	<b>\$ 11,082,984</b>	<b>\$ 4,632,064</b>	<b>\$ 1,390,721</b>	<b>\$ 5,151,593</b>	<b>\$ 13,127,268</b>	<b>\$ 35,384,630</b>
<b>Liabilities</b>						
Accounts payable and accrued liabilities	\$ 1,054,671	\$ 488,249	\$ 418,812	\$ 1,050,810	\$ 865,044	\$ 3,877,586
Due to other funds	1,309,831	-	-	-	264,843	1,574,674
Due to fiduciary fund	-	-	-	-	-	-
Unearned revenue	-	-	-	-	12,599	12,599
<b>Total liabilities</b>	<b>2,364,502</b>	<b>488,249</b>	<b>418,812</b>	<b>1,050,810</b>	<b>1,142,486</b>	<b>5,464,859</b>
<b>Deferred inflows of resources</b>						
Property taxes succeeding year	876,683	-	-	-	-	876,683
<b>Fund balances:</b>						
<b>Nonspendable:</b>						
Inventories, prepaids and assets held for sale	117,538	36,148	3,413	-	3,281,609	3,438,708
<b>Restricted:</b>						
Public safety	-	-	-	-	537,991	537,991
Public works	-	-	-	-	154,003	154,003
Debt service	-	-	-	-	893,317	893,317
Capital improvements	-	-	-	970,243	-	970,243
<b>Committed:</b>						
Public safety	-	4,079,921	968,496	-	-	5,048,417
Public works	-	-	-	-	777,209	777,209
Other	292,636	27,746	-	-	-	320,382
Capital improvements	-	-	-	3,130,540	6,638,491	9,769,031
Unassigned	7,431,625	-	-	-	(297,838)	7,133,787
<b>Total fund balances</b>	<b>7,841,799</b>	<b>4,143,815</b>	<b>971,909</b>	<b>4,100,783</b>	<b>11,984,782</b>	<b>29,043,088</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 11,082,984</b>	<b>\$ 4,632,064</b>	<b>\$ 1,390,721</b>	<b>\$ 5,151,593</b>	<b>\$ 13,127,268</b>	<b>\$ 35,384,630</b>

The accompanying notes are an integral part of these financial statements.

City of Enid, Oklahoma

Statement of Revenues, Expenditures and Changes in Fund Balances—Governmental Funds  
Year Ended June 30, 2016

	General	Police Fund	Fire Fund	Capital Improvement Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>						
Taxes	\$ 32,020,313	\$ 1,124,964	\$ 1,124,964	\$ -	\$ 1,105,044	\$ 35,375,285
Licenses and permits	298,084	-	-	-	-	298,084
Intergovernmental	195,342	665,254	1,808,234	-	1,905,653	4,574,483
Fines and forfeitures	1,297,919	-	-	-	-	1,297,919
Charges for services	134,206	56,239	-	-	375,286	565,731
Other	380,506	19,120	12,130	827	130,518	543,101
Interest	33,517	30,870	7,240	32,327	65,957	169,911
<b>Total revenues</b>	<b>34,359,887</b>	<b>1,896,447</b>	<b>2,952,568</b>	<b>33,154</b>	<b>3,582,458</b>	<b>42,824,514</b>
<b>Expenditures:</b>						
Current:						
General government	7,439,586	-	-	-	16,904	7,456,490
Public safety	113,401	8,897,851	8,991,847	-	1,080,698	19,083,797
Public works	3,775,746	-	-	-	639,630	4,415,376
Culture and recreation	2,178,030	-	-	-	-	2,178,030
Economic development	-	-	-	-	3,708,536	3,708,536
Debt service:						
Principal	-	-	-	-	1,102,622	1,102,622
Interest	-	-	-	-	311,576	311,576
Capital outlay	1,081,261	524,993	733,326	5,967,928	7,313,534	15,621,042
<b>Total expenditures</b>	<b>14,588,024</b>	<b>9,422,844</b>	<b>9,725,173</b>	<b>5,967,928</b>	<b>14,173,500</b>	<b>53,877,469</b>
<b>Excess of revenues over (under) expenditures</b>	<b>19,771,863</b>	<b>(7,526,397)</b>	<b>(6,772,605)</b>	<b>(5,934,774)</b>	<b>(10,591,042)</b>	<b>(11,052,955)</b>
<b>Other financing sources (uses):</b>						
Proceeds from issuance of debt				-	2,920,000	2,920,000
Transfers in	5,857,720	7,449,000	6,303,000	5,642,087	6,082,102	31,333,909
Transfers out	(24,875,116)	(175,000)	(50,000)	-	(80,015)	(25,180,131)
<b>Total other financing sources (uses)</b>	<b>(19,017,396)</b>	<b>7,274,000</b>	<b>6,253,000</b>	<b>5,642,087</b>	<b>8,922,087</b>	<b>9,073,778</b>
<b>Net change in fund balances</b>	<b>754,467</b>	<b>(252,397)</b>	<b>(519,605)</b>	<b>(292,687)</b>	<b>(1,668,955)</b>	<b>(1,979,177)</b>
Fund balances, beginning	7,087,332	4,396,212	1,491,514	4,393,470	13,653,737	31,022,265
Fund balances, ending	<b>\$ 7,841,799</b>	<b>\$ 4,143,815</b>	<b>\$ 971,909</b>	<b>\$ 4,100,783</b>	<b>\$ 11,984,782</b>	<b>\$ 29,043,088</b>

The accompanying notes are an integral part of these financial statements.

City of Enid, Oklahoma

Reconciliation of Governmental Funds and Government-Wide Financial Statements  
Year Ended June 30, 2016

<b>Total fund balance - governmental funds:</b>	\$ 29,043,088
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.	66,682,493
Long-term assets and certain deferred outflows of resources are not available to pay for current period expenditures and therefore are not reported in the funds.	
Due from other governments	637,000
Pension related deferred outflows	7,600,792
Internal service funds are used by management to charge costs of certain activities that benefit multiple funds, such as health insurance, to individual funds. The assets and liabilities of the internal service fund reported in governmental activities.	1,694,857
Long-term liabilities and certain deferred inflows of resources are not due and payable in the current period and therefore are not reported in funds:	
Accrued interest payable	(186,333)
Accrued compensated absences	(1,932,683)
Accrued liability for workers' compensation claims incurred	(1,165,124)
Net pension liability	(27,350,303)
Pension related deferred inflows	(5,426,962)
Judgments payable	(263,887)
Net other post-employment benefit obligations	(30,389)
Notes payable	(637,000)
TIF bonds payable	(5,769,180)
<b>Net position of governmental activities in the statement of net position</b>	<u>\$ 62,896,369</u>
<b>Net change in fund balances – total governmental funds:</b>	<u>\$ (1,979,177)</u>
Adjustments for the statement of activities:	
Governmental funds report capital outlays as expenditures, while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:	
Capital outlay expenditures capitalized	7,533,363
Depreciation expense	(5,970,338)
Loss on disposal of capital assets	(32,089)
In the statement of activities, the cost of pension benefits earned, net of employee contributions, is reported as an element of pension expense. The fund financial statements report pension contributions as expenditures.	680,329
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position	
CDBG receipts for loan	(131,000)
Proceeds from notes payable	(2,920,000)
Principal payments on notes payable and TIF bonds payable	930,102
Internal service fund activity is reported as a proprietary fund in fund financial statements, certain net revenues are reported in Governmental Activities on the Statement of Activities	(543,846)
Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported in governmental funds:	
Accrued compensated absences, net change	9,941
Accrued liability for workers' compensaton claims incurred	119,786
Accrued interest expense, net change	41,773
Judgments payable, net change	172,520
Other liabilities, net change	(24,803)
<b>Change in net position of governmental activities</b>	<u>\$ (2,113,439)</u>

The accompanying notes are an integral part of these financial statements.

City of Enid, Oklahoma

Statement of Net Position—Proprietary Funds  
June 30, 2016

	Business-Type Activities					
	Enterprise Funds				Internal Service	
	Enid Municipal Authority	Enid Event Center and Convention Hall	Woodring Airport	Nonmajor Enterprise Funds	Total	Health Care Fund
<b>Assets</b>						
Current assets:						
Cash and cash equivalents	\$ -	\$ 286,293	\$ 782,038	\$ -	\$ 1,068,331	\$ 332,039
Investments	-	98,752	-	-	98,752	1,676,246
Receivables:						
Accounts (net of allowance for uncollectibles)	4,321,787	156,091	50,661	-	4,528,539	-
Accrued interest	5,464	-	-	-	5,464	-
Taxes	-	139,984	-	-	139,984	-
Due from other governments	-	-	315,995	20,325	336,320	-
Due from other funds	1,309,831	-	-	-	1,309,831	-
Inventories	75,719	60,402	43,535	-	179,656	-
Prepaid expenses	28,669	41,793	93	117	70,672	-
Restricted investments	20,670,861	-	-	-	20,670,861	-
<b>Total current assets</b>	<b>26,412,331</b>	<b>783,315</b>	<b>1,192,322</b>	<b>20,442</b>	<b>28,408,410</b>	<b>2,008,285</b>
Noncurrent assets:						
Capital assets (net of accumulated depreciation)	124,020,945	31,855,017	20,692,659	584,585	177,153,206	-
<b>Total noncurrent assets</b>	<b>124,020,945</b>	<b>31,855,017</b>	<b>20,692,659</b>	<b>584,585</b>	<b>177,153,206</b>	<b>-</b>
<b>Total assets</b>	<b>150,433,276</b>	<b>32,638,332</b>	<b>21,884,981</b>	<b>605,027</b>	<b>205,561,616</b>	<b>2,008,285</b>
<b>Deferred outflows of resources</b>						
Deferred amounts related to pensions	928,172	-	139,023	199,486	1,266,681	-
<b>Liabilities</b>						
Current liabilities:						
Accounts payable and accrued liabilities	732,557	356,990	52,868	69,678	1,212,093	375,616
Payable from restricted assets:						
Accrued interest payable	325,374	-	-	-	325,374	-
Customer deposits	1,123,626	35,721	-	-	1,159,347	-
Due to other funds	-	-	388,442	583,412	971,854	-
Unearned revenue	-	202,297	-	1,822	204,119	-
Current portion of noncurrent liabilities	6,310,179	-	27,086	41,773	6,379,038	-
<b>Total current liabilities</b>	<b>8,491,736</b>	<b>595,008</b>	<b>468,396</b>	<b>696,685</b>	<b>10,251,825</b>	<b>375,616</b>
Noncurrent liabilities:						
Compensated absences	17,238	-	3,871	9,293	30,402	-
Capital lease obligations	713,257	-	-	-	713,257	-
Due to other funds	4,436,228	-	-	-	4,436,228	-
Bonds payable (net of unamortized discount)	4,965,000	-	-	-	4,965,000	-
Notes payable	39,378,404	-	-	-	39,378,404	-
Net pension liability	1,859,290	-	278,755	405,410	2,543,455	-
Landfill closure and post-closure obligations	3,136,676	-	-	-	3,136,676	-
Workers compensation claims	280,582	-	4,359	16,785	301,726	-
<b>Total noncurrent liabilities</b>	<b>54,786,675</b>	<b>-</b>	<b>286,985</b>	<b>431,488</b>	<b>55,505,148</b>	<b>-</b>
<b>Total liabilities</b>	<b>63,278,411</b>	<b>595,008</b>	<b>755,381</b>	<b>1,128,173</b>	<b>65,756,973</b>	<b>375,616</b>
<b>Deferred inflows of resources</b>						
Deferred amounts related to pensions	275,288	-	41,058	55,356	371,702	-
<b>Net position</b>						
Net investment in capital assets	79,904,748	31,855,017	20,692,659	584,585	133,037,009	-
Restricted:						
Debt service	1,492,645	-	-	-	1,492,645	-
Capital improvements	10,135,598	-	-	-	10,135,598	-
Other	86	-	-	-	86	-
Unrestricted	(3,725,328)	188,307	534,906	(963,601)	(3,965,716)	1,632,669
<b>Total net position</b>	<b>\$ 87,807,749</b>	<b>\$ 32,043,324</b>	<b>\$ 21,227,565</b>	<b>\$ (379,016)</b>	<b>\$ 140,699,622</b>	<b>\$ 1,632,669</b>

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.

(62,188)

Total net position per Government-Wide financial statements

\$ 140,637,434

The accompanying notes are an integral part of these financial statements.

City of Enid, Oklahoma

Statement of Revenues, Expenses and Changes in Net Position—Proprietary Funds  
Year Ended June 30, 2016

	Business-Type Activities					
	Enterprise Funds				Internal Service	
	Enid Municipal Authority	Enid Event Center and Convention Hall	Woodring Airport	Nonmajor Enterprise Funds	Total	Health Care Fund
Operating revenues:						
Charges for services:						
Utility operations	\$ 32,452,372	\$ -	\$ -	\$ -	\$ 32,452,372	\$ -
Event center	-	3,159,742	-	-	3,159,742	-
Airport	-	-	1,168,366	-	1,168,366	-
Transit	-	-	-	100,387	100,387	-
Healthcare premiums	-	-	-	-	-	4,177,543
Other	1,182,242	-	-	369,472	1,551,714	780
<b>Total operating revenues</b>	<b>33,634,614</b>	<b>3,159,742</b>	<b>1,168,366</b>	<b>469,859</b>	<b>38,432,581</b>	<b>4,178,323</b>
Operating expenses:						
Utility operations	9,982,751	-	-	-	9,982,751	-
Event center	-	4,826,741	-	-	4,826,741	-
Airport	-	-	1,207,346	-	1,207,346	-
Transit	-	-	-	616,804	616,804	-
Insurance claims and expenses	-	-	-	-	-	4,800,106
Other	40,713	-	-	588,161	628,874	-
Depreciation	6,886,412	1,783,840	611,990	101,549	9,383,791	-
<b>Total operating expenses</b>	<b>16,909,876</b>	<b>6,610,581</b>	<b>1,819,336</b>	<b>1,306,514</b>	<b>26,646,307</b>	<b>4,800,106</b>
<b>Net operating income (loss)</b>	<b>16,724,738</b>	<b>(3,450,839)</b>	<b>(650,970)</b>	<b>(836,655)</b>	<b>11,786,274</b>	<b>(621,783)</b>
Nonoperating revenues (expenses):						
Taxes	-	1,443,195	-	-	1,443,195	-
Miscellaneous revenues	4,650	-	44,880	9,777	59,307	-
Interest income	36,190	-	4,049	92	40,331	15,749
Government grants	-	-	-	195,367	195,367	-
Gain/(loss) on disposition of assets	37,912	-	3,174	(972)	40,114	-
Payments to schools	(1,233,420)	-	-	-	(1,233,420)	-
Interest expense and fiscal charges	(1,182,642)	-	-	(1,031)	(1,183,673)	-
<b>Total nonoperating revenues (expenses)</b>	<b>(2,337,310)</b>	<b>1,443,195</b>	<b>52,103</b>	<b>203,233</b>	<b>(638,779)</b>	<b>15,749</b>
<b>Net income (loss) before capital contributions and transfers</b>	<b>14,387,428</b>	<b>(2,007,644)</b>	<b>(598,867)</b>	<b>(633,422)</b>	<b>11,147,495</b>	<b>(606,034)</b>
Capital grants	-	-	675,971	-	675,971	-
Capital contributions	6,450,901	-	-	-	6,450,901	-
Transfers in	10,680,131	200,000	-	319,000	11,199,131	-
Transfers (out)	(17,352,909)	-	-	-	(17,352,909)	-
<b>Change in net position</b>	<b>14,165,551</b>	<b>(1,807,644)</b>	<b>77,104</b>	<b>(314,422)</b>	<b>12,120,589</b>	<b>(606,034)</b>
Net position, beginning	73,642,198	33,850,968	21,150,461	(64,594)	128,579,033	2,238,703
Net position, ending	<b>\$ 87,807,749</b>	<b>\$ 32,043,324</b>	<b>\$ 21,227,565</b>	<b>\$ (379,016)</b>	<b>\$ 140,699,622</b>	<b>\$ 1,632,669</b>

Change in net position per above

12,120,589

Some amounts reported for business type activities in the Statement of Activities are different because the net revenue the internal service fund is reported with business-type activities.

(62,188)

Change in business-type activities in net position per government-wide financial statements

\$ 12,058,401

The accompanying notes are an integral part of these financial statements.

City of Enid, Oklahoma

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

	Business-Type Activities					
	Enterprise funds				Internal Service	
	Enid Municipal Authority	Enid Event Center and Convention Hall	Woodring Airport	Nonmajor Enterprise Funds	Total	Health Care Fund
Cash flows from operating activities:						
Receipts from customers	\$ 32,454,544	\$ 3,135,161	\$ 1,179,088	\$ 721,901	\$ 37,490,694	\$ 4,178,323
Payments to suppliers	(6,426,941)	(4,797,819)	(901,281)	(277,332)	(12,403,373)	(4,743,620)
Payments to employees	(3,643,798)	(42,491)	(443,172)	(854,097)	(4,983,558)	-
Other receipts	(5,978,477)	-	1,391,616	72,646	(4,514,215)	-
<b>Net cash provided (used) by operating activities</b>	<b>16,405,328</b>	<b>(1,705,149)</b>	<b>1,226,251</b>	<b>(336,882)</b>	<b>15,589,548</b>	<b>(565,297)</b>
Cash flows from noncapital financing activities:						
Taxes	-	1,469,612	-	-	1,469,612	-
Miscellaneous revenues/(expenses)	(1,233,420)	-	44,880	9,777	(1,178,763)	-
Operating transfers in (out)	(6,672,778)	200,000	-	319,000	(6,153,778)	-
<b>Net cash provided (used) by noncapital financing activities</b>	<b>(7,906,198)</b>	<b>1,669,612</b>	<b>44,880</b>	<b>328,777</b>	<b>(5,862,929)</b>	<b>-</b>
Cash flows from capital and related financing activities:						
Proceeds from long-term debt	70,403	-	-	-	70,403	-
Principal paid on long-term debt	(5,224,421)	-	-	(17,518)	(5,241,939)	-
Interest expense and fiscal charges	(891,954)	-	-	(1,082)	(893,036)	-
Capital grants	-	-	384,998	-	384,998	-
Proceeds from sale of capital assets	109,649	-	-	2,250	111,899	-
Acquisition/construction of capital assets	(1,019,289)	-	(2,195,178)	(11,126)	(3,225,593)	-
<b>Net cash (used) by capital and related financing activities</b>	<b>(6,955,612)</b>	<b>-</b>	<b>(1,810,180)</b>	<b>(27,476)</b>	<b>(8,793,268)</b>	<b>-</b>
Cash flows from investing activities:						
Purchases of investments	(1,598,666)	(35,114)	-	-	(1,633,780)	-
Proceeds from sale of investments	-	-	-	-	-	606,462
Interest income	55,148	-	4,049	92	59,289	15,749
<b>Net cash provided (used) by investing activities</b>	<b>(1,543,518)</b>	<b>(35,114)</b>	<b>4,049</b>	<b>92</b>	<b>(1,574,491)</b>	<b>622,211</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>-</b>	<b>(70,651)</b>	<b>(535,000)</b>	<b>(35,489)</b>	<b>(641,140)</b>	<b>56,914</b>
Cash and cash equivalents, beginning	-	356,944	1,317,038	35,489	1,709,471	275,125
Cash and cash equivalents, ending	\$ -	\$ 286,293	\$ 782,038	\$ -	\$ 1,068,331	\$ 332,039

(Continued)

City of Enid, Oklahoma

Statement of Cash Flows—Proprietary Funds (Continued)  
Year Ended June 30, 2016

	Business-Type Activities					Internal Service Health Care Fund
	Enterprise funds				Total	
	Enid Municipal Authority	Enid Event Center and Convention Hall	Woodring Airport	Nonmajor Enterprise Funds		
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Net operating income (loss)	\$ 16,724,738	\$ (3,450,839)	\$ (650,970)	\$ (836,655)	\$ 11,786,274	\$ (621,783)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation	6,886,412	1,783,840	611,990	101,549	9,383,791	-
(Gain) loss on disposal of capital assets	37,912	-	3,174	(972)	40,114	-
(Increases) decrease in assets:						
Receivables	(1,233,390)	(7,263)	10,722	56,675	(1,173,256)	-
Inventories	(75,719)	(22,607)	26,329	-	(71,997)	-
Prepaid expenses	(24,244)	(17,788)	824	(117)	(41,325)	2,663
Due from other funds	-	-	1,000,000	-	1,000,000	-
Pension related deferred outflows	(319,814)	-	(6,640)	(8,953)	(335,407)	-
Increase (decrease) in liabilities:						
Accounts payable and accrued liabilities	(306,465)	(88,626)	(212,173)	7,997	(599,267)	53,823
Due to other funds	(5,978,477)	-	388,443	73,618	(5,516,416)	-
Unearned revenue	-	115,453	-	1,058	116,511	-
Net pension liability	365,767	-	54,552	73,551	493,870	-
Customer deposits	53,320	(17,319)	-	-	36,001	-
Pension related deferred inflows	275,288	-	-	-	275,288	-
<b>Total adjustments</b>	<b>(319,410)</b>	<b>1,745,690</b>	<b>1,877,221</b>	<b>304,406</b>	<b>3,607,907</b>	<b>56,486</b>
<b>Net cash provided (used) by operating activities</b>	<b>\$ 16,405,328</b>	<b>\$ (1,705,149)</b>	<b>\$ 1,226,251</b>	<b>\$ (532,249)</b>	<b>\$ 15,394,181</b>	<b>\$ (565,297)</b>
Supplemental schedule of noncash investing and financial activities:						
Capital contributions	\$ 6,456,901	\$ -	\$ -	\$ -	\$ 6,456,901	\$ -
Assets, acquired under capital lease obligations	\$ 946,932	\$ -	\$ -	\$ -	\$ 946,932	\$ -

The accompanying notes are an integral part of these financial statements.



City of Enid, Oklahoma

Statement of Fiduciary Net Position—Fiduciary Funds  
June 30, 2016

	Agency Funds	Pension Trust Funds
<b>Assets</b>		
Cash and cash equivalents	\$ 19,753	\$ 399,730
Receivables:		
Accrued interest	-	6,205
Investments	10,902	33,281,105
Due from other funds	-	-
Participant loans	-	366,895
<b>Total assets</b>	<u>30,655</u>	<u>34,053,935</u>
<b>Liabilities</b>		
Accounts payable	30,655	-
<b>Total liabilities</b>	<u>\$ 30,655</u>	<u>-</u>
<b>Net position - restricted for pensions</b>		<u>\$ 34,053,935</u>

The accompanying notes are an integral part of these financial statements.

City of Enid, Oklahoma

Statement of Changes in Fiduciary Net Position—Fiduciary Funds  
June 30, 2016

	Pension Trust Funds
<b>Additions:</b>	
Contributions:	
Employer	\$ 968,372
Plan members	679,165
<b>Total contributions</b>	<u>1,647,537</u>
Investment earnings:	
Net increase (decrease) in the fair value of investments	(674,512)
Interest and dividends	439,996
<b>Total investment earnings</b>	<u>(234,516)</u>
<b>Total additions</b>	<u>1,413,021</u>
<b>Deductions:</b>	
Benefits and withdrawals	2,033,587
Administrative expenses	163,634
<b>Total deductions</b>	<u>2,197,221</u>
<b>Change in net position restricted for pensions</b>	(784,200)
Net position restricted for pensions, beginning	<u>34,838,135</u>
Net position restricted for pensions, ending	<u>\$ 34,053,935</u>

The accompanying notes are an integral part of these financial statements.

## City of Enid, Oklahoma

### Notes to Financial Statements June 30, 2016

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#### Note 1. Organization

The City of Enid, Oklahoma, (the City) operates under a Council-Manager form of government under Title 11 of the *Oklahoma Statutes*. The City provides the following services to its citizens: public safety (police and fire), streets and highways, social services, culture and recreation, sanitation and solid waste services, public improvements, water utilities, public works, planning and zoning, development and general administrative services.

#### Note 2. Summary of Significant Accounting Policies

Financial reporting entity: The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations. Thus, blended component units are appropriately presented as funds of the primary government. The City's financial statements do not include any discretely presented component units.

Blended component units: The Enid Municipal Authority (EMA) serves all the citizens of the City and is governed by a board of trustees comprised of the City's elected City Commission members. The City is the sole beneficiary of the EMA and receives all trust properties upon termination. EMA operates the water, wastewater, sanitation collection, and landfill services of the City. The rates for user charges and bond issuance authorizations are approved by the City Commission and the legal liability for the general obligation portion of EMA's debt remains with the City. The City maintains all accounting records. The EMA is presented as an enterprise fund and does not issue separate financial statements.

The Vance Development Authority was established in June 1995 to promote the development of Vance Air Force Base located in Enid, Oklahoma. It is governed by the board of trustees comprised of the City Commission. The City is the sole beneficiary of the Vance Development Authority and receives all trust properties upon termination. The Vance Development Authority is reported as a department of the General Fund and does not issue separate financial statements. The Vance Development Authority's operations are managed by the management of the City and its Board of Commissioners are appointed by the City Council. Additionally, the City Council approves the budget for the Vance Development Authority.

The Enid Public Transportation Authority (EPTA) was established February 7, 1984. The EPTA provides public transportation within the city limits of Enid and North Enid. Transportation is also provided to and from Oklahoma City and Tulsa for a fee sufficient to cover costs. The City of Enid and North Enid have a combined land area of approximately 75 square miles. Estimated ridership of the EPTA is 3,400 trips per month. The type of service offered is on-demand response service. The City of Enid would receive all properties upon termination of the authority. EPTA is presented as a blended enterprise fund and does not issue separate financial statements. The EPTA's operations are managed by the management of the City. Additionally, the City Council approves the budget for the EPTA.

The Enid Economic Development Authority (EEDA) was established April 16, 1987, for economic development purposes, including industrial recruitment and assistance to new and expanding industry with relocation assistance and infrastructure construction. It is governed by a board of trustees comprised of the City's elected City Council. The City is the sole beneficiary of the EEDA and receives all trust property upon termination. The City maintains all accounting records. EEDA is presented as a governmental fund and does not issue separate financial statements.

**Note 2. Summary of Significant Accounting Policies (Continued)**

**Basis of presentation:**

**Government-wide financial statements** - While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the 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. As a general rule, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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. All other governmental revenues are reported as general. All taxes are classified as general revenue.

**Fund financial statements** - The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. Separate statements for each fund category - governmental, proprietary and fiduciary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as Non-major funds.

**Governmental funds** - The City reports the following major governmental funds:

- The general fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The police fund is a special revenue fund which accounts for the resources accumulated from a portion of sales tax revenues and payments made for police operations and capital expenditures and committed revenues from the general fund.
- The fire fund is a special revenue fund which accounts for the resources accumulated from a portion of sales tax revenues and payments made for fire operations and capital expenditures and committed revenues from the general fund.
- The capital improvement fund is a capital project fund which accounts for the resources accumulated from a portion of sales tax revenues and payments made to help fund capital projects for various functions of the City.

City of Enid, Oklahoma

Notes to Financial Statements  
June 30, 2016

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**Note 2. Summary of Significant Accounting Policies (Continued)**

The other governmental funds are reported as nonmajor governmental funds. The aggregate non major governmental funds include debt service funds, special revenue funds, and capital projects funds. Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

**Proprietary funds** - The City reports the following major enterprise funds:

- The Enid Municipal Authority accounts for the City's utility operations including water, wastewater, sanitation and landfill.
- The Enid Event Center and Convention Hall (EECH) accounts for the operations of the Central National Bank Center. It includes the hotel tax revenues and disbursements and the Enid Convention and Visitor's Bureau (ECVB) budget.
- The Woodring Airport Fund accounts for the operations of the City's municipal airport including federal and state grants received for airport improvements.

The City also reports nonmajor enterprise funds.

Additionally, the City reports the following fund types:

- The pension trust funds account for the activities of the Employee Retirement System of Enid, Oklahoma, and the City of Enid, Oklahoma 401(k) Supplement Plan which accumulate resources for pension benefit payments to qualified employees.
- The agency fund accounts for the court bond and CLEET fund deposits.
- The internal service fund accounts for the health and dental benefits administered to City employees.

**Interfund activity** - During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due to/due from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities and business type activities are eliminated so that only the net amount is included as internal balances in the government wide financial statements.

Further, certain activity occurs during the year involving transfer of resources between funds. In the fund financial statements these amounts are reported as transfers in/out. While reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between funds included in the governmental activities and business type activities are eliminated so that only the net amount is included as transfers in the government wide financial statements. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

**Note 2. Summary of Significant Accounting Policies (Continued)**

Measurement focus and basis of accounting: The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied and budgeted for. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. 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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, pensions, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, fines, charges for services, 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. Expenditure-driven grants are recognized as revenue when the eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary and pension benefit trust funds are reported using the economic resources measurement focus and the accrual basis of accounting. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

Proprietary funds distinguish operating revenues and expenses from non-operating 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 enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expense and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**Note 2. Summary of Significant Accounting Policies (Continued)**

**Budgetary information:**

**Budgetary basis of accounting** - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental and enterprise funds. Annual expenditures within a fund may not exceed 90 percent of the budget until actual revenues equal to the estimated amount have been received. No expenditure can exceed the actual amount on hand.

The appropriated budget is prepared by fund and department. The City manager may make transfers of appropriations within a department or between departments. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

**Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance:**

**Cash and cash equivalents** - The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

**Pooled cash and investments** - Certain cash funds and investments belonging to the City and its component units are placed in a pooled cash fund. This "pooled cash" concept is used to maintain the cash and investment accounts in the accounting records. Under this method, all cash is pooled for investment purposes and each participating fund has equity in the pooled accounts. This equity in the pooled cash accounts is allocated to the fund level.

**Statement of cash flows** - For purposes of the statement of cash flows for proprietary fund type funds, the City considers the pooled cash and investments to be cash equivalents as these pooled amounts have the same characteristics of demand deposits.

**Investments** - Investments for the City, as well as for its component units, are reported at fair value, with the exception of certificates of deposit which are reported at cost. Fair value is the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date.

**Receivables** - All trade receivables are shown net of an allowance for uncollectibles. Trade accounts receivable are reserved by aging category as follows:

Current	5%
0 - 30 Days	10%
31 - 60 Days	20%
61 - 90 Days	50%
Over 120 Days	80%

City of Enid, Oklahoma

Notes to Financial Statements  
June 30, 2016

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**Note 2. Summary of Significant Accounting Policies (Continued)**

**Inventories and prepaid items** - Inventories are valued at cost using the lower of cost or market method and consist of warehouse supplies and fuel at the service center, landfill and airport. The cost of inventory is allocated to the user departments based upon consumption.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**Restricted assets** - Certain proceeds of the general obligation bonds, revenue bonds and sales tax notes payable, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate trustee accounts, and their use is limited by applicable debt covenants. Construction accounts are used to report those proceeds of bond and note issuances that are restricted for use in construction.

**Assets held for sale** - Assets acquired with the intent of sale are reported as assets held for sale and carried at lower of cost or market.

**Capital assets** - Capital assets, which include land, construction in progress, buildings, improvements, equipment and vehicles, are reported in the applicable governmental or business-type activities column in the government-wide financial statements, and the proprietary fund financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$10,000 and an estimated useful life of more than one year. As the City acquires or constructs capital assets each year, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated fair value at the date of donation.

Interest incurred during the construction phase of capital assets of enterprise funds is included as part of the capitalized value of the assets constructed. For the year ended June 30, 2016, total interest expense was \$1,183,673. Of this amount, \$310,414 was capitalized during the year.

Land and construction in progress are not depreciated. Buildings, improvements, equipment, and vehicles of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Years
Buildings	20 - 50
Infrastructure	20 - 50
Equipment	3 - 10
Vehicles	5 - 10



**Note 2. Summary of Significant Accounting Policies (Continued)**

**Deferred outflows/inflows of resources** - In addition to assets, the statement of financial 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 so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has one item that qualifies for reporting in this category. Deferred amounts related to pensions are reported as deferred outflows in the government-wide statement of net position.

In addition to liabilities, the statement of financial position 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 so will not be recognized as an inflow of resources (revenue) until that time. The governmental fund balance sheet includes succeeding year property tax revenue, which is reported as a deferred inflow of resources only under the modified accrual basis of accounting. Deferred amounts related to pensions are also reported as deferred inflows in the government-wide statement of net position.

**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 City of Enid Retirement Plan (ERP), the Oklahoma Firefighters Pension and Retirement System (OFPRS), and the Oklahoma Police Pension and Retirement System (OPPRS) and additions to/deductions from ERP's, OFPRS', and OPPRS's fiduciary net position have been determined on the same basis as they are reported by ERP, OFPRS, and 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.

**Compensated absences** - It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is some liability for unpaid accumulated sick leave since the City does pay retiring, full-time regular employees who have accrued 90 days of sick leave \$25 per day up to twelve accrued unused sick leave days per year, except for uniformed police and fire personnel who are paid \$50 per day up to twelve accrued unused sick leave days per year. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. For governmental fund types, the amount of accumulated unpaid vacation which is payable from available resources is recorded as a liability of the respective fund only if they have matured, for example, as a result of employee retirements and resignations.

**Long-term debt** - All long-term debt and capital leases to be repaid from governmental and business-type resources are reported as liabilities in the government-wide and proprietary fund financial statements. Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest are reported as expenditures. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when incurred.

City of Enid, Oklahoma

Notes to Financial Statements  
June 30, 2016

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**Note 2. Summary of Significant Accounting Policies (Continued)**

***Fund balances and net position***

*Fund balances* - Governmental fund balances are classified as nonspendable, restricted, committed, assigned and unassigned as follows:

- a. Nonspendable - includes amounts that cannot be spent because they are either 1) not in spendable form or 2) legally or contractually required to be maintained intact.
- b. Restricted - consists of fund balance with constraints placed on the use of resources either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) laws through constitutional provisions or enabling legislation.
- c. Committed - includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the city's highest level of decision-making authority. The entity's highest level of decision-making authority is made by ordinance.
- d. Assigned - includes amounts that are constrained by the entity's intent to be used for specific purposes but are neither restricted nor committed. Assignments of fund balance may be made by city commission's action or management decision when the city council has designated that authority.
- e. Unassigned - all amounts not included in other spendable classifications. The General Fund is the only fund that would report a positive amount in unassigned fund balance. Residual deficit amounts of other governmental funds would also be reported as unassigned.

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

*Net position* - Net position is displayed in three components as follows:

- a. Net investment in capital assets: consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by outstanding balances of any debt or other borrowings that are attributable to the acquisition, construction or improvement of these assets.
- b. Restricted net position: consists of net position with constraints placed on the use 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 do not meet the definitions of "net investment in capital assets" or "restricted".

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

City of Enid, Oklahoma

Notes to Financial Statements  
June 30, 2016

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**Note 2. Summary of Significant Accounting Policies (Continued)**

**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 the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

**Property taxes** - Property taxes revenue recognized by the City are billed and collected by the county treasurer's office and remitted to the City in the month following the collection. Property taxes are levied annually in November and are due in equal installments on December 31 and March 31. Property taxes unpaid for the fiscal year are attached by an enforceable lien on property in the following November. The City recognizes the tax revenue in the year it is levied by Garfield County. For the years ended June 30, 2016 and 2015, the City's net assessed valuation of taxable real and personal property aggregated \$350,948,966 and \$315,364,261 while the property taxes levied per \$1,000 had a millage rate of .55 in 2016 and no assessed valuation in 2015.

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

The City adopted the following accounting pronouncements in the fiscal year ending June 30, 2016:

- GASB Statement No. 72, *Fair Value Measurement and Application*, issued February 2015, will be effective for the City beginning with its fiscal year ending June 30, 2016. The purpose of GASB 72 is to improve financial reporting by clarifying the definition of fair value for financial reporting purposes, establishing general principles for measuring fair value, providing additional fair value application guidance, and enhancing disclosures about fair value measurement. The implementation of this standard resulted in disclosure updates for the City, which can be seen in Note 3.
- GASB Statement No 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, issued June 2015, will be effective for the City beginning with its fiscal year ending June 30, 2016. The objective of GASB 76 is to identify - in the context of the current governmental financial reporting environment - the hierarchy of generally accepted accounting principles. The implementation of this standard had no financial statement impact to the City.
- GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, issued December 2015, will be effective for the City beginning with its fiscal year ending June 30, 2016. This Statement establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Those disclosures for both the qualifying external investment pools and their participants include information about any limitations or restrictions on participant withdrawals. The implementation of this standard had no financial statement impact to the City.
- GASB Statement No. 82 *Pension Issues*, addresses the presentation of payroll-related measures in required supplementary information, the selection of assumptions and the treatment of deviation from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and the classification of pension payments made by employers to satisfy employee (plan member) contribution requirements. Though required for fiscal years beginning after June 15, 2016, the City elected to implement early and apply to the June 30, 2016 financial statements. The implementation of this standard had no financial statement impact to the City.

City of Enid, Oklahoma

Notes to Financial Statements  
June 30, 2016

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**Note 2. Summary of Significant Accounting Policies (Continued)**

The following pronouncements will be implemented in future periods. The City has not yet evaluated the potential impact these statements will have on its financial statements.

*Fiscal Year Ending June 30, 2017:*

- GASB Statement No 74, *Financial Reporting for Postemployment Benefits Plans Other Than Pension Plans*, issued June 2015, will be effective for the City beginning with its fiscal year ending June 30, 2017. The purpose of GASB 74 is to improve the usefulness of information about postemployment benefits other than pensions included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.
- GASB Statement No. 77, *Tax Abatement Disclosures*, issued August 2015, will be effective for the City beginning with its fiscal year ending June 30, 2017. This statement requires governments to disclose information about their own tax abatements separately from information about tax abatements that are entered into by other governments and reduce the reporting government's tax revenues. The disclosures about the government's own tax abatement agreements includes the purpose of the tax abatement program, the tax being abated, the amount of tax being abated, the provisions of recapturing abated taxes, the types of commitments made by tax abatement recipients, and other commitments made by government in tax abatement agreements. The disclosures about tax abatements that are entered into by other governments and reduce the reporting government's tax revenues includes the name of the government entering into the abatement agreement, the tax being abated, and the amount of the reporting government's tax being abated.
- GASB Statement No. 80, *Blending Requirements for Certain Component Units*, issued January 2016, will be effective for the City beginning with its fiscal year ending June 30, 2017. This Statement 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*.

*Fiscal Year Ending June 30, 2018:*

- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, issued June 2015, will be effective for the City beginning with its fiscal year ending June 30, 2018. This statement addresses accounting and financial reporting for OPEB that is provided to employees of state and local governmental employers. GASB 75 establishes standards for recognizing and measuring liabilities, deferred outflows and inflows of resources, and expense/expenditures. For defined benefit OPEB, GASB 75 identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB are also addressed. The implementation of this standard is expected to have a significant impact on the City's financial statements.

City of Enid, Oklahoma

Notes to Financial Statements  
June 30, 2016

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**Note 2. Summary of Significant Accounting Policies (Continued)**

*Fiscal Year Ending June 30, 2019:*

- 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.

**Subsequent events:** In August 2016, the voters of the City approved a .75 percent sales tax for the construction of the Kaw Lake Pipeline Project. This sales tax will be in effect beginning January 1, 2017 and will continue until March 31, 2052. Additionally, a .25 percent excise tax that was currently levied by the City that was to terminate March 31, 2018 was extended to March 31, 2052.

In December 2016, the Enid Municipal Authority closed on a new note payable, the Series 2016 OWRB Promissory Note for the construction of the Kaw Lake Pipeline Project. The total note proceeds of \$14,385,726 included principal of \$13,985,000 and a net premium of \$400,726. The interest rate on the note ranges between 2.20 percent and 5.20 percent. The note payments commence on April 1, 2017 and the note will reach maturity October 1, 2046.

**City of Enid, Oklahoma**

**Notes to Financial Statements  
June 30, 2016**

**Note 3. Detailed Notes on All Activities and Funds**

**Cash and investments:** The City held the following deposits and investments at June 30, 2016:

Governmental and Proprietary	Carrying Value	Credit Rating	Investment Maturities (in Years)			
			Less than 1	1 - 5	More than 6 - 10	More than 10
Type:						
Demand deposits	\$ 5,813,092	n/a	\$ N/A	\$ N/A	\$ N/A	\$ N/A
Petty cash and change funds	9,500	n/a	N/A	N/A	N/A	N/A
Investments:						
Government money market accounts	20,053,338	Aaa-mf	20,053,338	-	-	-
Time deposits (certificates of deposit)	17,638,098	n/a	3,810,000	13,589,000	239,098	-
U.S. Agency securities	1,000,000	Aaa	-	1,000,000	-	-
<b>Total cash and cash equivalents and investments</b>	<b>\$ 44,514,028</b>		<b>\$ 23,863,338</b>	<b>\$ 14,589,000</b>	<b>\$ 239,098</b>	<b>\$ -</b>
Reconciliation to statement of net position:						
Cash and cash equivalents	\$ 4,850,102					
Investments	17,138,097					
Restricted cash and investments	22,525,829					
	<b>\$ 44,514,028</b>					

Agency and Fiduciary	Fair Value	Credit Rating	Investment Maturities (in Years)			
			Less than 1	1 - 5	More than 6 - 10	More than 10
Demand deposits	\$ 419,483	n/a	\$ N/A	\$ N/A	\$ N/A	\$ N/A
Time deposits (certificates of deposit)	10,902	n/a	2,355	8,399	148	-
Investments:						
Mutual funds - equities	25,441,112	n/a	25,441,112	-	-	-
Mutual funds - corporate bonds	7,417,469	Bb - Aaa	7,417,469	-	-	-
Money market fund	419,554	n/a	419,554	-	-	-
Mutual funds - fixed income	2,970	Aa	2,970	-	-	-
<b>Total cash and cash equivalents and investments</b>	<b>\$ 33,711,490</b>		<b>\$ 33,283,460</b>	<b>\$ 8,399</b>	<b>\$ 148</b>	<b>\$ -</b>

Amounts shown as government money market accounts above are classified as restricted investments in the Statement of Net Position. These money market investments are measured at amortized cost as opposed to their fair value as they have maturity dates of less than one year at the time of purchase.

**Custodial credit risk - deposits** - Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of June 30, 2016, all of the City's bank balances were covered by Federal Depository Insurance or collateralized by securities pledged by the banks and held in safekeeping by another bank. These balances were held in the City's name.

**City of Enid, Oklahoma**

**Notes to Financial Statements  
June 30, 2016**

**Note 3. Detailed Notes on All Activities and Funds (Continued)**

Investments: The City uses a pooled investment concept for all its funds, with the exception of restricted funds in connection with debt securities, to maximize its investment program. Investment income from this internal pooling is allocated to the respective funds based upon the sources of funds invested. State statutes limit investments to the following: a) direct obligations of the U.S. Government, its agencies or instrumentalities; b) collateralized or insured certificates of deposit within the state, and insured certificates only if out of state; c) savings accounts or savings certificates; d) fully collateralized prime banker acceptances, prime commercial paper, repurchase agreements, or SEC regulated money market funds; e) obligations to the payment of which the full faith and credit of the state is pledged; f) county, municipal, or school district and valorem tax funded debt; g) bonds, notes, or money judgments of a county, municipality, or school district; h) revenue anticipation notes of a public trust of which the municipality is beneficiary; or; i) any bond, note, or other debt of any public trust of which the municipality is sole beneficiary, or other entities whose governing boards were appointed by the municipality. The City's investment policy does not further limit its investment choices.

**Fair value measurements** – The City uses the fair value hierarchy established by generally accepted accounting principles based on the valuation inputs used to measure the fair value of the asset. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels. Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date. Level 2 inputs are inputs – other than quoted prices included within Level 1 – that are observable for an asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for an asset or liability. The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

**City of Enid Government Wide Investments**

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Certificates of deposit	\$ -	\$ 17,649,000	\$ -	\$ 17,649,000
US agency securities	-	1,000,000	-	1,000,000
	<u>\$ -</u>	<u>\$ 18,649,000</u>	<u>\$ -</u>	<u>\$ 18,649,000</u>

**City of Enid Retirement Plan**

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Mutual fund - equity	\$ 25,441,112	\$ -	\$ -	\$ 25,441,112
Mutual fund - corporate bonds	7,417,469	-	-	7,417,469
Money market fund	419,554	-	-	419,554
Mutual fund - fixed income	2,970	-	-	2,970
	<u>\$ 33,281,105</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,281,105</u>

As of June 30, 2016, all of the City's investments are valued using Level 2 inputs. The value is determined using quoted prices for similar assets or liabilities in active markets.

City of Enid, Oklahoma

Notes to Financial Statements  
June 30, 2016

**Note 3. Detailed Notes on All Activities and Funds (Continued)**

**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 discloses its exposure to interest rate risk by disclosing the maturity in years of its various investments. The City's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit risk** – Credit risk is the risk that an issuer or other counterparty 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.

**Concentration of credit risk** - The City places no limit on the amount it may invest in anyone issuer. More than 5 percent of the City's investments are in U.S. Agency securities. 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 has no investments that are exposed to this risk

**Custodial credit risk** - For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. It is the City's policy to maintain investment securities that are insured or registered in the City's name and held by the City or its agent in the City's name whenever possible. As of June 30, 2016, the City's investments were not exposed to custodial credit risk as all the City's investments were registered in the name of the City and held by a counterparty.

**Restricted cash and investments:** The amounts reported as restricted cash and investments included unexpended debt proceeds totaling \$970,243 from Series 2008 general obligation bonds set aside as restricted in the capital improvements fund. The Enid Municipal Authority Series 2003 Sales Tax note, 2009 OWRB note, 2010 OWRB note and 2012B OWRB note, and 2015 Revenue note, as well as the EEDA Tax Apportionment Bonds, Series 2005 include restricted cash and investments for sinking funds and reserve funds for repayment of principal and interest when due.

The following is a summary of the debt issuances that require restricted cash and investments to be maintained. The balances as of June 30, 2016 are as follows:

	Governmental Funds	Proprietary Funds	Totals
2008 General Obligation Bonds	\$ 970,243	\$ -	\$ 970,243
EMA 2003 Sales Tax Note	-	85,567	85,567
EMA 2009 OWRB Note	-	88,859	88,859
EMA 2010 OWRB Note	-	981,999	981,999
EMA 2012B OWRB Note	-	205,814	205,814
EMA 2012 Sales Tax Note	-	130,492	130,492
EMA 2015 Revenue Note	-	2,386,711	2,386,711
EEDA 2005 Tax Apportionment Bonds	876,684	-	876,684
EEDA Series 2015 Sales Tax Revenue Note	8,041	-	8,041
Total restricted cash and investments	<u>\$ 1,854,968</u>	<u>\$ 3,879,442</u>	<u>\$ 5,734,410</u>



City of Enid, Oklahoma

Notes to Financial Statements  
June 30, 2016

**Note 3. Detailed Notes on All Activities and Funds (Continued)**

Receivables: Receivables as of June 30, 2016, for the City of Enid's individual major funds and non-major funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

	Receivables					
	Taxes	Accounts	Due from Other Governments	Accrued Interest	Allowance for Doubtful Accounts	Net Receivables
Governmental Activities:						
Fund:						
General	\$ 4,091,993	\$ 57,245	\$ 3,840	\$ -	\$ (4,658)	\$ 4,148,420
Police	138,253	-	50,612	-	-	188,865
Fire	138,253	-	-	-	-	138,253
Non-major governmental funds	233,996	-	655,943	38	-	889,977
Total Governmental Activities	<u>4,602,495</u>	<u>57,245</u>	<u>710,395</u>	<u>38</u>	<u>(4,658)</u>	<u>5,365,515</u>
Business-Type Activities:						
Fund:						
Enid Municipal Authority	-	4,494,462	-	5,464	(172,675)	4,327,251
Enid Event Center and Convention Hall	139,984	156,091	-	-	-	296,075
Woodring Airport	-	56,312	315,995	-	(5,651)	366,656
Nonmajor enterprise funds	-	-	20,325	-	-	20,325
Total Business-Type Activities	<u>139,984</u>	<u>4,706,865</u>	<u>336,320</u>	<u>5,464</u>	<u>(178,326)</u>	<u>5,010,307</u>
Net total receivables	<u>\$ 4,742,479</u>	<u>\$ 4,764,110</u>	<u>\$ 1,046,715</u>	<u>\$ 5,502</u>	<u>\$ (182,984)</u>	<u>\$ 10,375,822</u>

City of Enid, Oklahoma

Notes to Financial Statements  
June 30, 2016

**Note 3. Detailed Notes on All Activities and Funds (Continued)**

Capital assets: Capital asset balances and activities for the year ended June 30, 2016, were as follows:

	Beginning Balance	Increases	Transfers	Decreases	Ending Balance
<b>Governmental activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 5,540,305	\$ 665,488	\$ -	\$ -	\$ 6,205,793
Construction in progress	7,441,196	6,098,985	(4,491,953)	-	9,048,228
Total capital assets, not being depreciated	12,981,501	6,764,473	(4,491,953)	-	15,254,021
Capital assets, being depreciated:					
Buildings	13,457,664	23,215	510,918	-	13,991,797
Infrastructure	82,346,211	-	3,648,596	(13,460)	85,981,347
Equipment	9,947,728	148,249	322,420	(35,785)	10,382,612
Vehicles	10,413,202	597,426	-	(319,059)	10,691,569
Total capital assets, being depreciated	116,164,805	768,890	4,481,934	(368,304)	121,047,325
Less accumulated depreciation for:					
Buildings	(6,573,173)	(592,106)	-	-	(7,165,279)
Infrastructure	(41,671,686)	(3,088,143)	-	13,460	(44,746,369)
Equipment	(7,719,012)	(1,448,553)	10,019	35,784	(9,121,762)
Vehicles	(8,030,878)	(841,536)	-	286,971	(8,585,443)
Total accumulated depreciation	(63,994,749)	(5,970,338)	10,019	336,215	(69,618,853)
Total capital assets, being depreciated, net	52,170,056	(5,201,448)	4,491,953	(32,089)	51,428,472
Governmental activities capital assets, net	\$ 65,151,557	\$ 1,563,025	\$ -	\$ (32,089)	\$ 66,682,493
<b>Business-type activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 7,669,176	\$ -	\$ 9,944	\$ -	\$ 7,679,120
Construction in progress	17,453,344	8,766,093	(3,601,765)	-	22,617,672
Total capital assets, not being depreciated	25,122,520	8,766,093	(3,591,821)	-	30,296,792
Capital assets, being depreciated:					
Buildings	76,772,898	-	522,654	-	77,295,552
Infrastructure	125,655,254	-	2,923,609	-	128,578,863
Equipment	23,042,198	1,100,060	155,576	(79,128)	24,218,706
Vehicles	6,339,047	566,629	-	(181,722)	6,723,954
Total capital assets, being depreciated	231,809,397	1,666,689	3,601,839	(260,850)	236,817,075
Less accumulated depreciation for:					
Buildings	(8,638,466)	(3,894,514)	-	-	(12,532,980)
Infrastructure	(55,347,992)	(3,843,160)	-	-	(59,191,152)
Equipment	(11,455,118)	(1,255,594)	(10,018)	76,878	(12,643,852)
Vehicles	(5,346,706)	(390,523)	-	144,552	(5,592,677)
Total accumulated depreciation	(80,788,282)	(9,383,791)	(10,018)	221,430	(89,960,661)
Total capital assets, being depreciated, net	151,021,115	(7,717,102)	3,591,821	(39,420)	146,856,414
Business-type activities capital assets, net	\$ 176,143,635	\$ 1,048,991	\$ -	\$ (39,420)	\$ 177,153,206

City of Enid, Oklahoma

Notes to Financial Statements  
June 30, 2016

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**Note 3. Detailed Notes on All Activities and Funds (Continued)**

Depreciation expense was charged to functions/programs of the primary government as follows:

**Governmental activities:**

General government	\$ 1,204,300
Public safety	1,179,217
Public works	3,217,664
Cultural and recreation	347,370
Economic development	21,787
Total governmental activities	<u>\$ 5,970,338</u>

**Business-type activities:**

Utility operations	\$ 6,886,412
Airport	611,990
Golf	48,715
Transit	52,834
Event center	1,783,840
Total business-type activities	<u>\$ 9,383,791</u>

**Deposits subject to refund:** Utility customers are required to make a meter deposit which is refunded upon the customer's termination of services, or upon request after twelve months of on-time payments with no cut-offs, provided there are no outstanding bills. Monies are deposited into the pooled cash account, and a liability has been recorded to represent the amount of deposits due to customers. As of June 30, 2016, the liability to customers was \$1,123,626.

The Central National Bank Center receives deposits to reserve the location for future dates. These reservations are secured by a deposit that is paid up front. Events that have not occurred prior to year-end are recorded as customer deposits. Monies are deposited into the CNBC operating account, and a liability has been recorded to represent the amount of deposits due to customers. As of June 30, 2016, the liability to customers was \$35,721.

Appearance bonds and other payments made to the municipal court funds reported in the agency fund financial statements are held until final disposition by the court, at which time they are refunded to the bondholder or paid over to the City general fund as fines.

City of Enid, Oklahoma

Notes to Financial Statements  
June 30, 2016

**Note 3. Detailed Notes on All Activities and Funds (Continued)**

Long-term liabilities: The City's long-term liabilities consist of notes payable, revenue bonds and notes payable, accrued compensated absences, net pension liability, net OPEB obligation, workers' compensation claims, and capital lease obligations. Long-term liabilities transactions for the year ended June 30, 2016, were as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Compensated absences	\$ 1,942,625	\$ 19,781	\$ (29,723)	\$ 1,932,683	\$ 1,111,926
Workers' compensation claims	1,284,909	27,990	(147,775)	1,165,124	337,424
Judgments	436,407	-	(172,520)	263,887	156,579
Notes payable	768,000	2,920,000	(131,000)	3,557,000	366,000
Tax apportionment bonds	3,648,282	-	(799,102)	2,849,180	854,729
Total governmental activities	<u>\$ 8,080,223</u>	<u>\$ 2,967,771</u>	<u>\$ (1,280,120)</u>	9,767,874	2,826,658
Reconciliation to Statement of Net Position:					
Plus: Net pension liability				27,350,303	-
Net OPEB obligation				30,389	-
				<u>\$ 37,148,566</u>	<u>\$ 2,826,658</u>

<b>Business-type activities:</b>					
Compensated absences	\$ 229,484	\$ 13,187	\$ -	\$ 242,671	\$ 212,328
Workers' compensation claims	459,551	7,160	(69,565)	397,146	95,361
Landfill closure and post-closure and other long-term liabilities	2,944,427	192,249	-	3,136,676	-
Revenue bonds	8,445,000	-	(1,445,000)	7,000,000	2,035,000
Notes Payable	47,023,246	-	(3,779,422)	43,243,824	3,865,420
Capital lease obligations	29,332	946,934	(92,080)	884,186	170,929
Total business-type activities	<u>59,131,040</u>	<u>1,159,530</u>	<u>(5,386,067)</u>	54,904,503	6,379,038

Reconciliation to Statement of Net Position:					
Plus: Net pension liability				2,543,455	-
				<u>\$ 57,447,958</u>	<u>\$ 6,379,038</u>

City of Enid, Oklahoma

Notes to Financial Statements  
June 30, 2016

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**Note 3. Detailed Notes on All Activities and Funds (Continued)**

*Governmental activities* long-term debt payable from property tax levies and other revenues, including sales taxes, includes the following:

**Governmental activities:**

Notes payable:

Note payable in the amount of \$1,910,000 with interest in semi-annual installments and principal in 20 annual installments beginning August 1, 2000, with final installment due August 31, 2019, with interest at 1.54% for economic development. Note guaranteed by the U.S. Department of Housing and Urban Development. \$ 637,000

Note payable in the amount of \$2,920,000 with interest in semi-annual installments and principal in 84 monthly installments beginning February 1, 2017 with final installment due January 1, 2023, with interest at 3.03% for economic development. Note will be repaid using future sales tax revenues. 2,920,000

Tax apportionment bonds:

Tax Apportionment Bonds, Series 2005, dated September 22, 2005 and purchased by Advance Foods in the principal amount of \$6,250,000. Bond matures on July 1, 2023 and bears interest at 6.00% per annum. Proceeds of the bonds were used to finance economic development. The bonds will be paid by the incremental increase in Ad valorem tax revenue generated by the development within Increment District No. 1, of the City of Enid. 2,849,180

Total long-term notes and bonds payable for governmental activities \$ 6,406,180

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

**Business-type activities:**

Revenue notes:

\$7,780,000 Sales Tax Revenue Note, Series 2003, issued May 2003 by the Enid Municipal Authority, due in annual installments through June 1, 2018, with interest at 4.10%. The proceeds were used to provide funds to seven area school districts. \$ 1,925,000

Series 2015 Enid Municipal Authority Utility System and Sales Tax Revenue Note to Branch Banking and Trust Company, dated June 30, 2015, in the amount of \$5,615,000, payable in semi-annual installments over 5 years, every January 1, & July 1, including interest at 1.70% for the construction of Willow Road widening, Cleveland & Chestnut intersection, well field improvements and waterline relocation. 5,075,000

Total revenue bonds and notes payable 7,000,000

City of Enid, Oklahoma

Notes to Financial Statements  
June 30, 2016

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**Note 3. Detailed Notes on All Activities and Funds (Continued)**

Note payable:	
Series 1998A note payable to the Oklahoma Water Resources Board, dated September 14, 1998, in the amount of \$1,906,000 payable in semi-annual principal installments beginning February 15, 1999 and maturing August 15, 2018, interest rate of 0.50% with an administrative fee at the rate of 0.50% for improvements.	238,250
Series 2000A note payable to the Oklahoma Resources Board, dated December 27, 2000, in the amount of \$1,184,042 payable in semi-annual principal installments beginning February 15, 2001 and maturing August 15, 2020, interest rate of 0.50% with an administrative fee at the rate of 0.50% for sewer improvements.	266,410
Series 2002A note payable to the Oklahoma Water Resources Board, dated August 14, 2002, in the amount of \$1,080,000 payable in semi-annual principal installments beginning February 15, 2003 and maturing February 15, 2022, interest rate of 0.50% with an administrative fee of 0.50% for sewer improvements.	332,307
Series 2009 drinking water SRF promissory note to Oklahoma Water Resources Board, dated November 20, 2009, in the amount of \$8,345,000, payable in semi-annual payments over twenty years (20), each March 15 and September 15, including interest at 2.37% and an administrative fee of 0.50%, for the purchase and installation of automated metering infrastructure system.	4,014,456
Series 2010 clean water SRF promissory note to the Oklahoma Water Resources Board/ Oklahoma Development Finance Authority, dated May 25, 2011, in the amount of \$39,900,000 payable in semi-annual installments over twenty years (20), each March 15 and September 15, including interest at 2.31% plus an administration fee of 0.50%, for the construction of a wastewater treatment plant. Total drawdowns of funds during the year were \$229,804.	29,470,978
Series 2012 drinking water SRF promissory note to Oklahoma Water Resources Board, dated April 10, 2012, in the amount of \$5,435,000, payable in semi-annual installments over nine (9) years, including interest at 1.75%, for the construction of a new water tower. There were no drawdowns on these funds in the current year.	2,941,423
Series 2012 Enid Municipal Authority Taxable Sales Tax Revenue Note to Bank of Oklahoma, dated January 3, 2012, payable in semi-annual installments, including interest at a variable rate of interest equal to the British Banker's Association LIBOR 6-month rate plus 212 basis points, initially 2.54365% and reset each June 1 and December 1, interest rate 3.1054% at June 30, 2016, to provide funds for construction of a new Events Center and renovation of Convention Hall.	5,980,000
Total notes payable	<u>43,243,824</u>

City of Enid, Oklahoma

Notes to Financial Statements  
June 30, 2016

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**Note 3. Detailed Notes on All Activities and Funds (Continued)**

Capital lease obligations:	
John Deere Credit dated September 15, 2012 with 48 monthly payments of \$622 including interest at 4.30%, for the purchase of a zero turn mower with a remaining net book value of \$1,146.	1,239
PNC Equipment Finance dated October 10, 2012 with 48 monthly payments of \$551 including interest at 5.99%, for the purchase of an aerator with a remaining net book value of \$982.	1,636
De Lage Landen Public Finance LLC dated August 1, 2013 with 60 monthly payments of \$377 including interest at 4.99%, for the purchase of a relief grinder with a remaining net book value of \$5,436.	8,937
Yellowhouse Machinery Co. dated December 17, 2015 with 60 monthly payments of \$7,907 including interest at 2.1%, for the purchase of a landfill compactor with a remaining net book value of \$539,433.	366,938
Yellowhouse Machinery Co. dated December 17, 2015 with 60 monthly payments of \$6,509 including interest at 2.55%, for the purchase of a dozer with a remaining net book value of \$347,248.	505,436
Total capital lease obligations	<u>884,186</u>
Total long-term notes, bonds and capital leases payable for business-type activities	<u><u>\$ 51,128,010</u></u>

Accrued compensated absences of governmental activities is primarily liquidated by the General Fund, Police Fund and Fire Fund. Accrued compensated absences of business-type activities is primarily liquidated by the Enid Municipal Authority.

City of Enid, Oklahoma

Notes to Financial Statements  
June 30, 2016

**Note 3. Detailed Notes on All Activities and Funds (Continued)**

Annual debt service requirements to maturity for governmental and business-type activities long-term debt are as follows:

Year Ending June 30,	Governmental Activities					
	Judgments		Tax Apportionment Bonds		Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 156,579	\$ 13,925	\$ 854,729	\$ 170,951	\$ 366,000	\$ 104,461
2018	107,308	-	906,013	119,667	609,000	88,716
2019	-	-	960,374	65,306	634,000	69,840
2020	-	-	128,064	7,694	663,000	49,902
2021	-	-	-	-	505,000	32,068
2022-2026	-	-	-	-	780,000	19,001
Totals	\$ 263,887	\$ 13,925	\$ 2,849,180	\$ 363,618	\$ 3,557,000	\$ 363,988

Year Ending June 30,	Business-Type Activities					
	Revenue Notes		Capital Lease		Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 2,035,000	\$ 160,610	\$ 170,929	\$ 21,078	\$ 3,865,420	\$ 1,233,875
2018	2,090,000	103,250	160,479	16,893	3,950,207	1,163,758
2019	1,130,000	44,115	160,596	12,765	3,993,980	1,101,270
2020	1,160,000	24,778	164,459	8,525	4,032,221	1,039,676
2021	585,000	4,973	227,723	2,971	2,859,609	856,110
2022-2026	-	-	-	-	10,450,341	2,789,083
2027-2031	-	-	-	-	11,833,833	1,201,789
2032-2036	-	-	-	-	2,258,213	48,589
Totals	\$ 7,000,000	\$ 337,726	\$ 884,186	\$ 62,232	\$ 43,243,824	\$ 9,434,150



**City of Enid, Oklahoma**

**Notes to Financial Statements  
June 30, 2016**

**Note 3. Detailed Notes on All Activities and Funds (Continued)**

***Pledged Revenues***

<u>Description of Pledge</u>	<u>Remaining Principal &amp; Interest</u>	<u>Current Year Debt Service</u>	<u>Pledged Revenues</u>	<u>Debt Payment as % of Pledged Revenue</u>
<b><u>Governmental Type Activities:</u></b>				
<b>Series 2010A:</b> The City has pledged the proceeds from Community Development Block Grant under section 108 of the Housing and Community Development Act, to repay HUD Note B-99-MC-40-0007, Series 2010A. The note is payable through 2020 and was used to acquire Phillips University Campus in 1998.	678,948	151,664	375,956	40.34%
<b>2015 Sales Tax Revenue Note:</b> The City has pledged the proceeds from a .125 percent sales tax, to repay the Series 2015 Sales Tax Revenue Note. The bond is payable through 2023 and was used to provide funds to promote local economic development by providing economic incentives for the redevelopment of underutilized property.	3,242,039	39,077	1,043,774	3.74%
<b>2005 Tax Apportionment Bonds:</b> The City has pledged the proceeds from ad valorem tax increments within Increment District No. 1 to repay the 2005 Tax Apportionment Bonds. The bond is payable through 2020 and was used to construct manufacturing facilities at Advance Foods.	3,268,623	1,017,999	1,052,962	96.68%
<b><u>Business Type Activities:</u></b>				
<b>Series 2003 Revenue Note:</b> The City has pledged the proceeds from a 0.25 percent sales tax to repay the Series 2003 sales tax revenue note. The note is payable through 2020 and was used to finance school infrastructure improvements.	2,044,105	1,021,030	2,249,928	45.38%
<b>Series 2015 Revenue Note:</b> The City has pledged the proceeds from a 1 percent sales tax, along with utility revenues, to repay the Enid Municipal Authority Sales Tax Revenue Note, Taxable Series 2015. The note is payable through 2020 and was used to make capital improvements, including street, utility line relocation, water well field improvements and replacement of wells and engineering costs associated with alternate water supply development.	5,293,620	587,993	31,703,438	1.85%
<b>Series 1998A:</b> The City has pledged the proceeds from a 1 percent sales tax, along with utility revenues, to repay the Series 1998A clean water SRF Promissory Note to the Oklahoma Water Resources Board. The bond is payable through 2019 and was used to finance sanitary sewer system improvements.	240,062	96,869	31,703,438	0.31%
<b>Series 2000A:</b> The City has pledged the proceeds from a 1 percent sales tax, along with utility revenues, to repay the Series 2000A clean water SRF Promissory Note to the Oklahoma Water Resources Board. The bond is payable through 2021 and was used to finance Upper Boggy Creek Relief Line.	269,787	60,777	31,703,438	0.19%
<b>Series 2002A:</b> The City has pledged the proceeds from a 1 percent sales tax, along with utility revenues, to repay the Series 2002A clean water SRF Promissory Note to the Oklahoma Water Resources Board. The bond is payable through 2022 and was used to finance Upper North Boggy Creek Relief Line.	337,785	57,280	31,703,438	0.18%

**City of Enid, Oklahoma**

**Notes to Financial Statements  
June 30, 2016**

**Note 3. Detailed Notes on All Activities and Funds (Continued)**

**Series 2009:** The City has pledged the proceeds from a 1 percent sales tax, along with utility revenues, to repay the Series 2009 drinking water SRF Promissory Note to the Oklahoma Water Resources Board. The bond is payable through 2031 and was used to finance an automated meter infrastructure.

4,810,516      328,836      31,703,438      1.04%

**Series 2010:** The City has pledged the proceeds from a 1 percent sales tax, along with utility revenues, to repay the Series 2010 clean water SRF Promissory Note to the Oklahoma Water Resources Board. The bond is payable through 2032 and was used to finance a new wastewater treatment facility.

36,908,823      2,306,801      31,703,438      7.28%

**Series 2012:** The City has pledged the proceeds from a 1 percent sales tax, along with utility revenues, to repay the Series 2012 drinking water SRF Promissory Note to the Oklahoma Water Resources Board. The bond is payable through 2021 and was used to finance two water towers.

3,086,999      617,400      31,703,438      1.95%

**2012 Sales Tax Revenue Note:** The City has pledged the proceeds from a 0.5 percent of the first 1 percent of a 2 percent sales tax, to repay the Enid Municipal Authority Sales Tax Revenue Note, Taxable Series 2012. The note is payable through 2021 and was used to construct the Enid Event Center & Convention Hall renovation.

7,024,000      1,597,000      4,127,212      38.69%

Judgments: Judgments against the City may be paid by a property tax assessment over a three-year period.

Interfund receivables, payables and transfers: The composition of interfund balances as of June 30, 2016, is as follows:

Due to/due from other funds:

Receivable Fund	Payable Fund	Amount	Nature of Interfund Balances
Enid Municipal Authority	General Fund	\$ 1,309,831	Restricted sales tax payable
Capital Improvement Fund	Woodring Airport	388,442	Negative share of pooled cash
Capital Improvement Fund	Meadowlake Golf Course	288,380	Negative share of pooled cash
		<u>676,822</u>	
General Fund	Enid Economic Development Authority	264,843	Negative share of pooled cash
General Fund	Enid Public Transportation Authority	295,032	Negative share of pooled cash
General Fund	Enid Municipal Authority	4,436,228	Negative share of pooled cash
		<u>4,996,103</u>	
	Totals	<u>\$ 6,982,756</u>	

	Due From Other Funds	Due To Other Funds	Net Internal Balances
Reconciliation to statement of net position:			
Governmental funds	\$ 5,672,925	\$ (1,574,674)	\$ 4,098,251
Proprietary funds	1,309,831	(5,408,082)	(4,098,251)
Total	<u>\$ 6,982,756</u>	<u>\$ (6,982,756)</u>	<u>\$ -</u>

**City of Enid, Oklahoma**

**Notes to Financial Statements  
June 30, 2016**

**Note 3. Detailed Notes on All Activities and Funds (Continued)**

Interfund transfers:

Transfer In	Transfer Out	Amount	Reason for Transfer
General	Enid Municipal Authority	\$ 5,857,720	Operations
Police	General	7,449,000	Committed revenues for public safety
Fire	General	6,303,000	Committed revenues for public safety
Capital Improvements	Enid Municipal Authority	5,642,087	Capital projects
Water Capital Improvements	Enid Municipal Authority	1,290,000	Water capital projects
Community Intervention Center	General	40,000	Operations
Community Intervention Center	Police	75,000	Operations
911	Police	100,000	Operations
911	Fire	50,000	Operations
Street and Alley	Enid Municipal Authority	28,781	Local street program
Stormwater	Enid Municipal Authority	1,698,693	Stormwater fees for capital projects
Enid Economic Development Authority	General	164,000	Operations
Enid Economic Development Authority	Enid Municipal Authority	1,512,869	Economic development project
Sanitary Sewer	Enid Municipal Authority	1,122,759	Sanitary sewer fees for capital projects
Enid Municipal Authority	Street Improvement	80,015	Street design and improvements
Enid Municipal Authority	General	10,600,116	Sales tax transfer
Enid Event Center and Convention Hall	Enid Municipal Authority	200,000	Runway extension project
Meadowlake Golf Course	General	199,000	Operations
Enid Public Transportation	General	120,000	Grant match
		<u>\$ 42,533,040</u>	

	Transfer In	Transfer Out
Governmental funds:		
General fund	\$ 5,857,720	\$ 24,875,116
Police fund	7,449,000	175,000
Fire fund	6,303,000	50,000
Capital Improvement fund	5,642,087	-
Nonmajor governmental	6,082,102	80,015
	<u>31,333,909</u>	<u>25,180,131</u>
	<u>(25,180,131)</u>	
Per statement of activities	<u>\$ 6,153,778</u>	
Proprietary funds:		
Enid Municipal Authority	\$ 10,680,131	\$ 17,352,909
Enid Event Center	200,000	-
Nonmajor enterprise	319,000	-
	<u>11,199,131</u>	<u>17,352,909</u>
	<u>(17,352,909)</u>	
Per statement of activities	<u>\$ (6,153,778)</u>	

City of Enid, Oklahoma

Notes to Financial Statements  
June 30, 2016

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**Note 3. Detailed Notes on All Activities and Funds (Continued)**

Landfill closure and post-closure liability: Federal and State regulations require the City to place a final cover on its landfill site when it stops accepting waste, and to perform certain maintenance and monitoring functions at the site for thirty (30) years after closure. Although closure and post-closure care costs will be paid only near or after the date the landfill stops accepting waste, the City reports a portion of those costs as an operating expense of the Enid Municipal Authority each fiscal year. The amount of the current period expense is based upon the amount of landfill capacity used as of each fiscal year-end as adjusted by actual usage and estimates.

The \$3,136,676 reported as other noncurrent liabilities for the accrued landfill closure cost liability as of June 30, 2016, represents the cumulative amount of such cost reported to date based on the use of approximately 65 percent of the estimated capacity of the landfill. The Enid Municipal Authority will recognize the remaining estimated costs of closure and post-closure care in the amount of \$1,322,970 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care in 2016.

The City expects to close the landfill in 2039. Actual costs may be more or less at that time than are currently estimated. The estimated closure and post-closure costs and the accrued liability as of June 30, 2016, are as follows:

Estimated closure costs	\$ 3,289,788
Estimated post-closure costs	1,322,970
Total estimated costs	<u>\$ 4,612,758</u>
Accrued closure costs	<u>\$ 3,136,676</u>
Current costs charged to expense	<u>\$ 192,249</u>

The City qualified under the State of Oklahoma Department of Environmental Quality (DEQ) financial assurance test relating to these future closure and post-closure costs, whereby the City's overall financial condition and other submitted information serves as evidence of the City's ability to pay for the closure and post-closure care costs when the landfill is actually closed.

**Note 4. Revenues, Expenditures and Expenses**

Sales tax: The sales tax rate in the City of Enid is 8.35 percent. The State of Oklahoma receives 4.5 percent and the City receives 3.50 percent and Garfield County receives .35 percent. The 3.50 percent for the City of Enid is broken down as follows:

- 2 percent remains in the General Fund to fund City operations.
- 1 percent is transferred to the Enid Municipal Authority to pay for capital infrastructure and water bond debt.
- ¼ percent is restricted for the Police and Fire Fund to pay for capital items.
- ¼ percent is transferred to the Enid Municipal Authority to pay for the 2003 School Bond debt.

The use tax mirrors the sales tax rate and applies to purchases by a resident or business in Enid for the use, storage or consumption of goods in Oklahoma that were purchased outside of the state.

**City of Enid, Oklahoma**

**Notes to Financial Statements  
June 30, 2016**

**Note 5. Retirement Plans**

**Employee Retirement Systems and Pension Plans:**

The City of Enid participates in five employee pension systems as follows:

Name of System	Type of System
Oklahoma Police Pension and Retirement System	Cost-Sharing Multiple Employer - Defined Benefit Plan
Oklahoma Firefighters' Pension and Retirement System	Cost-Sharing Multiple Employer - Defined Benefit Plan
The Employee Retirement System of Enid, Oklahoma	Single Employer Defined Benefit Plan
City of Enid, Oklahoma 401(K) Supplement Plan	Single Employer Defined Contribution Plan
ICMA Section 457 Deferred Compensation Plan	Single Employer Deferred Compensation Plan

*Oklahoma Police and Firefighters' Pension and Retirement System*

The City of Enid participates in two statewide cost-sharing multi-employer defined benefit plans on behalf of City Police and Firefighters. Both the Police and the Firefighters' systems are funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary.

The following table provides the eligibility factors, contribution methods, and benefit provisions for the Police and Firefighters' pension and retirement systems:

	Oklahoma Police Pension and Retirement System	Oklahoma Firefighters' Pension and Retirement System
Obtaining separately issued financial statements	Police Pension and Retirement 1001 N.W. 63rd Street, Suite 605 Oklahoma City, OK 73116-7335	Firefighters' Pension and Retirement 4545 N. Lincoln Blvd., Suite 265 Oklahoma City, OK 73105-3414
Authority establishing contribution obligations and benefits	Title 11 of the Oklahoma State Statutes. The authority to establish and amend benefit provisions and contribution requirements rests with the state legislature.	Title 11 of the Oklahoma State Statutes. The authority to establish and amend benefit provisions and contribution requirements rests with the state legislature.
Eligibility to participate	All full-time officers employed by a participating municipality; age not less than 21 nor more than 45 when accepted for membership	All full-time firefighters of participating municipalities and fire protection districts; minimum age 18, maximum age 45 when accepted for membership
Member contributions	8% of base salary.	9% of base salary.
Employer contributions	13% of eligible salary.	14% of eligible salary.
Benefit provisions	The Police System provides defined retirement benefits based on members' final average compensation, age and terms of service. In addition, the Police System provides for death and disability benefits. Title 11 of the Oklahoma Statutes, Section 50-101 defines all retirement benefits.	The Firefighters' System provides defined retirement benefits based on members' final average compensation, age and terms of service. In addition, the Firefighters' System provides for death and disability benefits. Title 11 of the Oklahoma Statutes, Section 49-101 defines all retirement benefits.

City of Enid, Oklahoma

Notes to Financial Statements  
June 30, 2016

**Note 5. Retirement Plans (Continued)**

The City has recognized the following in the government wide statements related to pensions:

	Governmental Activities	Business- Type Activities	Total
<b>Net Pension Liability</b>			
Police Pension System	\$ 67,708	\$ -	\$ 67,708
Firefighter's Pension System	20,396,061	-	20,396,061
City of Enid Retirement Plan	6,886,534	2,543,455	9,429,989
Total Net Pension Liability	<u>\$ 27,350,303</u>	<u>\$ 2,543,455</u>	<u>\$ 29,893,758</u>
<b>Deferred Outflows of Resources</b>			
Police Pension System	\$ 1,174,972	\$ -	\$ 1,174,972
Firefighter's Pension System	3,082,049	-	3,082,049
City of Enid Retirement Plan	3,343,771	1,266,681	4,610,452
Total Deferred Outflows of Resources	<u>\$ 7,600,792</u>	<u>\$ 1,266,681</u>	<u>\$ 8,867,473</u>
<b>Deferred Inflows of Resources</b>			
Police Pension System	\$ 1,243,477	\$ -	\$ 1,243,477
Firefighter's Pension System	3,313,839	-	3,313,839
City of Enid Retirement Plan	869,646	371,702	1,241,348
Total Deferred Inflows of Resources	<u>\$ 5,426,962</u>	<u>\$ 371,702</u>	<u>\$ 5,798,664</u>

**Oklahoma Police Pension and Retirement System**

Pension liabilities, pension expense, and deferred outflow and inflows of resources related to pension: On June 30, 2016, the City reported a liability of \$67,708 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015. The City's proportion of the net pension liability was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2015. Based upon this information, the City's proportionate share was 1.66056 percent.

For the year ended June 30, 2016, the City recognized \$253,510 in pension expense. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 374,399
Net difference between projected and actual earnings on pension plan investments	-	260,538
Changes in proportion and differences between City contributions and proportionate share of contributions	-	43,757
State contributions subsequent to the measurement date	564,783	564,783
City contributions subsequent to the measurement date	610,189	-
Total	<u>\$ 1,174,972</u>	<u>\$ 1,243,477</u>

City of Enid, Oklahoma

Notes to Financial Statements  
June 30, 2016

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**Note 5. Retirement Plans (Continued)**

Amortization of pension deferrals: \$1,174,972 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2016. Of this amount, \$564,783 will be contributed by the State as contributions to the plan and are recorded as deferred inflows. Deferred outflows of resources are being amortized over a closed period equal to the average of the expected service lives of all employees as of the beginning of the measurement period, which was 5.77 years and 5.83 years as of June 30, 2015 and 2014, respectively. The deferred inflows relates to the difference between expected and actual investment earnings and is being amortized over a closed 5-year period as of the beginning of each measurement period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ended June 30,	
2016	\$ (284,276)
2017	(284,276)
2018	(284,276)
2019	215,843
2020	(35,869)
Thereafter	(5,840)
	<u>\$ (678,694)</u>

Actuarial assumptions: The total pension liability was determined by an actuarial valuation as of July 1, 2015 actuarial valuation using the following actuarial assumptions, applied to all periods included in the measurement:

<u>Inflation</u>	3%
<u>Salary increases</u>	4.5% to 17% average, including inflations
<u>Investment rate of return</u>	7.5% net of pension plan investment expense
<u>Mortality rates</u>	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.

The actuarial assumptions used in the June 30, 2015, valuation were based on the results of an actuarial experience study for the period July 1, 2007 to June 30, 2012.

City of Enid, Oklahoma

Notes to Financial Statements  
June 30, 2016

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**Note 5. Retirement Plans (Continued)**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015, are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Fixed income	2.24%
Domestic equity	4.87%
International equity	7.68%
Real estate	5.47%
Private equity	5.80%
Commodities	2.96%

The current allocation policy is that approximately 60 percent of assets in equity instruments, including public equity, long-short hedge, venture capital, and private equity strategies; 25 percent 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 percent 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 percent. 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 the City will be made at contractually required rates, determined by Oklahoma Statutes. Projected cash flows also assume the State of Oklahoma will continue contributing 14 percent 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 asset/liability to changes in the discount rate: The following presents the net pension liability of the City, calculated using the discount rate of 7.5 percent, as well as what the plan's net pension (asset) liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5 percent) or 1-percentage point higher (8.5 percent) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
City's net pension liability (asset)	\$ 4,068,390	\$ 67,708	\$ (3,305,145)

Payables to the pension plan: There are no payables to the pension plan for the year ended June 30, 2016.



**City of Enid, Oklahoma**

**Notes to Financial Statements  
June 30, 2016**

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**Note 5. Retirement Plans (Continued)**

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

**Oklahoma Firefighter's Pension and Retirement System**

Pension liabilities, pension expense, and deferred outflow and inflows of resources related to pension: On June 30, 2016, the City reported a net pension liability of \$20,396,061 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015. The City's proportion of the net pension liability was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2015. Based upon this information, the City's proportionate share was 1.9216033 percent.

For the year ended June 30, 2016, the City recognized \$1,732,528 in pension expense. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 402,962	\$ -
Net difference between projected and actual earnings on pension plan investments	-	1,520,380
Changes in proportion and differences between City contributions and proportionate share of contributions	155,732	-
State contributions subsequent to the measurement date	1,793,459	1,793,459
City contributions subsequent to the measurement date	729,896	-
Total	<u>\$ 3,082,049</u>	<u>\$ 3,313,839</u>

Amortization of pension deferrals: \$2,528,498 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Of this amount, \$1,793,459 will be contributed by the State as contributions to the plan and are recorded as deferred inflows. Deferred outflows of resources are being amortized over a closed period equal to the average of the expected service lives of all employees as of the beginning of the measurement period, which was 6.31 years and 6.37 years as of June 30, 2015 and 2014, respectively. The deferred inflows relates to the difference between expected and actual investment earnings and is being amortized over a closed 5-year period as of the beginning of each measurement period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ended June 30,	
2016	\$ (446,311)
2017	(446,311)
2018	(446,311)
2019	301,499
2020	65,500
Thereafter	10,248
	<u>\$ (961,686)</u>

City of Enid, Oklahoma

Notes to Financial Statements  
June 30, 2016

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**Note 5. Retirement Plans (Continued)**

Actuarial assumptions: The total pension liability was determined by an actuarial valuation as of July 1, 2015 actuarial valuation using the following actuarial assumptions, applied to all periods included in the measurement:

<u>Inflation</u>	3%
<u>Salary increases</u>	3.5% to 9.0% average, including inflations
<u>Investment rate of return</u>	7.5% net of pension plan investment expense
<u>Mortality rates</u>	Based on RP-2000 combined healthy with blue collared adjustment as appropriate, with adjustments for generational mortality improvement using scale AA for healthy lives and no mortality improvement for disabled lives.

The actuarial assumptions used in the July 1, 2015, valuation were based on the results of an actuarial experience study for the period July 1, 2007 to June 30, 2012.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	20%	5.13%
Domestic equity	37%	8.02%
International equity	20%	9.94%
Real estate	10%	7.47%
Other assets	13%	6.25%

Discount rate: The discount rate used to measure the total pension liability was 7.5 percent. 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 the City will be made at contractually required rates, determined by Oklahoma Statutes. Projected cash flows also assume the State of Oklahoma will continue contributing 36 percent 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.

**City of Enid, Oklahoma**

**Notes to Financial Statements  
June 30, 2016**

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**Note 5. Retirement Plans (Continued)**

Sensitivity of the net pension liability to changes in the discount rate: The following presents the net pension liability of the City, calculated using the discount rate of 7.5 percent, 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 percent) or 1-percentage point higher (8.5 percent) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
City's net pension liability (asset)	\$ 26,482,150	\$ 20,396,061	\$ 15,291,635

Payables to the pension plan: There are no payables to the pension plan for the year ended June 30, 2016.

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 OFPRS; which can be located at [www.ok.gov/FPRS](http://www.ok.gov/FPRS).

On-behalf payments for retirement: For the year ended June 30, 2016, the State of Oklahoma contributed approximately \$582,000 to the Oklahoma Police Pension and Retirement System on behalf of the City. The State of Oklahoma also contributed approximately \$1,808,000 on behalf of the City to the Oklahoma Firefighters' Pension and Retirement System. These amounts have been recorded as both a revenue and expenditure of the Police and Fire in the governmental funds financial statements.

Related party investments: As of June 30, 2016 the Systems held no related-party investments of the City of Enid or of its related entities.

***Employee Retirement System of Enid, Oklahoma***

**General information about the pension plan:**

Plan description: The Employee Retirement System of Enid, Oklahoma (the Plan) is a single-employer defined benefit pension plan administered by the City of Enid's management, with assets managed by Wells Fargo. The Plan provides retirement, disability, and death benefits to Plan members and beneficiaries.

The Plan does not issue a stand-alone financial report, and is not included in the report of a public employee retirement system or a report of another entity.

The Plan is managed by a retirement committee composed of the City Manager, Chief Financial Officer, Human Resources Director, and an at-large employee. Meetings are held as needed but at least annually.

Basis of accounting: The Plan's financial statements are prepared using the accrual basis of accounting. Employer and plan member contributions are recognized in the period that the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Method used to value investments: The Plan's investments are reported at fair value. Securities traded on national exchanges are valued at the last reported sales price. Investments that do not have a quoted market price are reported at estimated fair value.

City of Enid, Oklahoma

Notes to Financial Statements  
June 30, 2016

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**Note 5. Retirement Plans (Continued)**

Membership information: Membership in the Plan is provided for all full-time employees after one year of service except uniformed police and fire personnel, who are covered by their respective state retirement plans. At January 1, 2016, there were 474 plan participants. Administrative costs are financed through investment earnings.

Contributions: Benefits are entirely funded by employer contributions as determined at an actuarially determined rate. The current rate is 6.50 percent of annual covered payroll. Significant actuarial assumptions used to compute the actuarially determined contribution requirements are the same as those used to compute the pension benefit obligation. The contribution requirements are in accordance with the City ordinance. Plan provisions and contribution requirements are established and may be amended by the City Council.

Benefits: Benefits vest after five years of credited service and participation. Employees, who retire at age 65 or completion of five years of service, if later, are entitled to an annual retirement benefit, payable monthly in an amount equal to .85 percent of average compensation for each year (up to 35 years) that the employee participates in the plan plus .65 percent of average basic earnings in excess of \$6,600 for each year (up to 35 years) the employee participates in the plan. After 35 years of service, the benefit is 1.2 percent of average compensation. Normal retirement is at age 65, but full accrued benefits are provided at age 62 with 15 years of service, or under the Rule of 85.

An employee is eligible for an early retirement benefit once he has attained age 55 and has completed five years of service. The amount of benefit is determined based on normal retirement computation; then reduced ½ of 1 percent for each month the participant is from age 65. A late retirement benefit is computed in the same manner as a normal retirement based on average salary and credited service as of the termination of employment.

Employee contributions are returned with interest if their employment is terminated prior to completion of the years of service needed for vesting. A death benefit is payable after five years of service based on 50 percent of the employee's accrued benefit. This benefit is payable for life or until remarriage of the surviving spouse.

Related party investments: As of June 30, 2016 the Systems held no related-party investments of the City of Enid or of its related entities.

Investments: Investments consist of the following at June 30, 2016:

Mutual fund - equities	\$ 15,799,296
Mutual funds - corporate bonds	6,079,025
Total investments	<u>\$ 21,878,321</u>

The money weighted rate of return for the year ended June 30, 2016 was -2.57 percent.

**City of Enid, Oklahoma**

**Notes to Financial Statements  
June 30, 2016**

**Note 5. Retirement Plans (Continued)**

**Net pension liability:**

The City's 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 that date.

Total pension liability	\$ 31,668,231
Plan fiduciary net pension	22,238,241
Net pension liability	<u>\$ 9,429,990</u>

Actuarial assumptions: The total pension liability in the July 1, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date:	July 1, 2015
Actuarial cost method:	Entry Age Normal
Investment rate of return:	7.0%
Inflation:	3.0%
Projected salary increases:	4.75%
Mortality rates:	RP2014 Fully Generational Scale MP-2015 Combined

Discount rate: A blended discount rate of 6.23 percent was used to measure the total pension liability. This was based on the expected rate of return on pension plan investments of 7.0 percent and the municipal bond rate 2.85 percent. The projection of cash flows used to determine the discount rate assumed that contributions from the City would be made at the current contribution policy of 8.5 percent.

**Changes in the net pension liability:**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at June 30, 2015	\$ 31,113,345	\$ 23,122,690	\$ 7,990,655
Changes for the year:			
Service cost	670,226	-	670,226
Interest	1,779,631	-	1,779,631
Differences between expected and actual experience	916,889	-	916,889
Assumption changes	(1,783,421)	-	(1,783,421)
Contributions - employer	-	614,577	(614,577)
Contributions - employee	-	-	-
Net investment income	-	(348,572)	348,572
Benefit payments, including refunds of contributions	(1,028,439)	(1,028,439)	-
Administrative expenses	-	(122,015)	122,015
Net changes	554,886	(884,449)	1,439,335
Balance at June 30, 2016	<u>\$ 31,668,231</u>	<u>\$ 22,238,241</u>	<u>\$ 9,429,990</u>

City of Enid, Oklahoma

Notes to Financial Statements  
June 30, 2016

**Note 5. Retirement Plans (Continued)**

**Sensitivity of the net pension liability to changes in the discount rate:**

The following presents the Plan's estimated net pension liability, calculated using a single discount rate of 6.0 percent, as well as what the Plan's net pension liability would be if it were calculated using a single discount rate that is 1.0 percent higher or lower:

	1% Decrease (5.23%)	Current Discount Rate (6.23%)	1% Increase (7.23%)
City's net pension liability (asset)	\$ 13,596,391	\$ 9,429,990	\$ 5,962,092

**Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions:**

For the year ended June 30, 2016, the City recognized pension expense of \$2,165,754 related to the Employee Retirement System. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 717,714	\$ -
Changes of assumptions	953,392	(1,241,348)
Net difference between projected and actual earnings on pension plan investments	2,325,741	-
City contributions subsequent to the measurement date	613,605	-
Total	<u>\$ 4,610,452</u>	<u>\$ (1,241,348)</u>

Amortization of pension deferrals: \$613,605 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Deferred outflows of resources are being amortized over a closed period equal to the average of the expected service lives of all employees as of the beginning of the measurement period, which was 3.29 years and 3.51 years as of June 30, 2016 and 2015, respectively. The deferred inflows relates to the difference between expected and actual investment earnings and is being amortized over a closed 5-year period as of the beginning of each measurement period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ended June 30,	
2016	\$ 1,065,993
2017	730,811
2018	568,951
2019	389,744
2020	-
	<u>\$ 2,755,499</u>

City of Enid, Oklahoma

Notes to Financial Statements  
June 30, 2016

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**Note 5. Retirement Plans (Continued)**

*401(k) Supplement Plan*

The City also maintains the City of Enid, Oklahoma 401(k) Supplement Plan (the Supplement), a defined contribution pension plan for other than employees covered under the OPFRS or OFFRS plans. Employees are eligible to participate in the Supplement upon employment, provided they are at least 21 years of age, with vesting in employer contributions upon contribution by the City. Participants may elect to make voluntary contributions through regular payroll deductions up to allowable IRS limits, with the City making matching contributions to those participants' accounts at a rate of 100 percent of the was made in July 2016 to match 100 percent of the employees' compensation up to 4%. Contributions to the 401(k) Plan, plus earnings, constitute retirement benefits from this plan.

Fiscal Year	City of Enid 401(k) Plan	
	Required Contribution	Percentage Contributed
2013	\$ 521,071	100%
2014	711,308	100%
2015	657,964	100%
2016	353,794	100%

*ICMA Plan*

The City also allows all employees to make voluntary contributions with no employer match to a Section 457 Deferred Compensation plan maintained by the ICMA Retirement Corporation.

**Note 6. Other Information**

Risk management: The City of Enid is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; employee health and life; and natural disasters.

The City of Enid manages these various risks of loss as follows:

- *General liability* - Covered through a purchased insurance with a deductible that varies from \$0 to \$10,000, per occurrence depending on the type of liability.
- *Physical property* - Covered through purchased insurance with a deductible of \$10,000 per occurrence.
- *Workers' compensation* - Workers' compensation is covered through self-insurance with the City of Enid administering the claims process. The City of Enid also has a stop-loss policy which covers individual claims in excess of \$1,000,000.
- *Employee's group medical* - Covered through self-insurance using a third party administrator to process medical claims. The City of Enid uses the third party processor's estimates to record group insurance claims payable. The City of Enid also has a stop-loss policy which covers individual claims in excess of \$150,000 during any year.

**City of Enid, Oklahoma**

**Notes to Financial Statements  
June 30, 2016**

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**Note 6. Other Information (Continued)**

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

Claims liability analysis:

	Balance at Beginning of Year	Current Year Claims and Changes in Estimates	Claim Payments	Balance at End of Year
Medical claims	\$ 312,377	\$ 3,906,812	\$ 3,854,213	\$ 364,976
Workers' compensation claims	\$ 1,744,462	\$ 3,520,391	\$ 3,702,583	\$ 1,562,270

Contingent liabilities: Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's counsel the ultimate resolution of these matters will not have a significant adverse effect on the financial condition of the City.

***Post-Employment Benefits Other Than Retirement***

Plan description: The City provides postemployment healthcare benefits (OPEB) for retired employees and their dependents through the City of Enid Postretirement Medical Plan (the Plan), a single-employer defined benefit healthcare plan. The benefits, coverage levels, employee contributions, and employer contributions are governed by the City and can be amended by the City through its personnel manual and union contracts. The Plan does not issue a stand-alone financial report.

Funding policy: The City provides postretirement healthcare benefits to its retirees. The Plan covers all current retirees who elected postretirement medical coverage through the City of Enid and future retired general employees, police officers, and firefighters.

The retired employee who participates in the health insurance plan shall pay the full cost of said health insurance plan at the rates and terms established by the City. The City offers the plan to those retired employees unless the retired employee or dependent is over sixty-five years of age and qualifies for Medicare. For the year ended June 30, 2016, retirees and dependents paid the full cost of the coverage.

Membership: At July 1, 2015, membership consisted of:

Retirees and beneficiaries currently receiving benefits	35
Terminated employees entitled to benefits but not yet receiving them	-
Active employees	381
Total participants	<u>416</u>



**City of Enid, Oklahoma**

**Notes to Financial Statements  
June 30, 2016**

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**Note 6. Other Information (Continued)**

Annual OPEB cost and Net OPEB obligation: The City's annual OPEB cost, the percentage of annual OPEB contributed to the plan, and the net OPEB obligation for the year ended June 30, 2016 is as follows:

Annual OPEB Cost	Employer Contributions	Percentage of OPEB Cost Contributed	Net OPEB Obligation
\$ 194,802	\$ -	0.0%	\$ 30,389

The net OPEB obligation (NOO) as of June 30, 2016, was calculated as followed:

Annual required contribution (ARC)	\$ 194,891
Interest on net OPEB obligation	223
Adjustment to annual required contribution	(312)
Annual OPEB cost	<u>194,802</u>
OPEB contributions made	(170,000)
Net OPEB obligation, beginning of year	<u>5,587</u>
Net OPEB obligation, end of year	<u><u>\$ 30,389</u></u>

Funded status and funding progress: The funded status of the plan as of July 1, 2014, was as follows:

Actuarial accrued liability (AAL)	\$ 2,217,292
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	<u><u>\$ 2,217,292</u></u>
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (annual payroll of active employees covered by the plan)	\$ 19,420,296
UAAL as a percentage of covered payroll	11.42%

Actuarial valuations for OPEB plan involves estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funding status of the plan and the ARCs of the employer are subject to continual revision as actual results are compared with past experience 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 multi-year trend information that shows 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 type of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

**City of Enid, Oklahoma**

**Notes to Financial Statements  
June 30, 2016**

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**Note 6. Other Information (Continued)**

The ARC for the plan was determined as part of the July 1, 2014 actuarial valuation using the following methods and assumption:

Actuarial cost method	Projected Unit Cost Method
Amortization method	level percentage of payroll, open
Remaining amortization period	30 years
Discount rate	4.00%
Healthcare cost trend rate	6%, reduced to 5% for 2019 and later

***Construction and Other Significant Commitments:***

Construction commitments: The City has active construction projects as of June 30, 2016. The projects include construction of a new landfill cell, wellfield improvements, stormwater detention improvements, road overlays and reconstruction, and sidewalk construction. The City's commitments with contractors as of June 30, 2016 totaled \$5,956,795.

Other commitments: On August 1, 2006 Tiessen, Haney and Access Now sued the City in federal district court seeking affirmative injunctive relief under the Americans with Disabilities Act (ADA). The suit covers all city owned buildings, parks and sidewalks, intersections and rights of ways located in the city limits of Enid. The plaintiffs were not entitled to damages under the ADA but their attorney fees and costs are recoverable from the City. The City has insurance through OMAG (Oklahoma Municipal Assurance Group) and the fees and costs were paid by OMAG.

The parties settled in December of 2011. The settlement agreement requires the City to transition to full compliance with ADA in building improvements and parks over a ten year period. These improvements will be budgeted for the applicable fiscal year in which they are to be completed. It is anticipated that the City will be compliant in 2021, and is required to spend at least \$300,000 per year making ADA improvements.

Oakwood Mall Tax Increment Financing District: The City Council and the EEDA created and established the Oakwood Mall Tax Increment Financing (TIF) District No. 5 on November 6, 2012. The economic development project plan provides for the prospective redevelopment of the Oakwood Mall site located within the City. The purpose of the TIF is to promote economic development by facilitating the creation of new retail and commercial development that encourages commerce, increases retail opportunities, and generates a corresponding growth in the local tax base. The project will provide up to \$4,660,000 to the developer for the cost of site improvements. These funds were provided through debt financing with a note issued from the EEDA and repaid with the incremental property and sales and use taxes generated by the project. The TIF provides for revenues from ad valorem taxes with 75 percent of the new incremental property taxes utilized for debt service and 25 percent directed to the taxing entities. It also provides approximately 42.857 percent of new incremental sales and use taxes would be utilized for debt service.

**Required Supplementary  
Information**

City of Enid, Oklahoma

Required Supplementary Information  
 Schedule of Changes in Net Pension Liability and Related Ratios  
 June 30, 2016

	2016	2015	2014
<b>Employee Retirement System of Enid Oklahoma</b>			
Total pension liability:			
Service cost	\$ 670,226	\$ 591,646	\$ 734,106
Interest cost	1,779,631	1,730,996	1,577,043
Differences between expected and actual experience	916,889	184,832	151,414
Changes in assumptions	(1,783,421)	2,216,163	(2,970,593)
Benefit payments, including refunds of employee contributions	(1,028,439)	(888,864)	(716,211)
<b>Net change in total pension liability</b>	<b>554,886</b>	<b>3,834,773</b>	<b>(1,224,241)</b>
Total pension liability, beginning	31,113,345	27,278,572	28,502,813
Total pension liability, ending	<u>\$ 31,668,231</u>	<u>\$ 31,113,345</u>	<u>\$ 27,278,572</u>
Plan fiduciary net position:			
Employer contributions	\$ 614,577	\$ 604,869	\$ 594,880
Employee contributions	-	-	-
Net investment income	(348,571)	334,990	3,810,457
Benefit payments, including refunds of employee contributions	(1,028,439)	(888,864)	(716,211)
Administrative expense	(122,015)	(152,240)	(124,792)
<b>Net change in total pension liability</b>	<b>(884,448)</b>	<b>(101,245)</b>	<b>3,564,334</b>
Plan fiduciary net position, beginning	23,122,690	23,223,935	19,659,601
Plan fiduciary net position, ending	<u>\$ 22,238,242</u>	<u>\$ 23,122,690</u>	<u>\$ 23,223,935</u>
<b>Net pension liability, ending</b>	<u>\$ 9,429,989</u>	<u>\$ 7,990,655</u>	<u>\$ 4,054,637</u>
Total pension liability	\$ 31,668,231	\$ 31,113,345	\$ 27,278,572
Plan fiduciary net position	22,238,242	23,122,690	23,223,935
<b>Plan's net pension liability</b>	<u>\$ 9,429,989</u>	<u>\$ 7,990,655</u>	<u>\$ 4,054,637</u>
Plan net fiduciary position as percentage of total pension liability	70.22%	74.32%	85.14%
Covered employee payroll	\$ 10,436,736	\$ 9,185,300	\$ 9,477,203
Net pension liability position as percentage of covered employee payroll	90.35%	86.99%	42.78%
Annual money-weighted rate of return, net of investment expense	-2.57%	6.59%	19.35%

Note to schedule:

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

**City of Enid, Oklahoma**

**Required Supplemental Information  
Schedule of Employer Contributions  
June 30, 2016**

**Employee Retirement System of Enid Oklahoma**

Measurement Year Ending Fiscal Year June 30,	Actuarially Determined Contribution	Actual Contributions	Contribution deficiency (Excess)	Annual Covered Payroll	Actual Contributions as a Percentage of Covered Payroll
2016	\$ 1,511,761	\$ 614,577	\$ 897,184	\$ 10,436,736	5.89%
2015	981,793	604,869	376,924	9,185,300	6.59%
2014	982,744	594,880	387,864	9,477,203	6.28%
2013	1,209,388	619,278	590,110	9,149,710	6.77%
2012	838,302	585,722	252,580	9,067,296	6.46%
2011	873,554	445,806	427,748	8,358,315	5.30%
2010	1,013,787	288,448	725,339	7,069,372	4.08%
2009	72,919	272,324	(199,405)	6,034,485	4.51%
2008	73,713	256,195	(182,482)	5,825,779	4.40%
2007	138,293	239,094	(100,801)	5,292,363	4.52%

Note to schedule:

Information for years prior to 2014 is on a calendar year basis.

City of Enid, Oklahoma

**Required Supplementary Information**  
**Schedule of the City's Proportionate Share of the Net Pension Liability (Asset)**  
**Year Ended June 30, 2016**

	2014	2015*
<b>Oklahoma Police Pension &amp; Retirement System (OPPRS):</b>		
City's proportion of the net pension liability (asset)	1.7136%	1.6606%
City's proportion share of the net pension liability (asset)	\$ (576,952)	\$ 67,708
City's covered-employee payroll	\$ 4,960,906	\$ 4,693,759
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	-11.63%	1.44%
Plan fiduciary net position as a percentage of the total pension liability	101.53%	99.82%
<b>Oklahoma Firefighters Pension and Retirement System (OFPRS)</b>		
City's proportion of the net pension liability (asset)	1.9056%	1.9216%
City's proportion share of the net pension liability (asset)	\$ 19,596,197	\$ 20,396,061
City's covered-employee payroll	\$ 5,175,082	\$ 5,256,495
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	378.66%	388.02%
Plan fiduciary net position as a percentage of the total pension liability	68.12%	68.27%

\* The amounts present for each fiscal year were determined as of the measurement date, July 1 or the first day of the fiscal year.

Note to schedule:

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

**Note 1. Changes of Benefit Terms**

There were no significant changes of benefit terms.

**Note 2. Changes of Assumptions**

There were no significant changes in assumptions.

City of Enid, Oklahoma

Required Supplementary Information  
 Schedule of City's Contributions  
 Year Ended June 30, 2016

	2014	2015
<b>Oklahoma Police Pension &amp; Retirement System (OPPRS):</b>		
Contractually required contribution	\$ 610,189	\$ 618,741
Actual contributions	610,189	618,741
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	4,693,759	4,759,546
Contributions as a percentage of covered-employee payroll	13.00%	13.00%
<b>Oklahoma Firefighters Pension &amp; Retirement System (OFPRS):</b>		
Contractually required contribution	\$ 735,910	\$ 747,039
Actual contributions	735,910	747,039
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	5,256,495	5,335,993
Contributions as a percentage of covered-employee payroll	14.00%	14.00%

Note to schedule:

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

**Note 1. Changes of Benefit Terms**

There were no significant changes of benefit terms.

**Note 2. Changes of Assumptions**

There were no significant changes in assumptions.

City of Enid, Oklahoma

Required Supplemental Information  
Schedule of OPEB Funding Progress  
June 30, 2016

Other Postemployment Benefits (OPEB)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Unit Credit	Unfunded AAL (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2015	\$ -	\$ 2,217,292	\$ 2,217,292	0.00%	\$ 19,420,296	11.42%
7/1/2014	-	1,894,705	\$ 1,894,705	0.00%	17,454,376	10.86%
7/1/2013	-	2,073,624	\$ 2,073,624	0.00%	17,383,329	11.93%



City of Enid, Oklahoma

Required Supplementary Information  
 Budgetary Comparison Schedule—General Fund and Major Special Revenue Funds  
 Year Ended June 30, 2016

	General Fund			
	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>Fund balance, beginning</b>	\$ (115,773)	\$ (418,260)	\$ 6,412,007	\$ 6,830,267
Resources:				
Taxes	36,645,770	36,645,770	34,772,055	(1,873,715)
Licenses and permits	276,900	276,900	297,185	20,285
Intergovernmental	68,500	68,500	64,119	(4,381)
Fines and forfeitures	1,189,000	1,189,000	1,292,851	103,851
Charges for services	121,050	121,050	114,999	(6,051)
Miscellaneous	307,000	307,000	356,328	49,328
Interest	35,000	35,000	31,110	(3,890)
Operating transfers	5,720,000	5,857,719	5,857,719	-
<b>Total resources</b>	<b>44,363,220</b>	<b>44,500,939</b>	<b>42,786,366</b>	<b>(1,714,573)</b>
Amounts available for appropriation	44,247,447	44,082,679	49,198,373	5,115,694
Charges to appropriations:				
Administration	627,115	614,760	613,984	776
Police	-	-	-	-
Fire	-	-	-	-
Human resources	548,420	514,163	372,401	141,762
Legal	1,217,870	1,192,732	1,126,006	66,726
Safety	235,320	226,016	116,994	109,022
PR/Marketing	471,590	439,521	412,479	27,042
General government	849,620	837,120	816,620	20,500
Accounting	663,080	654,820	635,556	19,264
Records and receipts	368,260	355,131	339,952	15,179
Information technology	617,750	601,607	555,539	46,068
Community development	232,615	283,201	257,747	25,453
Code enforcement	739,585	715,317	536,620	178,697
Engineering	1,366,815	1,330,261	1,098,431	231,831
Public works management	212,750	298,801	298,054	747
Fleet management	811,410	777,977	665,136	112,841
Park and recreation	1,656,740	1,573,276	1,241,585	331,691
Stormwater and roadway maintenance	2,294,195	2,234,847	2,069,093	165,754
Technical services	1,257,850	1,268,835	1,268,175	660
Library	901,790	925,128	917,107	8,022
Capital outlay	521,365	1,099,956	1,075,381	24,575
Operating transfers	28,769,080	28,769,080	27,393,308	1,375,772
<b>Total charges to appropriations</b>	<b>44,363,220</b>	<b>44,712,550</b>	<b>41,810,168</b>	<b>2,902,382</b>
<b>Fund balances, ending</b>	<b>\$ (115,773)</b>	<b>\$ (629,871)</b>	<b>\$ 7,388,205</b>	<b>\$ 8,018,076</b>

The accompanying notes are an integral part of this schedule.

City of Enid, Oklahoma

Required Supplementary Information  
 Budgetary Comparison Schedule—General Fund and Major Special Revenue Funds  
 Year Ended June 30, 2016

	Police Fund			
	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>Fund balance, beginning</b>	\$ 3,464,483	\$ 3,342,930	\$ 4,308,540	\$ 965,610
Resources:				
Taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	85,000	85,000	75,796	(9,204)
Fines and forfeitures	-	-	-	-
Charges for services	60,500	60,500	56,240	(4,260)
Miscellaneous	25,000	25,000	19,120	(5,880)
Interest	40,000	40,000	29,869	(10,131)
Operating transfers	8,991,330	8,991,330	8,583,103	(408,227)
<b>Total resources</b>	<b>9,201,830</b>	<b>9,201,830</b>	<b>8,764,127</b>	<b>(437,703)</b>
Amounts available for appropriation	12,666,313	12,544,760	13,072,667	527,907
Charges to appropriations:				
Administration	-	-	-	-
Police	9,551,910	9,551,910	8,263,393	1,288,517
Fire	-	-	-	-
Human resources	-	-	-	-
Legal	-	-	-	-
Safety	-	-	-	-
PR/Marketing	-	-	-	-
General government	-	-	-	-
Accounting	-	-	-	-
Records and receipts	-	-	-	-
Information technology	-	-	-	-
Community development	-	-	-	-
Code enforcement	-	-	-	-
Engineering	-	-	-	-
Public works management	-	-	-	-
Fleet management	-	-	-	-
Park and recreation	-	-	-	-
Stormwater and roadway maintenance	-	-	-	-
Technical services	-	-	-	-
Library	-	-	-	-
Capital outlay	1,262,000	1,283,656	524,992	758,664
Operating transfers	175,000	175,000	175,000	-
<b>Total charges to appropriations</b>	<b>10,988,910</b>	<b>11,010,566</b>	<b>8,963,385</b>	<b>2,047,181</b>
<b>Fund balances, ending</b>	<b>\$ 1,677,403</b>	<b>\$ 1,534,194</b>	<b>\$ 4,109,282</b>	<b>\$ 2,575,088</b>

The accompanying notes are an integral part of this schedule.

City of Enid, Oklahoma

Required Supplementary Information  
 Budgetary Comparison Schedule—General Fund and Major Special Revenue Funds  
 (Budgetary Basis)  
 Year Ended June 30, 2016

	Fire Fund			Variance with Final Budget
	Budget		Actual	
	Original	Final		
<b>Fund balance, beginning</b>	\$ 1,948,382	\$ 419,680	\$ 1,750,848	\$ 1,331,168
Resources:				
Taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Fines and forfeitures	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	101,500	101,500	12,130	(89,370)
Interest	25,000	25,000	7,756	(17,244)
Operating transfers	7,791,330	7,791,330	7,437,103	(354,227)
<b>Total resources</b>	<b>7,917,830</b>	<b>7,917,830</b>	<b>7,456,989</b>	<b>(460,841)</b>
Amounts available for appropriation	9,866,212	8,337,510	9,207,837	870,327
Charges to appropriations:				
Administration	-	-	-	-
Police	-	-	-	-
Fire	7,920,785	7,920,785	7,370,121	550,664
Human resources	-	-	-	-
Legal	-	-	-	-
Safety	-	-	-	-
PR/Marketing	-	-	-	-
General government	-	-	-	-
Accounting	-	-	-	-
Records and receipts	-	-	-	-
Information technology	-	-	-	-
Community development	-	-	-	-
Code enforcement	-	-	-	-
Engineering	-	-	-	-
Public works management	-	-	-	-
Fleet management	-	-	-	-
Park and recreation	-	-	-	-
Stormwater and roadway maintenance	-	-	-	-
Technical services	-	-	-	-
Library	-	-	-	-
Capital outlay	30,000	775,664	733,326	42,338
Operating transfers	50,000	50,000	50,000	-
<b>Total charges to appropriations</b>	<b>8,000,785</b>	<b>8,746,449</b>	<b>8,153,447</b>	<b>593,002</b>
<b>Fund balances, ending</b>	<b>\$ 1,865,427</b>	<b>\$ (408,939)</b>	<b>\$ 1,054,390</b>	<b>\$ 1,463,329</b>

The accompanying notes are an integral part of this schedule.

City of Enid, Oklahoma

Required Supplementary Information

Reconciliation of Budgetary Comparison Schedule on a Budgetary Basis with Fund Financial Statements on a GAAP Basis

Year Ended June 30, 2016

	General Fund	Police Fund	Fire Fund
<b>Budgetary funds</b>			
<b>Financial statement major funds</b>			
Revenues:			
Actual amounts (budgetary basis) "resources" from the budgetary comparison schedules	\$ 42,786,366	\$ 8,764,127	\$ 7,456,989
<u>Adjustments:</u>			
<i>Budgetary</i> general fund revenues are reported on the cash basis, rather than the modified accrual basis	(88,832)	590,459	1,807,718
Certain revenues were reclassified from the general fund to the police and fire funds	(2,249,928)	1,124,964	1,124,964
Operating transfers in are reported as "other financing sources and uses" for GAAP purposes	(5,857,719)	(8,583,103)	(7,437,103)
<b>Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances—governmental funds</b>	<b>\$ 34,589,887</b>	<b>\$ 1,896,447</b>	<b>\$ 2,952,568</b>
Expenditures:			
Actual amounts (budgetary basis) "charges to appropriations" from the budgetary comparison schedules	\$ 41,810,168	\$ 8,963,385	\$ 8,153,447
<u>Adjustments:</u>			
<i>Budgetary</i> general fund expenditures are reported on the cash basis, rather than the modified accrual basis	171,165	634,459	1,621,726
Operating transfers out are reported as "other financing sources and uses" for GAAP purposes	(27,393,308)	(175,000)	(50,000)
<b>Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances—governmental funds</b>	<b>\$ 14,588,024</b>	<b>\$ 9,422,844</b>	<b>\$ 9,725,173</b>

The accompanying notes are an integral part of this schedule.

**City of Enid, Oklahoma**

**Notes to Required Supplementary Information  
Budgetary Comparison Schedule  
June 30, 2016**

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Budgetary accounting: The annual operating budgets are prepared and presented on the modified cash basis of accounting. Per City Ordinance, the City utilizes encumbrance accounting during the year on a limited basis for certain purchase orders and other commitments for the expenditure of funds which are recorded in order to reserve a portion of the applicable appropriation. Encumbrances lapse at year-end; therefore, encumbrances outstanding at year-end are not considered expenditures for budgetary purposes, as the City will provide for supplemental appropriations in the following budget year.

## **Other Supplementary Information**

City of Enid, Oklahoma

Combining Balance Sheet—Nonmajor Governmental Funds  
June 30, 2016

	Special Revenue							Enid Economic Development Authority
	Special Projects Fund	Water Assessment	Street and Alley Fund	Community Intervention Center	CDBG Fund	Paving Assessment	911 Fund	
<b>Assets</b>								
Cash and cash equivalents	\$ 299,260	\$ 1,186	\$ 104,445	\$ 18,946	\$ 20,405	\$ 336	\$ 18,671	\$ -
Investments	26,517	5,989	527,276	95,647	103,013	1,695	94,259	-
Receivables:								
Taxes	-	-	77,823	-	-	-	154,725	-
Due from other governments	-	-	-	8,030	10,913	-	-	-
Accrued interest	-	-	-	-	-	-	-	38
Due from other funds	-	-	-	-	-	-	-	-
Prepaid expense	3,225	-	-	-	-	-	4,891	-
Assets held for sale	-	-	-	-	-	-	-	3,273,493
Restricted cash and investments	-	-	-	-	-	-	-	884,725
<b>Total assets</b>	<b>\$ 329,002</b>	<b>\$ 7,175</b>	<b>\$ 709,544</b>	<b>\$ 122,623</b>	<b>\$ 134,331</b>	<b>\$ 2,031</b>	<b>\$ 272,546</b>	<b>\$ 4,158,256</b>
<b>Liabilities</b>								
Accounts payable and accrued liabilities	\$ -	\$ 6,665	\$ -	\$ 10,582	\$ 25,358	\$ 1,887	\$ 42,842	\$ 33,033
Due to other funds	-	-	-	-	-	-	-	264,843
Unearned revenue	12,599	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>12,599</b>	<b>6,665</b>	<b>-</b>	<b>10,582</b>	<b>25,358</b>	<b>1,887</b>	<b>42,842</b>	<b>297,876</b>
<b>Fund balances</b>								
Nonspendable	3,225	-	-	-	-	-	4,891	3,273,493
Restricted:								
Public safety	313,178	-	-	-	-	-	224,813	-
Public works	-	-	-	112,041	41,962	-	-	-
Debt service	-	-	-	-	-	-	-	884,725
Capital improvements	-	-	-	-	-	-	-	-
Committed:								
Public works	-	510	709,544	-	67,011	144	-	-
Economic development	-	-	-	-	-	-	-	-
Capital improvements	-	-	-	-	-	-	-	-
Assigned:								
Economic development	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	(297,838)
<b>Total fund balances</b>	<b>316,403</b>	<b>510</b>	<b>709,544</b>	<b>112,041</b>	<b>108,973</b>	<b>144</b>	<b>229,704</b>	<b>3,860,380</b>
<b>Total liabilities and fund balances</b>	<b>\$ 329,002</b>	<b>\$ 7,175</b>	<b>\$ 709,544</b>	<b>\$ 122,623</b>	<b>\$ 134,331</b>	<b>\$ 2,031</b>	<b>\$ 272,546</b>	<b>\$ 4,158,256</b>

City of Enid, Oklahoma

Combining Balance Sheet—Nonmajor Governmental Funds (Continued)  
June 30, 2016

	Capital Projects					Debt Service	Totals
	Street Improvement Fund	Sanitary Sewer Fund	Storm Water Fund	Water Capital Improvements	Capital Projects Escrow	Sinking Fund	
<b>Assets</b>							
Cash and cash equivalents	\$ 18,842	\$ 9,464	\$ 667,479	\$ 299,519	\$ 225,390	\$ 1,181	\$ 1,685,124
Investments	95,119	47,779	3,369,660	1,512,071	1,137,845	5,963	7,022,833
Receivables:							
Taxes	-	-	-	-	-	1,448	233,996
Due from other governments	-	-	-	-	-	-	18,943
Accrued interest	-	-	-	-	-	-	38
Due from other funds	-	-	-	-	-	-	-
Prepaid expense	-	-	-	-	-	-	8,116
Assets held for sale	-	-	-	-	-	-	3,273,493
Restricted cash and investments	-	-	-	-	-	-	884,725
<b>Total assets</b>	<b>\$ 113,961</b>	<b>\$ 57,243</b>	<b>\$ 4,037,139</b>	<b>\$ 1,811,590</b>	<b>\$ 1,363,235</b>	<b>\$ 8,592</b>	<b>\$ 13,127,268</b>
<b>Liabilities</b>							
Accounts payable and accrued liabilities	\$ -	\$ 58,244	\$ 168,762	\$ 517,671	\$ -	\$ -	\$ 865,044
Due to other funds	-	-	-	-	-	-	264,843
Unearned revenue	-	-	-	-	-	-	12,599
<b>Total liabilities</b>	<b>-</b>	<b>58,244</b>	<b>168,762</b>	<b>517,671</b>	<b>-</b>	<b>-</b>	<b>1,142,486</b>
<b>Fund balances</b>							
Nonspendable	-	-	-	-	-	-	3,281,609
Restricted:							
Public safety	-	-	-	-	-	-	537,991
Public works	-	-	-	-	-	-	154,003
Debt service	-	-	-	-	-	8,592	893,317
Capital improvements	-	-	-	-	-	-	-
Committed:							
Public works	-	-	-	-	-	-	777,209
Economic development	-	-	-	-	-	-	-
Capital improvements	113,961	(1,001)	3,868,377	1,293,919	1,363,235	-	6,638,491
Assigned:							
Economic development	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	(297,838)
<b>Total fund balances</b>	<b>113,961</b>	<b>(1,001)</b>	<b>3,868,377</b>	<b>1,293,919</b>	<b>1,363,235</b>	<b>8,592</b>	<b>11,984,782</b>
<b>Total liabilities and fund balances</b>	<b>\$ 113,961</b>	<b>\$ 57,243</b>	<b>\$ 4,037,139</b>	<b>\$ 1,811,590</b>	<b>\$ 1,363,235</b>	<b>\$ 8,592</b>	<b>\$ 13,127,268</b>



City of Enid, Oklahoma

Combining Statement of Revenues, Expenditures and Changes in Fund Balances—Nonmajor Governmental Funds  
Year Ended June 30, 2016

	Special Revenue							Enid Economic Development Authority
	Special Projects Fund	Water Assessment	Street and Alley Fund	Community Intervention Center	CDBG Fund	Paving Assessment	911 Fund	
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 912,700
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	16,885	-	469,285	107,070	375,956	-	805,457	131,000
Fines and forfeitures	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Other	78,982	-	2,799	-	53	-	-	46,019
Interest	1,020	52	5,910	1,138	-	14	968	1,091
<b>Total revenues</b>	<b>96,887</b>	<b>52</b>	<b>477,994</b>	<b>108,208</b>	<b>376,009</b>	<b>14</b>	<b>806,425</b>	<b>1,090,810</b>
Expenditures:								
Current:								
General government	16,904	-	-	-	-	-	-	-
Public safety	107,232	-	-	-	-	-	973,466	-
Public works	-	-	12,637	207,243	376,041	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	3,708,536
Debt service:								
Principal	-	-	-	-	-	-	-	930,102
Interest	-	-	-	-	-	-	-	278,638
Capital outlay	-	-	692,104	-	-	-	-	-
<b>Total expenditures</b>	<b>124,136</b>	<b>-</b>	<b>704,741</b>	<b>207,243</b>	<b>376,041</b>	<b>-</b>	<b>973,466</b>	<b>4,917,276</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(27,249)</b>	<b>52</b>	<b>(226,747)</b>	<b>(99,035)</b>	<b>(32)</b>	<b>14</b>	<b>(167,041)</b>	<b>(3,826,466)</b>
Other financing sources (uses):								
Proceeds from issuance of debt	-	-	-	-	-	-	-	2,920,000
Proceeds from sale of assets	-	-	-	-	-	-	-	-
Transfers in	-	-	28,781	115,000	-	-	150,000	1,676,869
Transfers (out)	-	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>28,781</b>	<b>115,000</b>	<b>-</b>	<b>-</b>	<b>150,000</b>	<b>4,596,869</b>
<b>Net change in fund balances</b>	<b>(27,249)</b>	<b>52</b>	<b>(197,966)</b>	<b>15,965</b>	<b>(32)</b>	<b>14</b>	<b>(17,041)</b>	<b>770,403</b>
Fund balances, beginning	343,652	458	907,510	96,076	109,005	130	246,745	3,089,977
Fund balances, ending	<b>\$ 316,403</b>	<b>\$ 510</b>	<b>\$ 709,544</b>	<b>\$ 112,041</b>	<b>\$ 108,973</b>	<b>\$ 144</b>	<b>\$ 229,704</b>	<b>\$ 3,860,380</b>

City of Enid, Oklahoma

Combining Statement of Revenues, Expenditures and Changes in Fund Balances—Nonmajor Governmental Funds (Continued)  
Year Ended June 30, 2016

	Capital Projects					Debt Service	Totals
	Street Improvement Fund	Sanitary Sewer Fund	Storm Water Fund	Water Capital Improvements	Capital Projects Escrow	Sinking Fund	
<b>Revenues:</b>							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 192,344	\$ 1,105,044
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	1,905,653
Fines and forfeitures	-	-	-	-	-	-	-
Charges for services	-	-	-	-	375,286	-	375,286
Other	-	1,034	-	1,631	-	-	130,518
Interest	2,515	619	26,326	17,368	8,209	727	65,957
<b>Total revenues</b>	<b>2,515</b>	<b>1,653</b>	<b>26,326</b>	<b>18,999</b>	<b>383,495</b>	<b>193,071</b>	<b>3,582,458</b>
<b>Expenditures:</b>							
<b>Current:</b>							
General government	-	-	-	-	-	-	16,904
Public safety	-	-	-	-	-	-	1,080,698
Public works	-	-	43,709	-	-	-	639,630
Culture and recreation	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	3,708,536
<b>Debt service:</b>							
Principal	-	-	-	-	-	172,520	1,102,622
Interest	-	-	-	-	-	32,938	311,576
Capital outlay	418,911	1,324,738	1,640,576	3,237,205	-	-	7,313,534
<b>Total expenditures</b>	<b>418,911</b>	<b>1,324,738</b>	<b>1,684,285</b>	<b>3,237,205</b>	<b>-</b>	<b>205,458</b>	<b>14,173,500</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(416,396)</b>	<b>(1,323,085)</b>	<b>(1,657,959)</b>	<b>(3,218,206)</b>	<b>383,495</b>	<b>(12,387)</b>	<b>(10,591,042)</b>
<b>Other financing sources (uses):</b>							
Proceeds from issuance of debt	-	-	-	-	-	-	2,920,000
Proceeds from sale of assets	-	-	-	-	-	-	-
Transfers in	-	1,122,759	1,698,693	1,290,000	-	-	6,082,102
Transfers (out)	(80,015)	-	-	-	-	-	(80,015)
<b>Total other financing sources (uses)</b>	<b>(80,015)</b>	<b>1,122,759</b>	<b>1,698,693</b>	<b>1,290,000</b>	<b>-</b>	<b>-</b>	<b>8,922,087</b>
<b>Net change in fund balances</b>	<b>(496,411)</b>	<b>(200,326)</b>	<b>40,734</b>	<b>(1,928,206)</b>	<b>383,495</b>	<b>(12,387)</b>	<b>(1,668,955)</b>
Fund balances, beginning	610,372	199,325	3,827,643	3,222,125	979,740	20,979	13,653,737
Fund balances, ending	\$ 113,961	\$ (1,001)	\$ 3,868,377	\$ 1,293,919	\$ 1,363,235	\$ 8,592	\$ 11,984,782

City of Enid, Oklahoma

Combining Statement of Net Position—Nonmajor Proprietary Funds  
June 30, 2016

	Business-Type Activities		
	Enterprise Funds		
	Enid Public Transportation Authority	Meadowlake Golf Course	Total
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ -	\$ -	\$ -
Investments	-	-	-
Receivables:			
Due from other governments	20,325	-	20,325
Prepaid expense	36	81	117
Due from other funds	-	-	-
<b>Total current assets</b>	<b>20,361</b>	<b>81</b>	<b>20,442</b>
Noncurrent assets:			
Capital assets (net of accumulated depreciation)	183,739	400,846	584,585
<b>Total noncurrent assets</b>	<b>183,739</b>	<b>400,846</b>	<b>584,585</b>
<b>Total assets</b>	<b>204,100</b>	<b>400,927</b>	<b>605,027</b>
<b>Deferred outflows of resources</b>			
Deferred amounts related to pensions	87,779	111,707	199,486
<b>Total deferred outflows of resources</b>	<b>87,779</b>	<b>111,707</b>	<b>199,486</b>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable and accrued liabilities	38,288	31,390	69,678
Current portion of noncurrent liabilities	19,960	21,813	41,773
Due to other funds	295,032	288,380	583,412
Unearned revenue	-	1,822	1,822
<b>Total current liabilities</b>	<b>353,280</b>	<b>343,405</b>	<b>696,685</b>
Noncurrent liabilities:			
Compensated absences	2,475	6,818	9,293
Capital lease obligations	-	-	-
Workers' compensation claims	15,633	1,152	16,785
Net pension liability	177,468	227,942	405,410
<b>Total noncurrent liabilities</b>	<b>195,576</b>	<b>235,912</b>	<b>431,488</b>
<b>Total liabilities</b>	<b>548,856</b>	<b>579,317</b>	<b>1,128,173</b>
<b>Deferred inflows of resources</b>			
Deferred amounts related to pensions	24,964	30,392	55,356
<b>Total deferred inflows of resources</b>	<b>24,964</b>	<b>30,392</b>	<b>55,356</b>
<b>Net position</b>			
Net investment in capital assets	183,739	400,846	584,585
Restricted	-	-	-
Unrestricted	(465,680)	(497,921)	(963,601)
<b>Total net position</b>	<b>\$ (281,941)</b>	<b>\$ (97,075)</b>	<b>\$ (379,016)</b>

City of Enid, Oklahoma

Combining Statement of Revenues, Expenses and Changes in Net Position—Nonmajor  
Proprietary Funds/ Enterprise Funds  
Year Ended June 30, 2016

	Business-type Activities		
	Enterprise Funds		
	Enid Public Transportation Authority	Meadowlake Golf Course	Total
Operating revenues:			
Charges for services - other	\$ 100,387	\$ 369,472	\$ 469,859
<b>Total operating revenues</b>	<b>100,387</b>	<b>369,472</b>	<b>469,859</b>
Operating expenses:			
Other	616,804	588,161	1,204,965
Depreciation and amortization	52,834	48,715	101,549
<b>Total operating expenses</b>	<b>669,638</b>	<b>636,876</b>	<b>1,306,514</b>
<b>Net operating income (loss)</b>	<b>(569,251)</b>	<b>(267,404)</b>	<b>(836,655)</b>
Nonoperating revenues (expenses):			
Miscellaneous revenues	8,880	897	9,777
Interest income	92	-	92
Government grants	195,367	-	195,367
Gain (loss) on disposition of assets	-	(972)	(972)
Interest expense and fiscal charges	-	(1,031)	(1,031)
<b>Total nonoperating revenues (expenses)</b>	<b>204,339</b>	<b>(1,106)</b>	<b>203,233</b>
<b>Net income (loss) before contributions and transfers</b>	<b>(364,912)</b>	<b>(268,510)</b>	<b>(633,422)</b>
Transfers in	120,000	199,000	319,000
Transfers (out)	-	-	-
<b>Change in net position</b>	<b>(244,912)</b>	<b>(69,510)</b>	<b>(314,422)</b>
Net position, beginning	(37,029)	(27,565)	(64,594)
Net position, ending	\$ (281,941)	\$ (97,075)	\$ (379,016)

City of Enid, Oklahoma

Combining Statement of Cash Flows—Nonmajor Proprietary Funds/Enterprise Funds  
Year Ended June 30, 2016

	Business-type Activities		
	Enterprise Funds		
	Enid Public Transportation Authority	Meadowlake Golf Course	Total
Cash flows from operating activities:			
Receipts from customers and grantors	\$ 352,429	\$ 369,472	\$ 721,901
Payments to suppliers	(101,372)	(175,960)	(277,332)
Payments to employees	(476,533)	(377,564)	(854,097)
Other receipts	61,015	11,631	72,646
<b>Net cash provided (used) by operating activities</b>	<b>(164,461)</b>	<b>(172,421)</b>	<b>(336,882)</b>
Cash flows from noncapital financing activities:			
Taxes	-	-	-
Miscellaneous revenues	8,880	897	9,777
Operating transfers in (out)	120,000	199,000	319,000
<b>Net cash provided (used) by noncapital financing activities</b>	<b>128,880</b>	<b>199,897</b>	<b>328,777</b>
Cash flows from capital and related financing activities:			
Principal paid on long-term debt	-	(17,518)	(17,518)
Interest expense and fiscal charges	-	(1,082)	(1,082)
Proceeds from sale of capital assets	-	2,250	2,250
Acquisition/construction of capital assets	-	(11,126)	(11,126)
<b>Net cash provided (used) by capital and related financing activities</b>	<b>-</b>	<b>(27,476)</b>	<b>(27,476)</b>
Cash flows from investing activities:			
Purchase of investments	-	-	-
Interest income	92	-	92
<b>Net cash provided (used) by investing activities</b>	<b>92</b>	<b>-</b>	<b>92</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(35,489)</b>	<b>-</b>	<b>(35,489)</b>
Cash and cash equivalents, beginning	35,489	-	35,489
Cash and cash equivalents, ending	\$ -	\$ -	\$ -
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Net operating income (loss)	\$ (569,251)	\$ (267,404)	\$ (836,655)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	52,834	48,715	101,549
(Gain) loss on disposal of capital assets	-	(972)	(972)
(Increases) decrease in assets:			
Receivables	56,675	-	56,675
Prepaid expenses	(36)	(81)	(117)
Due from other funds	-	-	-
Pension related deferred outflows	(4,038)	(4,915)	(8,953)
Increase (decrease) in liabilities:			
Accounts payable and accrued liabilities	9,803	(1,806)	7,997
Due to other funds	61,015	12,603	73,618
Unearned revenue	-	1,058	1,058
Net pension liability	33,170	40,381	73,551
<b>Total adjustments</b>	<b>209,423</b>	<b>94,983</b>	<b>304,406</b>
<b>Net cash provided (used) by operating activities</b>	<b>\$ (359,828)</b>	<b>\$ (172,421)</b>	<b>\$ (532,249)</b>

City of Enid, Oklahoma

Combining Statement of Fiduciary Net Position—Fiduciary Funds  
June 30, 2016

	Agency Funds		Pension Trust Funds		Total
	CLEET Fund	Court Bonds	Retirement Defined Benefit	Retirement 401(k)	
<b>Assets</b>					
Cash and cash equivalents	\$ 1,423	\$ 18,330	\$ 399,730	\$ -	\$ 399,730
Investments	7,184	3,718	21,832,306	11,448,799	33,281,105
Due from other funds	-	-	-	-	-
Receivables:					
Accrued interest	-	-	6,205	-	6,205
Participant loans	-	-	-	366,895	366,895
<b>Total assets</b>	<b>8,607</b>	<b>22,048</b>	<b>22,238,241</b>	<b>11,815,694</b>	<b>34,053,935</b>
<b>Liabilities</b>					
Accounts payable	8,607	22,048	-	-	-
Due to other funds	-	-	-	-	-
<b>Total liabilities</b>	<b>8,607</b>	<b>22,048</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net position</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 22,238,241</b>	<b>\$ 11,815,694</b>	<b>\$ 34,053,935</b>

City of Enid, Oklahoma

Combining Statement of Changes in Fiduciary Net Position  
 Fiduciary Funds  
 June 30, 2016

	Pension Trust Funds		
	Retirement		Totals
	Defined Benefit	Retirement 401(k)	
<b>Additions</b>			
Contributions:			
Employer	\$ 614,577	\$ 353,795	\$ 968,372
Plan members	-	679,165	679,165
<b>Total contributions</b>	<u>614,577</u>	<u>1,032,960</u>	<u>1,647,537</u>
Investment earnings:			
Realized gains (losses)	710,096	-	710,096
Net increase (decrease) in the fair value of investments	(1,498,664)	114,056	(1,384,608)
Interest and dividends	439,996	-	439,996
<b>Total investment earnings</b>	<u>(348,572)</u>	<u>114,056</u>	<u>(234,516)</u>
<b>Total additions</b>	<u>266,005</u>	<u>1,147,016</u>	<u>1,413,021</u>
<b>Deductions</b>			
Benefits and withdrawals	1,028,439	1,005,148	2,033,587
Administrative expenses	122,015	41,619	163,634
<b>Total deductions</b>	<u>1,150,454</u>	<u>1,046,767</u>	<u>2,197,221</u>
<b>Change in net position</b>	<u>(884,449)</u>	<u>100,249</u>	<u>(784,200)</u>
Net position restricted for pensions, beginning	<u>23,122,690</u>	<u>11,715,445</u>	<u>34,838,135</u>
Net position restricted for pensions, ending	<u>\$ 22,238,241</u>	<u>\$ 11,815,694</u>	<u>\$ 34,053,935</u>

**City of Enid, Oklahoma**

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

	OWRB Notes	Sales Tax Revenue Refunding Bonds Series 2003	Sales Tax Revenue Note Series 2015
Gross revenue available for debt service:			
Charges for services:			
Water	15,840,004	\$ -	\$ 15,840,004
Wastewater	9,162,348	-	9,162,348
Stormwater	1,749,626	-	1,749,626
Solid waste	4,595,097	-	4,595,097
Landfill	1,273,399	-	1,273,399
Other	715,527	-	715,527
Sales tax collections pledged and transferred	8,350,188	2,249,928	8,350,188
<b>Total gross revenue</b>	<b>41,686,189</b>	<b>2,249,928</b>	<b>41,686,189</b>
Operating expenses, excluding depreciation and amortization:			
Utility services	566,710	-	566,710
Water production	2,959,436	-	2,959,436
Wastewater management services	3,355,964	-	3,355,964
Solid waste	2,908,392	-	2,908,392
Landfill	192,249	-	192,249
Other	208,815	-	208,815
<b>Total operating expenses</b>	<b>10,191,566</b>	<b>-</b>	<b>10,191,566</b>
Other expenses:			
Required transfers to other funds	5,857,719	-	5,857,719
Payment to schools	-	1,233,420	-
<b>Total other expenses</b>	<b>5,857,719</b>	<b>1,233,420</b>	<b>5,857,719</b>
<b>Net revenues available for debt service</b>	<b>\$ 25,636,904</b>	<b>\$ 1,016,508</b>	<b>\$ 25,636,904</b>
<b>Debt service requirements</b>	<b>\$ 6,628,159</b>	<b>\$ 1,021,030</b>	<b>\$ 6,628,159</b>
<b>Computed coverage</b>	<b>387%</b>	<b>100%</b>	<b>387%</b>
<b>Coverage requirement</b>	<b>125%</b>	<b>100%</b>	<b>125%</b>

Note 1: The above gross revenue and operating expenses only include the activities of the Authority related to water, wastewater, refuse services and landfill operations, excluding depreciation and amortization.

Note 2: The coverage requirements on the OWRB notes are calculated using maximum annual debt service on these notes and any subordinate debt.





CITY  
OF  
**Enid Oklahoma**

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