



# Report of Audit on Financial Statements



**June 30, 2017**



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RSM US LLP

## Independent Auditor's Report

Honorable Mayor and City Council  
City of 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, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Enid, Oklahoma, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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**Other Matters***Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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, the schedule of debt service coverage requirements, and the statement of expenditures of state awards 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, the schedule of debt service coverage requirements, and the statement of expenditures of state awards 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, 2017

## City of Enid, Oklahoma

### Management's Discussion and Analysis June 30, 2017

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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, 2017. 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 \$215,843,416 (net position).

During the year, the government's total net position increased by \$12,309,617, 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. Also, new Kaw Sales Tax collections and a decrease of economic development incentive.

Governmental activities accounted for a decrease of (\$2,496,721). Business-type activities increased overall net position by \$14,806,338.

At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$24,339,927, a decrease of (\$4,703,160) in comparison with the prior year. Fund balance of \$3,439,589 is considered nonspendable, consisting of inventories, prepaid expenses and assets held for sale. A total of \$842,323 is restricted by contractual agreements; State Statutes, or enabling legislation. Fund balance of \$20,058,015 is available for spending at the government's discretion, although \$14,584,091 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 \$8,886,382, or 20 percent of total general fund expenditures and transfers out.

The City's total long-term obligations increased \$8,140,918 during the current fiscal year. The key factors in this increase were due to the issuance of a new loan from OWRB in notes payable and four new capital lease obligations, offset by payments on revenue bonds and notes.

#### 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, 2017

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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, culture and recreation, and economic development. The business-type activities of the City include the Enid Municipal Authority which includes the City's water, wastewater, landfill, and sanitation utility operations. Business-type activities also include the Central National Bank Center, Woodring Airport, Meadowlake Golf Course, and the Enid Public Transit Authority.

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, fire fund, capital improvement fund and water capital improvements, all of which are considered to be major funds. Data from the other thirteen 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, 2017

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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 six 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 24-67 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 68-78 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 79-87 of this report.



**City of Enid, Oklahoma**

**Management's Discussion and Analysis  
June 30, 2017**

**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 \$60,399,648 at the close of the most recent fiscal year. The business-type activities assets and deferred outflows exceeded liabilities and deferred inflows by \$155,443,768.

**City of Enid**  
Net Position  
June 30, 2017 and 2016

|                                     | Governmental         |                      | Business-Type         |                       | Totals                |                       |
|-------------------------------------|----------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                     | Activities           |                      | Activities            |                       | June 30               |                       |
|                                     | 2017                 | 2016                 | 2017                  | 2016                  | 2017                  | 2016                  |
| Current assets                      | \$ 33,366,618        | \$ 36,455,241        | \$ 48,745,141         | \$ 23,000,328         | \$ 82,111,759         | \$ 59,455,569         |
| Capital and other noncurrent assets | 67,574,202           | 66,682,493           | 175,875,641           | 177,153,206           | 243,449,843           | 243,835,699           |
| <b>Total assets</b>                 | <b>100,940,820</b>   | <b>103,137,734</b>   | <b>224,620,782</b>    | <b>200,153,534</b>    | <b>325,561,602</b>    | <b>303,291,268</b>    |
| Deferred outflows                   | 6,642,798            | 7,600,792            | 179,099               | 1,266,681             | 6,821,897             | 8,867,473             |
| Current liabilities                 | 9,779,782            | 7,216,604            | 9,712,518             | 9,342,159             | 19,492,300            | 16,558,763            |
| Long-term liabilities               | 34,165,740           | 34,321,908           | 58,656,130            | 51,068,920            | 92,821,870            | 85,390,828            |
| <b>Total liabilities</b>            | <b>43,945,522</b>    | <b>41,538,512</b>    | <b>68,368,648</b>     | <b>60,411,079</b>     | <b>112,314,170</b>    | <b>101,949,591</b>    |
| Deferred inflows                    | 3,238,448            | 6,303,645            | 987,465               | 371,702               | 4,225,913             | 6,675,347             |
| Net position:                       |                      |                      |                       |                       |                       |                       |
| Net investment                      |                      |                      |                       |                       |                       |                       |
| in capital assets                   | 62,199,754           | 66,682,493           | 129,089,792           | 133,037,009           | 191,289,546           | 199,719,502           |
| Restricted                          | 842,323              | 2,555,554            | 14,765,820            | 11,628,329            | 15,608,143            | 14,183,883            |
| Unrestricted                        | (2,642,429)          | (6,341,678)          | 11,588,156            | (4,027,904)           | 8,945,727             | (10,369,582)          |
| <b>Total net position</b>           | <b>\$ 60,399,648</b> | <b>\$ 62,896,369</b> | <b>\$ 155,443,768</b> | <b>\$ 140,637,434</b> | <b>\$ 215,843,416</b> | <b>\$ 203,533,803</b> |

By far the largest portion of the City's net position (91 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 (7 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 \$3,571,279 or (2 percent) of total net position.

**City of Enid, Oklahoma**

**Management's Discussion and Analysis  
June 30, 2017**

The City's net position increased by \$12,309,617 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 decreased the City's net position by (\$2,496,721).

The key elements of this decrease are as follows:

- Increase of transfers from the Enid Municipal Authority to the General Fund to support general fund operations.
- Increase revenues due to new Kaw Lake Sales Tax and transfers out expense.
- Decrease of economic development incentive.

**City of Enid**  
Statement of Activities  
Years Ended June 30, 2017 and 2016

|   | Governmental         |                      | Business-Type         |                       | Totals                |                       |
|---|----------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|   | Activities           |                      | Activities            |                       | Totals                |                       |
|   | June 30              | June 30              | June 30               | June 30               | June 30               | June 30               |
|   | 2017                 | 2016                 | 2017                  | 2016                  | 2017                  | 2016                  |
| <b>Program revenues:</b>                  |                      |                      |                       |                       |                       |                       |
| Charges for services                      | \$ 3,278,633         | \$ 3,233,115         | \$ 36,291,505         | \$ 38,432,581         | \$ 39,570,138         | \$ 41,665,696         |
| Grants/contributions                      | 3,121,373            | 3,050,226            | 1,154,703             | 871,338               | 4,276,076             | 3,921,564             |
| General revenues                          | 32,068,546           | 36,674,401           | 8,534,650             | 8,033,848             | 40,603,196            | 44,708,249            |
| <b>Total revenues</b>                     | <b>38,468,552</b>    | <b>42,957,742</b>    | <b>45,980,858</b>     | <b>47,337,767</b>     | <b>84,449,410</b>     | <b>90,295,509</b>     |
| <b>Expenses:</b>                          |                      |                      |                       |                       |                       |                       |
| General government                        | 8,013,338            | 10,020,758           | -                     | -                     | 8,013,338             | 10,020,758            |
| Public safety                             | 20,452,917           | 19,715,997           | -                     | -                     | 20,452,917            | 19,715,997            |
| Public works                              | 10,726,722           | 14,576,701           | -                     | -                     | 10,726,722            | 14,576,701            |
| Culture and recreation                    | 2,170,712            | 2,911,377            | -                     | -                     | 2,170,712             | 2,911,377             |
| Utility operations                        | -                    | -                    | 18,882,738            | 18,141,482            | 18,882,738            | 18,141,482            |
| Airport                                   | -                    | -                    | 2,332,350             | 1,822,914             | 2,332,350             | 1,822,914             |
| Economic development                      | 1,027,236            | 3,730,323            | -                     | -                     | 1,027,236             | 3,730,323             |
| Golf                                      | -                    | -                    | 721,087               | 642,028               | 721,087               | 642,028               |
| Event center                              | -                    | -                    | 5,684,751             | 6,610,581             | 5,684,751             | 6,610,581             |
| Transit                                   | -                    | -                    | 753,763               | 675,163               | 753,763               | 675,163               |
| Other                                     | 231,506              | 269,803              | 1,142,673             | 1,233,420             | 1,374,179             | 1,503,223             |
| <b>Total expenses</b>                     | <b>42,622,431</b>    | <b>51,224,959</b>    | <b>29,517,362</b>     | <b>29,125,588</b>     | <b>72,139,793</b>     | <b>80,350,547</b>     |
| Increase in net position before transfers | (4,153,879)          | (8,267,217)          | 16,463,496            | 18,212,179            | 12,309,617            | 9,944,962             |
| Transfers, net                            | 1,657,158            | 6,153,778            | (1,657,158)           | (6,153,778)           | -                     | -                     |
| Increase (decrease) in net position       | (2,496,721)          | (2,113,439)          | 14,806,338            | 12,058,401            | 12,309,617            | 9,944,962             |
| Net position, beginning,                  | 62,896,369           | 65,009,808           | 140,637,430           | 128,579,033           | 203,533,799           | 193,588,841           |
| <b>Net position, ending</b>               | <b>\$ 60,399,648</b> | <b>\$ 62,896,369</b> | <b>\$ 155,443,768</b> | <b>\$ 140,637,434</b> | <b>\$ 215,843,416</b> | <b>\$ 203,533,803</b> |

City of Enid, Oklahoma

Management's Discussion and Analysis  
June 30, 2017

**City of Enid**  
Governmental Activities  
Years Ended June 30, 2017 and 2016

|                               | Program Revenues    |                     | Cost of Services     |                      |
|-------------------------------|---------------------|---------------------|----------------------|----------------------|
|                               | 2017                | 2016                | 2017                 | 2016                 |
| General government            | \$ 352,396          | \$ 352,596          | \$ 8,013,338         | \$ 10,020,758        |
| Public safety                 | 2,297,182           | 2,124,233           | 20,452,917           | 19,715,997           |
| Public works                  | 580,546             | 679,470             | 10,726,722           | 14,576,701           |
| Culture and recreation        | 48,509              | 76,816              | 2,170,712            | 2,911,377            |
| Economic development          | -                   | -                   | 1,027,236            | 3,730,323            |
| Interest on long-term debt    | -                   | -                   | 231,506              | 269,803              |
| Total governmental activities | <u>\$ 3,278,633</u> | <u>\$ 3,233,115</u> | <u>\$ 42,622,431</u> | <u>\$ 51,224,959</u> |

**Business-type activities.** Business-type activities increased the City's net position by \$14,806,338. The key elements in this increase are:

- Decrease in charges for service due to industrial consumption reduction.
- Increase revenues due to new Kaw Lake Sales Tax.

**City of Enid**  
Business-Type Activities  
Years Ended June 30, 2017 and 2016

|                                | Program Revenues     |                      | Cost of Services     |                      |
|--------------------------------|----------------------|----------------------|----------------------|----------------------|
|                                | 2017                 | 2016                 | 2017                 | 2016                 |
| Utility operations             | \$ 31,761,073        | \$ 33,634,614        | \$ 18,882,738        | \$ 18,141,482        |
| Airport                        | 1,540,940            | 1,168,366            | 2,332,350            | 1,822,914            |
| Golf                           | 439,350              | 369,472              | 721,087              | 642,028              |
| Economic development           | -                    | -                    | -                    | -                    |
| Event center                   | 2,399,742            | 3,159,742            | 5,684,751            | 6,610,581            |
| Transit                        | 150,400              | 100,387              | 753,763              | 675,163              |
| Other                          | -                    | -                    | 1,142,673            | 1,233,420            |
| Total business-type activities | <u>\$ 36,291,505</u> | <u>\$ 38,432,581</u> | <u>\$ 29,517,362</u> | <u>\$ 29,125,588</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, 2017

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As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$24,339,927, a decrease of (\$4,703,160) in comparison with the prior year. Approximately 82 percent of this total amount \$20,058,015 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 \$8,886,382. 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 20 percent of total general fund expenditures and transfers out.

The fund balance of the City's general fund increased \$1,537,252 during the current fiscal year, primarily due to Kaw Lake sales tax receipts.

The police fund has a total fund balance of \$3,096,389. The net decrease in fund balance during the current year was (\$1,047,426), due primarily to reduced vacancies in staffing during the fiscal year.

The fire fund has a total fund balance of \$786,782, which was all committed. The net decrease in fund balance during the current year was (\$185,127), due primarily to increased personnel expenses 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 \$103,837,213. Unrestricted net position of the Enid Municipal Authority at the end of the year was \$10,931,570. The total increase in net position was \$16,029,466. Operating revenues showed a decrease of \$1,873,541 while operating expenses increased by \$643,371.

The changes in operating revenues were due to decreased water and landfill consumption by industrial user and expenses increased due to capital asset depreciation.

The Woodring Airport Fund showed total net position of \$21,350,908, an increase of \$123,343.

The Enid Event Center and Convention Hall fund showed total net position of \$30,530,780, a decrease of (\$1,512,542), 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 \$1,027,636 for departmental expenditures and revenues increased by \$735,000, and net transfers increased by \$2,221,403 during the year. 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, 2017**

Revenues received were more than budget estimates by \$1,855,230, and actual expenditures and transfers were less than final budget appropriations by \$1,963,139, resulting in an overall net increase in fund balance of \$1,380,681 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 \$27,746 in its budgeted expenditures during the year, while revenues remained the same as originally estimated. Actual revenues and transfers in totaled \$8,673,347, or \$20,979 more than budget estimates. Expenditures and transfers out of \$9,925,760 were less than budgeted by \$498,566, resulting in an overall net decrease in fund balance of \$1,252,413.

The fire fund expenditure budget and revenues remained the same as originally estimated. Actual revenues and transfers in totaled \$7,349,638, or less than budget estimates by \$20,230. Expenditures and transfers out of \$7,753,851, were less than the budget appropriations by \$333,344.

**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, 2017, amounts to \$243,449,843 (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, 2017 and 2016

|                          | Governmental         |                      | Business-Type         |                       | Totals                |                       |
|--------------------------|----------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                          | Activities           |                      | Activities            |                       | June 30               |                       |
|                          | 2017                 | 2016                 | 2017                  | 2016                  | 2017                  | 2016                  |
| Land                     | \$ 6,355,793         | \$ 6,205,793         | \$ 7,679,181          | \$ 7,679,120          | \$ 14,034,974         | \$ 13,884,913         |
| Construction in progress | 10,069,558           | 9,048,228            | 11,705,962            | 22,617,672            | 21,775,520            | 31,665,900            |
| Buildings                | 8,201,992            | 6,826,518            | 60,869,283            | 64,762,572            | 69,071,275            | 71,589,090            |
| Improvements             | 39,973,266           | 41,234,978           | 83,085,623            | 69,387,711            | 123,058,889           | 110,622,689           |
| Equipment                | 1,052,669            | 1,260,850            | 10,588,600            | 11,574,854            | 11,641,269            | 12,835,704            |
| Vehicles                 | 1,920,924            | 2,106,126            | 1,946,992             | 1,131,277             | 3,867,916             | 3,237,403             |
| Capital assets, net      | <u>\$ 67,574,202</u> | <u>\$ 66,682,493</u> | <u>\$ 175,875,641</u> | <u>\$ 177,153,206</u> | <u>\$ 243,449,843</u> | <u>\$ 243,835,699</u> |

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

- Property purchases for downtown district development.
- Local Street Program completion.
- Airport Runway 17/35 Extension.
- Water well replacement.
- Pedestrian Trail, phases 7.
- Twelve new SUVs added to the Police Department fleet.
- New Fire Station #4.
- Landfill Cell 10E.
- Five solid waste trash trucks.

**City of Enid, Oklahoma**

**Management's Discussion and Analysis  
June 30, 2017**

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

Long-term debt: At the end of the current fiscal year, the City had total debt outstanding of \$102,737,442. The debt secured solely by specified revenue sources (i.e., revenue bonds and notes) totaling \$61,960,130; tax apportionment bonds (TIF) of \$2,143,448; capital lease obligations of \$1,457,399; judgments against the City for \$108,658; the long-term portion of accrued compensated absences totaling \$2,281,404; net other post-employment obligations of \$66,690; workers' compensation reserve liability of \$1,584,516; net pension liability of \$29,503,845; and landfill closure and post-closure liability and other long-term liabilities in the amount of \$3,631,352.

**City of Enid**  
Outstanding Long-Term Liabilities  
June 30, 2017 and 2016

|   | Governmental<br>Activities |                      | Business-Type<br>Activities |                      | Totals                |                      |
|---|----------------------------|----------------------|-----------------------------|----------------------|-----------------------|----------------------|
|   | June 30                    |                      | June 30                     |                      | June 30               |                      |
|   | 2017                       | 2016                 | 2017                        | 2016                 | 2017                  | 2016                 |
| Judgments   | \$ 108,658                 | \$ 263,887           | \$ -                        | \$ -                 | \$ 108,658            | \$ 263,887           |
| Net pension liability   | 28,510,007                 | 27,350,303           | 993,838                     | 2,543,455            | 29,503,845            | 29,893,758           |
| Net OPEB obligation   | 66,690                     | 30,389               | -                           | -                    | 66,690                | 30,389               |
| Workers' compensation<br>claims   | 1,200,253                  | 1,165,124            | 384,263                     | 397,146              | 1,584,516             | 1,562,270            |
| Compensated absences  | 2,012,981                  | 1,932,683            | 268,423                     | 242,671              | 2,281,404             | 2,175,354            |
| Revenue bonds   | -                          | -                    | 4,965,000                   | 7,000,000            | 4,965,000             | 7,000,000            |
| Tax apportionment bonds<br>(TIF)  | 2,143,448                  | 2,849,180            | -                           | -                    | 2,143,448             | 2,849,180            |
| Deferred interest on bonds  | -                          | -                    | -                           | -                    | -                     | -                    |
| Notes payable   | 3,231,000                  | 3,557,000            | 53,764,130                  | 43,243,824           | 56,995,130            | 46,800,824           |
| Capital lease obligations   | -                          | -                    | 1,457,399                   | 884,186              | 1,457,399             | 884,186              |
| Landfill closure and post-<br>closure and other long-<br>term liabilities | -                          | -                    | 3,631,352                   | 3,136,676            | 3,631,352             | 3,136,676            |
| <b>Total outstanding debt</b>   | <b>\$ 37,273,037</b>       | <b>\$ 37,148,566</b> | <b>\$ 65,464,405</b>        | <b>\$ 57,447,958</b> | <b>\$ 102,737,442</b> | <b>\$ 94,596,524</b> |

The City's total long term obligations increased \$8,140,918 during the current fiscal year. The key factors in this increase were increased due to the issuance of a new loan from OWRB in notes payable and four new capital lease obligations, 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, 2017

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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 2017-2018 revenue and expense budgets.

When setting the fiscal year 2018 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 2018 compared to the 2016-2017 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, 2018. It is anticipated that water revenues may decrease a significant amount in 2018 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 2017-2018 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, 2017

|  | Primary Government      |                          | Total                 |
|--|-------------------------|--------------------------|-----------------------|
|  | Governmental Activities | Business-Type Activities |                       |
| <b>Assets</b>  |                         |                          |                       |
| Cash and cash equivalents  | \$ 7,306,587            | \$ 2,121,746             | \$ 9,428,333          |
| Investments  | 19,426,172              | 3,961,196                | 23,387,368            |
| Receivables (net of allowance for uncollectibles)  | 6,124,929               | 4,223,174                | 10,348,103            |
| Receivables for property taxes - succeeding year   | 171,077                 | -                        | 171,077               |
| Internal balances  | (3,446,200)             | 3,446,200                | -                     |
| Inventories  | 31,974                  | 155,235                  | 187,209               |
| Prepaid expenses   | 134,122                 | 120,304                  | 254,426               |
| Restricted cash and investments  | 344,464                 | 34,717,286               | 35,061,750            |
| Assets held for sale   | 3,273,493               | -                        | 3,273,493             |
| Capital assets:  |                         |                          |                       |
| Land and construction in progress  | 16,425,351              | 19,385,143               | 35,810,494            |
| Depreciable buildings, improvements, equipment and vehicles, net of accumulated depreciation | 51,148,851              | 156,490,498              | 207,639,349           |
| <b>Total assets</b>  | <b>100,940,820</b>      | <b>224,620,782</b>       | <b>325,561,602</b>    |
| <b>Deferred outflows of resources</b>  |                         |                          |                       |
| Deferred amounts related to pensions   | 6,642,798               | 179,099                  | 6,821,897             |
| <b>Liabilities</b>   |                         |                          |                       |
| Accounts payable and accrued liabilities   | 6,525,826               | 1,118,759                | 7,644,585             |
| Payable from restricted assets:  |                         |                          |                       |
| Accrued interest   | 141,959                 | 488,692                  | 630,651               |
| Customer deposits  | -                       | 1,142,234                | 1,142,234             |
| Unearned revenue   | 4,699                   | 154,558                  | 159,257               |
| Long-term liabilities:   |                         |                          |                       |
| Due within one year  | 3,107,298               | 6,808,275                | 9,915,573             |
| Due in more than one year  | 34,165,740              | 58,656,130               | 92,821,870            |
| <b>Total liabilities</b>   | <b>43,945,522</b>       | <b>68,368,648</b>        | <b>112,314,170</b>    |
| <b>Deferred inflows of resources</b>   |                         |                          |                       |
| Property taxes succeeding year   | 171,077                 | -                        | 171,077               |
| Deferred amounts related to pensions   | 3,067,371               | 987,465                  | 4,054,836             |
| <b>Total deferred inflows of resources</b>   | <b>3,238,448</b>        | <b>987,465</b>           | <b>4,225,913</b>      |
| <b>Net position</b>  |                         |                          |                       |
| Net investment in capital assets   | 62,199,754              | 129,089,792              | 191,289,546           |
| Restricted:  |                         |                          |                       |
| Debt service   | 212,762                 | 1,757,402                | 1,970,164             |
| Capital improvements   | 142,131                 | 13,008,209               | 13,150,340            |
| Public safety  | 451,369                 | -                        | 451,369               |
| Public works   | 36,061                  | -                        | 36,061                |
| Other  | -                       | 209                      | 209                   |
| Unrestricted (deficit)   | (2,642,429)             | 11,588,156               | 8,945,727             |
| <b>Total net position</b>  | <b>\$ 60,399,648</b>    | <b>\$ 155,443,768</b>    | <b>\$ 215,843,416</b> |

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



City of Enid, Oklahoma

Statement of Activities  
Year Ended June 30, 2017

|   | Program Revenues     |                         |  |  | Net (Expense) Revenue and<br>Change in Net Position |                             | Total                 |
|---|----------------------|-------------------------|--|--|---|-----------------------------|-----------------------|
|   | Expenses             | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | Governmental<br>Activities                          | Business-Type<br>Activities |                       |
| <b>Primary Government</b>                               |                      |                         |  |  |   |                             |                       |
| Governmental activities:                                |                      |                         |  |  |   |                             |                       |
| General government                                      | \$ 8,013,338         | \$ 352,396              | \$ -                                     | \$ -                                   | \$ (7,660,942)                                      | \$ -                        | \$ (7,660,942)        |
| Public safety   | 20,452,917           | 2,297,182               | 2,578,612                                | 34,104                                 | (15,543,019)  | -                           | (15,543,019)          |
| Public works  | 10,726,722           | 580,546                 | 409,736                                  | -                                      | (9,736,440)   | -                           | (9,736,440)           |
| Culture and recreation                                  | 2,170,712            | 48,509                  | 96,139                                   | 2,782                                  | (2,023,282)   | -                           | (2,023,282)           |
| Economic development                                    | 1,027,236            | -                       | -  | -                                      | (1,027,236)   | -                           | (1,027,236)           |
| Interest on long-term debt                              | 231,506              | -                       | -  | -                                      | (231,506)   | -                           | (231,506)             |
| <b>Total governmental activities</b>                    | <b>42,622,431</b>    | <b>3,278,633</b>        | <b>3,084,487</b>                         | <b>36,886</b>                          | <b>(36,222,425)</b>                                 | <b>-</b>                    | <b>(36,222,425)</b>   |
| Business-type activities:                               |                      |                         |  |  |   |                             |                       |
| Utility operations                                      | 18,882,738           | 31,761,073              | -  | -                                      | -   | 12,878,335                  | 12,878,335            |
| Airport   | 2,332,350            | 1,540,940               | -  | 966,066                                | -   | 174,656                     | 174,656               |
| Golf  | 721,087              | 439,350                 | -  | -                                      | -   | (281,737)                   | (281,737)             |
| Event center  | 5,684,751            | 2,399,742               | -  | -                                      | -   | (3,285,009)                 | (3,285,009)           |
| Transit and other                                       | 753,763              | 150,400                 | 188,637                                  | -                                      | -   | (414,726)                   | (414,726)             |
| Sales tax remitted to schools                           | 1,142,673            | -                       | -  | -                                      | -   | (1,142,673)                 | (1,142,673)           |
| <b>Total business-type activities</b>                   | <b>29,517,362</b>    | <b>36,291,505</b>       | <b>188,637</b>                           | <b>966,066</b>                         | <b>-</b>  | <b>7,928,846</b>            | <b>7,928,846</b>      |
| <b>Total primary government</b>                         | <b>\$ 72,139,793</b> | <b>\$ 39,570,138</b>    | <b>\$ 3,273,124</b>                      | <b>\$ 1,002,952</b>                    | <b>(36,222,425)</b>                                 | <b>7,928,846</b>            | <b>(28,293,579)</b>   |
| General revenues:                                       |                      |                         |  |  |   |                             |                       |
| Taxes:  |                      |                         |  |  |   |                             |                       |
| Sales and use   |                      |                         |  |  | 33,699,663  | -                           | 33,699,663            |
| Property  |                      |                         |  |  | 362,158   | 1,391,357                   | 1,753,515             |
| Franchise   |                      |                         |  |  | 2,931,694   | -                           | 2,931,694             |
| Other   |                      |                         |  |  | 685,810   | -                           | 685,810               |
| Investment income                                       |                      |                         |  |  | 287,489   | 106,912                     | 394,401               |
| Miscellaneous   |                      |                         |  |  | 747,136   | 44,711                      | 791,847               |
| Contributed capital assets from governmental activities |                      |                         |  |  | (6,645,404)   | 6,645,404                   | -                     |
| Gain on disposition of assets                           |                      |                         |  |  | -   | 346,266                     | 346,266               |
| Transfers - internal activity                           |                      |                         |  |  | 1,657,158   | (1,657,158)                 | -                     |
| <b>Total general revenues and transfers</b>             |                      |                         |  |  | <b>33,725,704</b>                                   | <b>6,877,492</b>            | <b>40,603,196</b>     |
| <b>Change in net position</b>                           |                      |                         |  |  | <b>(2,496,721)</b>                                  | <b>14,806,338</b>           | <b>12,309,617</b>     |
| Net position, beginning                                 |                      |                         |  |  | 62,896,369  | 140,637,430                 | 203,533,799           |
| Net position, ending                                    |                      |                         |  |  | <b>\$ 60,399,648</b>                                | <b>\$ 155,443,768</b>       | <b>\$ 215,843,416</b> |

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

City of Enid, Oklahoma

Balance Sheet—Governmental Funds  
June 30, 2017

|  | General              | Police Fund         | Fire Fund           | Capital Improvement Fund | Water Capital Improvements | Nonmajor Governmental Funds | Total                |
|--|----------------------|---------------------|---------------------|--------------------------|----------------------------|-----------------------------|----------------------|
| <b>Assets</b>  |                      |                     |                     |                          |                            |                             |                      |
| Cash and cash equivalents  | \$ 1,852,026         | \$ 849,049          | \$ 236,337          | \$ 1,326,551             | \$ -                       | \$ 2,328,269                | \$ 6,592,232         |
| Investments  | 5,025,682            | 2,349,320           | 653,944             | 3,670,571                | -                          | 5,750,033                   | 17,449,550           |
| Receivables:   |                      |                     |                     |                          |                            |                             |                      |
| Accounts   | 46,721               | -                   | -                   | -                        | -                          | -                           | 46,721               |
| Taxes  | 5,228,689            | 139,830             | 139,830             | -                        | -                          | 224,292                     | 5,732,641            |
| Due from other governments   | -                    | 14,892              | -                   | -                        | -                          | 501,712                     | 516,604              |
| Other  | -                    | -                   | -                   | -                        | -                          | 40                          | 40                   |
| Due from other funds   | 462,905              | -                   | -                   | -                        | -                          | -                           | 462,905              |
| Inventories  | 31,974               | -                   | -                   | -                        | -                          | -                           | 31,974               |
| Prepaid expenses   | 83,593               | 26,771              | 3,277               | -                        | -                          | 20,481                      | 134,122              |
| Assets held for sale   | -                    | -                   | -                   | -                        | -                          | 3,273,493                   | 3,273,493            |
| Restricted cash and investments  | -                    | -                   | -                   | 142,131                  | -                          | 202,333                     | 344,464              |
| <b>Total assets</b>  | <b>\$ 12,731,590</b> | <b>\$ 3,379,862</b> | <b>\$ 1,033,388</b> | <b>\$ 5,139,253</b>      | <b>\$ -</b>                | <b>\$ 12,300,653</b>        | <b>\$ 34,584,746</b> |
| <b>Liabilities</b>   |                      |                     |                     |                          |                            |                             |                      |
| Accounts payable and accrued liabilities   | \$ 944,190           | \$ 283,473          | \$ 246,606          | \$ 1,878,720             | \$ 1,582,935               | \$ 728,014                  | \$ 5,663,938         |
| Due to other funds   | 2,237,274            | -                   | -                   | -                        | 1,603,348                  | 68,483                      | 3,909,105            |
| Unearned revenue   | -                    | -                   | -                   | -                        | -                          | 4,699                       | 4,699                |
| <b>Total liabilities</b>   | <b>3,181,464</b>     | <b>283,473</b>      | <b>246,606</b>      | <b>1,878,720</b>         | <b>3,186,283</b>           | <b>801,196</b>              | <b>9,577,742</b>     |
| <b>Deferred inflows of resources</b>   |                      |                     |                     |                          |                            |                             |                      |
| Federal grants related to HUD loan   | -                    | -                   | -                   | -                        | -                          | 496,000                     | 496,000              |
| Property taxes succeeding year   | 171,077              | -                   | -                   | -                        | -                          | -                           | 171,077              |
| <b>Fund balances (deficit):</b>  |                      |                     |                     |                          |                            |                             |                      |
| <b>Nonspendable:</b>   |                      |                     |                     |                          |                            |                             |                      |
| Inventories, prepaids and assets held for sale                                       | 115,567              | 26,771              | 3,277               | -                        | -                          | 3,293,974                   | 3,439,589            |
| <b>Restricted:</b>   |                      |                     |                     |                          |                            |                             |                      |
| Public safety  | -                    | -                   | -                   | -                        | -                          | 451,369                     | 451,369              |
| Public works   | -                    | -                   | -                   | -                        | -                          | 36,061                      | 36,061               |
| Debt service   | -                    | -                   | -                   | -                        | -                          | 212,762                     | 212,762              |
| Capital improvements   | -                    | -                   | -                   | 142,131                  | -                          | -                           | 142,131              |
| <b>Committed:</b>  |                      |                     |                     |                          |                            |                             |                      |
| Public safety  | -                    | 3,069,618           | 783,505             | -                        | -                          | 1,205                       | 3,854,328            |
| Public works   | -                    | -                   | -                   | -                        | -                          | 842,004                     | 842,004              |
| Economic Development   | -                    | -                   | -                   | -                        | -                          | 12,500                      | 12,500               |
| Other  | 377,100              | -                   | -                   | -                        | -                          | -                           | 377,100              |
| Capital improvements   | -                    | -                   | -                   | 3,118,402                | -                          | 6,379,757                   | 9,498,159            |
| Unassigned   | 8,886,382            | -                   | -                   | -                        | (3,186,283)                | (226,175)                   | 5,473,924            |
| <b>Total fund balances (deficit)</b>   | <b>9,379,049</b>     | <b>3,096,389</b>    | <b>786,782</b>      | <b>3,260,533</b>         | <b>(3,186,283)</b>         | <b>11,003,457</b>           | <b>24,339,927</b>    |
| <b>Total liabilities, deferred inflows of resources, and fund balances (deficit)</b> | <b>\$ 12,731,590</b> | <b>\$ 3,379,862</b> | <b>\$ 1,033,388</b> | <b>\$ 5,139,253</b>      | <b>\$ -</b>                | <b>\$ 12,300,653</b>        | <b>\$ 34,584,746</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, 2017

|   | General             | Police<br>Fund      | Fire<br>Fund       | Capital<br>Improvement<br>Fund | Water<br>Capital<br>Improvements | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|---------------------|---------------------|--------------------|--------------------------------|----------------------------------|-----------------------------------|--------------------------------|
| <b>Revenues:</b>  |                     |                     |                    |                                |                                  |                                   |                                |
| Taxes   | \$ 34,463,073       | \$ 1,084,142        | \$ 1,084,142       | \$ -                           | \$ -                             | \$ 362,158                        | \$ 36,993,515                  |
| Licenses and permits                                    | 299,158             | -                   | -                  | -                              | -                                | -                                 | 299,158                        |
| Intergovernmental                                       | 214,120             | 652,253             | 1,793,459          | 128,390                        | -                                | 1,870,529                         | 4,658,751                      |
| Fines and forfeitures                                   | 1,425,155           | -                   | -                  | -                              | -                                | -                                 | 1,425,155                      |
| Charges for services                                    | 135,429             | 64,432              | -                  | -                              | -                                | 282,388                           | 482,249                        |
| Other   | 319,081             | 14,528              | 6,510              | 500,000                        | -                                | 86,872                            | 926,991                        |
| Interest  | 79,240              | 43,336              | 12,201             | 39,960                         | 19,342                           | 93,410                            | 287,489                        |
| <b>Total revenues</b>                                   | <b>36,935,256</b>   | <b>1,858,691</b>    | <b>2,896,312</b>   | <b>668,350</b>                 | <b>19,342</b>                    | <b>2,695,357</b>                  | <b>45,073,308</b>              |
| <b>Expenditures:</b>                                    |                     |                     |                    |                                |                                  |                                   |                                |
| <b>Current:</b>   |                     |                     |                    |                                |                                  |                                   |                                |
| General government                                      | 7,557,236           | -                   | -                  | -                              | -                                | -                                 | 7,557,236                      |
| Public safety   | 96,095              | 9,597,918           | 9,268,424          | -                              | -                                | 1,115,020                         | 20,077,457                     |
| Public works  | 4,056,862           | -                   | -                  | -                              | -                                | 685,928                           | 4,742,790                      |
| Culture and recreation                                  | 2,103,701           | -                   | -                  | -                              | -                                | -                                 | 2,103,701                      |
| Economic development                                    | -                   | -                   | -                  | -                              | -                                | 1,005,449                         | 1,005,449                      |
| <b>Debt service:</b>                                    |                     |                     |                    |                                |                                  |                                   |                                |
| Principal   | -                   | -                   | -                  | -                              | -                                | 1,188,312                         | 1,188,312                      |
| Interest  | -                   | -                   | -                  | -                              | -                                | 289,733                           | 289,733                        |
| Capital outlay  | 1,319,885           | 468,199             | 13,015             | 4,626,743                      | 5,388,544                        | 2,652,562                         | 14,468,948                     |
| <b>Total expenditures</b>                               | <b>15,133,779</b>   | <b>10,066,117</b>   | <b>9,281,439</b>   | <b>4,626,743</b>               | <b>5,388,544</b>                 | <b>6,937,004</b>                  | <b>51,433,626</b>              |
| <b>Excess of revenues over<br/>(under) expenditures</b> | <b>21,801,477</b>   | <b>(8,207,426)</b>  | <b>(6,385,127)</b> | <b>(3,958,393)</b>             | <b>(5,369,202)</b>               | <b>(4,241,647)</b>                | <b>(6,360,318)</b>             |
| <b>Other financing sources (uses):</b>                  |                     |                     |                    |                                |                                  |                                   |                                |
| Transfers in  | 8,235,000           | 7,350,000           | 6,250,000          | 3,118,144                      | 889,000                          | 4,754,239                         | 30,596,383                     |
| Transfers out   | (28,499,225)        | (190,000)           | (50,000)           | -                              | -                                | (200,000)                         | (28,939,225)                   |
| <b>Total other financing<br/>sources (uses)</b>         | <b>(20,264,225)</b> | <b>7,160,000</b>    | <b>6,200,000</b>   | <b>3,118,144</b>               | <b>889,000</b>                   | <b>4,554,239</b>                  | <b>1,657,158</b>               |
| <b>Net change in fund balances</b>                      | <b>1,537,252</b>    | <b>(1,047,426)</b>  | <b>(185,127)</b>   | <b>(840,249)</b>               | <b>(4,480,202)</b>               | <b>312,592</b>                    | <b>(4,703,160)</b>             |
| Fund balances, beginning                                | 7,841,797           | 4,143,815           | 971,909            | 4,100,782                      | 1,293,919                        | 10,690,865                        | 29,043,087                     |
| Fund balances, ending                                   | <u>\$ 9,379,049</u> | <u>\$ 3,096,389</u> | <u>\$ 786,782</u>  | <u>\$ 3,260,533</u>            | <u>\$ (3,186,283)</u>            | <u>\$ 11,003,457</u>              | <u>\$ 24,339,927</u>           |

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, 2017

|   |                       |
|---|-----------------------|
| <b>Total fund balance - governmental funds:</b>   | \$ 24,339,927         |
| 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.   | 67,574,202            |
| 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  | 496,000               |
| Pension related deferred outflows   | 6,642,798             |
| 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.  | 1,829,089             |
| 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  | (141,959)             |
| Accrued compensated absences  | (2,012,982)           |
| Accrued liability for workers' compensation claims incurred   | (1,200,253)           |
| Net pension liability   | (28,510,007)          |
| Pension related deferred inflows  | (3,067,371)           |
| Judgments payable   | (108,658)             |
| Net other post-employment benefit obligations   | (66,690)              |
| Notes payable   | (3,231,000)           |
| TIF bonds payable   | (2,143,448)           |
| <b>Net position of governmental activities in the statement of net position</b>   | <u>\$ 60,399,648</u>  |
| <b>Net change in fund balances – total governmental funds:</b>  | <u>\$ (4,703,160)</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   | 12,878,978            |
| Depreciation expense  | (5,327,200)           |
| Transfer of assets to business type activities  | (6,656,948)           |
| Loss on disposal of capital assets  | (3,121)               |
| 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.   | 241,893               |
| 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 |                       |
| Principal payments on notes payable and TIF bonds payable   | 1,031,732             |
| Portions of receivables are not considered current financial resources and, therefore, portions of payments are recognized as revenues for the governmental funds: CDBG receipts for loan.  | (141,000)             |
| 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  | 134,232               |
| 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  | (80,299)              |
| Accrued liability for workers' compensation claims incurred   | (35,129)              |
| Accrued interest expense, net change  | 44,374                |
| Judgments payable, net change   | 155,229               |
| Other liabilities, net change   | (36,302)              |
| <b>Change in net position of governmental activities</b>  | <u>\$ (2,496,721)</u> |

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

City of Enid, Oklahoma

Statement of Net Position—Proprietary Funds  
June 30, 2017

|  | Business-Type Activities |                                       |                      |                           |                       | Internal Service    |
|--|--------------------------|---------------------------------------|----------------------|---------------------------|-----------------------|---------------------|
|  | Enterprise Funds         |                                       |                      |                           | Total                 |                     |
|  | Enid Municipal Authority | Enid Event Center and Convention Hall | Woodring Airport     | Nonmajor Enterprise Funds |                       |                     |
| <b>Assets</b>                                    |                          |                                       |                      |                           |                       |                     |
| Current assets:                                  |                          |                                       |                      |                           |                       |                     |
| Cash and cash equivalents                        | \$ 1,175,976             | \$ 264,189                            | \$ 681,581           | \$ -                      | \$ 2,121,746          | \$ 714,355          |
| Investments                                      | 3,253,929                | 205,022                               | 502,245              | -                         | 3,961,196             | 1,976,622           |
| Receivables:                                     |                          |                                       |                      |                           |                       |                     |
| Accounts (net of allowance for uncollectibles)   | 3,894,186                | 139,033                               | 52,355               | 3,537                     | 4,089,111             | -                   |
| Accrued interest                                 | 4,774                    | -                                     | -                    | -                         | 4,774                 | -                   |
| Taxes  | -                        | 128,133                               | -                    | -                         | 128,133               | -                   |
| Due from other governments                       | -                        | -                                     | -                    | 1,156                     | 1,156                 | -                   |
| Due from other funds                             | 3,840,623                | -                                     | -                    | -                         | 3,840,623             | -                   |
| Inventories                                      | 54,377                   | 58,123                                | 42,735               | -                         | 155,235               | -                   |
| Prepaid expenses                                 | 50,531                   | 32,402                                | 275                  | 37,096                    | 120,304               | -                   |
| Restricted investments                           | 34,717,286               | -                                     | -                    | -                         | 34,717,286            | -                   |
| <b>Total current assets</b>                      | <b>46,991,682</b>        | <b>826,902</b>                        | <b>1,279,191</b>     | <b>41,789</b>             | <b>49,139,564</b>     | <b>2,690,977</b>    |
| Noncurrent assets:                               |                          |                                       |                      |                           |                       |                     |
| Capital assets (net of accumulated depreciation) | 124,882,938              | 30,122,567                            | 20,329,411           | 540,725                   | 175,875,641           | -                   |
| <b>Total noncurrent assets</b>                   | <b>124,882,938</b>       | <b>30,122,567</b>                     | <b>20,329,411</b>    | <b>540,725</b>            | <b>175,875,641</b>    | <b>-</b>            |
| <b>Total assets</b>                              | <b>171,874,620</b>       | <b>30,949,469</b>                     | <b>21,608,602</b>    | <b>582,514</b>            | <b>225,015,205</b>    | <b>2,690,977</b>    |
| <b>Deferred outflows of resources</b>            |                          |                                       |                      |                           |                       |                     |
| Deferred amounts related to pensions             | 116,754                  | -                                     | 25,755               | 36,590                    | 179,099               | -                   |
| <b>Liabilities</b>                               |                          |                                       |                      |                           |                       |                     |
| Current liabilities:                             |                          |                                       |                      |                           |                       |                     |
| Accounts payable and accrued liabilities         | 782,607                  | 273,780                               | 23,424               | 65,992                    | 1,145,803             | 834,844             |
| Payable from restricted assets:                  |                          |                                       |                      |                           |                       |                     |
| Accrued interest payable                         | 488,515                  | -                                     | -                    | 177                       | 488,692               | -                   |
| Customer deposits                                | 1,142,234                | -                                     | -                    | -                         | 1,142,234             | -                   |
| Due to other funds                               | -                        | -                                     | -                    | 394,423                   | 394,423               | -                   |
| Unearned revenue                                 | -                        | 144,909                               | -                    | 9,649                     | 154,558               | -                   |
| Current portion of noncurrent liabilities        | 6,739,969                | -                                     | 20,957               | 47,349                    | 6,808,275             | -                   |
| <b>Total current liabilities</b>                 | <b>9,153,325</b>         | <b>418,689</b>                        | <b>44,381</b>        | <b>517,590</b>            | <b>10,133,985</b>     | <b>834,844</b>      |
| Noncurrent liabilities:                          |                          |                                       |                      |                           |                       |                     |
| Compensated absences                             | 71,701                   | -                                     | 10,965               | 12,886                    | 95,552                | -                   |
| Capital lease obligations                        | 1,104,514                | -                                     | -                    | 27,310                    | 1,131,824             | -                   |
| Bonds payable                                    | 2,875,000                | -                                     | -                    | -                         | 2,875,000             | -                   |
| Notes payable, net of unamortized premium        | 49,608,922               | -                                     | -                    | -                         | 49,608,922            | -                   |
| Net pension liability                            | 703,159                  | -                                     | 117,368              | 173,311                   | 993,838               | -                   |
| Landfill closure and post-closure obligations    | 3,631,352                | -                                     | -                    | -                         | 3,631,352             | -                   |
| Workers compensation claims                      | 271,494                  | -                                     | 5,547                | 42,601                    | 319,642               | -                   |
| <b>Total noncurrent liabilities</b>              | <b>58,266,142</b>        | <b>-</b>                              | <b>133,880</b>       | <b>256,108</b>            | <b>58,656,130</b>     | <b>-</b>            |
| <b>Total liabilities</b>                         | <b>67,419,467</b>        | <b>418,689</b>                        | <b>178,261</b>       | <b>773,698</b>            | <b>68,790,115</b>     | <b>834,844</b>      |
| <b>Deferred inflows of resources</b>             |                          |                                       |                      |                           |                       |                     |
| Deferred amounts related to pensions             | 734,694                  | -                                     | 105,188              | 147,583                   | 987,465               | -                   |
| <b>Net position</b>                              |                          |                                       |                      |                           |                       |                     |
| Net investment in capital assets                 | 78,139,823               | 30,122,567                            | 20,329,411           | 497,991                   | 129,089,792           | -                   |
| Restricted:                                      |                          |                                       |                      |                           |                       |                     |
| Debt service                                     | 1,757,402                | -                                     | -                    | -                         | 1,757,402             | -                   |
| Capital improvements                             | 13,008,209               | -                                     | -                    | -                         | 13,008,209            | -                   |
| Other  | 209                      | -                                     | -                    | -                         | 209                   | -                   |
| Unrestricted                                     | 10,931,570               | 408,213                               | 1,021,497            | (800,168)                 | 11,561,112            | 1,856,133           |
| <b>Total net position</b>                        | <b>\$ 103,837,213</b>    | <b>\$ 30,530,780</b>                  | <b>\$ 21,350,908</b> | <b>\$ (302,177)</b>       | <b>\$ 155,416,724</b> | <b>\$ 1,856,133</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

27,044

Total net position per Government-Wide financial statements

\$ 155,443,768

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, 2017

|   | Business-Type Activities       |  |                      |                                 |                       |                        |
|---|--------------------------------|--|----------------------|---------------------------------|-----------------------|------------------------|
|   | Enterprise Funds               |  |                      |                                 | Internal Service      |                        |
|   | Enid<br>Municipal<br>Authority | Enid Event<br>Center and<br>Convention<br>Hall | Woodring<br>Airport  | Nonmajor<br>Enterprise<br>Funds | Total                 | Health<br>Care<br>Fund |
| Operating revenues:   |                                |  |                      |                                 |                       |                        |
| Charges for services:   |                                |  |                      |                                 |                       |                        |
| Utility operations  | \$ 30,693,319                  | \$ -   | \$ -                 | \$ -                            | \$ 30,693,319         | \$ -                   |
| Event center  | -                              | 2,399,742                                      | -                    | -                               | 2,399,742             | -                      |
| Airport   | -                              | -  | 1,540,940            | -                               | 1,540,940             | -                      |
| Transit   | -                              | -  | -                    | 150,400                         | 150,400               | -                      |
| Healthcare premiums   | -                              | -  | -                    | -                               | -                     | 5,246,199              |
| Other   | 1,067,754                      | -  | -                    | 439,350                         | 1,507,104             | 322,113                |
| <b>Total operating revenues</b>                                     | <b>31,761,073</b>              | <b>2,399,742</b>                               | <b>1,540,940</b>     | <b>589,750</b>                  | <b>36,291,505</b>     | <b>5,568,312</b>       |
| Operating expenses:   |                                |  |                      |                                 |                       |                        |
| Utility operations  | 10,106,124                     | -  | -                    | -                               | 10,106,124            | -                      |
| Event center  | -                              | 3,952,300                                      | -                    | -                               | 3,952,300             | -                      |
| Airport   | -                              | -  | 1,411,957            | -                               | 1,411,957             | -                      |
| Transit   | -                              | -  | -                    | 702,035                         | 702,035               | -                      |
| Insurance claims and expenses                                       | -                              | -  | -                    | -                               | -                     | 5,379,193              |
| Other   | 239,498                        | -  | -                    | 669,629                         | 909,127               | -                      |
| Depreciation  | 7,207,625                      | 1,732,449                                      | 920,390              | 101,097                         | 9,961,561             | -                      |
| <b>Total operating expenses</b>                                     | <b>17,553,247</b>              | <b>5,684,749</b>                               | <b>2,332,347</b>     | <b>1,472,761</b>                | <b>27,043,104</b>     | <b>5,379,193</b>       |
| <b>Net operating income (loss)</b>                                  | <b>14,207,826</b>              | <b>(3,285,007)</b>                             | <b>(791,407)</b>     | <b>(883,011)</b>                | <b>9,248,401</b>      | <b>189,119</b>         |
| Nonoperating revenues (expenses):                                   |                                |  |                      |                                 |                       |                        |
| Taxes   | -                              | 1,391,357                                      | -                    | -                               | 1,391,357             | -                      |
| Miscellaneous revenues  | -                              | 390  | 43,258               | 1,063                           | 44,711                | -                      |
| Private gift  | -                              | -  | 500,000              | -                               | 500,000               | -                      |
| Interest income   | 99,118                         | 718  | 6,922                | 154                             | 106,912               | 34,345                 |
| Government grants   | -                              | -  | -                    | 188,637                         | 188,637               | -                      |
| Gain/(loss) on disposition of assets                                | 342,538                        | -  | (1,496)              | 5,224                           | 346,266               | -                      |
| Payments to schools   | (1,142,673)                    | -  | -                    | -                               | (1,142,673)           | -                      |
| Interest expense and fiscal charges                                 | (1,418,727)                    | -  | -                    | (2,090)                         | (1,420,817)           | -                      |
| <b>Total nonoperating revenues (expenses)</b>                       | <b>(2,119,744)</b>             | <b>1,392,465</b>                               | <b>548,684</b>       | <b>192,988</b>                  | <b>14,393</b>         | <b>34,345</b>          |
| <b>Net income (loss) before capital contributions and transfers</b> | <b>12,088,082</b>              | <b>(1,892,542)</b>                             | <b>(242,723)</b>     | <b>(690,023)</b>                | <b>9,262,794</b>      | <b>223,464</b>         |
| Capital grants  | -                              | -  | 466,066              | -                               | 466,066               | -                      |
| Capital asset contributions   | 6,644,354                      | -  | -                    | 1,050                           | 6,645,404             | -                      |
| Transfers in  | 13,937,413                     | 380,000  | -                    | 765,812                         | 15,083,225            | -                      |
| Transfers (out)   | (16,640,383)                   | -  | (100,000)            | -                               | (16,740,383)          | -                      |
| <b>Change in net position</b>                                       | <b>16,029,466</b>              | <b>(1,512,542)</b>                             | <b>123,343</b>       | <b>76,839</b>                   | <b>14,717,106</b>     | <b>223,464</b>         |
| Net position, beginning   | 87,807,747                     | 32,043,322                                     | 21,227,565           | (379,016)                       | 140,699,618           | 1,632,669              |
| Net position, ending  | <b>\$ 103,837,213</b>          | <b>\$ 30,530,780</b>                           | <b>\$ 21,350,908</b> | <b>\$ (302,177)</b>             | <b>\$ 155,416,724</b> | <b>\$ 1,856,133</b>    |

Change in net position per above \$ 14,717,106

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. 89,232

Change in business-type activities in net position per government-wide financial statements \$ 14,806,338

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, 2017

|   | Business-Type Activities       |  |                     |                                 |                     | Internal Service<br>Health<br>Care<br>Fund |
|---|--------------------------------|--|---------------------|---------------------------------|---------------------|--|
|   | Enterprise funds               |  |                     |                                 | Total               |  |
|   | Enid<br>Municipal<br>Authority | Enid Event<br>Center and<br>Convention<br>Hall | Woodring<br>Airport | Nonmajor<br>Enterprise<br>Funds |                     |  |
| Cash flows from operating activities:                                       |                                |  |                     |                                 |                     |  |
| Receipts from customers   | \$ 32,207,282                  | \$ 2,414,298                                   | \$ 1,539,245        | \$ 605,382                      | \$ 36,766,207       | \$ 5,568,312                               |
| Payments to suppliers   | (5,879,924)                    | (4,114,448)                                    | (867,420)           | (351,841)                       | (11,213,633)        | (4,919,965)                                |
| Payments to employees   | (3,827,454)                    | -  | (555,198)           | (998,219)                       | (5,380,871)         | -  |
| <b>Net cash provided (used) by operating activities</b>                     | <b>22,499,904</b>              | <b>(1,700,150)</b>                             | <b>116,627</b>      | <b>(744,678)</b>                | <b>20,171,703</b>   | <b>648,347</b>                             |
| Cash flows from noncapital financing activities:                            |                                |  |                     |                                 |                     |  |
| Taxes   | -                              | 1,403,208                                      | -                   | -                               | 1,403,208           | -  |
| Interfund payments  | (6,967,022)                    | -  | (388,442)           | (188,989)                       | (7,544,453)         | -  |
| Miscellaneous revenues/(expenses)   | (1,142,673)                    | 390  | 543,258             | 189,700                         | (409,325)           | -  |
| Operating transfers in  | 13,937,413                     | 380,000  | -                   | 765,812                         | 15,083,225          | -  |
| Operating transfers out   | (16,640,383)                   | -  | (100,000)           | -                               | (16,740,383)        | -  |
| <b>Net cash provided (used) by noncapital financing activities</b>          | <b>(10,812,665)</b>            | <b>1,783,598</b>                               | <b>54,816</b>       | <b>766,523</b>                  | <b>(8,207,728)</b>  | <b>-</b>                                   |
| Cash flows from capital and related financing activities:                   |                                |  |                     |                                 |                     |  |
| Proceeds from long-term debt, net of premium                                | 14,385,726                     | -  | -                   | -                               | 14,385,726          | -  |
| Principal paid on long-term debt  | (6,134,028)                    | -  | -                   | (14,976)                        | (6,149,004)         | -  |
| Interest expense and fiscal charges   | (1,525,978)                    | -  | -                   | (1,957)                         | (1,527,935)         | -  |
| Capital grants  | -                              | -  | 782,061             | -                               | 782,061             | -  |
| Proceeds from sale of capital assets  | 433,504                        | -  | 500                 | 6,074                           | 440,078             | -  |
| Acquisition/construction of capital assets                                  | (469,941)                      | -  | (559,138)           | (11,140)                        | (1,040,219)         | -  |
| <b>Net cash provided (used) by capital and related financing activities</b> | <b>6,689,283</b>               | <b>-</b>                                       | <b>223,423</b>      | <b>(21,999)</b>                 | <b>6,890,707</b>    | <b>-</b>                                   |
| Cash flows from investing activities:                                       |                                |  |                     |                                 |                     |  |
| Purchases of investments  | (17,300,354)                   | (106,270)                                      | (502,245)           | -                               | (17,908,869)        | (300,376)                                  |
| Interest income   | 99,808                         | 718  | 6,922               | 154                             | 107,602             | 34,345                                     |
| <b>Net cash provided (used) by investing activities</b>                     | <b>(17,200,546)</b>            | <b>(105,552)</b>                               | <b>(495,323)</b>    | <b>154</b>                      | <b>(17,801,267)</b> | <b>(266,031)</b>                           |
| <b>Net increase (decrease) in cash and cash equivalents</b>                 | <b>1,175,976</b>               | <b>(22,104)</b>                                | <b>(100,457)</b>    | <b>-</b>                        | <b>1,053,415</b>    | <b>382,316</b>                             |
| Cash and cash equivalents, beginning  | -                              | 286,293  | 782,038             | -                               | 1,068,331           | 332,039                                    |
| Cash and cash equivalents, ending   | \$ 1,175,976                   | \$ 264,189                                     | \$ 681,581          | \$ -                            | \$ 2,121,746        | \$ 714,355                                 |

(Continued)

City of Enid, Oklahoma

Statement of Cash Flows—Proprietary Funds (Continued)  
Year Ended June 30, 2017

|   | Business-Type Activities |                                       |                   |                           |                      | Internal Service  |
|---|--------------------------|---------------------------------------|-------------------|---------------------------|----------------------|-------------------|
|   | 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)   | \$ 14,207,826            | \$ (3,285,007)                        | \$ (791,407)      | \$ (883,011)              | \$ 9,248,401         | \$ 189,119        |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: |                          |                                       |                   |                           |                      |                   |
| Depreciation  | 7,207,625                | 1,732,449                             | 920,390           | 101,097                   | 9,961,561            | -                 |
| Landfill closure costs  | 494,678                  | -                                     | -                 | -                         | 494,678              | -                 |
| (Increases) decrease in assets:   |                          |                                       |                   |                           |                      |                   |
| Receivables   | 427,601                  | 17,058                                | (1,695)           | 15,632                    | 458,596              | -                 |
| Inventories   | 21,342                   | 2,279                                 | 800               | (37,096)                  | (12,675)             | -                 |
| Prepaid expenses  | (21,862)                 | 9,390                                 | (182)             | 117                       | (12,537)             | -                 |
| Pension related deferred outflows   | 811,418                  | -                                     | 113,268           | 162,896                   | 1,087,582            | -                 |
| Increase (decrease) in liabilities:   |                          |                                       |                   |                           |                      |                   |
| Accounts payable and accrued liabilities  | 29,393                   | (83,210)                              | (27,290)          | 27,732                    | (53,375)             | 459,228           |
| Unearned revenue  | -                        | (90,607)                              | -                 | 7,827                     | (82,780)             | -                 |
| Net pension liability   | (1,156,131)              | -                                     | (161,387)         | (232,099)                 | (1,549,617)          | -                 |
| Customer deposits   | 18,608                   | (2,502)                               | -                 | -                         | 16,106               | -                 |
| Pension related deferred inflows  | 459,406                  | -                                     | 64,130            | 92,227                    | 615,763              | -                 |
| <b>Total adjustments</b>  | <b>8,292,078</b>         | <b>1,584,857</b>                      | <b>908,034</b>    | <b>138,333</b>            | <b>10,923,302</b>    | <b>459,228</b>    |
| <b>Net cash provided (used) by operating activities</b>   | <b>\$ 22,499,904</b>     | <b>\$ (1,700,150)</b>                 | <b>\$ 116,627</b> | <b>\$ (744,678)</b>       | <b>\$ 20,171,703</b> | <b>\$ 648,347</b> |
| Supplemental schedule of noncash capital and financial activities:                                    |                          |                                       |                   |                           |                      |                   |
| Capital contributions   | \$ 6,644,354             | \$ -                                  | \$ -              | \$ 1,050                  | \$ 6,645,404         | \$ -              |
| Assets, acquired under capital lease obligations  | \$ 775,900               | \$ -                                  | \$ -              | \$ 45,897                 | \$ 821,797           | \$ -              |
| Capitalized interest  | \$ 270,390               | \$ -                                  | \$ -              | \$ -                      | \$ 270,390           | \$ -              |

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



City of Enid, Oklahoma

Statement of Fiduciary Net Position—Fiduciary Funds  
June 30, 2017

|   | Agency<br>Funds  | Pension<br>Trust Funds |
|---|------------------|------------------------|
| <b>Assets</b>                                 |                  |                        |
| Cash and cash equivalents                     | \$ 15,864        | \$ 623,201             |
| Receivables:                                  |                  |                        |
| Accrued interest                              | -                | 6,433                  |
| Investments                                   | 6,631            | 38,040,487             |
| Participant loans                             | -                | 372,583                |
| <b>Total assets</b>                           | <u>22,495</u>    | <u>39,042,704</u>      |
| <b>Liabilities</b>                            |                  |                        |
| Funds held in custody for others              | <u>22,495</u>    | -                      |
| <b>Total liabilities</b>                      | <u>\$ 22,495</u> | -                      |
| <b>Net position - restricted for pensions</b> |                  | <u>\$ 39,042,704</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, 2017

|  | Pension<br>Trust Funds |
|--|------------------------|
| <b>Additions:</b>  |                        |
| Contributions:   |                        |
| Employer   | \$ 1,133,973           |
| Plan members   | 786,711                |
| <b>Total contributions</b>                               | <u>1,920,684</u>       |
| Investment earnings:                                     |                        |
| Net increase (decrease) in the fair value of investments | 4,440,741              |
| Interest and dividends                                   | 451,093                |
| <b>Total investment earnings</b>                         | <u>4,891,834</u>       |
| <b>Total additions</b>                                   | <u>6,812,518</u>       |
| <b>Deductions:</b>                                       |                        |
| Benefits and withdrawals                                 | 1,640,527              |
| Administrative expenses                                  | 183,223                |
| <b>Total deductions</b>                                  | <u>1,823,750</u>       |
| <b>Change in net position restricted for pensions</b>    | 4,988,768              |
| Net position restricted for pensions, beginning          | <u>34,053,936</u>      |
| Net position restricted for pensions, ending             | <u>\$ 39,042,704</u>   |

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

## City of Enid, Oklahoma

### Notes to Financial Statements

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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 3,900 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.

Notes to Financial Statements

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**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. This fund is considered a major fund for public purposes.
- The water capital improvement fund is a capital project fund which accounts for the resources accumulated from a portion of sales tax revenues and customer payments made to help fund drinking water projects of the City.

Notes to Financial Statements

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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 (EECCH) 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.

**Notes to Financial Statements**

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**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.

Notes to Financial Statements

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**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 as cash and investments.

**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% |

Notes to Financial Statements

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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 central supply. The cost of inventory is allocated to the user departments based upon consumption. Airport and golf course inventories are sold to end users using costs of goods sold accounts.

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, infrastructure, 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. Assets acquired with federal grant money are capitalized when the individual cost of the asset is more than \$5,000 and have 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 acquisition 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, 2017, total interest expense was \$1,752,767. Of this amount, \$270,390 was capitalized during the year in the Enid Municipal Authority.

Land and construction in progress are not depreciated. Buildings, infrastructure, 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  |



Notes to Financial Statements

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**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 and balance sheet 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 and on the government wide statement of net position. Deferred amounts related to pensions are also reported as deferred inflows in the government-wide statement of net position. Deferred amounts related to revenues related to the Community Development Block Grant used for the reimbursement of a note payable from the Department of Housing and Urban Development are reported as a deferred inflow of resources under the modified accrual basis of accounting. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**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 \$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** - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position including discretely presented component units. Bond premiums and discounts are deferred and amortized over the life of the bonds using a method which approximates the effective interest method. Issuance costs are reported as expenditures.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures. Debt principal payments are reported as expenditures.

Notes to Financial Statements

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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.

Notes to Financial Statements

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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.

**Sales taxes** – In August 2016, the citizens of Enid voted to increase the 3.5 percent sales tax to 4.25 percent effective January 1, 2017. The additional .75 percent is restricted by ordinance to spending on the Kaw Lake Pipeline and other related water capital improvement projects. The revenue from this tax is recorded in the Water Capital Improvement Fund.

The sales tax rate in the City of Enid is 9.1 percent. The State of Oklahoma receives 4.5 percent and the City receives 4.25 percent and Garfield County receives .35 percent. The 4.25 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.
- $\frac{1}{4}$  percent is restricted for the Police and Fire Fund to pay for capital items.
- $\frac{1}{4}$  percent is transferred to the Enid Municipal Authority to pay for the 2003 School Bond debt.
- $\frac{3}{4}$  percent is transferred to the Enid Municipal Authority to pay for the Kaw Lake Project and the related 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.

**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, 2017 and 2016, the City's net assessed valuation of taxable real and personal property aggregated \$344,749,892 and \$350,948,966 while the property taxes levied per \$1,000 had a millage rate of .50 in 2017 and .55 in 2016.

**Notes to Financial Statements**

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

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, 2017:

- GASB Statement No. 77, *Tax Abatement Disclosures*, issued August 2015. 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. The implementation of this standard had no material impact on the City, but did result in an additional disclosure, which can be seen in note 3 of the financial statements.
- GASB Statement No. 80, *Blending Requirements for Certain Component Units*, issued January 2016. 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*. The implementation of this standard had no material impact on the financial statements.

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, except for GASB Statement No. 75.

*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.

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

- 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.
- GASB Statement No. 85, *Omnibus 2017*, issued March 2017, will be effective for the City beginning with its fiscal year ending June 30, 2018. Statement No. 85 is designed to address the practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits).
- GASB Statement No. 86, *Certain Debt Extinguishment Issues*, issued May 2017, will be effective for the City beginning with its fiscal year ending June 30, 2018. Statement No. 86 is designed to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources, other than the proceeds of refunding debt, are placed in an irrevocable trust for the sole purpose of extinguishing debt. This statement also requires the inclusion of any remaining prepaid insurance related to extinguished debt in the net carrying amount of the debt when calculating the difference between the reacquisition price and the net carrying amount of the debt for debt that is extinguished through a legal extinguishment or an in-substance defeasance. This Statement also improves notes to financial statements for debt that is defeased in substance.

*Fiscal Year Ending June 30, 2020:*

- GASB Statement No. 84, *Fiduciary Activities*, issued February 2017, will be effective for the City beginning with its fiscal year ending June 30, 2020. The objective of Statement No. 84 is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

Notes to Financial Statements

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

A fiduciary component unit, when reported in the fiduciary fund financial statements of a primary government, should combine its information with its component units that are fiduciary component units and aggregate that combined information with the primary government's fiduciary funds.

This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets.

*Fiscal Year Ending June 30, 2021:*

- GASB Statement No. 87, Leases, issued June 2017, will be effective for the City beginning with its fiscal year ending June 30, 2021, with earlier adoption encouraged. Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. Under this statement, a government entity that is a lessee must recognize (1) a lease liability and (2) an intangible asset representing the lessee's right to use the leased asset. In addition, the [City, Authority, County] must report the (1) amortization expense for using the lease asset over the shorter of the term of the lease or the useful life of the underlying asset, (2) interest expense on the lease liability and (3) note disclosures about the lease. The Statement provides exceptions from the single-approach for short-term leases, financial purchases, leases of assets that are investments, and certain regulated leases. This statement also addresses accounting for lease terminations and modifications, sale-leaseback transactions, non-lease components embedded in lease contracts (such as service agreements), and leases with related parties.

**Subsequent events:** The City evaluated subsequent events through the date of the audit report. The City concluded that no subsequent events have occurred subsequent to year end that would require recognition in the financial statements.

**City of Enid, Oklahoma**

**Notes to Financial Statements**

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

**Cash and investments:** The City held the following deposits and investments at June 30, 2017:

| 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                                 | \$ 11,356,124        | n/a           | \$ N/A                           | \$ N/A               | \$ N/A              | \$ N/A       |
| Petty cash and change funds                     | 7,000                | n/a           | N/A                              | N/A                  | N/A                 | N/A          |
| Investments:                                    |                      |               |                                  |                      |                     |              |
| Government money market accounts                | 15,120,737           | Aaa-mf        | 15,120,737                       | -                    | -                   | -            |
| Negotiable certificates of deposits             | 23,387,368           | n/a           | 6,542,143                        | 14,345,955           | 2,499,270           | -            |
| U.S. Agency securities                          | 18,006,222           | Aaa           | -                                | 18,006,222           | -                   | -            |
| Total cash and cash equivalents and investments | <u>\$ 67,877,451</u> |               | <u>\$ 21,662,880</u>             | <u>\$ 32,352,177</u> | <u>\$ 2,499,270</u> | <u>\$ -</u>  |
| Reconciliation to statement of net position:    |                      |               |                                  |                      |                     |              |
| Cash and cash equivalents                       | \$ 9,428,333         |               |                                  |                      |                     |              |
| Investments                                     | 23,387,368           |               |                                  |                      |                     |              |
| Restricted cash and investments                 | 35,061,750           |               |                                  |                      |                     |              |
|   | <u>\$ 67,877,451</u> |               |                                  |                      |                     |              |

| 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                                 | \$ 639,065           | n/a           | \$ N/A                           | \$ N/A          | \$ N/A           | \$ N/A       |
| Negotiable certificates of deposits             | 6,631                | n/a           | 1,857                            | 4,045           | 729              | -            |
| Investments:                                    |                      |               |                                  |                 |                  |              |
| Mutual funds - equities                         | 29,834,819           | n/a           | 29,834,819                       | -               | -                | -            |
| Mutual funds - corporate bonds                  | 7,753,533            | Bb - Aaa      | 7,753,533                        | -               | -                | -            |
| Money market fund                               | 449,176              | n/a           | 449,176                          | -               | -                | -            |
| Mutual funds - fixed income                     | 2,959                | Aa            | 2,959                            | -               | -                | -            |
| Total cash and cash equivalents and investments | <u>\$ 38,686,183</u> |               | <u>\$ 38,042,344</u>             | <u>\$ 4,045</u> | <u>\$ 729</u>    | <u>\$ -</u>  |

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, 2017, the City had \$3,080,066 in bank balances that were not 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**

**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<br>in Active Markets<br>for Identical Assets<br>(Level 1) | Significant<br>Other Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) | Total<br>Fair Value  |
|-------------------------|---|--|--|----------------------|
| Certificates of deposit | \$ -  | \$ 23,393,999  | \$ -   | \$ 23,393,999        |
| US agency securities    | -   | 18,006,222   | -  | 18,006,222           |
|                         | <u>\$ -</u>   | <u>\$ 41,400,221</u>                                   | <u>\$ -</u>  | <u>\$ 41,400,221</u> |

**City of Enid Retirement Plans**

|                               | Quoted Prices<br>in Active Markets<br>for Identical Assets<br>(Level 1) | Significant<br>Other Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) | Total<br>Fair Value  |
|-------------------------------|---|--|--|----------------------|
| Mutual fund - equity          | \$ 29,834,819   | \$ -   | \$ -   | \$ 29,834,819        |
| Mutual fund - corporate bonds | 7,753,533   | -  | -  | 7,753,533            |
| Money market fund             | 449,176   | -  | -  | 449,176              |
| Mutual fund - fixed income    | 2,959   | -  | -  | 2,959                |
|                               | <u>\$ 38,040,487</u>  | <u>\$ -</u>  | <u>\$ -</u>  | <u>\$ 38,040,487</u> |

As of June 30, 2017, 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.



Notes to Financial Statements

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**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 any one 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.

**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, 2017, 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 \$142,131 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. Restricted balances also contain \$11,978,471 in unspent bond proceeds from the 2016 OWRB Note set aside for the Kaw Lake project.

**City of Enid, Oklahoma**

**Notes to Financial Statements**

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

The following is a summary of the debt issuances that require restricted cash and investments to be maintained. The balances as of June 30, 2017 are as follows:

|   | Governmental<br>Funds | Proprietary<br>Funds | Totals               |
|---|-----------------------|----------------------|----------------------|
| 2008 General Obligation Bonds           | \$ 142,131            | \$ -                 | \$ 142,131           |
| EMA 2003 Sales Tax Note                 | -                     | 85,336               | 85,336               |
| EMA 2009 OWRB Note                      | -                     | 83,976               | 83,976               |
| EMA 2010 OWRB Note                      | -                     | 984,823              | 984,823              |
| EMA 2012B OWRB Note                     | -                     | 205,916              | 205,916              |
| EMA 2016 OWRB Note                      | -                     | 11,978,471           | 11,978,471           |
| EMA 2012 Sales Tax Note                 | -                     | 131,094              | 131,094              |
| EMA 2015 Revenue Note                   | -                     | 1,302,583            | 1,302,583            |
| 1% Restricted Sales Tax                 | -                     | 11,073,418           | 11,073,418           |
| 3/4% Restricted Tax for Kaw Lake        | -                     | 1,934,791            | 1,934,791            |
| Sanitary Sewer Capital Improvements     | -                     | 6,936,878            | 6,936,878            |
| EEDA 2005 Tax Apportionment Bonds       | 154,756               | -                    | 154,756              |
| EEDA Series 2015 Sales Tax Revenue Note | 47,577                | -                    | 47,577               |
| Total restricted cash and investments   | <u>\$ 344,464</u>     | <u>\$ 34,717,286</u> | <u>\$ 35,061,750</u> |

**Receivables:** Receivables as of June 30, 2017, 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<br>Other<br>Governments | Accrued<br>Interest | Allowance<br>for Doubtful<br>Accounts | Net<br>Receivables   |
| <b>Governmental Activities:</b>          |                     |                     |                                  |                     |                                       |                      |
| Fund:                                    |                     |                     |                                  |                     |                                       |                      |
| General                                  | \$ 5,228,689        | \$ 49,633           | \$ -                             | \$ -                | \$ (2,912)                            | \$ 5,275,410         |
| Police                                   | 139,830             | -                   | 14,892                           | -                   | -                                     | 154,722              |
| Fire                                     | 139,830             | -                   | -                                | -                   | -                                     | 139,830              |
| Non-major governmental funds             | 224,292             | -                   | 501,712                          | 40                  | -                                     | 726,044              |
| Total Governmental Activities            | <u>5,732,641</u>    | <u>49,633</u>       | <u>516,604</u>                   | <u>40</u>           | <u>(2,912)</u>                        | <u>6,296,006</u>     |
| <b>Business-Type Activities:</b>         |                     |                     |                                  |                     |                                       |                      |
| Fund:                                    |                     |                     |                                  |                     |                                       |                      |
| Enid Municipal Authority                 | -                   | 4,197,637           | -                                | 4,774               | (303,451)                             | 3,898,960            |
| Enid Event Center and<br>Convention Hall | 128,133             | 139,033             | -                                | -                   | -                                     | 267,166              |
| Woodring Airport                         | -                   | 56,682              | -                                | -                   | (4,327)                               | 52,355               |
| Nonmajor enterprise funds                | -                   | 8,030               | 1,156                            | -                   | (4,493)                               | 4,693                |
| Total Business-Type Activities           | <u>128,133</u>      | <u>4,401,382</u>    | <u>1,156</u>                     | <u>4,774</u>        | <u>(312,271)</u>                      | <u>4,223,174</u>     |
| Net total receivables                    | <u>\$ 5,860,774</u> | <u>\$ 4,451,015</u> | <u>\$ 517,760</u>                | <u>\$ 4,814</u>     | <u>\$ (315,183)</u>                   | <u>\$ 10,519,180</u> |

City of Enid, Oklahoma

Notes to Financial Statements

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

Capital assets: Capital asset balances and activities for the year ended June 30, 2017, were as follows:

|  | Beginning<br>Balance | Increases      | Transfers    | Decreases    | Ending<br>Balance |
|--|----------------------|----------------|--------------|--------------|-------------------|
| <b>Governmental activities:</b>              |                      |                |              |              |                   |
| Capital assets, not being depreciated:       |                      |                |              |              |                   |
| Land   | \$ 6,205,793         | \$ 150,000     | \$ -         | \$ -         | \$ 6,355,793      |
| Construction in progress                     | 9,048,228            | 4,771,188      | (3,734,465)  | (15,393)     | 10,069,558        |
| Total capital assets, not being depreciated  | 15,254,021           | 4,921,188      | (3,734,465)  | (15,393)     | 16,425,351        |
| Capital assets, being depreciated:           |                      |                |              |              |                   |
| Buildings                                    | 13,991,797           | 367,788        | 1,702,706    | -            | 16,062,291        |
| Infrastructure                               | 85,981,347           | -              | 1,702,880    | -            | 87,684,227        |
| Equipment                                    | 10,382,612           | 334,114        | 203,157      | -            | 10,919,883        |
| Vehicles                                     | 10,691,569           | 625,877        | 84,378       | (216,413)    | 11,185,411        |
| Total capital assets, being depreciated      | 121,047,325          | 1,327,779      | 3,693,121    | (216,413)    | 125,851,812       |
| Less accumulated depreciation for:           |                      |                |              |              |                   |
| Buildings                                    | (7,165,279)          | (695,020)      | -            | -            | (7,860,299)       |
| Infrastructure                               | (44,746,369)         | (2,964,592)    | -            | -            | (47,710,961)      |
| Equipment                                    | (9,121,762)          | (860,680)      | 115,228      | -            | (9,867,214)       |
| Vehicles                                     | (8,585,443)          | (806,908)      | (85,428)     | 213,292      | (9,264,487)       |
| Total accumulated depreciation               | (69,618,853)         | (5,327,200)    | 29,800       | 213,292      | (74,702,961)      |
| Total capital assets, being depreciated, net | 51,428,472           | (3,999,421)    | 3,722,921    | (3,121)      | 51,148,851        |
| Governmental activities capital assets, net  | \$ 66,682,493        | \$ 921,767     | \$ (11,544)  | \$ (18,514)  | \$ 67,574,202     |
| <b>Business-type activities:</b>             |                      |                |              |              |                   |
| Capital assets, not being depreciated:       |                      |                |              |              |                   |
| Land   | \$ 7,679,120         | \$ -           | \$ 61        | \$ -         | \$ 7,679,181      |
| Construction in progress                     | 22,617,672           | 7,399,042      | (18,173,681) | (137,071)    | 11,705,962        |
| Total capital assets, not being depreciated  | 30,296,792           | 7,399,042      | (18,173,620) | (137,071)    | 19,385,143        |
| Capital assets, being depreciated:           |                      |                |              |              |                   |
| Buildings                                    | 77,295,552           | -              | 1,290        | -            | 77,296,842        |
| Infrastructure                               | 128,578,863          | -              | 18,413,668   | -            | 146,992,531       |
| Equipment                                    | 24,218,706           | 134,453        | 125,722      | -            | 24,478,881        |
| Vehicles                                     | 6,723,954            | 1,369,841      | (84,378)     | (659,927)    | 7,349,490         |
| Total capital assets, being depreciated      | 236,817,075          | 1,504,294      | 18,456,302   | (659,927)    | 256,117,744       |
| Less accumulated depreciation for:           |                      |                |              |              |                   |
| Buildings                                    | (12,532,980)         | (3,894,579)    | -            | -            | (16,427,559)      |
| Infrastructure                               | (59,191,152)         | (4,474,418)    | (241,338)    | -            | (63,906,908)      |
| Equipment                                    | (12,643,852)         | (1,131,201)    | (115,228)    | -            | (13,890,281)      |
| Vehicles                                     | (5,592,677)          | (461,363)      | 85,428       | 566,114      | (5,402,498)       |
| Total accumulated depreciation               | (89,960,661)         | (9,961,561)    | (271,138)    | 566,114      | (99,627,246)      |
| Total capital assets, being depreciated, net | 146,856,414          | (8,457,267)    | 18,185,164   | (93,813)     | 156,490,498       |
| Business-type activities capital assets, net | \$ 177,153,206       | \$ (1,058,225) | \$ 11,544    | \$ (230,884) | \$ 175,875,641    |

City of Enid, Oklahoma

Notes to Financial Statements

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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            | \$ 1,086,461        |
| Public safety                 | 1,017,475           |
| Public works                  | 2,918,848           |
| Cultural and recreation       | 282,629             |
| Economic development          | 21,787              |
| Total governmental activities | <u>\$ 5,327,200</u> |

**Business-type activities:**

|                                |                     |
|--------------------------------|---------------------|
| Utility operations             | \$ 7,207,625        |
| Airport                        | 920,390             |
| Golf                           | 51,458              |
| Transit                        | 49,639              |
| Event center                   | 1,732,449           |
| Total business-type activities | <u>\$ 9,961,561</u> |

During fiscal year 2017, the Enid Municipal Authority received \$6,645,404 in capital asset transfers from governmental type activities that were purchased using capital improvement funds.

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, 2017, the liability to customers was \$1,142,234.

The Central National Bank Center (CNBC) 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, 2017, the liability to customers was \$33,219.

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

**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, 2017, were as follows:

|                                 | Beginning<br>Balance | Additions           | Deductions            | Ending<br>Balance | Due Within<br>One Year |
|---------------------------------|----------------------|---------------------|-----------------------|-------------------|------------------------|
| <b>Governmental activities:</b> |                      |                     |                       |                   |                        |
| Compensated absences            | \$ 1,932,683         | \$ 1,296,721        | \$ (1,216,422)        | \$ 2,012,982      | \$ 1,210,439           |
| Workers' compensation claims    | 1,165,124            | 67,562              | (32,433)              | 1,200,253         | 431,178                |
| Judgments                       | 263,887              | 1,351               | (156,580)             | 108,658           | 108,658                |
| Notes payable                   | 3,557,000            | -                   | (326,000)             | 3,231,000         | 609,000                |
| Tax apportionment bonds         | 2,849,180            | -                   | (705,732)             | 2,143,448         | 748,023                |
| Total governmental activities   | <u>\$ 9,767,874</u>  | <u>\$ 1,365,634</u> | <u>\$ (2,437,167)</u> | <u>8,696,341</u>  | <u>3,107,298</u>       |

Reconciliation to Statement of Net Position:

|                             |  |                      |                     |
|-----------------------------|--|----------------------|---------------------|
| Plus: Net pension liability |  | 28,510,007           | -                   |
| Net OPEB obligation         |  | 66,690               | -                   |
|                             |  | <u>\$ 37,273,038</u> | <u>\$ 3,107,298</u> |

**Business-type activities:**

|   |                      |                      |                       |                   |                  |
|---|----------------------|----------------------|-----------------------|-------------------|------------------|
| Compensated absences  | \$ 242,671           | \$ 199,968           | \$ (174,216)          | \$ 268,423        | \$ 172,871       |
| Workers' compensation claims                                      | 397,146              | 29,978               | (42,861)              | 384,263           | 64,621           |
| Landfill closure and post-closure and other long-term liabilities | 3,136,676            | 494,676              | -                     | 3,631,352         | -                |
| Revenue notes   | 7,000,000            | -                    | (2,035,000)           | 4,965,000         | 2,090,000        |
| Notes payable, net  | 43,243,824           | 14,385,726           | (3,865,420)           | 53,764,130        | 4,155,208        |
| Capital lease obligations   | 884,186              | 821,797              | (248,584)             | 1,457,399         | 325,575          |
| Total business-type activities                                    | <u>\$ 54,904,503</u> | <u>\$ 15,932,145</u> | <u>\$ (6,366,081)</u> | <u>64,470,567</u> | <u>6,808,275</u> |

Reconciliation to Statement of Net Position:

|                             |  |                      |                     |
|-----------------------------|--|----------------------|---------------------|
| Plus: Net pension liability |  | 993,838              | -                   |
|                             |  | <u>\$ 65,464,405</u> | <u>\$ 6,808,275</u> |

City of Enid, Oklahoma

Notes to Financial Statements

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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. \$ 496,000

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. 2,735,000

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. 2,143,448

Total long-term notes and bonds payable for governmental activities \$ 5,374,448

*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. \$ 980,000

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. 3,985,000

Total revenue bonds 4,965,000

City of Enid, Oklahoma

Notes to Financial Statements

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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.  | 142,950           |
| 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.   | 207,208           |
| 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.   | 276,922           |
| 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.   | 3,794,099         |
| 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.   | 27,993,497        |
| 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.  | 2,373,727         |
| 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 3.57% at June 30, 2017, to provide funds for construction of a new Events Center and renovation of Convention Hall. | 4,590,000         |
| Series 2016 Enid Municipal Authority Taxable promissory note to the Oklahoma Water Resources Board, dated December 21, 2016, payable in semi-annual including interest at a rate of 2.2% with a maturity date of September 15, 2046 to provide funds for the Kaw Lake Project.  | 13,985,000        |
| Notes payable   | 53,363,403        |
| Plus: Premium on Series 2016 promissory note  | 400,727           |
| Total notes payable   | <u>53,764,130</u> |

City of Enid, Oklahoma

Notes to Financial Statements

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

Capital lease obligations:

|  |                      |
|--|----------------------|
| Financial Services dated July 12, 2016 with 48 monthly payments of \$366 including interest at 2.30%, for the purchase of a truckster with a remaining net book value of \$11,788.                       | 13,152               |
| Financial Services dated July 12, 2016 with 48 monthly payments of \$691 including interest at 2.30%, for the purchase of a mower with a remaining net book value of \$22,247.                           | 24,821               |
| Empire Financial dated December 1, 2016 with 24 monthly payments of \$5,052 including interest at 1.7%, for the purchase of a garbage truck with a remaining net book value of \$262,234.                | 265,783              |
| Empire Financial dated December 1, 2016 with 24 monthly payments of \$5,052 including interest at 1.9%, for the purchase of two garbage trucks with a remaining net book value of \$434,825.             | 428,581              |
| 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 \$0.       | 4,763                |
| 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 \$250,743. | 298,059              |
| 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 \$183,915.             | 422,240              |
| Total capital lease obligations  | <u>1,457,399</u>     |
| Total long-term notes, bonds and capital leases payable for business-type activities   | <u>\$ 60,186,529</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. Other post-employment benefits liabilities of governmental activities are liquidated primarily by the General Fund. Workers' compensation claims liabilities of governmental activities are liquidated primarily by the General Fund, Police Fund, and Fire Fund. Workers' compensation claims liabilities of business-type activities is primarily liquidated by the Enid Municipal Authority.



City of Enid, Oklahoma

Notes to Financial Statements

**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   |
| 2018                 | \$ 108,658              | \$ -     | \$ 748,023              | \$ 128,610 | \$ 609,000    | \$ 89,865  |
| 2019                 | -                       | -        | 792,905                 | 83,728     | 634,000       | 71,027     |
| 2020                 | -                       | -        | 602,520                 | 36,154     | 658,000       | 51,114     |
| 2021                 | -                       | -        | -                       | -          | 505,000       | 33,343     |
| 2022                 | -                       | -        | -                       | -          | 515,000       | 17,928     |
| 2023-2027            | -                       | -        | -                       | -          | 310,000       | 3,156      |
| Totals               | \$ 108,658              | \$ -     | \$ 2,143,448            | \$ 248,492 | \$ 3,231,000  | \$ 266,433 |

| Year Ending June 30, | Business-Type Activities |            |               |           |               |               |
|----------------------|--------------------------|------------|---------------|-----------|---------------|---------------|
|                      | Revenue Notes            |            | Capital Lease |           | Notes Payable |               |
|                      | Principal                | Interest   | Principal     | Interest  | Principal     | Interest      |
| 2018                 | \$ 2,090,000             | \$ 103,250 | \$ 325,575    | \$ 38,842 | \$ 4,155,208  | \$ 1,700,354  |
| 2019                 | 1,130,000                | 44,115     | 331,316       | 28,954    | 4,288,980     | 1,632,366     |
| 2020                 | 1,160,000                | 24,778     | 557,832       | 15,081    | 4,332,222     | 1,564,228     |
| 2021                 | 585,000                  | 4,973      | 242,676       | 2,997     | 3,169,609     | 1,373,951     |
| 2022                 | -                        | -          | -             | -         | 2,331,501     | 1,186,825     |
| 2023-2027            | -                        | -          | -             | -         | 12,424,208    | 4,887,328     |
| 2028-2032            | -                        | -          | -             | -         | 13,836,678    | 2,986,910     |
| 2033-2037            | -                        | -          | -             | -         | 2,380,000     | 1,722,950     |
| 2038-2042            | -                        | -          | -             | -         | 2,870,000     | 1,221,800     |
| 2043-2047            | -                        | -          | -             | -         | 3,575,000     | 483,730       |
| Totals               | \$ 4,965,000             | \$ 177,116 | \$ 1,457,399  | \$ 85,874 | \$ 53,363,405 | \$ 18,760,441 |

**City of Enid, Oklahoma**

**Notes to Financial Statements**

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

***Pledged Revenues***

| <u>Description of Pledge</u>   | <u>Remaining<br/>Principal &amp; Interest</u> | <u>Current Year<br/>Debt Service</u> | <u>Pledged<br/>Revenues</u> | <u>Debt Payment as<br/>% 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.  | 520,600                                       | 158,348                              | 409,736                     | 38.65%  |
| <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.   | 2,976,833                                     | 272,580                              | 1,093,230                   | 24.93%  |
| <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 2023 and was used to construct manufacturing facilities at Advance Foods.   | 2,391,940                                     | 876,683                              | 912,700                     | 96.05%  |
| <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 2018 and was used to finance school infrastructure improvements.   | 1,020,180                                     | 1,023,925                            | 2,168,286                   | 47.22%  |
| <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. | 4,121,935                                     | 1,171,685                            | 30,161,287                  | 3.88%   |
| <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.  | 143,673                                       | 96,389                               | 30,161,287                  | 0.32%   |
| <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.   | 209,306                                       | 60,481                               | 30,161,287                  | 0.20%   |
| <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.   | 280,782                                       | 57,003                               | 30,161,287                  | 0.19%   |

**City of Enid, Oklahoma**

**Notes to Financial Statements**

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

| <u>Description of Pledge</u>  | <u>Remaining<br/>Principal &amp; Interest</u> | <u>Current Year<br/>Debt Service</u> | <u>Pledged<br/>Revenues</u> | <u>Debt Payment as<br/>% of Pledged Revenue</u> |
|---|---|--------------------------------------|-----------------------------|---|
| <b>Series 2009:</b> 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.                               | 4,471,295                                     | 339,222                              | 30,161,287                  | 1.12%   |
| <b>Series 2010:</b> 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.                                | 34,602,022                                    | 2,306,459                            | 30,161,287                  | 7.65%   |
| <b>Series 2012:</b> 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.  | 2,469,600                                     | 616,937                              | 30,161,287                  | 2.05%   |
| <b>2012 Sales Tax Revenue Note:</b> 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. | 5,402,000                                     | 1,573,072                            | 4,048,882                   | 38.85%  |
| <b>Series 2016:</b> The City has pledged the .75 percent of the proceeds from a 1 percent sales tax, to repay the Series 2016 Promissory Note to the Oklahoma Water Resources Board. The bond is payable through 2047 and was used to finance the Kaw Lake Project.   | 24,545,167                                    | 149,681                              | 2,923,293                   | 5.12%   |

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, 2017, is as follows:

Due to/due from other funds:

|   | <u>Interfund<br/>Receivables</u> | <u>Interfund<br/>Payables</u> |
|---|----------------------------------|-------------------------------|
| Major governmental funds, General                   | \$ 462,905                       | \$ 2,237,274                  |
| Major governmental funds, Water Capital Improvement | -                                | 1,603,348                     |
| Nonmajor governmental funds                         | -                                | 68,483                        |
| Major enterprise funds, Enid Municipal Authority    | 3,840,623                        | -                             |
| Nonmajor enterprise funds                           | -                                | 394,423                       |
|   | <u>\$ 4,303,528</u>              | <u>\$ 4,303,528</u>           |

Interfund balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made. The interfund receivables and payables are scheduled to be collected in the subsequent year.

**City of Enid, Oklahoma**

**Notes to Financial Statements**

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

Interfund transfers: The following is a schedule of transfers as included in the basic financial statements of the City:

|   | Transfers In         | Transfers Out        |
|---|----------------------|----------------------|
| Major governmental funds, General                             | \$ 8,235,000         | \$ 28,499,225        |
| Major governmental funds, Police                              | 7,350,000            | 190,000              |
| Major governmental funds, Fire                                | 6,250,000            | 50,000               |
| Major governmental funds, Capital Improvement                 | 3,118,144            | -                    |
| Major governmental funds, Water Capital Improvement           | 889,000              | -                    |
| Nonmajor governmental funds                                   | 4,754,239            | 200,000              |
| Major enterprise funds, Enid Municipal Authority              | 13,937,413           | 16,640,383           |
| Major enterprise funds, Enid Event Center and Convention Hall | 380,000              | -                    |
| Major enterprise funds, Woodring Airport                      | -                    | 100,000              |
| Nonmajor enterprise funds                                     | 765,812              | -                    |
|   | <u>\$ 45,679,608</u> | <u>\$ 45,679,608</u> |

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them or (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other governmental and proprietary funds in accordance with budgetary functions.

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 \$3,631,352 reported as other noncurrent liabilities for the accrued landfill closure cost liability as of June 30, 2017, represents the cumulative amount of such cost reported to date based on the use of approximately 71 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 \$1,481,211 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 2017.

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, 2017, are as follows:

|                                  |                     |
|----------------------------------|---------------------|
| Estimated closure costs          | \$ 3,745,045        |
| Estimated post-closure costs     | 1,367,518           |
| Total estimated costs            | <u>\$ 5,112,563</u> |
| Accrued closure costs            | <u>\$ 3,631,352</u> |
| Current costs charged to expense | <u>\$ 494,676</u>   |

**Notes to Financial Statements**

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

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.

Tax abatements: GASB Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement that has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

The City provides tax abatements for urban renewal and economic development projects with tax increment financing as provided for in Title 11 §1138120 of the Oklahoma State Statutes. To be eligible for the abatements for these types of projects, the developer has to enter into an agreement with the City. After developers meet the terms of the agreements, the City is required to rebate a portion of the sales tax paid by the developers, to pay the developers an economic development grant or to pay the developers a predetermined dollar amount. No other commitments were made by the City as part of these agreements.

For the year ended June 30, 2017, the City abated \$138,242 of sales tax under the urban renewal and economic development projects.

**City of Enid, Oklahoma**

**Notes to Financial Statements**

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**Note 4. 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<br>Pension and Retirement System   | Oklahoma Firefighters'<br>Pension and Retirement System  |
|--|--|--|
| Obtaining separately issued financial statements             | Police Pension and Retirement<br>1001 N.W. 63rd Street, Suite 605<br>Oklahoma City, OK 73116-7335  | Firefighters' Pension and Retirement<br>4545 N. Lincoln Blvd., Suite 265<br>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

**Note 4. Retirement Plans (Continued)**

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

|                                      | Governmental<br>Activities | Business-<br>Type<br>Activities | Total                |
|--------------------------------------|----------------------------|---------------------------------|----------------------|
| Net pension liability:               |                            |                                 |                      |
| Police Pension System                | \$ 2,433,461               | \$ -                            | \$ 2,433,461         |
| Firefighter's Pension System         | 22,810,114                 | -                               | 22,810,114           |
| City of Enid Retirement Plan         | 3,266,432                  | 993,838                         | 4,260,270            |
| Total net pension liability          | <u>\$ 28,510,007</u>       | <u>\$ 993,838</u>               | <u>\$ 29,503,845</u> |
| Deferred outflows of resources:      |                            |                                 |                      |
| Police Pension System                | \$ 2,997,496               | \$ -                            | \$ 2,997,496         |
| Firefighter's Pension System         | 2,844,298                  | -                               | 2,844,298            |
| City of Enid Retirement Plan         | 801,004                    | 179,099                         | 980,103              |
| Total deferred outflows of resources | <u>\$ 6,642,798</u>        | <u>\$ 179,099</u>               | <u>\$ 6,821,897</u>  |
| Deferred inflows of resources:       |                            |                                 |                      |
| Police Pension System                | \$ 275,755                 | \$ -                            | \$ 275,755           |
| Firefighter's Pension System         | 486,471                    | -                               | 486,471              |
| City of Enid Retirement Plan         | 2,305,145                  | 987,465                         | 3,292,610            |
| Total deferred inflows of resources  | <u>\$ 3,067,371</u>        | <u>\$ 987,465</u>               | <u>\$ 4,054,836</u>  |
| Pension Expense                      |                            |                                 |                      |
| Police Pension System                | \$ 874,572                 | \$ -                            | \$ 874,572           |
| Firefighter's Pension System         | 2,384,789                  | -                               | 2,384,789            |
| City of Enid Retirement Plan         | 2,543,960                  | 762,548                         | 3,306,508            |
| Total pension expense                | <u>\$ 5,803,321</u>        | <u>\$ 762,548</u>               | <u>\$ 6,565,869</u>  |

City of Enid, Oklahoma

Notes to Financial Statements

**Note 4. Retirement Plans (Continued)**

***Oklahoma Police Pension and Retirement System***

Pension liabilities, pension expense, and deferred outflow and inflows of resources related to pension: At June 30, 2017, the City reported a liability of \$2,433,461 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The City's proportion of the net pension liability was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2016. The City's proportionate share was 1.5890 percent at June 30, 2016, which was a decrease of .000716 percent of the City's proportion at June 30, 2015.

For the year ended June 30, 2017, the City recognized \$874,572 in pension expense. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|---|-----------------------------------|----------------------------------|
| Differences between expected and actual experience  | \$ 7,806                          | \$ 273,351                       |
| Net difference between projected and actual earnings on pension plan investments                          | 2,338,144                         | -                                |
| Changes in proportion and differences between City contributions and proportionate share of contributions | 11,667                            | 2,404                            |
| Total deferred amounts to be recognized in pension expense in future years                                | 2,357,617                         | 275,755                          |
| City contributions subsequent to the measurement date   | 639,879                           | -                                |
| Total deferred amounts related to pensions  | <u>\$ 2,997,496</u>               | <u>\$ 275,755</u>                |

Amortization of pension deferrals: Deferred outflows of resources related to pensions totaling \$639,879 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, 2018. The net deferred outflows related to the difference between projected and actual investment earnings is being amortized over a closed 5-year period as of the beginning of each measurement period. The other deferred outflows and deferred inflows of resources are being amortized over a closed period equal to the average of the expected service lives of all Police Pension System members. The average is determined by taking the calculated total future service years of the Plan divided by the number of the people in the Plan including retirees.



City of Enid, Oklahoma

Notes to Financial Statements

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**Note 4. Retirement Plans (Continued)**

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, |                     |
| 2018                 | \$ 341,379          |
| 2019                 | 341,379             |
| 2020                 | 819,947             |
| 2021                 | 578,370             |
| Thereafter           | 787                 |
|                      | <u>\$ 2,081,862</u> |

Actuarial assumptions: The total pension liability was determined by an actuarial valuation as of July 1, 2016 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.<br><br>Active employees (post-retirement) and nondisabled pensioners: RP-2000 Blue Collar Healthy Combined table with fully generational improvement using scale AA.<br><br>Disabled pensioners: RP-2000 Blue Collar Healthy Combined table with age set forward 4 years. |

The actuarial assumptions used in the June 30, 2016, valuation were based on the results of an actuarial experience study for the period July 1, 2007 to June 30, 2012.

Notes to Financial Statements

**Note 4. 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, 2016, are summarized in the following table:

| Asset Class          | Long-Term<br>Expected Real<br>Rate of Return |
|----------------------|--|
| Fixed income         | 3.27%  |
| Domestic equity      | 5.16%  |
| International equity | 8.61%  |
| Real estate          | 4.97%  |
| Private equity       | 8.32%  |
| Commodities          | 2.42%  |

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<br>(6.5%) | Current Discount<br>Rate (7.5%) | 1% Increase<br>(8.5%) |
|--------------------------------------|-----------------------|---------------------------------|-----------------------|
| City's net pension liability (asset) | \$ 6,384,609          | \$ 2,433,461                    | \$ (902,680)          |

Payables to the pension plan: The City reported no payables to the Police Pension System at June 30, 2017.

## City of Enid, Oklahoma

### Notes to Financial Statements

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#### Note 4. 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).

On-behalf payments for retirement: For the year ended June 30, 2017, the State of Oklahoma contributed approximately \$565,000 to the Oklahoma Police Pension and Retirement System on behalf of the City. These amounts have been recorded as both a revenue and expenditure of the Police Fund in the governmental funds financial statements.

Related party investments: As of June 30, 2017, the Oklahoma Police Pension System held no related-party investments of the City of Enid or of its related entities.

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

Pension liabilities, pension expense, and deferred outflow and inflows of resources related to pension: At June 30, 2017, the City reported a net pension liability of \$22,810,114 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The City's proportion of the net pension liability was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2016. The City's proportionate share was 1.8671 percent at June 30, 2016, which was a decrease of .054546% percent of the City's proportion at June 30, 2015.

For the year ended June 30, 2017, the City recognized \$2,384,789 in pension expense. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|---|-----------------------------------|----------------------------------|
| Differences between expected and actual experience  | \$ 611,477                        | \$ -                             |
| Net difference between projected and actual earnings on pension plan investments                          | 1,395,629                         | -                                |
| Changes in proportion and differences between City contributions and proportionate share of contributions | 112,104                           | 486,471                          |
| Total deferred amounts to be recognized in pension expense in future years                                | 2,119,210                         | 486,471                          |
| City contributions subsequent to the measurement date   | 725,088                           | -                                |
| Total deferred amounts related to pensions  | <u>\$ 2,844,298</u>               | <u>\$ 486,471</u>                |

Amortization of pension deferrals: Deferred outflows of resources related to pensions totaling \$725,088 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, 2018. The net deferred outflows related to the difference between projected and actual investment earnings is being amortized over a closed 5-year period as of the beginning of each measurement period. The other deferred outflows and deferred inflows of resources are being amortized over a closed period equal to the average of the expected service lives of all Firefighter's Pension System members. The average is determined by taking the calculated total future service years of the Plan divided by the number of the people in the Plan including retirees.

City of Enid, Oklahoma

Notes to Financial Statements

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**Note 4. Retirement Plans (Continued)**

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, |                     |
| 2018                 | \$ 110,564          |
| 2018                 | 110,564             |
| 2019                 | 837,147             |
| 2020                 | 607,846             |
| Thereafter           | (33,382)            |
|                      | <u>\$ 1,632,739</u> |

Actuarial assumptions: The total pension liability was determined by an actuarial valuation as of July 1, 2016 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, 2016, valuation were based on the results of an actuarial experience study for the period July 1, 2007 to June 30, 2012.

Notes to Financial Statements

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**Note 4. 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, 2016, are summarized in the following table:

| Asset Class          | Target Allocation | Long-Term Expected Real Rate of Return |
|----------------------|-------------------|--|
| Fixed income         | 20%               | 5.18%                                  |
| Domestic equity      | 37%               | 8.70%                                  |
| International equity | 20%               | 10.87%                                 |
| Real estate          | 10%               | 7.23%                                  |
| Other assets         | 13%               | 6.24%                                  |

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.

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<br>(6.5%) | Current Discount<br>Rate (7.5%) | 1% Increase<br>(8.5%) |
|------------------------------|-----------------------|---------------------------------|-----------------------|
| City's net pension liability | \$ 28,875,714         | \$ 22,810,114                   | \$ 17,724,640         |

**City of Enid, Oklahoma**

**Notes to Financial Statements**

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**Note 4. Retirement Plans (Continued)**

Payables to the pension plan: There are no payables to the pension plan for the year ended June 30, 2017.

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, 2017, the State of Oklahoma contributed approximately \$1,780,000 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 Fire Fund the governmental funds financial statements.

Related party investments: As of June 30, 2017, the Firefighters' Pension System 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

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**Note 4. 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, 2017, there were 474 plan participants. Administrative costs are financed through investment earnings.

Contributions: Benefits are entirely funded by employer contributions as determined by an actuarially determined rate. The current rate is 8.50 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 ten years of credited service and participation. Employees, who retire at age 65 or completion of ten 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 or she 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, 2017, 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, 2017:

|                                |                      |
|--------------------------------|----------------------|
| Mutual fund - equities         | \$ 16,260,871        |
| Mutual funds - corporate bonds | 7,753,533            |
| Money market fund              | 449,176              |
| Mutual funds - fixed income    | 2,959                |
| Total investments              | <u>\$ 24,466,539</u> |

The money weighted rate of return for the year ended June 30, 2017 was 10.24 percent.

**City of Enid, Oklahoma**

**Notes to Financial Statements**

**Note 4. Retirement Plans (Continued)**

**Net pension liability:**

The City's net pension liability was measured as of June 30, 2017, 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    | \$ 29,356,437       |
| Plan fiduciary net pension | 25,096,173          |
| Net pension liability      | <u>\$ 4,260,264</u> |

Actuarial assumptions: The total pension liability in the January 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|                             |  |
|-----------------------------|--|
| Valuation date:             | January 1, 2017  |
| 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 using the MP-2016 Combined mortality improvement scale |

Discount rate: A blended discount rate of 7.00 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 3.58 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<br>Liability<br>(a) | Plan Fiduciary<br>Net Position<br>(b) | Net Pension<br>Liability<br>(a) - (b) |
| Balance at June 30, 2016                             | \$ 31,668,231                     | \$ 22,238,242                         | \$ 9,429,989                          |
| Changes for the year:                                |                                   |                                       |                                       |
| Service cost   | 656,371                           | -                                     | 656,371                               |
| Interest   | 1,978,963                         | -                                     | 1,978,963                             |
| Differences between expected and actual experience   | (758,410)                         | -                                     | (758,410)                             |
| Assumption changes                                   | (3,052,454)                       | -                                     | (3,052,454)                           |
| Contributions - employer                             | -                                 | 794,176                               | (794,176)                             |
| Contributions - employee                             | -                                 | -                                     | -                                     |
| Net investment income                                | -                                 | 3,340,476                             | (3,340,476)                           |
| Benefit payments, including refunds of contributions | (1,136,264)                       | (1,136,264)                           | -                                     |
| Administrative expenses                              | -                                 | (140,457)                             | 140,457                               |
| Net changes  | <u>(2,311,794)</u>                | <u>2,857,931</u>                      | <u>(5,169,725)</u>                    |
| Balance at June 30, 2017                             | <u>\$ 29,356,437</u>              | <u>\$ 25,096,173</u>                  | <u>\$ 4,260,264</u>                   |



City of Enid, Oklahoma

Notes to Financial Statements

**Note 4. 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 7.00 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<br>(6.00%) | Current Discount<br>Rate (7.00%) | 1% Increase<br>(8.00%) |
|--------------------------------------|------------------------|----------------------------------|------------------------|
| City's net pension liability (asset) | \$ 7,463,983           | \$ 4,260,264                     | \$ 1,285,360           |

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

For the year ended June 30, 2017, the City recognized pension expense of \$3,306,508 related to the Employee Retirement System. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected and actual experience                               | \$ 386,366                        | \$ (516,106)                     |
| Changes of assumptions   | 322,007                           | (2,776,504)                      |
| Net difference between projected and actual earnings on pension plan investments | 240,087                           | -                                |
| Total deferred amounts to be recognized in pension expense in future years       | 948,460                           | (3,292,610)                      |
| City contributions subsequent to the measurement date                            | 31,643                            | -                                |
| Total deferred amounts related to pensions                                       | \$ 980,103                        | \$ (3,292,610)                   |

Amortization of pension deferrals: Deferred outflows of resources related to pensions totaling \$31,643 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, 2018. The net deferred outflows related to the difference between projected and actual investment earnings is being amortized over a closed 5-year period as of the beginning of each measurement period. The other deferred outflows and deferred inflows of resources are being amortized over a closed period equal to the average of the expected service lives of all Plan members. The average is determined by taking the calculated total future service years of the Plan divided by the number of the people in the Plan including retirees.

**City of Enid, Oklahoma**

**Notes to Financial Statements**

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**Note 4. Retirement Plans (Continued)**

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, |                       |
| 2018                 | \$ (846,797)          |
| 2019                 | (1,008,659)           |
| 2020                 | (128,615)             |
| 2021                 | (360,079)             |
|                      | <u>\$ (2,344,150)</u> |

Payables to the pension plan: At June 30, 2017, the City reported a payable to the plan of \$31,643 for required employer contributions.

*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 OPPRS or OFPRS plans. Contribution rates to the plan have been determined by management and approved by the city council through the budgeting process. 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 employees' compensation up to 4 percent. Contributions to the 401(k) Plan, plus earnings, constitute retirement benefits from this plan. Contributions to the 401(k) Plan over the last five years were:

| 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%                   |
| 2017        | 339,797                  | 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.

## City of Enid, Oklahoma

### Notes to Financial Statements

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#### Note 5. 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.

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:

|  | Medical<br>Claims | Workers'<br>Compensation<br>Claims |
|--|-------------------|------------------------------------|
| Balance at June 30, 2015                     | \$ 312,377        | \$ 1,744,462                       |
| Current Year Claims and Changes in Estimates | 3,906,812         | 3,520,391                          |
| Claim Payments                               | (3,854,213)       | (3,702,583)                        |
| Balance at June 30, 2016                     | 364,976           | 1,562,270                          |
| Current Year Claims and Changes in Estimates | 4,964,673         | 423,659                            |
| Claim Payments                               | (4,504,925)       | (401,413)                          |
| Balance at June 30, 2017                     | <u>\$ 824,724</u> | <u>\$ 1,584,516</u>                |

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.

Notes to Financial Statements

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**Note 5. Other Information (Continued)**

***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, 2017, retirees and dependents paid the full cost of the coverage.

Membership: At July 1, 2016, membership consisted of:

|  |            |
|--|------------|
| Retirees and beneficiaries currently receiving benefits              | 28         |
| Terminated employees entitled to benefits but not yet receiving them | -          |
| Active employees   | 411        |
| Total participants   | <u>439</u> |

**City of Enid, Oklahoma**

**Notes to Financial Statements**

**Note 5. 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, 2017 is as follows:

| Year | Annual OPEB Cost | Employer Contributions | Percentage of OPEB Cost Contributed | Net OPEB Obligation |
|------|------------------|------------------------|-------------------------------------|---------------------|
| 2015 | \$ 190,735       | \$ 188,633             | 98.9%                               | \$ 5,586            |
| 2016 | 194,802          | 170,000                | 87.3%                               | 30,889              |
| 2017 | 206,301          | 170,000                | 82.4%                               | 66,690              |

The net OPEB obligation (NOO) as of June 30, 2017, was calculated as follows:

|  |                  |
|--|------------------|
| Annual required contribution (ARC)         | \$ 206,775       |
| Interest on net OPEB obligation            | 1,216            |
| Adjustment to annual required contribution | (1,690)          |
| Annual OPEB cost                           | 206,301          |
| OPEB contributions made                    | (170,000)        |
| Net OPEB obligation, beginning of year     | 30,389           |
| Net OPEB obligation, end of year           | <u>\$ 66,690</u> |

Funded status and funding progress: The funded status of the plan as of July 1, 2016, was as follows:

|  |                     |
|--|---------------------|
| Actuarial accrued liability (AAL)  | \$ 2,268,912        |
| Actuarial value of plan assets   | -                   |
| Unfunded actuarial accrued liability (UAAL)                              | <u>\$ 2,268,912</u> |
| Funded ratio (actuarial value of plan assets/AAL)                        | 0.00%               |
| Covered payroll (annual payroll of active employees covered by the plan) | \$ 20,523,698       |
| UAAL as a percentage of covered payroll                                  | 11.06%              |

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**

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**Note 5. Other Information (Continued)**

The ARC for the plan was determined as part of the July 1, 2016 actuarial valuation using the following methods and assumption:

|                               |  |
|-------------------------------|--|
| Actuarial cost method         | Projected Unit Credit Method             |
| Amortization method           | level dollar basis over 30 years         |
| Remaining amortization period | 30 years                                 |
| Discount rate                 | 4.00%                                    |
| Healthcare cost trend rate    | 7.2%, reduced to 4.7% for 2025 and later |

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

Construction commitments: The City has active construction projects as of June 30, 2017. 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, 2017 totaled \$17,669,575.

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.

Deficit Fund Balances: As of June 30, 2017, the following funds had deficit fund balances:

| <b>Fund</b>  | <b>Deficit</b> |
|--|----------------|
| Major Funds:   |                |
| Water Capital Improvement Fund (capital project fund)  | \$ (3,186,283) |
| Nonmajor Funds:  |                |
| Sanitary Sewer Fund (capital project fund)             | (53,682)       |
| Enid Public Transportation Authority (enterprise fund) | (274,243)      |
| Meadowlake Golf Course (enterprise fund)               | (27,934)       |

The Water Capital Improvement Fund and Sanitary Sewer Fund deficits will be eliminated through interfund transfers of future utility revenues generated in the Enid Municipal Authority. The deficits of the Enid Public Transportation Authority and the Meadowlake Golf Course will be eliminated by supplementing the operations of the fund via support from the General Fund and the Enid Municipal Authority.

**Required Supplementary  
Information**

City of Enid, Oklahoma

Required Supplementary Information  
 Schedule of Changes in Net Pension Liability and Related Ratios  
 June 30, 2017

|  | 2017                 | 2016                 | 2015                 | 2014                 |
|--|----------------------|----------------------|----------------------|----------------------|
| <b>Employee Retirement System of Enid Oklahoma</b>                       |                      |                      |                      |                      |
| Total pension liability:   |                      |                      |                      |                      |
| Service cost   | \$ 656,371           | \$ 670,226           | \$ 591,646           | \$ 734,106           |
| Interest cost  | 1,978,963            | 1,779,631            | 1,730,996            | 1,577,043            |
| Differences between expected and actual experience                       | (758,410)            | 916,889              | 184,832              | 151,414              |
| Changes in assumptions   | (3,052,454)          | (1,783,421)          | 2,216,163            | (2,970,593)          |
| Benefit payments, including refunds of employee contributions            | (1,136,264)          | (1,028,439)          | (888,864)            | (716,211)            |
| <b>Net change in total pension liability</b>                             | <b>(2,311,794)</b>   | <b>554,886</b>       | <b>3,834,773</b>     | <b>(1,224,241)</b>   |
| Total pension liability, beginning                                       | 31,668,231           | 31,113,345           | 27,278,572           | 28,502,813           |
| Total pension liability, ending  | <u>\$ 29,356,437</u> | <u>\$ 31,668,231</u> | <u>\$ 31,113,345</u> | <u>\$ 27,278,572</u> |
| Plan fiduciary net position:   |                      |                      |                      |                      |
| Employer contributions   | \$ 794,176           | \$ 614,577           | \$ 604,869           | \$ 594,880           |
| Employee contributions   | -                    | -                    | -                    | -                    |
| Net investment income  | 3,340,476            | (348,571)            | 334,990              | 3,810,457            |
| Benefit payments, including refunds of employee contributions            | (1,136,264)          | (1,028,439)          | (888,864)            | (716,211)            |
| Administrative expense   | (140,457)            | (122,015)            | (152,240)            | (124,792)            |
| <b>Net change in total pension liability</b>                             | <b>2,857,931</b>     | <b>(884,448)</b>     | <b>(101,245)</b>     | <b>3,564,334</b>     |
| Plan fiduciary net position, beginning                                   | 22,238,242           | 23,122,690           | 23,223,935           | 19,659,601           |
| Plan fiduciary net position, ending                                      | <u>\$ 25,096,173</u> | <u>\$ 22,238,242</u> | <u>\$ 23,122,690</u> | <u>\$ 23,223,935</u> |
| <b>Net pension liability, ending</b>                                     | <u>\$ 4,260,264</u>  | <u>\$ 9,429,989</u>  | <u>\$ 7,990,655</u>  | <u>\$ 4,054,637</u>  |
| Total pension liability  | \$ 29,356,437        | \$ 31,668,231        | \$ 31,113,345        | \$ 27,278,572        |
| Plan fiduciary net position  | 25,096,173           | 22,238,242           | 23,122,690           | 23,223,935           |
| <b>Plan's net pension liability</b>                                      | <u>\$ 4,260,264</u>  | <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     | 85.49%               | 70.22%               | 74.32%               | 85.14%               |
| Covered employee payroll   | \$ 10,294,018        | \$ 10,436,736        | \$ 9,135,300         | \$ 9,477,203         |
| Net pension liability position as percentage of covered employee payroll | 41.39%               | 90.35%               | 86.99%               | 42.78%               |
| Annual money-weighted rate of return, net of investment expense          | 10.24%               | -2.57%               | 6.59%                | 19.35%               |

**Note:** GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

See notes to Required Supplementary Information.



**City of Enid, Oklahoma**

**Required Supplemental Information  
Schedule of Employer Contributions  
June 30, 2017**

**Employee Retirement System of Enid Oklahoma**

| Ending Fiscal Year<br>June 30, | Actuarially<br>Determined<br>Contribution | Actual Contributions | Contribution<br>deficiency (Excess) | Annual Covered<br>Payroll | Actual Contributions<br>as a Percentage of<br>Covered Payroll |
|--------------------------------|---|----------------------|-------------------------------------|---------------------------|---|
| 2017                           | \$ 1,414,669                              | \$ 794,176           | \$ 620,493                          | \$ 10,294,018             | 7.71%   |
| 2016                           | 1,246,777                                 | 614,577              | 632,200                             | 10,436,736                | 5.89%   |
| 2015                           | 928,504                                   | 604,869              | 323,635                             | 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:** Information for years prior to 2014 is on a calendar-year basis.

See notes to required supplementary information.

City of Enid, Oklahoma

Required Supplementary Information  
 Schedule of the City's Proportionate Share of the Net Pension Liability (Asset)  
 Year Ended June 30, 2017

|   | 2015*         | 2016*         | 2017*         |
|---|---------------|---------------|---------------|
| <b>Oklahoma Police Pension &amp; Retirement System (OPPRS):</b>   |               |               |               |
| City's proportion of the net pension liability (asset)  | 1.7136%       | 1.6606%       | 1.5900%       |
| City's proportion share of the net pension liability (asset)  | \$ (576,952)  | \$ 67,708     | \$ 2,433,461  |
| City's covered-employee payroll   | \$ 4,693,759  | \$ 4,759,546  | \$ 4,686,108  |
| City's proportionate share of the net pension liability as a percentage of its covered-employee payroll | -12.29%       | 1.42%         | 51.93%        |
| Plan fiduciary net position as a percentage of the total pension liability                              | 101.53%       | 99.82%        | 93.50%        |
| <b>Oklahoma Firefighters Pension and Retirement System (OFPRS)</b>                                      |               |               |               |
| City's proportion of the net pension liability (asset)  | 1.9056%       | 1.9216%       | 1.8671%       |
| City's proportion share of the net pension liability (asset)  | \$ 19,596,197 | \$ 20,396,061 | \$ 22,810,114 |
| City's covered-employee payroll   | \$ 5,256,495  | \$ 5,335,993  | \$ 5,222,543  |
| City's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 378.66%       | 382.24%       | 436.76%       |
| Plan fiduciary net position as a percentage of the total pension liability                              | 68.12%        | 68.27%        | 64.87%        |

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

**Note:** GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

See notes to required supplementary information.

City of Enid, Oklahoma

**Required Supplementary Information**  
**Schedule of City's Contributions**  
**Year Ended June 30, 2017**

|   | 2014       | 2015       | 2016       | 2017       |
|---|------------|------------|------------|------------|
| <b>Oklahoma Police Pension &amp; Retirement System (OPPRS):</b>       |            |            |            |            |
| Contractually required contribution                                   | \$ 610,189 | \$ 618,741 | \$ 609,194 | \$ 639,879 |
| Actual contributions  | 610,189    | 618,741    | 609,194    | 639,879    |
| Contribution deficiency (excess)                                      | \$ -       | \$ -       | \$ -       | \$ -       |
| Covered-employee payroll  | 4,693,759  | 4,759,546  | 4,686,108  | 4,922,146  |
| Contributions as a percentage of covered-employee payroll             | 13.00%     | 13.00%     | 13.00%     | 13.00%     |
| <b>Oklahoma Firefighters Pension &amp; Retirement System (OFPRS):</b> |            |            |            |            |
| Contractually required contribution                                   | \$ 735,910 | \$ 747,039 | \$ 731,156 | \$ 725,088 |
| Actual contributions  | 735,910    | 747,039    | 731,156    | 725,088    |
| Contribution deficiency (excess)                                      | \$ -       | \$ -       | \$ -       | \$ -       |
| Covered-employee payroll  | 5,256,495  | 5,335,993  | 5,222,543  | 5,179,200  |
| Contributions as a percentage of covered-employee payroll             | 14.00%     | 14.00%     | 14.00%     | 14.00%     |

N/A - Information was not available prior to fiscal year ending June 30, 2014.

See notes to required supplementary information.

City of Enid, Oklahoma

Notes to Required Supplemental Information  
For Year Ended June 30, 2017

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***Oklahoma Police Pension & Retirement System***

**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.

***Oklahoma Firefighters Pension & Retirement System***

**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 Retirement Plan***

**Note 1. Changes of Benefit Terms**

There were no significant changes of benefit terms.

**Note 2. Changes of Assumptions**

The 2017 valuation implemented the following refinements to plan assumptions:

- Changed the discount rate from a 6.23 percent rate to a single rate using the long-term rate of return of 7.00 percent.

**City of Enid, Oklahoma**

**Required Supplemental Information  
Schedule of OPEB Funding Progress  
June 30, 2017**

**Other Postemployment Benefits (OPEB)**

| Actuarial Valuation Date | Actuarial Value of Assets | Actuarial Accrued Liability (AAL) | Unfunded AAL (UAAL) | Funded Ratio | Annual Covered Payroll | UAAL as a Percentage of Covered Payroll |
|--------------------------|---------------------------|-----------------------------------|---------------------|--------------|------------------------|---|
| 7/1/2016                 | \$ -                      | \$ 2,268,912                      | \$ 2,268,912        | 0.00%        | \$ 20,523,698          | 11.06%                                  |
| 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%                                  |

The information presented as required supplementary information was determined as part of the July 1, 2016 actuarial valuation. The projected credit method was used. The actuarial assumptions include a 4% investment rate of return (net of administrative expenses) and an annual health care cost trend rate of 7.2% for fiscal year ending June 30, 2018 and for medical claims, reduced by decrements to an ultimate rate of 4.7% after eight years. The UAAL being amortized as a level dollar amount over a period of 30 years.

City of Enid, Oklahoma

Required Supplementary Information  
 Budgetary Comparison Schedule—General Fund and Major Special Revenue Funds  
 Year Ended June 30, 2017

|  | General Fund         |                     |                     |                               |
|--|----------------------|---------------------|---------------------|-------------------------------|
|  | Budget               |                     | Actual              | Variance with<br>Final Budget |
|  | Original             | Final               |                     |                               |
| <b>Fund balance, beginning</b>         | \$ 10,637,244        | \$ 7,388,205        | \$ 7,388,205        | \$ -                          |
| Resources:                             |                      |                     |                     |                               |
| Taxes                                  | 31,907,225           | 31,907,225          | 33,709,797          | 1,802,572                     |
| Licenses and permits                   | 276,900              | 276,900             | 298,158             | 21,258                        |
| Intergovernmental                      | 267,000              | 267,000             | 98,314              | (168,686)                     |
| Fines and forfeitures                  | 1,219,000            | 1,219,000           | 1,422,515           | 203,515                       |
| Charges for services                   | 117,050              | 117,050             | 99,562              | (17,488)                      |
| Miscellaneous                          | 297,000              | 297,000             | 281,933             | (15,067)                      |
| Interest                               | 35,000               | 35,000              | 64,126              | 29,126                        |
| Operating transfers                    | 7,500,000            | 8,235,000           | 8,235,000           | -                             |
| <b>Total resources</b>                 | <b>41,619,175</b>    | <b>42,354,175</b>   | <b>44,209,405</b>   | <b>1,855,230</b>              |
| Amounts available for appropriation    | 52,256,419           | 49,742,380          | 51,597,610          | 1,855,230                     |
| Charges to appropriations:             |                      |                     |                     |                               |
| Administration                         | 465,885              | 467,885             | 460,871             | 7,014                         |
| Police                                 | -                    | -                   | -                   | -                             |
| Fire                                   | -                    | -                   | -                   | -                             |
| Human resources                        | 434,275              | 432,275             | 363,898             | 68,377                        |
| Legal                                  | 1,257,105            | 1,257,105           | 1,157,765           | 99,340                        |
| Safety                                 | 107,045              | 107,045             | 100,539             | 6,506                         |
| PR/Marketing                           | 511,025              | 514,185             | 461,599             | 52,586                        |
| General government                     | 869,055              | 884,055             | 630,904             | 253,151                       |
| Accounting                             | 722,330              | 806,380             | 701,497             | 104,883                       |
| Records and receipts                   | 376,905              | 378,142             | 371,669             | 6,473                         |
| Information technology                 | 664,520              | 671,187             | 622,969             | 48,218                        |
| Community development                  | 470,390              | 429,953             | 239,917             | 190,036                       |
| Code enforcement                       | 676,785              | 684,285             | 603,107             | 81,178                        |
| Engineering                            | 1,461,580            | 1,590,339           | 1,422,482           | 167,857                       |
| Public works management                | 345,430              | 345,430             | 321,072             | 24,358                        |
| Fleet management                       | 745,535              | 748,995             | 623,262             | 125,733                       |
| Park and recreation                    | 1,467,840            | 1,498,118           | 1,293,472           | 204,646                       |
| Stormwater and roadway maintenance     | 2,296,175            | 2,335,385           | 2,110,053           | 225,332                       |
| Technical services                     | 1,614,755            | 1,614,755           | 1,520,666           | 94,089                        |
| Library                                | 910,790              | 918,414             | 861,318             | 57,096                        |
| Capital outlay                         | 587,000              | 1,328,128           | 1,224,882           | 103,247                       |
| Operating transfers                    | 25,558,399           | 27,779,802          | 27,736,782          | 43,020                        |
| <b>Total charges to appropriations</b> | <b>41,542,824</b>    | <b>44,791,863</b>   | <b>42,828,724</b>   | <b>1,963,139</b>              |
| <b>Fund balances, ending</b>           | <b>\$ 10,713,595</b> | <b>\$ 4,950,517</b> | <b>\$ 8,768,886</b> | <b>\$ 3,818,368</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, 2017

|  | Police Fund         |                     |                     |                               |
|--|---------------------|---------------------|---------------------|-------------------------------|
|  | Budget              |                     | Actual              | Variance with<br>Final Budget |
|  | Original            | Final               |                     |                               |
| <b>Fund balance, beginning</b>         | \$ 4,137,028        | \$ 4,109,282        | \$ 4,109,282        | \$ -                          |
| Resources:                             |                     |                     |                     |                               |
| Taxes                                  | 1,086,868           | 1,086,868           | 1,082,565           | (4,303)                       |
| Licenses and permits                   | -                   | -                   | -                   | -                             |
| Intergovernmental                      | 90,000              | 90,000              | 123,190             | 33,190                        |
| Fines and forfeitures                  | -                   | -                   | -                   | -                             |
| Charges for services                   | 60,500              | 60,500              | 64,432              | 3,932                         |
| Miscellaneous                          | 25,000              | 25,000              | 14,528              | (10,472)                      |
| Interest                               | 40,000              | 40,000              | 38,631              | (1,369)                       |
| Operating transfers                    | 7,350,000           | 7,350,000           | 7,350,000           | -                             |
| <b>Total resources</b>                 | <b>8,652,368</b>    | <b>8,652,368</b>    | <b>8,673,347</b>    | <b>20,979</b>                 |
| Amounts available for appropriation    | 12,789,396          | 12,761,650          | 12,782,629          | 20,979                        |
| Charges to appropriations:             |                     |                     |                     |                               |
| Administration                         | -                   | -                   | -                   | -                             |
| Police                                 | 9,712,030           | 9,739,776           | 9,267,561           | 472,215                       |
| 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                         | 474,550             | 474,550             | 468,199             | 6,351                         |
| Operating transfers                    | 210,000             | 210,000             | 190,000             | 20,000                        |
| <b>Total charges to appropriations</b> | <b>10,396,580</b>   | <b>10,424,326</b>   | <b>9,925,760</b>    | <b>498,566</b>                |
| <b>Fund balances, ending</b>           | <b>\$ 2,392,816</b> | <b>\$ 2,337,324</b> | <b>\$ 2,856,869</b> | <b>\$ 519,545</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, 2017

|  | Fire Fund         |                   |                   | Variance with<br>Final Budget |
|--|-------------------|-------------------|-------------------|-------------------------------|
|  | Budget            |                   | Actual            |                               |
|  | Original          | Final             |                   |                               |
| <b>Fund balance, beginning</b>         | \$ 1,054,390      | \$ 1,054,390      | \$ 1,054,390      | \$ -                          |
| Resources:                             |                   |                   |                   |                               |
| Taxes                                  | 1,086,868         | 1,086,868         | 1,082,565         | (4,303)                       |
| Licenses and permits                   | -                 | -                 | -                 | -                             |
| Intergovernmental                      | -                 | -                 | -                 | -                             |
| Fines and forfeitures                  | -                 | -                 | -                 | -                             |
| Charges for services                   | -                 | -                 | -                 | -                             |
| Miscellaneous                          | 8,000             | 8,000             | 6,510             | (1,490)                       |
| Interest                               | 25,000            | 25,000            | 10,563            | (14,437)                      |
| Operating transfers                    | 6,250,000         | 6,250,000         | 6,250,000         | -                             |
| <b>Total resources</b>                 | <b>7,369,868</b>  | <b>7,369,868</b>  | <b>7,349,638</b>  | <b>(20,230)</b>               |
| Amounts available for appropriation    | 8,424,258         | 8,424,258         | 8,404,028         | (20,230)                      |
| Charges to appropriations:             |                   |                   |                   |                               |
| Administration                         | -                 | -                 | -                 | -                             |
| Police                                 | -                 | -                 | -                 | -                             |
| Fire                                   | 8,002,195         | 8,002,195         | 7,690,836         | 311,359                       |
| 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                         | 35,000            | 35,000            | 13,015            | 21,985                        |
| Operating transfers                    | 50,000            | 50,000            | 50,000            | -                             |
| <b>Total charges to appropriations</b> | <b>8,087,195</b>  | <b>8,087,195</b>  | <b>7,753,851</b>  | <b>333,344</b>                |
| <b>Fund balances, ending</b>           | <b>\$ 337,063</b> | <b>\$ 337,063</b> | <b>\$ 650,178</b> | <b>\$ 313,115</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, 2017

|  | General<br>Fund      | Police<br>Fund       | Fire<br>Fund        |
|--|----------------------|----------------------|---------------------|
| <b>Budgetary funds</b>   |                      |                      |                     |
| <b>Financial statement major funds</b>   |                      |                      |                     |
| Revenues:  |                      |                      |                     |
| Actual amounts (budgetary basis) "resources" from the budgetary comparison schedules   | \$ 44,209,405        | \$ 8,673,347         | \$ 7,349,638        |
| <u>Adjustments:</u>  |                      |                      |                     |
| <i>Budgetary</i> general fund revenues are reported on the cash basis, rather than the modified accrual basis                    | 960,851              | 535,344              | 1,796,674           |
| Operating transfers in are reported as "other financing sources and uses" for GAAP purposes                                      | (8,235,000)          | (7,350,000)          | (6,250,000)         |
| <b>Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances—governmental funds</b>    | <b>\$ 36,935,256</b> | <b>\$ 1,858,691</b>  | <b>\$ 2,896,312</b> |
| Expenditures:  |                      |                      |                     |
| Actual amounts (budgetary basis) "charges to appropriations" from the budgetary comparison schedules                             | \$ 42,828,724        | \$ 9,925,760         | \$ 7,753,851        |
| <u>Adjustments:</u>  |                      |                      |                     |
| <i>Budgetary</i> general fund expenditures are reported on the cash basis, rather than the modified accrual basis                | 804,280              | 330,357              | 1,577,588           |
| Operating transfers out are reported as "other financing sources and uses" for GAAP purposes                                     | (28,499,225)         | (190,000)            | (50,000)            |
| <b>Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances—governmental funds</b> | <b>\$ 15,133,779</b> | <b>\$ 10,066,117</b> | <b>\$ 9,281,439</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, 2017**

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**Note 1. 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, 2017

|  | Special Revenue             |                     |                             |                                     |                   |                      |                   | Enid<br>Economic<br>Development<br>Authority |
|--|-----------------------------|---------------------|-----------------------------|-------------------------------------|-------------------|----------------------|-------------------|--|
|  | Special<br>Projects<br>Fund | Water<br>Assessment | Street<br>and Alley<br>Fund | Community<br>Intervention<br>Center | CDBG<br>Fund      | Paving<br>Assessment | 911<br>Fund       |  |
| <b>Assets</b>  |                             |                     |                             |                                     |                   |                      |                   |  |
| Cash and cash equivalents  | \$ 258,060                  | \$ 1,929            | \$ 190,225                  | \$ 10,724                           | \$ 31,400         | \$ 546               | \$ 22,964         | \$ -   |
| Investments  | 21,762                      | 5,337               | 526,354                     | 29,672                              | 86,883            | 1,511                | 63,544            | -  |
| Receivables:   |                             |                     |                             |                                     |                   |                      |                   |  |
| Taxes  | -                           | -                   | 79,517                      | -                                   | -                 | -                    | 143,966           | -  |
| Due from other governments   | -                           | -                   | -                           | -                                   | 5,712             | -                    | -                 | 496,000                                      |
| Accrued interest   | -                           | -                   | -                           | -                                   | -                 | -                    | -                 | 40   |
| Due from other funds   | -                           | -                   | -                           | -                                   | -                 | -                    | -                 | -  |
| Prepaid expense  | 2,380                       | -                   | -                           | -                                   | -                 | -                    | 18,101            | -  |
| Assets held for sale   | -                           | -                   | -                           | -                                   | -                 | -                    | -                 | 3,273,493                                    |
| Restricted cash and investments  | -                           | -                   | -                           | -                                   | -                 | -                    | -                 | 202,333                                      |
| <b>Total assets</b>  | <b>\$ 282,202</b>           | <b>\$ 7,266</b>     | <b>\$ 796,096</b>           | <b>\$ 40,396</b>                    | <b>\$ 123,995</b> | <b>\$ 2,057</b>      | <b>\$ 248,575</b> | <b>\$ 3,971,866</b>                          |
| <b>Liabilities</b>   |                             |                     |                             |                                     |                   |                      |                   |  |
| Accounts payable and accrued liabilities                                       | \$ 5,521                    | \$ 6,665            | \$ 68,359                   | \$ 4,335                            | \$ 10,499         | \$ 1,887             | \$ 47,501         | \$ 91,551                                    |
| Due to other funds   | 1                           | -                   | -                           | -                                   | -                 | -                    | -                 | 68,482                                       |
| Unearned revenue   | 4,699                       | -                   | -                           | -                                   | -                 | -                    | -                 | -  |
| <b>Total liabilities</b>   | <b>10,221</b>               | <b>6,665</b>        | <b>68,359</b>               | <b>4,335</b>                        | <b>10,499</b>     | <b>1,887</b>         | <b>47,501</b>     | <b>160,033</b>                               |
| <b>Deferred inflows of resources</b>   |                             |                     |                             |                                     |                   |                      |                   |  |
| Federal grants related to HUD loan   | -                           | -                   | -                           | -                                   | -                 | -                    | -                 | 496,000                                      |
| <b>Fund balances</b>   |                             |                     |                             |                                     |                   |                      |                   |  |
| Nonspendable   | 2,380                       | -                   | -                           | -                                   | -                 | -                    | 18,101            | 3,273,493                                    |
| Restricted:  |                             |                     |                             |                                     |                   |                      |                   |  |
| Public safety  | 269,601                     | -                   | -                           | -                                   | -                 | -                    | 181,768           | -  |
| Public works   | -                           | -                   | -                           | 36,061                              | -                 | -                    | -                 | -  |
| Debt service   | -                           | -                   | -                           | -                                   | -                 | -                    | -                 | 202,333                                      |
| Capital improvements   | -                           | -                   | -                           | -                                   | -                 | -                    | -                 | -  |
| Committed:   |                             |                     |                             |                                     |                   |                      |                   |  |
| Public works   | -                           | 601                 | 727,737                     | -                                   | 113,496           | 170                  | -                 | -  |
| Public safety  | -                           | -                   | -                           | -                                   | -                 | -                    | 1,205             | -  |
| Economic development   | -                           | -                   | -                           | -                                   | -                 | -                    | -                 | 12,500                                       |
| Capital improvements   | -                           | -                   | -                           | -                                   | -                 | -                    | -                 | -  |
| Assigned:  |                             |                     |                             |                                     |                   |                      |                   |  |
| Economic development   | -                           | -                   | -                           | -                                   | -                 | -                    | -                 | -  |
| Unassigned   | -                           | -                   | -                           | -                                   | -                 | -                    | -                 | (172,493)                                    |
| <b>Total fund balances</b>   | <b>271,981</b>              | <b>601</b>          | <b>727,737</b>              | <b>36,061</b>                       | <b>113,496</b>    | <b>170</b>           | <b>201,074</b>    | <b>3,315,833</b>                             |
| <b>Total liabilities, deferred inflows<br/>of resources, and fund balances</b> | <b>\$ 282,202</b>           | <b>\$ 7,266</b>     | <b>\$ 796,096</b>           | <b>\$ 40,396</b>                    | <b>\$ 123,995</b> | <b>\$ 2,057</b>      | <b>\$ 248,575</b> | <b>\$ 3,971,866</b>                          |

City of Enid, Oklahoma

Combining Balance Sheet—Nonmajor Governmental Funds (Continued)  
June 30, 2017

|  | Capital Projects        |                     |                     | Debt Service            |                  | Totals               |
|--|-------------------------|---------------------|---------------------|-------------------------|------------------|----------------------|
|  | Street Improvement Fund | Sanitary Sewer Fund | Storm Water Fund    | Capital Projects Escrow | Sinking Fund     |                      |
| <b>Assets</b>  |                         |                     |                     |                         |                  |                      |
| Cash and cash equivalents  | \$ 18,322               | \$ 54,896           | \$ 1,347,786        | \$ 388,863              | \$ 2,554         | \$ 2,328,269         |
| Investments  | 50,695                  | 151,898             | 3,729,325           | 1,075,986               | 7,066            | 5,750,033            |
| Receivables:   |                         |                     |                     |                         |                  |                      |
| Taxes  | -                       | -                   | -                   | -                       | 809              | 224,292              |
| Due from other governments   | -                       | -                   | -                   | -                       | -                | 501,712              |
| Accrued interest   | -                       | -                   | -                   | -                       | -                | 40                   |
| Due from other funds   | -                       | -                   | -                   | -                       | -                | -                    |
| Prepaid expense  | -                       | -                   | -                   | -                       | -                | 20,481               |
| Assets held for sale   | -                       | -                   | -                   | -                       | -                | 3,273,493            |
| Restricted cash and investments  | -                       | -                   | -                   | -                       | -                | 202,333              |
| <b>Total assets</b>  | <b>\$ 69,017</b>        | <b>\$ 206,794</b>   | <b>\$ 5,077,111</b> | <b>\$ 1,464,849</b>     | <b>\$ 10,429</b> | <b>\$ 12,300,653</b> |
| <b>Liabilities</b>   |                         |                     |                     |                         |                  |                      |
| Accounts payable and accrued liabilities                                   | \$ -                    | \$ 260,476          | \$ 231,220          | \$ -                    | \$ -             | \$ 728,014           |
| Due to other funds   | -                       | -                   | -                   | -                       | -                | 68,483               |
| Unearned revenue   | -                       | -                   | -                   | -                       | -                | 4,699                |
| <b>Total liabilities</b>   | <b>-</b>                | <b>260,476</b>      | <b>231,220</b>      | <b>-</b>                | <b>-</b>         | <b>801,196</b>       |
| <b>Deferred inflows of resources</b>                                       |                         |                     |                     |                         |                  |                      |
| Federal grants related to HUD loan   | -                       | -                   | -                   | -                       | -                | 496,000              |
| <b>Fund balances</b>   |                         |                     |                     |                         |                  |                      |
| Nonspendable   | -                       | -                   | -                   | -                       | -                | 3,293,974            |
| Restricted:  |                         |                     |                     |                         |                  |                      |
| Public safety  | -                       | -                   | -                   | -                       | -                | 451,369              |
| Public works   | -                       | -                   | -                   | -                       | -                | 36,061               |
| Debt service   | -                       | -                   | -                   | -                       | 10,429           | 212,762              |
| Capital improvements   | -                       | -                   | -                   | -                       | -                | -                    |
| Committed:   |                         |                     |                     |                         |                  |                      |
| Public works   | -                       | -                   | -                   | -                       | -                | 842,004              |
| Public safety  | -                       | -                   | -                   | -                       | -                | 1,205                |
| Economic development   | -                       | -                   | -                   | -                       | -                | 12,500               |
| Capital improvements   | 69,017                  | -                   | 4,845,891           | 1,464,849               | -                | 6,379,757            |
| Assigned:  |                         |                     |                     |                         |                  |                      |
| Economic development   | -                       | -                   | -                   | -                       | -                | -                    |
| Unassigned   | -                       | (53,682)            | -                   | -                       | -                | (226,175)            |
| <b>Total fund balances</b>   | <b>69,017</b>           | <b>(53,682)</b>     | <b>4,845,891</b>    | <b>1,464,849</b>        | <b>10,429</b>    | <b>11,003,457</b>    |
| <b>Total liabilities, deferred inflows of resources, and fund balances</b> | <b>\$ 69,017</b>        | <b>\$ 206,794</b>   | <b>\$ 5,077,111</b> | <b>\$ 1,464,849</b>     | <b>\$ 10,429</b> | <b>\$ 12,300,653</b> |

City of Enid, Oklahoma

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

|   | Special Revenue             |                     |                             |                                     |                   |                      |                   | Enid<br>Economic<br>Development<br>Authority |
|---|-----------------------------|---------------------|-----------------------------|-------------------------------------|-------------------|----------------------|-------------------|--|
|   | Special<br>Projects<br>Fund | Water<br>Assessment | Street<br>and Alley<br>Fund | Community<br>Intervention<br>Center | CDBG<br>Fund      | Paving<br>Assessment | 911<br>Fund       |  |
| Revenues:   |                             |                     |                             |                                     |                   |                      |                   |  |
| Taxes   | \$ -                        | \$ -                | \$ -                        | \$ -                                | \$ -              | \$ -                 | \$ -              | \$ 190,907                                   |
| Licenses and permits                                    | -                           | -                   | -                           | -                                   | -                 | -                    | -                 | -  |
| Intergovernmental                                       | -                           | -                   | 474,472                     | -                                   | 409,736           | -                    | 845,321           | 141,000                                      |
| Fines and forfeitures                                   | -                           | -                   | -                           | -                                   | -                 | -                    | -                 | -  |
| Charges for services                                    | -                           | -                   | -                           | -                                   | -                 | -                    | -                 | -  |
| Other   | 28,512                      | -                   | 16,912                      | -                                   | -                 | -                    | -                 | 41,448                                       |
| Interest  | 1,516                       | 91                  | 8,230                       | 1,402                               | -                 | 25                   | 1,619             | 43   |
| <b>Total revenues</b>                                   | <b>30,028</b>               | <b>91</b>           | <b>499,614</b>              | <b>1,402</b>                        | <b>409,736</b>    | <b>25</b>            | <b>846,940</b>    | <b>373,398</b>                               |
| Expenditures:   |                             |                     |                             |                                     |                   |                      |                   |  |
| Current:  |                             |                     |                             |                                     |                   |                      |                   |  |
| General government                                      | -                           | -                   | -                           | -                                   | -                 | -                    | -                 | -  |
| Public safety   | 74,450                      | -                   | -                           | -                                   | -                 | -                    | 1,040,570         | -  |
| Public works  | -                           | -                   | 88,333                      | 192,382                             | 405,213           | -                    | -                 | -  |
| Culture and recreation                                  | -                           | -                   | -                           | -                                   | -                 | -                    | -                 | -  |
| Economic development                                    | -                           | -                   | -                           | -                                   | -                 | -                    | -                 | 1,005,449                                    |
| Debt service:   |                             |                     |                             |                                     |                   |                      |                   |  |
| Principal   | -                           | -                   | -                           | -                                   | -                 | -                    | -                 | 1,031,732                                    |
| Interest  | -                           | -                   | -                           | -                                   | -                 | -                    | -                 | 275,880                                      |
| Capital outlay  | -                           | -                   | 393,088                     | -                                   | -                 | -                    | -                 | -  |
| <b>Total expenditures</b>                               | <b>74,450</b>               | <b>-</b>            | <b>481,421</b>              | <b>192,382</b>                      | <b>405,213</b>    | <b>-</b>             | <b>1,040,570</b>  | <b>2,313,061</b>                             |
| <b>Excess of revenues over<br/>(under) expenditures</b> | <b>(44,422)</b>             | <b>91</b>           | <b>18,193</b>               | <b>(190,980)</b>                    | <b>4,523</b>      | <b>25</b>            | <b>(193,630)</b>  | <b>(1,939,663)</b>                           |
| Other financing sources (uses):                         |                             |                     |                             |                                     |                   |                      |                   |  |
| Proceeds from issuance of debt                          | -                           | -                   | -                           | -                                   | -                 | -                    | -                 | -  |
| Proceeds from sale of assets                            | -                           | -                   | -                           | -                                   | -                 | -                    | -                 | -  |
| Transfers in  | -                           | -                   | -                           | 115,000                             | -                 | -                    | 165,000           | 1,395,115                                    |
| Transfers (out)   | -                           | -                   | -                           | -                                   | -                 | -                    | -                 | -  |
| <b>Total other financing sources<br/>(uses)</b>         | <b>-</b>                    | <b>-</b>            | <b>-</b>                    | <b>115,000</b>                      | <b>-</b>          | <b>-</b>             | <b>165,000</b>    | <b>1,395,115</b>                             |
| <b>Net change in fund balances</b>                      | <b>(44,422)</b>             | <b>91</b>           | <b>18,193</b>               | <b>(75,980)</b>                     | <b>4,523</b>      | <b>25</b>            | <b>(28,630)</b>   | <b>(544,548)</b>                             |
| Fund balances, beginning                                | 316,403                     | 510                 | 709,544                     | 112,041                             | 108,973           | 145                  | 229,704           | 3,860,381                                    |
| Fund balances, ending                                   | <b>\$ 271,981</b>           | <b>\$ 601</b>       | <b>\$ 727,737</b>           | <b>\$ 36,061</b>                    | <b>\$ 113,496</b> | <b>\$ 170</b>        | <b>\$ 201,074</b> | <b>\$ 3,315,833</b>                          |

City of Enid, Oklahoma

Combining Statement of Revenues, Expenditures and Changes in Fund Balances—Nonmajor Governmental Funds (Continued)  
Year Ended June 30, 2017

|   | Capital Projects |                    |                  | Debt Service     |                | Totals             |
|---|------------------|--------------------|------------------|------------------|----------------|--------------------|
|   | Street           | Sanitary           | Storm            | Capital          | Sinking        |                    |
|   | Improvement      | Sewer              | Water            | Projects         | Fund           |                    |
|   | Fund             | Fund               | Fund             | Escrow           |                |                    |
| Revenues:   |                  |                    |                  |                  |                |                    |
| Taxes   | \$ -             | \$ -               | \$ -             | \$ -             | \$ 171,251     | \$ 362,158         |
| Licenses and permits                                | -                | -                  | -                | -                | -              | -                  |
| Intergovernmental                                   | -                | -                  | -                | -                | -              | 1,870,529          |
| Fines and forfeitures                               | -                | -                  | -                | -                | -              | -                  |
| Charges for services                                | -                | -                  | -                | 282,388          | -              | 282,388            |
| Other   | -                | -                  | -                | -                | -              | 86,872             |
| Interest  | 1,002            | 1,661              | 57,576           | 19,226           | 1,019          | 93,410             |
| <b>Total revenues</b>                               | <b>1,002</b>     | <b>1,661</b>       | <b>57,576</b>    | <b>301,614</b>   | <b>172,270</b> | <b>2,695,357</b>   |
| Expenditures:                                       |                  |                    |                  |                  |                |                    |
| Current:  |                  |                    |                  |                  |                |                    |
| General government                                  | -                | -                  | -                | -                | -              | -                  |
| Public safety                                       | -                | -                  | -                | -                | -              | 1,115,020          |
| Public works  | -                | -                  | -                | -                | -              | 685,928            |
| Culture and recreation                              | -                | -                  | -                | -                | -              | -                  |
| Economic development                                | -                | -                  | -                | -                | -              | 1,005,449          |
| Debt service:                                       |                  |                    |                  |                  |                |                    |
| Principal   | -                | -                  | -                | -                | 156,580        | 1,188,312          |
| Interest  | -                | -                  | -                | -                | 13,853         | 289,733            |
| Capital outlay                                      | 45,946           | 1,186,335          | 1,027,193        | -                | -              | 2,652,562          |
| <b>Total expenditures</b>                           | <b>45,946</b>    | <b>1,186,335</b>   | <b>1,027,193</b> | <b>-</b>         | <b>170,433</b> | <b>6,937,004</b>   |
| <b>Excess of revenues over (under) expenditures</b> | <b>(44,944)</b>  | <b>(1,184,674)</b> | <b>(969,617)</b> | <b>301,614</b>   | <b>1,837</b>   | <b>(4,241,647)</b> |
| Other financing sources (uses):                     |                  |                    |                  |                  |                |                    |
| Proceeds from issuance of debt                      | -                | -                  | -                | -                | -              | -                  |
| Proceeds from sale of assets                        | -                | -                  | -                | -                | -              | -                  |
| Transfers in  | -                | 1,131,993          | 1,947,131        | -                | -              | 4,754,239          |
| Transfers (out)                                     | -                | -                  | -                | (200,000)        | -              | (200,000)          |
| <b>Total other financing sources (uses)</b>         | <b>-</b>         | <b>1,131,993</b>   | <b>1,947,131</b> | <b>(200,000)</b> | <b>-</b>       | <b>4,554,239</b>   |
| <b>Net change in fund balances</b>                  | <b>(44,944)</b>  | <b>(52,681)</b>    | <b>977,514</b>   | <b>101,614</b>   | <b>1,837</b>   | <b>312,592</b>     |
| Fund balances, beginning                            | 113,961          | (1,001)            | 3,868,377        | 1,363,235        | 8,592          | 10,690,865         |
| Fund balances, ending                               | \$ 69,017        | \$ (53,682)        | \$ 4,845,891     | \$ 1,464,849     | \$ 10,429      | \$ 11,003,457      |

City of Enid, Oklahoma

Combining Statement of Net Position—Nonmajor Proprietary Funds  
June 30, 2017

|   | Business-Type Activities                      |                              |                     |
|---|---|------------------------------|---------------------|
|   | Enterprise Funds                              |                              |                     |
|   | Enid<br>Public<br>Transportation<br>Authority | Meadowlake<br>Golf<br>Course | Total               |
| <b>Assets</b>                                     |   |                              |                     |
| Current assets:                                   |   |                              |                     |
| Cash and cash equivalents                         | \$ -  | \$ -                         | \$ -                |
| Investments                                       | -   | -                            | -                   |
| Receivables:                                      |   |                              |                     |
| Accounts (net of allowance<br>for uncollectibles) | 3,537   | -                            | 3,537               |
| Due from other governments                        | 1,156   | -                            | 1,156               |
| Inventories                                       | -   | 37,096                       | 37,096              |
| Due from other funds                              | -   | -                            | -                   |
| <b>Total current assets</b>                       | <b>4,693</b>                                  | <b>37,096</b>                | <b>41,789</b>       |
| Noncurrent assets:                                |   |                              |                     |
| Capital assets (net of accumulated depreciation)  | 134,100                                       | 406,625                      | 540,725             |
| <b>Total noncurrent assets</b>                    | <b>134,100</b>                                | <b>406,625</b>               | <b>540,725</b>      |
| <b>Total assets</b>                               | <b>138,793</b>                                | <b>443,721</b>               | <b>582,514</b>      |
| <b>Deferred outflows of resources</b>             |   |                              |                     |
| Deferred amounts related to pensions              | 20,848  | 15,742                       | 36,590              |
| <b>Total deferred outflows of resources</b>       | <b>20,848</b>                                 | <b>15,742</b>                | <b>36,590</b>       |
| <b>Liabilities</b>                                |   |                              |                     |
| Current liabilities:                              |   |                              |                     |
| Accounts payable and accrued liabilities          | 29,289  | 36,703                       | 65,992              |
| Current portion of noncurrent liabilities         | 19,507  | 27,842                       | 47,349              |
| Due to other funds                                | 193,123                                       | 201,300                      | 394,423             |
| Unearned revenue                                  | -   | 9,649                        | 9,649               |
| Accrued interest payable                          | -   | 177                          | 177                 |
| <b>Total current liabilities</b>                  | <b>241,919</b>                                | <b>275,671</b>               | <b>517,590</b>      |
| Noncurrent liabilities:                           |   |                              |                     |
| Compensated absences                              | 6,226   | 6,660                        | 12,886              |
| Capital lease obligations                         | -   | 27,310                       | 27,310              |
| Workers' compensation claims                      | 40,778  | 1,823                        | 42,601              |
| Net pension liability                             | 82,102  | 91,209                       | 173,311             |
| <b>Total noncurrent liabilities</b>               | <b>129,106</b>                                | <b>127,002</b>               | <b>256,108</b>      |
| <b>Total liabilities</b>                          | <b>371,025</b>                                | <b>402,673</b>               | <b>773,698</b>      |
| <b>Deferred inflows of resources</b>              |   |                              |                     |
| Deferred amounts related to pensions              | 62,859  | 84,724                       | 147,583             |
| <b>Total deferred inflows of resources</b>        | <b>62,859</b>                                 | <b>84,724</b>                | <b>147,583</b>      |
| <b>Net position</b>                               |   |                              |                     |
| Net investment in capital assets                  | 134,100                                       | 363,891                      | 497,991             |
| Restricted  | -   | -                            | -                   |
| Unrestricted                                      | (408,343)                                     | (391,825)                    | (800,168)           |
| <b>Total net position</b>                         | <b>\$ (274,243)</b>                           | <b>\$ (27,934)</b>           | <b>\$ (302,177)</b> |



City of Enid, Oklahoma

Combining Statement of Revenues, Expenses and Changes in Net Position—Nonmajor  
Proprietary Funds/ Enterprise Funds  
Year Ended June 30, 2017

|  | Business-type Activities                      |                              |                  |
|--|---|------------------------------|------------------|
|  | Enterprise Funds                              |                              |                  |
|  | Enid<br>Public<br>Transportation<br>Authority | Meadowlake<br>Golf<br>Course | Total            |
| Operating revenues:                                    |   |                              |                  |
| Charges for services - other                           | \$ 150,400                                    | \$ 439,350                   | \$ 589,750       |
| <b>Total operating revenues</b>                        | <b>150,400</b>                                | <b>439,350</b>               | <b>589,750</b>   |
| Operating expenses:                                    |   |                              |                  |
| Other  | 702,035                                       | 669,629                      | 1,371,664        |
| Depreciation and amortization                          | 49,639  | 51,458                       | 101,097          |
| <b>Total operating expenses</b>                        | <b>751,674</b>                                | <b>721,087</b>               | <b>1,472,761</b> |
| <b>Net operating loss</b>                              | <b>(601,274)</b>                              | <b>(281,737)</b>             | <b>(883,011)</b> |
| Nonoperating revenues (expenses):                      |   |                              |                  |
| Miscellaneous revenues                                 | 783   | 280                          | 1,063            |
| Interest income  | 154   | -                            | 154              |
| Government grants                                      | 188,637                                       | -                            | 188,637          |
| Gain (loss) on disposition of assets                   | 5,049   | 175                          | 5,224            |
| Interest expense and fiscal charges                    | -   | (2,090)                      | (2,090)          |
| <b>Total nonoperating revenues<br/>(expenses)</b>      | <b>194,623</b>                                | <b>(1,635)</b>               | <b>192,988</b>   |
| <b>Net loss before<br/>contributions and transfers</b> | <b>(406,651)</b>                              | <b>(283,372)</b>             | <b>(690,023)</b> |
| Capital contributions                                  | -   | 1,050                        | 1,050            |
| Transfers in   | 414,349                                       | 351,463                      | 765,812          |
| <b>Change in net position</b>                          | <b>7,698</b>                                  | <b>69,141</b>                | <b>76,839</b>    |
| Net position, beginning                                | (281,941)                                     | (97,075)                     | (379,016)        |
| Net position, ending                                   | \$ (274,243)                                  | \$ (27,934)                  | \$ (302,177)     |

City of Enid, Oklahoma

Combining Statement of Cash Flows—Nonmajor Proprietary Funds/Enterprise Funds  
Year Ended June 30, 2017

|   | Business-type Activities                   |                              |                     |
|---|--|------------------------------|---------------------|
|   | Enterprise Funds                           |                              |                     |
|   | Enid Public<br>Transportation<br>Authority | Meadowlake<br>Golf<br>Course | Total               |
| Cash flows from operating activities:   |  |                              |                     |
| Receipts from customers and grantors  | \$ 166,032                                 | \$ 439,350                   | \$ 605,382          |
| Payments to suppliers   | (104,919)                                  | (246,922)                    | (351,841)           |
| Payments to employees   | (568,176)                                  | (430,043)                    | (998,219)           |
| Interfund payments  | (101,909)                                  | (87,080)                     | (188,989)           |
| <b>Net cash provided (used) by operating activities</b>   | <b>(608,972)</b>                           | <b>(324,695)</b>             | <b>(933,667)</b>    |
| Cash flows from noncapital financing activities:  |  |                              |                     |
| Taxes   | -  | -                            | -                   |
| Miscellaneous revenues  | 189,420                                    | 280                          | 189,700             |
| Operating transfers in  | 414,349                                    | 351,463                      | 765,812             |
| Operating transfers out   | -  | -                            | -                   |
| <b>Net cash provided (used) by noncapital financing activities</b>                                    | <b>603,769</b>                             | <b>351,743</b>               | <b>955,512</b>      |
| Cash flows from capital and related financing activities:   |  |                              |                     |
| Proceeds from issuance of debt  | -  | -                            | -                   |
| Principal paid on long-term debt  | -  | (14,976)                     | (14,976)            |
| Interest expense and fiscal charges   | -  | (1,957)                      | (1,957)             |
| Proceeds from sale of capital assets  | 5,049                                      | 1,025                        | 6,074               |
| Acquisition/construction of capital assets  | -  | (11,140)                     | (11,140)            |
| <b>Net cash provided (used) by capital and related financing activities</b>                           | <b>5,049</b>                               | <b>(27,048)</b>              | <b>(21,999)</b>     |
| Cash flows from investing activities:   |  |                              |                     |
| Purchase of investments   | -  | -                            | -                   |
| Interest income   | 154  | -                            | 154                 |
| <b>Net cash provided (used) by investing activities</b>   | <b>154</b>                                 | <b>-</b>                     | <b>154</b>          |
| <b>Net increase (decrease) in cash and cash equivalents</b>   | <b>-</b>                                   | <b>-</b>                     | <b>-</b>            |
| Cash and cash equivalents, beginning  | -  | -                            | -                   |
| Cash and cash equivalents, ending   | \$ -                                       | \$ -                         | \$ -                |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities:        |  |                              |                     |
| Net operating income (loss)   | \$ (601,274)                               | \$ (281,737)                 | \$ (883,011)        |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: |  |                              |                     |
| Depreciation  | 49,639                                     | 51,458                       | 101,097             |
| (Increases) decrease in assets:   |  |                              |                     |
| Receivables   | 15,632                                     | -                            | 15,632              |
| Prepaid expenses  | 36   | 81                           | 117                 |
| Inventory   | -  | (37,096)                     | (37,096)            |
| Due from other funds  | -  | -                            | -                   |
| Pension related deferred outflows   | 66,931                                     | 95,965                       | 162,896             |
| Increase (decrease) in liabilities:   |  |                              |                     |
| Accounts payable and accrued liabilities  | 19,444                                     | 8,288                        | 27,732              |
| Due to other funds  | (101,909)                                  | (87,080)                     | (188,989)           |
| Unearned revenue  | -  | 7,827                        | 7,827               |
| Pension related deferred inflows  | 37,895                                     | 54,332                       | 92,227              |
| Net pension liability   | (95,366)                                   | (136,733)                    | (232,099)           |
| <b>Total adjustments</b>  | <b>(7,698)</b>                             | <b>(42,958)</b>              | <b>(50,656)</b>     |
| <b>Net cash provided (used) by operating activities</b>   | <b>\$ (608,972)</b>                        | <b>\$ (324,695)</b>          | <b>\$ (933,667)</b> |

City of Enid, Oklahoma

Combining Statement of Fiduciary Net Position—Fiduciary Funds  
June 30, 2017

|                                  | Agency Funds  |                | Pension Trust Funds              |                      | Total                |
|----------------------------------|---------------|----------------|----------------------------------|----------------------|----------------------|
|                                  | CLEET<br>Fund | Court<br>Bonds | Retirement<br>Defined<br>Benefit | Retirement<br>401(k) |                      |
| <b>Assets</b>                    |               |                |                                  |                      |                      |
| Cash and cash equivalents        | \$ 2,388      | \$ 13,476      | \$ 623,201                       | \$ -                 | \$ 623,201           |
| Investments                      | 6,607         | 24             | 24,466,539                       | 13,573,948           | 38,040,487           |
| Receivables:                     |               |                |                                  |                      |                      |
| Accrued interest                 | -             | -              | 6,433                            | -                    | 6,433                |
| Participant loans                | -             | -              | -                                | 372,583              | 372,583              |
| <b>Total assets</b>              | <b>8,995</b>  | <b>13,500</b>  | <b>25,096,173</b>                | <b>13,946,531</b>    | <b>39,042,704</b>    |
| <b>Liabilities</b>               |               |                |                                  |                      |                      |
| Funds held in custody for others | 8,995         | 13,500         | -                                | -                    | -                    |
| <b>Total liabilities</b>         | <b>8,995</b>  | <b>13,500</b>  | <b>-</b>                         | <b>-</b>             | <b>-</b>             |
| <b>Net position</b>              | <b>\$ -</b>   | <b>\$ -</b>    | <b>\$ 25,096,173</b>             | <b>\$ 13,946,531</b> | <b>\$ 39,042,704</b> |

City of Enid, Oklahoma

Combining Statement of Changes in Fiduciary Net Position  
 Fiduciary Funds  
 June 30, 2017

|  | Pension Trust Funds  |                      |                      |
|--|----------------------|----------------------|----------------------|
|  | Retirement           |                      | Totals               |
|  | Defined Benefit      | Retirement 401(k)    |                      |
| <b>Additions</b>   |                      |                      |                      |
| Contributions:   |                      |                      |                      |
| Employer   | \$ 794,176           | \$ 339,797           | \$ 1,133,973         |
| Plan members   | -                    | 786,711              | 786,711              |
| <b>Total contributions</b>                               | <u>794,176</u>       | <u>1,126,508</u>     | <u>1,920,684</u>     |
| Investment earnings:                                     |                      |                      |                      |
| Net increase (decrease) in the fair value of investments | 2,889,385            | 1,551,356            | 4,440,741            |
| Interest and dividends                                   | 451,093              | -                    | 451,093              |
| <b>Total investment earnings</b>                         | <u>3,340,478</u>     | <u>1,551,356</u>     | <u>4,891,834</u>     |
| <b>Total additions</b>                                   | <u>4,134,654</u>     | <u>2,677,864</u>     | <u>6,812,518</u>     |
| <b>Deductions</b>  |                      |                      |                      |
| Benefits and withdrawals                                 | 1,136,264            | 504,263              | 1,640,527            |
| Administrative expenses                                  | 140,459              | 42,764               | 183,223              |
| <b>Total deductions</b>                                  | <u>1,276,723</u>     | <u>547,027</u>       | <u>1,823,750</u>     |
| <b>Change in net position</b>                            | 2,857,931            | 2,130,837            | 4,988,768            |
| Net position restricted for pensions, beginning          | <u>22,238,242</u>    | <u>11,815,694</u>    | <u>34,053,936</u>    |
| Net position restricted for pensions, ending             | <u>\$ 25,096,173</u> | <u>\$ 13,946,531</u> | <u>\$ 39,042,704</u> |

**City of Enid, Oklahoma**

**Schedule of Debt Service Coverage  
Year Ended June 30, 2017**

|  | OWRB<br>Notes        | Sales<br>Tax Revenue<br>Refunding Bonds<br>Series 2003 | Sales<br>Tax Revenue<br>Note<br>Series 2015 |
|--|----------------------|--|---|
| Gross revenue available for debt service:                    |                      |  |   |
| Charges for services:  |                      |  |   |
| Water  | \$ 15,295,649        | \$ -   | \$ 15,295,649                               |
| Wastewater   | 8,750,409            | -  | 8,750,409                                   |
| Stormwater   | 1,730,495            | -  | 1,730,495                                   |
| Solid waste  | 4,468,424            | -  | 4,468,424                                   |
| Landfill   | 753,725              | -  | 753,725                                     |
| Other  | 793,909              | -  | 793,909                                     |
| Sales tax collections pledged and transferred                | 8,745,836            | 2,168,286  | 8,745,836                                   |
| <b>Total gross revenue</b>                                   | <b>40,538,447</b>    | <b>2,168,286</b>                                       | <b>40,538,447</b>                           |
| Operating expenses, excluding depreciation and amortization: |                      |  |   |
| Utility services   | 562,541              | -  | 562,541                                     |
| Water production   | 2,478,871            | -  | 2,478,871                                   |
| Wastewater management services                               | 3,342,061            | -  | 3,342,061                                   |
| Solid waste  | 2,947,334            | -  | 2,947,334                                   |
| Landfill   | 494,676              | -  | 494,676                                     |
| Other  | 825,522              | -  | 825,522                                     |
| <b>Total operating expenses</b>                              | <b>10,651,005</b>    | <b>-</b>   | <b>10,651,005</b>                           |
| Other expenses:  |                      |  |   |
| Required transfers to other funds                            | 8,235,000            | -  | 8,235,000                                   |
| Payment to schools   | -                    | 1,142,673  | -   |
| <b>Total other expenses</b>                                  | <b>8,235,000</b>     | <b>1,142,673</b>                                       | <b>8,235,000</b>                            |
| <b>Net revenues available for debt service</b>               | <b>\$ 21,652,442</b> | <b>\$ 1,025,613</b>                                    | <b>\$ 21,652,442</b>                        |
| <b>Debt service requirements</b>                             | <b>\$ 7,395,658</b>  | <b>\$ 1,023,925</b>                                    | <b>\$ 7,395,658</b>                         |
| <b>Computed coverage</b>                                     | 293%                 | 100%   | 293%  |
| <b>Coverage requirement</b>                                  | 125%                 | 100%   | 125%  |

**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**

**Schedule of Expenditures of State Awards  
Year Ended June 30, 2017**

| <u>State Grantor/Pass-Through Grantor/Program or Cluster Title</u> | <u>Pass-Through<br/>Entity Identifying Number</u> | <u>Expenditures</u>      |
|--|---|--------------------------|
| <b>State Programs:</b>   |   |                          |
| <b>Oklahoma Department of Transportation:</b>                      |   |                          |
| Public Transit Revolving Fund                                      | STPTRF-9025(287)                                  | <u>\$ 44,292</u>         |
| <b>Oklahoma Department of Commerce:</b>                            |   |                          |
| Oklahoma Strategic Military Planning Commission                    | A-1301  | <u>166,066</u>           |
| <b>Total Expenditures of State Awards</b>                          |   | <u><u>\$ 210,358</u></u> |

# CITY OF Enid Oklahoma

City of Enid, Oklahoma  
401 W Owen K Garriott Rd  
Enid, OK 73701

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Mayor Bill Shewey

Ron Janzen, Ward 1  
Derwin Norwood, Ward 2  
Ben Ezzell, Ward 3

Jonathan Waddell, Ward 4  
Tammy Wilson, Ward 5  
George Pankonin, Ward 6