



Report on Audit
Of
Financial Statements

June 30, 2009

City of Enid, Oklahoma
Report on Audit of Financial Statements
June 30, 2009
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Ronald C. Cottrell, CPA

Independent Auditor's Report

October 22, 2010

City Council
City of Enid
Enid, Oklahoma

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Enid, Oklahoma, as of and for the year ended June 30, 2009, which collectively comprise the City of Enid's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Enid's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Pegasus, Inc., which represent 31 percent each of the assets, net assets, and revenues of the discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it related to the amounts included for Pegasus, Inc., is based on the report of other auditors.

Except as discussed in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Enid's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinions.

The financial statements of Enid Garfield County Development Alliance, Inc. have not been audited, and we were not engaged to audit the Enid Garfield County Development Alliance, Inc. financial statements as part of our audit of the City of Enid's basic financial statements. Enid Garfield County Development Alliance, Inc.'s financial activities are included in the City of Enid's basic financial statements as a discretely presented component unit and represent 69 percent each of the assets, net assets, and revenues of the City of Enid's discretely presented component units.

In our opinion, based on the report of other auditors and, except for the effects of such adjustments, if any, as might have been determined to be necessary had Enid Garfield County Development Alliance, Inc.'s financial statement been audited, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate discretely presented component units for the City of Enid as of June 30, 2009 and the changes in financial

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position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In addition, 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, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note VI. G. to the financial statements, the City of Enid made adjustments to beginning net assets for governmental and business-type activities in the government-wide financial statements, and to the general, police, fire, and other non-major governmental funds, and Enid Municipal Authority, Enid Economic Development Authority, and other non-major enterprise funds in the fund financial statements to correct errors in the prior year's financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2010, on our consideration of the City of Enid's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 3 through 11 and 43 through 47 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Enid's basic financial statements. The accompanying schedules of expenditures of federal and state awards are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and are not a required part of the basic financial statements. The accompanying combining and individual nonmajor fund financial statements listed under supplementary information in the table of contents are presented for purposes of additional analysis and are not a required part of OMB Circular A-133 or the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Ronald C. Cottrell, CPA

City of Enid, Oklahoma
Management's Discussion and Analysis
June 30, 2009

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, 2009. Please read it in conjunction with the City's financial statements, which begin on page 12.

Financial Highlights

- ❖ The assets of the City of Enid exceeded its liabilities at the close of the most recent fiscal year by \$ 154,049,854 (net assets). Of this amount, \$ 19,494,050 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.

During the year, the government's total net assets increased by \$ 6,642,044. This is mainly attributed to this year's operations. Business type activities accounted for \$ (2,748,949) while governmental activities contributed \$ 9,390,993. An additional \$ 1,516,450 was added to net assets as a result of prior period adjustments to correct errors in the previous year's financial statements, as described in Note VI. G.

- ❖ As of the close of the current fiscal year, the City of Enid's governmental funds reported combined ending fund balances of \$ 48,360,148, an increase of \$ 4,284,948 in comparison with the prior year. Approximately \$ 23,579,169 is available for spending at the government's discretion (unreserved fund balance).
- ❖ At the end of the current fiscal year, unreserved fund balance for the general fund was \$ 13,034,938, or 107 % of total general fund expenditures and transfers out.
- ❖ The City's debt decreased by \$ 4,832,584 during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Enid's basic financial statements. The City of Enid'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 assets presents information on all of the City of Enid's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Enid is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets 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 of Enid 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 of Enid include general government, public safety, public works, and culture and recreation. The business-type activities of the City of Enid include the Enid Municipal Authority which includes the City's water, wastewater, landfill, and sanitation utility operations.

The government-wide financial statements can be found on pages 12–13 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 of Enid, 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 of Enid 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. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains nineteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund police fund and fire fund, all of which are considered to be major funds. Data from the other sixteen 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 for these funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 14–16 of this report.

Proprietary funds. The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for the Enid Municipal Authority operation.

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, which is considered to be a major fund of the City. The City maintains seven proprietary funds. Data from the other six 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 17–19 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 reflected 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 basic fiduciary fund financial statements can be found on pages 20–21 of this report.

Notes to the financial statements. The notes provide additional information that is essential to 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 22–42 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 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 43–47 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 budget and actual revenues and expenditures for the general fund, police fund and fire fund.

Combining statements and schedules can be found on pages 48–54 of this report.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government’s financial position. In the case of the City’s governmental activities, assets exceeded liabilities by \$ 85,416,945 at the close of the most recent fiscal year. The business-type activities assets exceeded liabilities by \$ 68,632,909.

By far the largest portion of the City’s net assets (58 %) 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.

See disclaimer in accompanying Independent Auditor’s Report.

City of Enid

Net Assets

June 30, 2009 and 2008

	Governmental Activities		Business-Type Activities		Totals	
	2009	2008	2009	2008	2009	2008
Current assets	\$ 52,996,368	\$ 45,775,091	\$ 26,483,403	\$ 35,064,895	\$ 79,479,771	\$ 80,839,986
Capital and other noncurrent assets	45,895,573	40,686,492	94,216,012	91,770,917	140,111,585	132,457,409
Total assets	<u>98,891,941</u>	<u>86,461,583</u>	<u>120,699,415</u>	<u>126,835,812</u>	<u>219,591,356</u>	<u>213,297,395</u>
Current liabilities	6,634,643	2,217,086	7,554,829	8,214,915	14,189,472	10,432,001
Long-term liabilities	6,840,353	8,218,545	44,511,677	47,239,039	51,352,030	55,457,584
Total liabilities	<u>13,474,996</u>	<u>10,435,631</u>	<u>52,066,506</u>	<u>55,453,954</u>	<u>65,541,502</u>	<u>65,889,585</u>
Net assets:						
Invested in capital assets, net of related debt	40,559,597	40,603,751	49,389,028	40,775,224	89,948,625	81,378,975
Restricted	17,281,514	17,032,799	27,325,665	27,798,543	44,607,179	44,831,342
Unrestricted	<u>27,575,834</u>	<u>18,389,402</u>	<u>(8,081,784)</u>	<u>2,808,091</u>	<u>19,494,050</u>	<u>21,197,493</u>
Total net assets	<u>\$ 85,416,945</u>	<u>\$ 76,025,952</u>	<u>\$ 68,632,909</u>	<u>\$ 71,381,858</u>	<u>\$ 154,049,854</u>	<u>\$ 147,407,810</u>

An additional portion of the City's net assets (29%) represents resources that are subject to external restrictions on how they may be used, for example, capital improvements and debt service. The remaining balance of unrestricted net assets \$ 19,494,050 may be used to meet the government's ongoing obligations to citizens and creditors.

The government's net assets increased by \$ 6,642,044 during the current fiscal year; mainly attributed to an excess of revenues over expenses from operations.

City of Enid

Statement of Activities

Years Ended June 30, 2009 and 2008

	Governmental Activities		Business-Type Activities		Totals	
	2009	2008	2009	2008	2009	2008
Program revenues:						
Charges for services	\$ 2,429,230	\$ 3,116,137	\$ 19,745,041	\$ 19,373,260	\$ 22,174,271	\$ 22,489,397
Grants/contributions	1,496,360	1,682,336	981,180	730,025	2,477,540	2,412,361
General revenues	<u>35,833,545</u>	<u>31,450,928</u>	<u>2,942,208</u>	<u>2,206,042</u>	<u>38,775,753</u>	<u>33,656,970</u>
Total revenues	<u>39,759,135</u>	<u>36,249,401</u>	<u>23,668,429</u>	<u>22,309,327</u>	<u>63,427,564</u>	<u>58,558,728</u>
Expenses:						
General government	6,089,644	4,094,932	-	-	6,089,644	4,094,932
Public safety	14,742,574	13,559,942	-	-	14,742,574	13,559,942
Public works	13,030,183	7,989,152	989,995	909,829	14,020,178	8,898,981
Culture and recreation	2,065,952	1,644,914	1,382,359	1,328,278	3,448,311	2,973,192
Utility operations	-	-	15,124,997	12,284,623	15,124,997	12,284,623
Airport	-	-	1,295,583	2,005,209	1,295,583	2,005,209
Economic development	-	-	1,790,110	595,023	1,790,110	595,023
Other	274,123	79,958	-	-	274,123	79,958
Total expenses	<u>36,202,476</u>	<u>27,368,898</u>	<u>20,583,044</u>	<u>17,122,962</u>	<u>56,785,520</u>	<u>44,491,860</u>

See disclaimer in accompanying Independent Auditor's Report.

	Governmental Activities		Business-Type Activities		Totals	
	2009	2008	2009	2008	2009	2008
Increase in net assets before transfers	3,556,659	8,880,503	3,085,385	5,186,365	6,642,044	14,066,868
Transfers, net	5,834,334	(2,452,429)	(5,834,334)	2,452,429	-	-
Increase in net assets	9,390,993	6,428,074	(2,748,949)	7,638,794	6,642,044	14,066,868
Net assets, beginning, as restated	76,025,952	69,597,878	71,381,858	63,743,064	147,407,810	133,340,942
Net assets, ending	\$ 85,416,945	\$ 76,025,952	\$ 68,632,909	\$ 71,381,858	\$ 154,049,854	\$ 147,407,810

Governmental activities. Governmental activities increased the City's net assets by \$ 9,390,993. Key elements of this increase are as follows:

- Increase in sales tax revenue over the previous year.
- Significant increase in net transfers in.

City of Enid
Governmental Activities
Years Ended June 30, 2009 and 2008

	Program Revenues		Cost of Services	
	2009	2008	2009	2008
General government	\$ 720,879	\$ 673,077	\$ 6,089,644	\$ 4,094,932
Public safety	1,705,032	2,400,541	14,742,574	13,559,942
Public works	1,287,147	1,446,824	13,030,183	7,989,152
Culture and recreation	212,532	278,031	2,065,952	1,644,914
Interest on long-term debt	-	-	274,123	79,958
Total governmental activities	\$ 3,925,590	\$ 4,798,473	\$ 36,202,476	\$ 27,368,898

Business-type activities. Business-type activities decreased the City's net assets by \$ 2,748,949. The key elements in this increase are:

- Significant increases in utility operations and economic development.
- Significant increase in net transfers out.

City of Enid
Business-Type Activities
Years Ended June 30, 2009 and 2008

	Program Revenues		Cost of Services	
	2009	2008	2009	2008
Utility operations	\$ 17,856,387	\$ 17,441,668	\$ 15,124,997	\$ 12,284,623
Airport	1,499,920	1,125,875	1,295,583	2,005,209
Golf	420,181	438,274	424,181	516,142
Economic development	-	200,020	1,790,110	595,023
Community center	133,360	160,763	958,178	812,136
Transit	816,373	736,685	989,995	909,829
Total business-type activities	\$ 20,726,221	\$ 20,103,285	\$ 20,583,044	\$ 17,122,962

See disclaimer in accompanying Independent Auditor's Report.

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, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$ 48,360,148, an increase of \$ 4,284,948 in comparison with the prior year. Approximately 49 % of this total amount (\$ 23,579,169) constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed for capital improvements.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was \$ 13,034,938. As a measure of the general fund's liquidity, it may be useful to compare fund balance to total fund expenditures. Unreserved fund balance represents 107 % of total general fund expenditures and transfers out.

The fund balance of the City's general fund increased \$ 883,764 during the current fiscal year, primarily due to an increase in sales taxes over fiscal 2008.

The police fund has a total fund balance of \$ 4,927,979. The net increase in fund balance during the current year was \$ 602,390. A dedicated sales tax, miscellaneous revenue, and transfers from the general fund produced inflows of \$ 8,115,266 in the current fiscal year, while expenditures and transfers out during the current period were \$ 7,512,876. This resulted in the overall increase in fund balance.

The fire fund has a total fund balance of \$ 2,075,131. The net decrease in fund balance during the current year was \$ 874,287. A dedicated sales tax, miscellaneous revenue, and transfers from the general fund produced inflows of \$ 6,930,723 in the current fiscal year, while expenditures during the current period were \$ 7,805,010 resulting in the overall decrease in fund balance.

The capital improvements fund had a total fund balance of \$ 10,892,616. The net increase in fund balance during the current year was \$ 1,587,103, due primarily to transfers in to fund capital projects. Transfers of sales taxes, governmental grants and other miscellaneous revenues along with the GO bond proceeds resulted in total inflows of \$ 4,327,930, while expenditures totaled \$ 2,740,827, resulting in the net increase in fund balance.

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

Unrestricted net assets of the Enid Municipal Authority at the end of the year amounted to \$ (8,257,881). The total decrease in net assets was \$ 1,847,802. Operating revenues showed an increase of \$ 414,719, while operating expenses increased by \$ 3,447,501. The changes in operating revenues and expenses were due to:

- Increase in utility rates
- Increase in utility operating expenses.
- Increase in depreciation and amortization expense.

See disclaimer in accompanying Independent Auditor's Report.

The Enid Economic Development Authority showed total net assets of \$ 995,969, a decrease of \$ 1,105,571, mainly due to a large increase in depreciation, a large economic development payment to the Enid Regional Development Alliance, and increased interest expense.

Budgetary Highlights of Major Governmental Funds

The general fund budget increased by \$ 436,358 for departmental expenditures and \$ 835,000 for transfers out during the year with no increases in estimated revenues or transfers in. Several departmental budgets increased, such as administration, human resources, legal, general government, treasury and budget, management services, park/stormwater, and capital outlay, while others such as code enforcement, engineering and street operations decreased during the year.

Revenues exceeded budget estimates by \$ 1,474,330, while actual expenditures were less than final budget appropriations by \$ 950,662 and net transfers were less than budget by \$ 151,720, resulting in an overall net change in fund balance of \$ 1,389,354. As a result, the City did not have to use any of its fund balance to cover expenditures and transfers.

The police fund showed a slight increase in its budgeted expenditures during the year. Its actual revenues and transfers in totaled \$ 8,071,261, exceeding budget estimates by \$ 359,776. Expenditures and transfers out of \$ 7,434,732 were less than budgeted by \$ 895,673, resulting in an overall net change in fund balance of \$ 636,539.

The fire fund increased its expenditure budget during the year by \$ 1,016,908, while revenues remained the same as originally estimated. Actual revenues and transfers in totaled \$ 6,799,457, a deficit of \$ 285,805 in comparison with budget estimates. Expenditures totaled \$ 7,211,977, which was less than the final budget appropriation by \$ 1,116,154, resulting in a net change of \$ (412,520), thereby requiring the use of the fund balance carryover to help cover the expenditures.

The capital improvements fund showed an increase of \$ 2,791,077 in its expenditure budget during the year. Its actual expenditures were \$ 1,853,379, well below the final budget amount of \$ 16,265,637. Transfers out were also adjusted to \$ 776,905, an increase of \$ 776,905. Actual revenues of \$ 869,995 were an excess of \$ 48,995 over the budget estimate, while expenditures of \$ 1,853,379 were \$ 14,412,258 less than the final budget. Transfers in were \$ 336,836 less than budgeted. This resulted in an overall net change in fund balance of \$ 2,333,340.

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, 2009, amounts to \$ 133,655,170 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, vehicles and equipment, and infrastructure.

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

- Completion of Fire Station #2.
- Stormwater drainage improvements in the Clairemont and Rolling Acres area of the City.
- Library HVAC and Roof Repair.
- 54th Street Life Station Rehabilitation.

See disclaimer in accompanying Independent Auditor's Report.

City of Enid
Capital Assets
June 30, 2009 and 2008
(net of depreciation)

	Governmental		Business-Type		Totals	
	Activities		Activities			
	2009	2008	2009	2008	2009	2008
Land	\$ 2,276,478	\$ 2,276,478	\$ 2,933,211	\$ 2,252,790	\$ 5,209,689	\$ 4,529,268
Construction in progress	12,514,786	10,021,150	14,245,097	13,162,054	26,759,883	23,183,204
Buildings	4,278,489	5,276,211	2,842,308	2,978,169	7,120,797	8,254,380
Improvements	23,465,079	20,057,226	58,386,013	56,299,200	81,851,092	76,356,426
Equipment	1,234,828	914,870	6,748,872	7,211,596	7,983,700	8,126,466
Vehicles	2,057,196	2,057,816	2,672,798	2,175,184	4,729,994	4,233,000
Capital assets, net	<u>\$ 45,826,856</u>	<u>\$ 40,603,751</u>	<u>\$ 87,828,299</u>	<u>\$ 84,078,993</u>	<u>\$ 133,655,155</u>	<u>\$ 124,682,744</u>

Additional information of the City's capital assets can be found in Note V.D. on pages 31–32 of this report.

Long-term debt. At the end of the current fiscal year, the City had total debt outstanding of \$ 56,362,882. This represents general obligation bonds of \$ 7,000,000; bonds secured solely by specified revenue sources (i.e., revenue bonds and notes) totaling \$ 17,855,000 (plus deferred interest of \$ 14,042,874 and net of unamortized discounts of \$ (398,436); tax apportionment bonds (TIF) of \$ 7,034,550 plus deferred interest of \$ 422,073; other notes payable to other governmental entities of \$ 8,260,175; \$ 96,867 in capital lease obligations; \$ 540,320 in judgments against the City; and the long-term portion of accrued compensated absences totaling \$ 1,509,459.

City of Enid
Outstanding Debt
June 30, 2009 and 2008

	Governmental		Business-Type		Totals	
	Activities		Activities			
	2009	2008	2009	2008	2009	2008
General obligation bonds	\$ 7,000,000	\$ 7,000,000	\$ -	\$ -	\$ 7,000,000	\$ 7,000,000
Revenue bonds	-	-	17,855,000	23,410,000	17,855,000	23,410,000
Tax apportionment bonds (TIF)	-	-	7,034,550	6,250,000	7,034,550	6,250,000
Deferred interest on bonds	-	-	14,464,947	13,876,235	14,464,947	13,876,235
Unamortized bond discounts	-	-	(398,436)	(600,383)	(398,436)	(600,383)
Notes payable	-	-	8,260,175	8,929,062	8,260,175	8,929,062
Capital lease obligations	28,196	-	68,671	40,337	96,867	40,337
Judgments	540,320	542,138	-	-	540,320	542,138
Compensated absences	1,299,730	1,467,886	209,729	280,191	1,509,459	1,748,077
Total outstanding debt	<u>\$ 8,868,246</u>	<u>\$ 9,010,024</u>	<u>\$ 47,494,636</u>	<u>\$ 52,185,442</u>	<u>\$ 56,362,882</u>	<u>\$ 61,195,466</u>

See disclaimer in accompanying Independent Auditor's Report.

The City's total debt decreased \$ 4,832,584 during the current fiscal year. The key factors in this decrease were:

- Significant reduction in revenue bond debt.
- Reduction in compensated absences.
- Significant reduction in notes payable.

Additional information on the City's long-term debt can be found in Note V.F. on pages 33–36 of this report.

Economic Factors and Next Year's Budgets and Rates

The City's elected and appointed officials considered many factors when setting the fiscal-year 2009–2010 revenue and expense budgets.

When setting the fiscal year 2010 expenditure budget, the city's officials kept increases in expenditures to a minimal, taking into consideration routine increases in salary and benefits and the volatile nature of the economy related to fuel costs and its effect on required materials and supplies needed to supply city services.

The City will be looking at using General Obligation Bonds in the future to increase the funding available to build and repair infrastructure such as streets, water lines, sewer lines, and storm water drains.

The City has three recognized unions, the American Federation of State, County, and Municipal Employees (AFSCME), the Fraternal Order of Police (FOP), and the International Association of Fire Fighters (IAFF). The City is in the second year of a two year agreement with the FOP and the IAFF through the end of 2009–2010. The City negotiated a two year agreement with AFSCME through 2010-2011

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) 616-7280. You may also visit our website at www.enid.org for more budgetary and contact information.

City of Enid, Oklahoma
Statement of Net Assets
June 30, 2009

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 8,135,187	\$ 227,987	\$ 8,363,174
Investments	34,542,470	-	34,542,470
Receivables (net of allowance for uncollectibles):			
Accounts	33,911	2,370,734	2,404,645
Taxes	5,006,889	-	5,006,889
Due from other governments	188,150	1,437,687	1,625,837
Due from fiduciary funds	(32,178)	-	(32,178)
Internal balances	4,660,915	(4,372,254)	288,661
Inventories	461,024	42,810	503,834
Restricted assets:			
Investments	-	26,776,439	26,776,439
Total current assets	<u>52,996,368</u>	<u>26,483,403</u>	<u>79,479,771</u>
Noncurrent assets:			
Debt issuance costs (net of accumulated amortization)	68,717	309,817	378,534
Investment in TIF	-	6,077,881	6,077,881
Capital assets (net of accumulated depreciation)	<u>45,826,856</u>	<u>87,828,314</u>	<u>133,655,170</u>
Total noncurrent assets	<u>45,895,573</u>	<u>94,216,012</u>	<u>140,111,585</u>
Total assets	<u>98,891,941</u>	<u>120,699,415</u>	<u>219,591,356</u>
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	4,554,705	27,182	4,581,887
Payable from restricted assets:			
Accrued interest payable	-	500,650	500,650
Customer deposits	52,045	675,386	727,431
Current portion of long-term obligations	<u>2,027,893</u>	<u>6,351,611</u>	<u>8,379,504</u>
Total current liabilities	<u>6,634,643</u>	<u>7,554,829</u>	<u>14,189,472</u>
Noncurrent liabilities:			
Deferred interest on revenue bonds	-	14,464,947	14,464,947
Bonds and notes payable	7,000,000	32,751,291	39,751,291
Capital lease obligations	28,196	68,671	96,867
Accrued landfill closure costs	-	3,368,650	3,368,650
Judgments	540,320	-	540,320
Accrued compensated absences	1,299,730	209,729	1,509,459
Less: current portion of long-term obligations	<u>(2,027,893)</u>	<u>(6,351,611)</u>	<u>(8,379,504)</u>
Total noncurrent liabilities	<u>6,840,353</u>	<u>44,511,677</u>	<u>51,352,030</u>
Total liabilities	<u>13,474,996</u>	<u>52,066,506</u>	<u>65,541,502</u>
Net assets			
Invested in capital assets, net of related debt	40,559,597	49,389,028	89,948,625
Restricted for:			
Capital improvements	8,147,656	4,965,640	13,113,296
Debt service	1,465,319	19,309,506	20,774,825
Economic development	-	2,572,021	2,572,021
Other	7,668,539	478,498	8,147,037
Unrestricted	<u>27,575,834</u>	<u>(8,081,784)</u>	<u>19,494,050</u>
Total net assets	<u>\$ 85,416,945</u>	<u>\$ 68,632,909</u>	<u>\$ 154,049,854</u>

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

Component Units	
Pegasys, Inc.	Enid Garfield Co. Dev. Alliance
\$ 91,176	\$ 713,685
130,456	-
31,082	23,476
-	-
-	-
-	-
1,989	-
-	-
<u>254,703</u>	<u>737,161</u>
-	-
-	-
<u>79,244</u>	<u>14,458</u>
<u>79,244</u>	<u>14,458</u>
<u>333,947</u>	<u>751,619</u>
4,012	108
-	-
-	-
-	-
<u>4,012</u>	<u>108</u>
-	-
-	-
-	-
-	-
-	-
-	-
<u>4,012</u>	<u>108</u>
79,244	14,458
-	-
-	-
-	737,053
250,691	-
-	-
<u>\$ 329,935</u>	<u>\$ 751,511</u>

City of Enid, Oklahoma
Statement of Activities
Year Ended June 30, 2009

Primary Government	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 6,089,644	\$ 720,879	\$ -	\$ -
Public safety	14,742,574	1,277,758	177,068	250,206
Public works	13,030,183	396,162	-	890,985
Culture and recreation	2,065,952	34,431	119,640	58,461
Interest on long-term debt	274,123	-	-	-
Total governmental activities	36,202,476	2,429,230	296,708	1,199,652
Business-type activities:				
Utility operations	15,124,997	17,856,387	-	-
Airport	1,295,583	1,024,650	-	475,270
Golf	424,181	420,181	-	-
Economic development	1,790,110	-	-	-
Community center	958,178	133,360	-	-
Transit	989,995	310,463	505,910	-
Total business-type activities	20,583,044	19,745,041	505,910	475,270
Total primary government	\$ 56,785,520	\$ 22,174,271	\$ 802,618	\$ 1,674,922
Component units:				
Pegasys, Inc.	\$ 324,759	\$ 14,077	\$ 190,710	\$ -
Enid Garfield County Development Alliance, Inc.	232,374	36,000	340,000	-
Total component units	\$ 557,133	\$ 50,077	\$ 530,710	\$ -
General revenues:				
Taxes:				
Sales and use				
Property				
Franchise				
Other				
Interest income				
Miscellaneous				
Gain (loss) on investments				
Transfers – internal activity				
Total general revenues and transfers				
Change in net assets				
Net assets, beginning				
Prior period adjustment				
Net assets, ending				

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

Net (Expense) Revenue and Changes in Net Assets			Component Units	
Primary Government			Pegasys, Inc.	Enid Garfield Co. Dev. Alliance
Governmental Activities	Business-type Activities	Total		
\$ (5,368,765)	\$ -	\$ (5,368,765)	\$ -	\$ -
(13,037,542)	-	(13,037,542)	-	-
(11,743,036)	-	(11,743,036)	-	-
(1,853,420)	-	(1,853,420)	-	-
(274,123)	-	(274,123)	-	-
<u>(32,276,886)</u>	<u>-</u>	<u>(32,276,886)</u>	<u>-</u>	<u>-</u>
	2,731,390	2,731,390	-	-
	204,337	204,337	-	-
	(4,000)	(4,000)	-	-
	(1,790,110)	(1,790,110)	-	-
	(824,818)	(824,818)	-	-
	<u>(173,622)</u>	<u>(173,622)</u>	<u>-</u>	<u>-</u>
	143,177	143,177	-	-
<u>(32,276,886)</u>	<u>143,177</u>	<u>(32,133,709)</u>	<u>-</u>	<u>-</u>
			(119,972)	-
			<u>-</u>	<u>143,626</u>
			<u>(119,972)</u>	<u>143,626</u>
26,654,793	-	26,654,793	-	-
2,034,264	240,454	2,274,718	-	-
3,138,775	-	3,138,775	-	-
1,383,894	844,877	2,228,771	-	-
1,611,213	662,434	2,273,647	5,305	8,921
998,260	1,218,105	2,216,365	5,257	-
12,346	(23,662)	(11,316)	(43,779)	-
5,834,334	<u>(5,834,334)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>41,667,879</u>	<u>(2,892,126)</u>	<u>38,775,753</u>	<u>(33,217)</u>	<u>8,921</u>
9,390,993	(2,748,949)	6,642,044	(153,189)	152,547
75,763,840	70,127,520	145,891,360	483,124	598,964
262,112	1,254,338	1,516,450	-	-
<u>\$ 85,416,945</u>	<u>\$ 68,632,909</u>	<u>\$ 154,049,854</u>	<u>\$ 329,935</u>	<u>\$ 751,511</u>

City of Enid, Oklahoma
Balance Sheet
Governmental Funds
June 30, 2009

	General	Police Fund	Fire Fund
Assets			
Cash and cash equivalents	\$ -	\$ -	\$ -
Claim on pooled cash	9,761,874	4,769,630	1,801,173
Receivables:			
Accounts	32,157	1,754	-
Taxes	4,760,956	-	-
Due from other governments	15,274	10,498	131,266
Due from other funds	-	152,547	152,547
Inventories	461,024	-	-
Total assets	\$ 15,031,285	\$ 4,934,429	\$ 2,084,986
Liabilities and fund balances			
Liabilities:			
Accounts payable and accrued liabilities	\$ 59,383	\$ -	\$ -
Due to other funds	1,762,421	-	-
Deferred revenue	-	-	-
Accrued compensated absences	5,670	6,450	9,855
Total liabilities	1,827,474	6,450	9,855
Fund balances:			
Reserved for:			
Capital improvements	-	-	-
Debt service	-	-	-
Encumbrances	168,873	3,895	279,264
Unreserved, designated for, reported in:			
Special revenue funds	-	4,924,084	1,795,867
Unreserved, undesignated, report in:			
General Fund	13,034,938	-	-
Total fund balances	13,203,811	4,927,979	2,075,131
Total liabilities and fund balances	\$ 15,031,285	\$ 4,934,429	\$ 2,084,986

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Debt issuance costs

Long-term liabilities are not due and payable in the current period and therefore are not reported in funds:

 General obligation bonds

 Capital lease obligations

 Judgements payable

 Accrued compensated absences - long-term

Internal service funds are used to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.

Net assets of governmental activities

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

Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
\$ 7,023,454	\$ 318,790	\$ 7,342,244
3,869,162	16,712,479	36,914,318
-	-	33,911
-	245,933	5,006,889
-	31,112	188,150
-	152,547	457,641
-	-	461,024
<u>\$ 10,892,616</u>	<u>\$ 17,460,861</u>	<u>\$ 50,404,177</u>
\$ -	\$ 148,025	\$ 207,408
-	-	1,762,421
-	52,045	52,045
-	180	22,155
<u>-</u>	<u>200,250</u>	<u>2,044,029</u>
8,847,476	5,460,334	14,307,810
-	1,465,319	1,465,319
2,045,140	6,510,678	9,007,850
-	3,824,280	10,544,231
-	-	13,034,938
<u>10,892,616</u>	<u>17,260,611</u>	<u>48,360,148</u>
<u>\$ 10,892,616</u>	<u>\$ 17,460,861</u>	
		45,826,856
		68,717
		(7,000,000)
		(28,196)
		(540,320)
		(1,299,730)
		<u>29,470</u>
		<u>\$ 85,416,945</u>

City of Enid, Oklahoma
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2009

	<u>General</u>	<u>Police Fund</u>	<u>Fire Fund</u>
Revenues			
Taxes	\$ 29,798,393	\$ -	\$ -
Licenses and permits	233,719	-	-
Intergovernmental	260,549	118,940	131,266
Fines and forfeitures	1,249,104	-	-
Charges for services	71,504	33,377	-
Other	586,321	36,035	7,876
Interest	512,863	208,331	116,473
Total revenues	<u>32,712,453</u>	<u>396,683</u>	<u>255,615</u>
Expenditures			
Current:			
General government	4,346,898	-	-
Public safety		7,082,640	6,184,577
Public works	4,850,185	-	-
Culture and recreation	1,844,638	-	-
Debt service:			
Principal	-	5,311	-
Interest	-	629	-
Capital outlay	1,134,688	349,296	1,620,433
Total expenditures	<u>12,176,409</u>	<u>7,437,876</u>	<u>7,805,010</u>
Excess of revenues over (under) expenditures	20,536,044	(7,041,193)	(7,549,395)
Other financing sources (uses)			
Proceeds from capital lease obligations	-	33,507	-
Transfers in	4,715,004	7,685,076	6,675,108
Transfers out	(24,367,284)	(75,000)	-
Total other financing sources (uses)	<u>(19,652,280)</u>	<u>7,643,583</u>	<u>6,675,108</u>
Net change in fund balances	883,764	602,390	(874,287)
Fund balances, beginning	12,232,670	4,224,159	2,882,640
Prior period adjustment	<u>87,377</u>	<u>101,430</u>	<u>66,778</u>
Fund balances, ending	<u>\$ 13,203,811</u>	<u>\$ 4,927,979</u>	<u>\$ 2,075,131</u>

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

Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 2,034,264	\$ 31,832,657
-	-	233,719
356,073	1,974,310	2,841,138
-	-	1,249,104
-	3,168,485	3,273,366
300,019	102,299	1,032,550
213,903	559,642	1,611,212
<u>869,995</u>	<u>7,839,000</u>	<u>42,073,746</u>
-	3,846,535	8,193,433
-	780,804	14,048,021
-	3,345,670	8,195,855
-	110,130	1,954,768
-	309,530	314,841
-	273,494	274,123
<u>2,740,827</u>	<u>5,168,841</u>	<u>11,014,085</u>
<u>2,740,827</u>	<u>13,835,004</u>	<u>43,995,126</u>
(1,870,832)	(5,996,004)	(1,921,380)
-	-	33,507
3,457,935	8,308,749	30,841,872
-	(226,767)	(24,669,051)
<u>3,457,935</u>	<u>8,081,982</u>	<u>6,206,328</u>
1,587,103	2,085,978	4,284,948
9,305,513	15,168,106	43,813,088
-	6,527	262,112
<u>\$ 10,892,616</u>	<u>\$ 17,260,611</u>	<u>\$ 48,360,148</u>

City of Enid, Oklahoma
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2009

Net change in fund balances – total governmental funds	\$ 4,284,948
Adjustments for the statement of activities:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets are allocated over their estimated useful lives as a depreciation expense. This is the amount by which capital outlay expenditures exceeded depreciation in the current reporting period.	
Capital outlay expenditures, net	8,631,662
Dispositions, net	(38,554)
Depreciation expense	(3,370,003)
	5,223,105
Governmental funds report costs incurred in the issuance of long-term debt as expenditures. However, in the statement of activities, the costs of issuance are allocated over the term of the bonds as amortization expense. This is the amount by which issuance costs exceeded amortization in the current period.	
Amortization expense	(14,024)
	(14,024)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.	
New judgment indebtedness incurred	(307,712)
Proceeds from capital lease obligations	(33,507)
Payments on judgments	309,530
Payments on capital lease obligations	5,310
	(26,379)
Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported in the governmental funds.	
Accrued compensated absences, net change	(89,003)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.	
Change in net assets of governmental activities	12,346
	\$ 9,390,993

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

City of Enid, Oklahoma
Statement of Net Assets
Proprietary Funds
June 30, 2009

	Business-type Activities Enterprise Funds	
	Enid Municipal Authority	Enid Economic Development Authority
Assets		
Current assets:		
Cash and cash equivalents	\$ -	\$ 42,668
Claim on pooled cash	(7,342,014)	(431,970)
Investments	-	-
Receivables:		
Accounts (net of allowance for uncollectibles)	2,217,919	-
Due from other funds	1,304,781	-
Due from other governments	-	1,389,000
Inventories	-	-
Restricted assets:		
Investments	24,257,828	2,518,611
Total current assets	<u>20,438,514</u>	<u>3,518,309</u>
Noncurrent assets:		
Debt issuance costs (net of accumulated amortization)	224,864	84,953
Invested in TIF	-	6,077,881
Capital assets (net of accumulated depreciation)	72,563,373	200,817
Total noncurrent assets	<u>72,788,237</u>	<u>6,363,651</u>
Total assets	<u>93,226,751</u>	<u>9,881,960</u>
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	-	-
Payable from restricted assets:		
Accrued interest payable	460,282	40,368
Customer deposits	668,981	-
Current portion of long-term obligations	6,197,940	85,000
Total current liabilities	<u>7,327,203</u>	<u>125,368</u>
Noncurrent liabilities:		
Deferred interest on revenue bonds	14,042,874	422,073
Capital lease obligations	-	-
Bonds payable (net of unamortized discount)	17,456,564	7,034,550
Notes payable	6,871,177	1,389,000
Accrued landfill closure costs	3,368,650	-
Accrued compensated absences	165,517	-
Less: current portion	(6,197,940)	(85,000)
Total noncurrent liabilities	<u>35,706,842</u>	<u>8,760,623</u>
Total liabilities	<u>43,034,045</u>	<u>8,885,991</u>
Net assets		
Invested in capital assets, net of related debt	34,192,758	200,817
Restricted for:		
Debt service	19,068,931	240,575
Capital improvements	4,965,640	-
Other	223,258	2,278,036
Unrestricted	(8,257,881)	(1,723,459)
Total net assets	<u>\$ 50,192,706</u>	<u>\$ 995,969</u>

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

Business-type Activities Enterprise Funds		Governmental Activities Internal Service
Nonmajor Enterprise Funds	Totals	Pooled cash and Investments
\$ 185,319	\$ 227,987	\$ 1,020,930
2,096,949	(5,677,035)	(31,208,788)
-	-	34,542,470
152,815	2,370,734	-
-	1,304,781	-
48,687	1,437,687	-
42,810	42,810	-
-	26,776,439	-
<u>2,526,580</u>	<u>26,483,403</u>	<u>4,354,612</u>
-	309,817	-
-	6,077,881	-
15,064,124	87,828,314	-
<u>15,064,124</u>	<u>94,216,012</u>	<u>-</u>
<u>17,590,704</u>	<u>120,699,415</u>	<u>4,354,612</u>
27,182	27,182	4,325,142
-	500,650	-
6,405	675,386	-
68,671	6,351,611	-
<u>102,258</u>	<u>7,554,829</u>	<u>4,325,142</u>
-	14,464,947	-
68,671	68,671	-
-	24,491,114	-
-	8,260,177	-
-	3,368,650	-
44,212	209,729	-
(68,671)	(6,351,611)	-
<u>44,212</u>	<u>44,511,677</u>	<u>-</u>
<u>146,470</u>	<u>52,066,506</u>	<u>4,325,142</u>
14,995,453	49,389,028	-
-	19,309,506	-
-	4,965,640	-
549,225	3,050,519	-
1,899,556	(8,081,784)	29,470
<u>\$ 17,444,234</u>	<u>\$ 68,632,909</u>	<u>\$ 29,470</u>

City of Enid, Oklahoma
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
Year Ended June 30, 2009

	Business-type Activities Enterprise Funds	
	Enid Municipal Authority	Enid Economic Development Authority
Operating revenues		
Charges for services:		
Water	\$ 5,488,392	\$ -
Wastewater	6,831,741	-
Storm water	821,030	-
Solid waste	3,665,012	-
Landfill	552,231	-
Other	497,981	-
Total operating revenues	<u>17,856,387</u>	<u>-</u>
Operating expenses		
Utility services	660,236	-
Water distribution/production	2,571,716	-
Wastewater management services	1,753,474	-
Solid waste	1,507,510	-
Landfill	2,862,550	-
Economic development	-	344,786
Other	-	-
Depreciation and amortization	3,150,991	478,175
Bad debt expense	131,449	-
Total operating expenses	<u>12,637,926</u>	<u>822,961</u>
Net operating income (loss)	5,218,461	(822,961)
Nonoperating revenues (expenses)		
Taxes	-	240,454
Government grants	-	-
Miscellaneous revenues	1,095,029	101,500
Gain/(loss) on disposition of assets	(53,900)	-
Interest income	434,013	137,903
Interest expense and fiscal charges	(2,487,071)	(762,467)
Total nonoperating revenues (expenses)	<u>(1,011,929)</u>	<u>(282,610)</u>
Operating transfers		
Transfers in	6,982,115	-
Transfers (out)	(13,036,449)	-
Total operating transfers	<u>(6,054,334)</u>	<u>-</u>
Net income (loss)	(1,847,802)	(1,105,571)
Net assets, beginning	50,929,315	2,068,714
Prior period adjustment	1,111,193	32,826
Net assets, ending	<u>\$ 50,192,706</u>	<u>\$ 995,969</u>

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

Business-type Activities Enterprise Funds		Governmental Activities Internal Service
Nonmajor Enterprise Funds	Totals	Pooled cash and Investments
\$ -	\$ 5,488,392	\$ -
-	6,831,741	-
-	821,030	-
-	3,665,012	-
-	552,231	-
1,888,654	2,386,635	-
<u>1,888,654</u>	<u>19,745,041</u>	<u>-</u>
-	660,236	-
-	2,571,716	-
-	1,753,474	-
-	1,507,510	-
-	2,862,550	-
204,682	549,468	-
3,252,047	3,252,047	-
410,947	4,040,113	-
-	131,449	-
<u>3,867,676</u>	<u>17,328,563</u>	<u>-</u>
(1,979,022)	2,416,478	-
844,877	1,085,331	-
981,180	981,180	-
21,576	1,218,105	-
30,238	(23,662)	12,345
90,518	662,434	-
(4,943)	(3,254,481)	-
<u>1,963,446</u>	<u>668,907</u>	<u>12,345</u>
220,000	7,202,115	-
-	(13,036,449)	-
<u>220,000</u>	<u>(5,834,334)</u>	<u>-</u>
204,424	(2,748,949)	12,345
17,129,491	70,127,520	17,125
110,319	1,254,338	-
<u>\$ 17,444,234</u>	<u>\$ 68,632,909</u>	<u>\$ 29,470</u>

City of Enid, Oklahoma
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2009

	Business-type Activities Enterprise Funds	
	Enid Municipal Authority	Enid Economic Development Authority
Cash flows from operating activities		
Receipts from customers	\$ 16,560,391	\$ -
Payments to suppliers	(3,740,148)	(265,786)
Payments to employees	(2,720,831)	-
Net cash provided (used) by operating activities	<u>10,099,412</u>	<u>(265,786)</u>
Cash flows from noncapital financing activities		
(Increase) decrease in interfund receivables/payables	806,329	-
(Increase) decrease in restricted assets	397,682	302,181
Taxes	-	240,454
Miscellaneous revenues/ (expenses)	1,041,129	101,500
Operating transfers in (out)	(6,054,334)	-
Net cash provided (used) by noncapital financing activities	<u>(3,809,194)</u>	<u>644,135</u>
Cash flows from capital and related financing activities		
Proceeds from capital lease obligations	-	-
Principal reduction on long-term debt	(4,727,852)	(147,575)
Interest expense and fiscal charges	(3,519,011)	(513,121)
Capital grants	-	-
Acquisition/construction of capital assets	(6,088,740)	(40,421)
Net cash provided (used) by capital and related financing activities	<u>(14,335,603)</u>	<u>(701,117)</u>
Cash flows from investing activities		
(Increase) decrease in investments	-	-
Interest income	539,965	137,903
Net cash provided (used) by investing activities	<u>539,965</u>	<u>137,903</u>
Net increase (decrease) in cash and cash equivalents	<u>(7,505,420)</u>	<u>(184,865)</u>
Cash and cash equivalents, beginning	163,406	(204,437)
Cash and cash equivalents, ending	<u>\$ (7,342,014)</u>	<u>\$ (389,302)</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Net operating income (loss)	\$ 5,218,461	\$ (822,961)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation and amortization	3,150,991	478,175
Changes in assets and liabilities:		
(Increase) decrease in receivables	(489,501)	79,000
(Increase) decrease in inventories	-	-
Increase (decrease) in accounts payable and accrued liabilities	2,170,163	-
Increase (decrease) in customer deposits	49,298	-
Total adjustments	<u>4,880,951</u>	<u>557,175</u>
Net cash provided (used) by operating activities	<u>\$ 10,099,412</u>	<u>\$ (265,786)</u>

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

Business-type Activities Enterprise Funds		Governmental Activities Internal Service
Nonmajor Enterprise Funds	Totals	Pooled cash and Investments
\$ 1,857,356	\$ 18,417,747	\$ -
(2,212,695)	(6,218,629)	-
(1,171,060)	(3,891,891)	-
(1,526,399)	8,307,227	-
-	806,329	-
-	699,863	-
844,877	1,085,331	-
51,814	1,194,443	12,345
220,000	(5,834,334)	-
1,116,691	(2,048,368)	12,345
48,301	48,301	-
(19,967)	(4,895,394)	-
(4,943)	(4,037,075)	-
949,917	949,917	-
(356,046)	(6,485,207)	-
617,262	(14,419,458)	-
-	-	(3,102,467)
90,518	768,386	-
90,518	768,386	(3,102,467)
298,072	(7,392,213)	(3,090,122)
1,984,196	1,943,165	4,111,052
\$ 2,282,268	\$ (5,449,048)	\$ 1,020,930
\$ (1,979,022)	\$ 2,416,478	\$ -
410,947	4,040,113	-
(31,298)	(441,799)	-
50,196	50,196	-
23,073	2,193,236	-
(295)	49,003	-
452,623	5,890,749	-
\$ (1,526,399)	\$ 8,307,227	\$ -

City of Enid, Oklahoma
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2009

	Agency Funds		Pension Trust Funds		Totals
	CLEET Fund	Court Bonds	Retirement Defined Benefit	Retirement 401(k)	
Assets					
Cash and cash equivalents	\$ -	\$ 11,137	\$ 314,970	\$ -	\$ 326,107
Claim on pooled cash	14,890	17,288	-	-	32,178
Investments	-	-	12,232,997	4,880,622	17,113,619
Receivables:					0
Accrued interest	-	-	7,633	-	7,633
Participant loans	-	-	-	166,163	166,163
Total assets	14,890	28,425	12,555,600	5,046,785	17,645,700
Liabilities					
Accounts payable and accrued liabilities	14,890	-	-	-	14,890
Customer deposits	-	28,425	-	-	28,425
Total liabilities	14,890	28,425	-	-	43,315
Net assets	\$ -	\$ -	\$ 12,555,600	\$ 5,046,785	\$ 17,602,385

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

City of Enid, Oklahoma
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
June 30, 2009

	Pension Trust Funds		Totals
	Retirement Defined Benefit	Retirement 401(k)	
Additions			
Contributions:			
Employer	\$ 292,387	\$ 164,382	\$ 456,769
Plan members	-	362,233	362,233
Total contributions	<u>292,387</u>	<u>526,615</u>	<u>819,002</u>
Investment earnings:			
Realized gains (losses)	(725,171)	-	(725,171)
Net increase (decrease) in the fair value of investments	(2,231,547)	(965,933)	(3,197,480)
Interest and dividends	301,829	-	301,829
Total investment earnings	<u>(2,654,889)</u>	<u>(965,933)</u>	<u>(3,620,822)</u>
Total additions	<u>(2,362,502)</u>	<u>(439,318)</u>	<u>(2,801,820)</u>
Deductions			
Benefits and withdrawals	493,387	152,218	645,605
Administrative expenses	15,750	286	16,036
Total deductions	<u>509,137</u>	<u>152,504</u>	<u>661,641</u>
Change in net assets	(2,871,639)	(591,822)	(3,463,461)
Net assets, beginning	<u>15,427,239</u>	<u>5,638,607</u>	<u>21,065,846</u>
Net assets, ending	<u>\$ 12,555,600</u>	<u>\$ 5,046,785</u>	<u>\$ 17,602,385</u>

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

City of Enid, Oklahoma
Notes to Financial Statements
June 30, 2009

I. 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.

II. Summary of significant accounting policies

A. 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. The City's financial statements do not include any discretely presented component units which would be reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City.

Blended component units. The Enid Municipal Authority (EMA) serves all the citizens of the City and is governed by a board comprised of the City's elected Councilors. The rates for user charges and bond issuance authorizations are approved by the City Council and the legal liability for the general obligation portion of EMA's debt remains with the City. EMA is reported as an enterprise fund type.

The Vance Development Authority was established in June 1995 to promote the development of Vance Air Force Base located in Enid, Oklahoma.

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 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 8,700 trips per month. The type of services offered is a fixed-route bus system and paratransit for the disabled.

The Enid Economic Development Authority (EEDA) was established April 16, 1987, for the purpose of overseeing the utilization of funds generated for a $\frac{3}{4}$ cent sales tax approved by the voters at a June 2, 1987 election. This sales tax funded the purchase of Phillips University and is utilized for other economic development purposes, i.e., industrial recruitment, and assistance to new and expanding industry with relocation assistance and infrastructure construction. The sales tax was repealed in 1993.

The Meadowlake Golf Course provides golfing opportunities to the citizens of Enid while the Conference Center provides a cultural venue.

Discretely presented component units. The following organizations are reported in a separate column in the government-wide financial statements to emphasize these organizations are legally separate from the City.

Pegasys, Inc – is a non-profit organization designed to support City of Enid individuals, organizations, and institutions in their efforts to provide, produce, and disseminate non-commercial, educational, cultural, and public interest programming on the public, educational, and governmental access channels of the Enid, Oklahoma cable television systems. Members of the organization’s board of directors are appointed by various entities and governmental organizations by those organizations, including the City of Enid. The City of Enid appoints one of fourteen directors. However, the entity is financially accountable to the City of Enid because the City provides a large share of its annual income and the organization provides services for the benefit of the City. Separate financial statements for Pegasys, Inc. as of June 30, 2009 are available by contacting the organization at 123 W. Main Street, Enid, OK 73701; (580) 237-0099; or wquarles@pagasys.org.

Enid Garfield County Development Alliance – The Enid Garfield County Development Alliance is a non-profit entity organized to attract, develop, retain, and encourage business, industry, and quality job creation in Garfield County, Ok. Members of the organization’s board of directors are appointed to represent various entities and governmental organizations by those organizations, including the City of Enid. The mayor and one city commissioner appointed by the mayor serve on the nine-member board. However, the entity is financially accountable to the City of Enid because the City provides a large share of its annual income and the organization provides services for the benefit of the City. Separate financial statements are not available for the year ended June 30, 2009.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, 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. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 City 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.

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

The 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 accounts for the resources accumulated from a portion of sales tax revenues and payments made for police operations and capital expenditures and transfers in from the general fund.

The fire fund accounts for the resources accumulated from a portion of sales tax revenues and payments made for fire operations and capital expenditures and transfers in from the general fund.

The capital improvements fund accounts for various revenues and transfers from other funds reserved for capital improvement projects, except for those accounted for in the sanitary sewer improvement fund, storm water fund, and street improvement fund.

The City reports the following major proprietary funds:

The Enid Municipal Authority accounts for the City's utility operations including water, wastewater, sanitation, and landfill.

The Enid Economic Development Authority accounts for certain earmarked sales taxes, government grants and other revenues reserved for economic development activities, as well as payment on tax increment financing bonds outstanding.

The city reports its pooled cash and investments fund as an internal service fund.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital

grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, liabilities, and net assets or equity

1. Deposits and investments

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.

State statutes authorize the City to invest in obligations of the U.S. Treasury; time deposits with financial institutions, if such deposits are fully insured by federal depository insurance or pledged collateral; and debt securities issued by the State of Oklahoma, an Oklahoma County, school district, or municipality. Investments for the City, as well as for its component units, are reported at cost which approximates fair value.

2. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade receivables are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of 90 days comprise the trade accounts receivable allowance for uncollectibles.

3. Inventories and prepaid items

Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

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.

4. Restricted assets

Certain proceeds of the Enid Municipal Authority's enterprise fund 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 bond covenants. The "revenue bond construction" account is used to report those proceeds of revenue bond issuances that are

restricted for use in construction. The revenue bond “bond fund” and the sales tax revenue note “sinking fund” accounts are used to segregate resources accumulated for debt service payments over the next twelve months.

5. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than the following amounts, along with an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is not included as part of the capitalized value of the assets constructed. The total interest expense incurred by the enterprise funds during the current fiscal year was \$ 3,254,481. None of this amount was included as part of the cost of capital assets under construction.

Property, plant, and equipment of the primary government, as well as the component unit, are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Land	N/A
Buildings	50
Building improvements	30–50
Water production and distribution system	2–50
Sewer collection, treatment, and disposal system	5–20
Furniture, fixtures, and equipment	2–30

6. 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 full-time regular employees who have accrued 90 days of sick leave \$ 15 per day up to twelve accrued, but unused sick leave days per year, except for Firemen who are paid \$50 per day up to twelve accrued, but unused sick leave days per year. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements.

7. Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Debt premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt using the straight line method which approximates the yield method. Bonds payable are reported net of the applicable bond premium or discount. Debt issuance costs are reported as deferred charges and amortized over the term of the related debt.

8. Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

III. Reconciliation of government-wide and fund financial statements

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets.

One element concerns capital asset reporting. The cost of capital assets, and debt issuance costs, net of accumulated depreciation and amortization, are reported on the government-wide statement of net assets, but not on the governmental fund financial statements since they are not financial resources. The details of this difference are as follows:

Capital assets, net of accumulated depreciation	\$ 45,826,856
Debt issuance costs, net of accumulated amortization	<u>68,717</u>
Net adjustment to increase fund balance – total governmental funds to arrive at net assets – governmental activities	<u>\$ 45,895,573</u>

Another element of that reconciliation explains that “long-term liabilities such as judgments and general obligation bonds, capital lease obligations, as well as accrued compensated absences are not due and payable in the current period and therefore are not reported in the funds.” The details of this difference are as follows:

General obligation bonds	\$ 7,000,000
Capital lease obligations	28,196
Accrued compensated absences – noncurrent	1,299,730
Judgments payable	<u>540,320</u>
Net adjustment to reduce fund balance – total governmental funds to arrive at net assets – governmental activities	<u>\$ 8,868,246</u>

A final difference concerns internal service funds which are used to charge the costs of certain activities to individual funds, or record certain assets and liabilities shared by the individual funds. The City uses its disbursements fund to record pooled cash and investments, as well as accounts payable, in the internal service fund. These assets and liabilities are included in governmental activities in the statement of net assets. The details of this difference are as follows:

Internal service funds	<u>\$ 29,470</u>
Net adjustment to increase fund balance – total governmental funds to arrive at net assets – governmental activities	<u>\$ 29,470</u>

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of this difference are as follows:

Capital outlay	\$ 8,631,662
Dispositions, net	(38,554)
Depreciation expense	<u>(3,370,003)</u>
Net adjustment to increase net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 5,223,105</u>

Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of this difference are as follows:

Amortization	<u>\$ 14,024</u>
Net adjustment to decrease changes in fund balance – total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 14,024</u>

Another element of that reconciliation states that the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.

Debt issued or incurred:	
Capital lease obligations	\$ 33,507
Judgments	307,712
Principal repayments:	
Capital lease obligations	(5,310)
Judgments	(309,530)
Accrued compensated absences – net change	<u>89,003</u>
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 115,382</u>

Finally, internal service funds are used to record the balances and activity of pooled assets and liabilities of individual funds. The revenues and expenses are reported as internal service funds in the proprietary fund financial statements, but are included as governmental activities in the government-wide statements.

Internal service funds	<u>\$ 12,346</u>
Net adjustment to increase changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 12,346</u>

IV. Stewardship, compliance, and accountability

Budgetary information

Annual budgets are adopted for all governmental funds and the Enid Municipal Authority. All unencumbered annual appropriations lapsed at fiscal year-end. Actual expenditures within a fund may not exceed 90% of the budget until actual revenues equal to the estimated amount have been received. No expenditure can exceed the actual amount on hand.

Prior to June of each year, all department heads of the City submit requests for appropriations to the city manager so that a budget may be prepared. The city manager meets with each of the department heads to review their needs estimates and requests. The city council holds a public hearing prior to June 15 and a final budget must be prepared and adopted no later than June 23.

The appropriated budget is prepared by fund, function, and department. Transfers of appropriations within a department or between departments may be approved by the city manager. Once the budget is established, the Council must authorize any amendments that change the total legal appropriations of the fund previously approved in the budget.

The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

V. Detailed notes on all funds

A. Deposits and investments

Deposits

The City's carrying amount of deposits was \$ 8,602,296 as of June 30, 2009, and the bank balances totaled \$ 10,857,883. Deposits are carried at cost.

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, 2009, \$ 10,607,883 of the City's bank balances of \$ 10,857,883 was collateralized by a pledge of securities held by the bank's trust department, not in the City's name.

Investments

As of June 30, 2009, the City had the following investments.

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
Cash management fund	< 1 year	\$ 3,103,707
U.S. Treasury obligations	< 1 year	21,500,452
Certificates of deposit	< 1 year	8,925,000
Certificates of deposit	1 < 2 years	7,852,000
Certificates of deposit	2 < 3 years	7,955,000
Federal Home Loan Bank	2 < 3 years	540,470

Investment	Maturities	Fair Value
Federal Home Loan Mortgage Association	3 < 4 years	1,049,030
Federal National Mortgage Association	3 < 4 years	1,123,250
Certificates of deposit	3 < 4 years	6,282,000
Certificates of deposit	4 < 5 years	2,988,000
Total		<u>\$ 61,318,909</u>

Interest Rate Risk. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. 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 has no investment policy that would further limit its investment choices. As of June 30, 2009, the City's investments in certificates of deposit were all federally insured.

Concentration of Credit Risk. The City places no limit on the amount it may invest in anyone issuer. More than 5 percent of the City's investments are in U.S. Treasury securities and certificates of deposit. These investments are 35 % and 55 %, respectively, of the City's total investments. Investments reported in the Governmental activities are certificates of deposit, while the investments of the Enid Municipal Authority are comprised of Treasury Strips, Agency bonds and a U.S. Treasury money market account.

B. Receivables

Receivables as of June 30, 2009, for the City of Enid's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

	General Fund	Police	Fire	Nonmajor Governmental Funds	Enid Municipal Authority	EEDA	Nonmajor Enterprise Funds
Receivables:							
Taxes	\$ 4,760,956	\$ -	\$ -	\$ 245,943	\$ -	\$ -	\$ 71,742
Accounts	32,157	1,754	-	-	2,548,563	-	50,501
Due from other governments	15,274	10,498	131,266	31,112	-	1,389,000	89,259
Gross receivables	4,808,387	12,252	131,266	277,055	2,548,563	1,389,000	211,502
Less: allowance for uncollectibles	-	-	-	-	(330,644)	-	(10,000)
Net total receivables	<u>\$ 4,808,387</u>	<u>\$ 12,252</u>	<u>\$ 131,266</u>	<u>\$ 277,055</u>	<u>\$ 2,217,919</u>	<u>\$ 1,389,000</u>	<u>\$ 201,502</u>

No allowance for doubtful accounts has been provided on the accounts receivable balances in the governmental funds since they were subsequently received in full. Due from other governments balances represent grant fund expenditures made over grant receipts.

C. Restricted assets

The Enid Municipal Authority Utility and Sales Tax Revenue Refunding Bonds, Series 1999, and 2003 include restricted cash for a bond sinking fund for repayment of the principal and interest when due. The funds are on deposit with the bond trustee.

The following is a summary of the restricted asset account balances as of June 30, 2009:

	Governmental Activities			Business-Type Activities	
	Sinking	Construction	Totals		
	Fund	Fund			
General obligation bonds	\$ 1,439,328	\$ 7,023,454	\$ 8,462,782		
Total	\$ 1,439,328	\$ 7,023,454	\$ 8,462,782		

	Business-Type Activities				Totals
	Sinking Fund	Reserve Fund	Construction Fund	Other	
1999 revenue bonds	\$ 2,478,732	\$ 6,178,185	\$ -	\$ -	\$ 8,656,917
1987A revenue bonds	-	721,500	-	-	721,500
2005 tax apportionment bonds	-	240,575	2,278,036	-	2,518,611
2003 revenue bonds	354,511	570,003	-	-	924,514
SSCIF account	-	-	1,194,345	-	1,194,345
Utility revenue account	20,310	-	-	-	20,310
One cent sales tax	8,745,690	-	3,771,295	-	12,516,985
¼ cent sales tax	-	-	-	223,258	223,258
Total	\$ 11,599,243	\$ 7,710,263	\$ 7,243,676	\$ 223,258	\$ 26,776,440

D. Capital assets

Capital asset balances and activities for the year ended June 30, 2009, were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 2,276,478	\$ -	\$ -	\$ 2,276,478
Construction in progress	10,021,150	8,318,004	(5,824,368)	12,514,786
Total capital assets, not being depreciated	12,297,628	8,318,004	(5,824,368)	14,791,264
Capital assets, being depreciated:				
Buildings	8,718,571	1,608,847	(2,589,185)	7,738,233
Improvements	41,553,594	6,074,549	(130,136)	47,498,007
Equipment	4,039,753	695,333	(228,415)	4,506,671
Vehicles	6,561,290	763,849	(569,427)	6,755,712
Total capital assets, being depreciated	60,873,208	9,142,578	(3,517,163)	66,498,623
Less accumulated depreciation for:				
Buildings	(3,442,360)	(237,477)	220,093	(3,459,744)
Improvements	(21,496,368)	(2,536,560)	-	(24,032,928)
Equipment	(3,124,883)	(350,927)	203,967	(3,271,843)
Vehicles	(4,503,474)	(478,225)	283,183	(4,698,516)
Total accumulated depreciation	(32,567,085)	(3,603,189)	707,243	(35,463,031)
Total capital assets, being depreciated, net	28,306,123	5,539,389	(2,809,920)	31,035,592
Governmental activities capital assets, net	\$ 40,603,751	\$ 13,857,393	\$ (8,634,288)	\$ 45,826,856

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 2,252,790	\$ 680,421	\$ -	\$ 2,933,211
Construction in progress	13,162,055	6,492,670	(5,409,628)	14,245,097
Total capital assets, not being depreciated	<u>15,414,845</u>	<u>7,173,091</u>	<u>(5,409,628)</u>	<u>17,178,308</u>
Capital assets, being depreciated:				
Buildings	4,889,099	40,855	(73,557)	4,856,397
Improvements	92,651,809	4,561,041	-	97,212,850
Equipment	14,315,970	516,739	(558,439)	14,274,270
Vehicles	4,415,906	1,007,606	(90,481)	5,333,031
Total capital assets, being depreciated	<u>116,272,784</u>	<u>6,126,241</u>	<u>(722,477)</u>	<u>121,676,548</u>
Less accumulated depreciation for:				
Buildings	(1,910,930)	(103,159)	-	(2,014,089)
Improvements	(36,352,610)	(2,474,227)	-	(38,826,837)
Equipment	(7,104,375)	(446,616)	25,593	(7,525,398)
Vehicles	(2,240,723)	(480,597)	61,102	(2,660,218)
Total accumulated depreciation	<u>(47,608,638)</u>	<u>(3,504,599)</u>	<u>86,695</u>	<u>(51,026,542)</u>
Total capital assets, being depreciated, net	<u>68,664,146</u>	<u>2,621,642</u>	<u>(635,782)</u>	<u>70,650,006</u>
Total Business-type activities capital assets, net	<u>\$ 84,078,991</u>	<u>\$ 9,794,733</u>	<u>\$ (6,045,410)</u>	<u>\$ 87,828,314</u>

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

Governmental activities:	
General government	\$ 190,126
Public safety	648,294
Public works	2,425,142
Cultural and recreation	106,441
Total depreciation expense – governmental activities	<u>\$ 3,370,003</u>
Business-type activities:	
Administration	\$ 5,534
Water	1,347,572
Wastewater/storm water	1,173,836
Sanitation	246,486
Landfill	312,458
Airport	175,719
Golf	36,775
Economic development	4,570
Transportation	100,582
Conference center	97,871
Total depreciation expense – business-type activities	<u>\$ 3,501,403</u>

E. 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, 2009, cash and investments included \$ 668,981 available for refund of customer deposits, while the liability to customers was \$ 668,981.

Appearance bonds and other payments made to the municipal court funds 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. As of June 30, 2009, \$ 28,425 was being held that was subject to refund.

F. Long-term debt

Long-term liabilities of the City of Enid as of June 30, 2009, are summarized as follows:

Governmental activities

Compensated absences	\$ 1,299,730
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General obligation bonds:

\$ 7,000,000 City of Enid General Obligation Bonds, Series 2009, date June 1, 2009, due and payable in annual installments of \$ 1,750,000 beginning June 1, 2010 through June 1, 2013 plus interest of 2.95% to 3.70%, to provide funding for bridge replacement and rehabilitation.	7,000,000
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Capital lease obligations:

Copiers Plus, LLC, dated January 6, 2009 with 36 monthly payments of \$ 990, including interest at 4.06 % for the purchase of 3 copiers for the police department	28,196
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Judgments:

Judgments in favor of various individuals in settlement of court cases involving workers' compensation and tort claims. Due in annual installments generally over three years with interest at statutory rates.	<u>540,320</u>
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Total long-term debt for governmental activities	<u>8,868,246</u>
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Business-type activities

Compensated absences	<u>209,729</u>
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Revenue bonds:

\$ 25,905,000 Utility and Sales Tax Revenue Refunding Bonds, Series 1999, issued March 1999 by the Enid Municipal Authority, due in annual installments through February 1, 2011, with interest at 3.15% to 4.55%. The proceeds were used to decrease the Series 1992 bonds..	8,045,000
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\$ 7,780,000 Sales Tax Revenue Refunding Bonds, 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 will be used to provide funds to three area school districts.	6,580,000
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\$ 3,230,000 Series 1987A – deferred interest, issued March 31, 1987 with final maturities in 2016 and 2017. No periodic interest is paid with the bonds increasing in value. Amount paid on redemption in 2013, 2014, 2015, 2016 and 2017 based on yields to maturity of 7.60% for the 2016 bonds to 7.80% for the 2017 bonds.	3,230,000
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Deferred interest accreted on \$ 3,230,000 Series 1987A Revenue Bonds	14,042,874
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Unamortized bond discounts	<u>(398,436)</u>
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Total revenue bonds	<u>31,499,438</u>
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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 note 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.	7,034,550
Deferred interest on Tax Apportionment Bonds, Series 2005	<u>386,900</u>
Total tax apportionment bonds	<u>7,421,450</u>

Notes payable:

Note 1998 A 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, with an administrative fee at the rate of 0.50% for improvements.	905,350
Note 2000A payable to the Oklahoma Water Resources Board dated December 20, 2000, in the amount of \$ 1,184,042 payable in semi-annual principal installments beginning February 15, 2001, with an administrative fee at the rate of 0.50% for sewer improvements.	680,826
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 7.60% for economic development. Note guaranteed by the U.S. Department of Housing and Urban Development.	1,389,000
Note 2002A 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, with an administrative fee of 0.50% for sewer improvements.	719,999
Note 2003B payable to the Oklahoma Water Resources Board dated July 30, 2003, in the amount of \$ 6,455,000 payable in annual principal installments beginning September 15, 2003, with interest of 4.217% for sewer improvements.	<u>4,565,000</u>
Total notes payable	<u>8,260,175</u>

Capital lease obligations:

John Deere Credit dated July 1, 2008 with 48 monthly payments of \$ 1,107 including interest at 4.95%, for the purchase of two mowers for the golf course.	37,903
John Deere Credit dated June 8, 2008 with 48 monthly payments of \$ 946 including interest at 4.95%, for the purchase of a fairway mower for the golf course.	<u>30,768</u>
Total capital lease obligations	<u>68,671</u>
Total business-type activities	<u>47,459,463</u>
Total long-term debt	<u><u>\$ 56,327,709</u></u>

Long-term liabilities transactions for the year ended June 30, 2009, and changes therein were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental activities					
Compensated absences	\$ 1,467,886	\$ -	\$ (168,156)	\$ 1,299,730	\$ -
General obligation bonds	7,000,000	-	-	7,000,000	1,750,000
Capital lease obligations	-	33,507	(5,311)	28,196	10,937
Judgments	542,138	307,712	(309,530)	540,320	266,956
Total governmental activities	<u>9,010,024</u>	<u>341,219</u>	<u>(482,997)</u>	<u>8,868,246</u>	<u>2,027,893</u>
Business-type activities					
Compensated absences	280,191	-	(70,462)	209,729	-
Revenue bonds:					
Series 1999	13,375,000	-	(5,330,000)	8,045,000	5,565,000
Series 2003	6,805,000	-	(225,000)	6,580,000	235,000
Series 1987A	3,230,000	-	-	3,230,000	-
Deferred interest on 1987A bonds	12,777,189	1,265,685	-	14,042,874	-
Unamortized bond discounts	(600,383)	-	201,947	(398,436)	(201,947)
Notes payable:					
OWRB 1998A	1,000,650	-	(95,300)	905,350	95,300
OWRB 2000A	740,028	-	(59,202)	680,826	59,202
OWRB 2002A	775,384	-	(55,385)	719,999	55,385
OWRB 2003A/B	4,945,000	-	(380,000)	4,565,000	390,000
HUD loan	1,468,000	-	(79,000)	1,389,000	85,000
Tax apportionment bonds:					
Tax Apportionment Bonds 2005	6,250,000	853,125	(68,575)	7,034,550	-
Deferred interest on tax apportionment bonds	1,099,046	389,246	(1,066,219)	422,073	-
Capital lease obligations	40,337	48,301	(19,967)	68,671	21,719
Total business-type activities	<u>52,185,442</u>	<u>2,556,357</u>	<u>(7,247,163)</u>	<u>47,494,636</u>	<u>6,304,659</u>
Total long-term debt	<u>\$ 61,195,466</u>	<u>\$ 2,897,576</u>	<u>\$ (7,730,160)</u>	<u>\$ 56,362,882</u>	<u>\$ 8,332,552</u>

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		General Obligation Bonds	
	Principal	Interest	Principal	Interest
2010	\$ 178,586	\$ 26,574	\$ 1,750,000	\$ 212,625
2011	91,344	9,363	1,750,000	147,875
2012	270,390	-	1,750,000	100,625
2013	-	-	1,750,000	51,625
2014	-	-	-	-
Totals	<u>\$ 540,320</u>	<u>\$ 35,937</u>	<u>\$ 7,000,000</u>	<u>\$ 512,750</u>

Year Ending June 30,	Business-type Activities					
	Capital Lease Obligations		Revenue Bonds		Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 21,719	\$ 2,863	\$ 5,800,000	\$ 633,045	\$ 684,887	\$ 288,213
2011	22,819	1,761	2,725,000	372,985	701,886	268,148
2012	24,133	602	765,000	250,100	724,887	245,930
2013			1,484,375	5,058,753	745,887	221,722
2014			1,519,375	5,023,127	769,887	195,574
2015–2019			5,561,250	14,492,874	4,199,784	519,264
2020–2024					432,957	8,980
Totals	\$ 68,671	\$ 5,226	\$ 17,855,000	\$ 25,830,884	\$ 8,260,175	\$ 1,747,831

On September 22, 2005, the Enid Economic Development Authority issued the \$ 6,250,000 Tax Apportionment Bonds, Series 2005 which will mature on July 1, 2023 to finance economic development activity in Enid, Oklahoma through construction of an access road serving the Garfield County Industrial Park, a portion of the costs associated with the expansion of manufacturing facilities by Advance Food Company, Inc. and pay certain costs of issuance. The bonds will be repaid from the incremental increase in ad valorem tax revenue generated by the development within Increment District No. 1, City of Enid (TIF). The bonds are secured by a pledge of incremental ad valorem tax revenue. The interest due and payable on the bonds may accrete to the maturity date of the bonds. As of June 30, 2009, the amount recognized as accrued interest on the bonds was \$ 386,900. Interest totaling \$ 853,125, which had been accrued, previously, was capitalized as part of the principal during the year ended June 30, 2009. The City made payments of \$ 213,094 in interest and \$ 68,575 on principal during the year from tax receipts. The balance of the bonds at June 30, 2009 was \$ 7,034,550. As of June 30, 2009, the investment in the TIF aggregates \$ 6,545,418, an increase of \$ 415,984 for the year comprised of the accreted interest.

The \$ 3,230,000 Series 1987A – deferred interest bonds were issued on March 31, 1987 with no interest being paid on the bonds with the initial issue amount accreting in value while each deferred interest bond is outstanding. As of June 30, 2009, \$ 14,027,315 of accreted interest has been recognized. These bonds will be redeemed at the accreted values as follows:

February 1, 2013	\$ 5,524,393
February 1, 2014	5,521,567
February 1, 2015	5,522,289
February 1, 2016	5,520,000
February 1, 2017	5,000,000

G. Debt issuance costs

Debt issuance costs of \$ 84,144 and \$ 809,794 have been capitalized for the governmental activities and business-type activities, respectively, and are being amortized on the straight line basis over the term of the relevant debt issues. During the year ended June 30, 2009, \$ 14,024 in debt issuance costs was amortized for governmental activities and \$ 69,966 for business-type activities. Accumulated amortization as of June 30, 2009 was \$ 15,427 for the governmental activities and \$ 499,977 for the business-type activities.

H. Compensated absences

Full-time employees with at least one year of service earn vacation of eleven to twenty days per year depending on years of service completed. The maximum vacation accrual cannot exceed the amount earned in two years. In accordance with the guidelines set forth by GASB

Statement No. 16, *Accounting and Financial Reporting Principles for Claims and Judgments and Compensated Absences*, a provision has been made for accumulated vacation, compensatory time as follows:

Governmental activities	\$ 1,299,730
Business-type activities	209,729
Total	<u>\$ 1,509,459</u>

Full-time employees are granted sick leave at the rate of 8 or 10 hours per month. Employees may accumulate unused sick leave up to a maximum of 90 days. Any sick leave accumulated over 720 hours will be paid to the employee at a rate not to exceed \$ 15 per day for a maximum of 12 days per year, except for Firemen, which rate is \$50 per day for a maximum of 12 days per year. As of June 30, 2009, approximately 175,000 hours of accrued sick leave time is available for use by employees.

I. Interfund receivables, payables, and transfers

The composition of interfund balances as of June 30, 2009, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
Police fund	General Fund	\$ 152,547
Fire fund	General Fund	152,547
Nonmajor governmental	General Fund	152,547
Enid Municipal Authority	General Fund	1,304,781
Totals		<u>\$ 1,762,422</u>

Interfund transfers:

	Transfers Out				Totals
	General Fund	Police Fund	Nonmajor Governmental Funds	Enid Municipal Authority	
Transfer in:					
General fund	\$ -	\$ -	\$ -	\$ 4,715,004	\$ 4,715,004
Police fund	7,685,076	-	-	-	7,685,076
Fire fund	6,675,108	-	-	-	6,675,108
Capital improvements	-	-	-	3,457,935	3,457,935
Nonmajor governmental	2,804,985	75,000	226,767	4,863,510	7,970,262
Enid Municipal Authority	6,982,115	-	-	-	6,982,115
Nonmajor proprietary	220,000	-	-	-	220,000
Totals	<u>\$ 24,367,284</u>	<u>\$ 75,000</u>	<u>\$ 226,767</u>	<u>\$ 13,036,449</u>	<u>\$ 37,705,500</u>

J. 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 \$ 3,368,650 reported as other noncurrent liabilities for the accrued landfill closure cost liability as of June 30, 2009, represents the cumulative amount of such cost reported to date based on the use of approximately 40.08 % 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 \$ 5,036,166 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 2009. 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, 2009, are as follows:

Estimated closure costs	\$ 4,256,245
Estimated post-closure costs	4,148,570
Total estimated costs	<u>8,404,815</u>
Accrued closure costs	3,368,650
Current estimated costs charged to expense	<u>\$ 2,121,210</u>

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

VI. Other information

A. Risk management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The City has insurance for the major risks such as property, general liability, workers' compensation, and unemployment. Commercial insurance is used to cover general liability claims and the risk of loss to City buildings and mobile equipment. Judgments against the City may be paid by a property tax assessment over a three-year period.

B. 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 resolution of these matters will not have a material adverse effect on the financial condition of the City.

C. Employee retirement systems and pension plans

The City of Enid participates in the Oklahoma State Police Pension and Retirement System (OPPRS) and the Oklahoma State Firefighters' Pension and Retirement System (OFPRS), both of which are cost-sharing multiple-employer defined benefit pension plans administered by the State of Oklahoma. Additionally, for other City employees not covered by the other plans, the City of Enid maintains a defined benefit plan—the Employee Retirement System of Enid, Oklahoma (the Plan) and an elective Section 401(k) Plan (the Supplement).

Oklahoma State Police Pension and Retirement System (OPPRS)

Plan Description – The OPPRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The ability to establish and amend benefit provisions is delegated to the administrators of the OPPRS. The OPPRS issues a publicly available financial report that includes financial statements and required supplementary information for the police employees of the City. That report may be obtained by writing to the Oklahoma State Police Pension and Retirement System, 1001 N.W. 63rd Street, Suite 305, Oklahoma City, Oklahoma 73116-7339, or by calling 1-405-840-3555.

Funding Policy – Plan members are required to contribute 8.0% of their annual covered salary and the City of Enid contributes 13.0% of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by the state legislature. Contributions to the OPPRS for the year ended June 30, 2009 and 2008, for employees and employer were \$ 321,528 and \$ 270,818 and \$ 530,076 and \$ 504,295, respectively, on covered payroll of \$ 4,077,491 and \$ 3,747,839, respectively.

Oklahoma State Firefighters' Pension and Retirement System (OFPRS)

Plan Description – The OFPRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The ability to establish and amend benefit provisions is delegated to the administrators of the OFPRS. The OFPRS issues a publicly available financial report that includes financial statements and required supplementary information for the firefighting employees of the City. That report may be obtained by writing to the Oklahoma State Firefighters' Pension and Retirement System, 4545 North Lincoln Boulevard, Suite 265, Oklahoma City, Oklahoma 73105, or by calling 1-405-525-7813.

Funding Policy – Plan members are required to contribute 8.0% of their annual covered salary and the City of Enid contributes 13.0% of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by the state legislature. Contributions to the OFPRS for the year ended June 30, 2009 and 2008, for employees and employer were \$ 332,904 and \$ 308,769 and \$ 572,290 and \$ 501,750, respectively, on covered payroll of \$ 4,169,050 and \$ 3,859,607, respectively.

Employee Retirement System of Enid, Oklahoma

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.

Membership in the Plan is provided for all full-time employees after one year of service except police and firemen, who are covered by their respective state retirement plans. Membership consisted of the following at January 1, 2009, the date of the last actuarial valuation:

Active participants	216
Vested terminated participants	79
Retired participants and beneficiaries	93
Total participants	<u>388</u>

Benefits vest after five years of credited service and participation. Employees, who retire at age 65 or completion of five years of service, if later, are entitled to an annual retirement benefit, payable monthly in an amount equal to .85% of average basic earnings for each year (up to 35 years) that the employee participates in the plan plus .65 % of average basic earnings in excess of \$ 550 for each year (up to 35 years) the employee participates in the plan.

After 35 years of service, the benefit is 1.2% of average compensation for each year of Benefit Service in excess of 35 years plus the annual benefit started in the previous sentence.

An employee is eligible for an early retirement benefit once he has attained age 55 and has completed five years of service. The amount of benefit is determined based on normal retirement computation; then reduced ½ of 1 % 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% of the employee’s accrued benefit. This benefit is payable for life or until remarriage of the surviving spouse.

Funding Policy – Benefits are entirely funded by employer contributions as determined at an actuarially determine rate. The current rate is 3.75% of annual covered payroll. The employer contribution for the year ended June 30, 2009 and 2008 was \$ 292,387 and \$ 255,616, respectively. For the year ended June 30, 2009 and 2008 the City’s payroll for all employees eligible to participate in the plan and the City’s total covered payroll were \$ 10,015,669 and \$ 9,133,762, respectively.

The annual required contribution for the current year was determined as part of the January 1, 2009, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included 7.0% investment rate of return and projected salary increases of 4% per annum, compounded annually. The assumptions did not include post-retirement benefit increases, which are consistent with the terms of the pension agreement.

Significant actuarial assumptions used to compute the actuarially determined contribution requirements are the same as those used to compute the pension benefit obligation.

Historical trend information for the Employee Retirement System of the City of Enid for the past six (6) years (only information available) is as follows:

Accrual Valuation Date	Value of Assets Available for Benefits	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Percentage Funded	Annual Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
01/01/09	\$ 11,749,202	\$ 15,838,684	\$ 4,089,483	74.18%	\$ 7,069,372	57.85 %
01/01/08	16,696,899	14,517,296	(2,179,603)	115.01%	6,034,485	(36.12)%
01/01/07	15,895,350	13,880,520	(2,014,830)	114.52%	5,825,779	(34.58)%
01/01/06	14,567,091	13,080,824	(1,486,267)	111.36%	5,292,363	(28.08)%
01/01/05	14,202,306	12,491,387	(1,710,919)	113.70%	5,089,488	(33.62)%
01/01/04	13,262,967	12,194,806	(1,068,161)	108.76%	5,605,584	(19.06)%
01/01/03	11,371,386	12,016,944	645,558	94.63%	5,944,203	10.86 %
01/01/02	12,696,281	11,529,237	(1,157,044)	110.03%	6,606,012	(17.52)%

The total actuarial liability exceeded the net assets available for benefits by \$ 4,089,482 at January 1, 2009, as follows:

Actuarial accrued liability	\$ 15,838,684
Net assets available for benefits (actuarial value)	<u>11,749,202</u>
Unfunded actuarial accrued liability	<u>\$ 4,089,482</u>

Any amounts shown for valuation prior to January 1, 1998, are the pension benefit obligation (PBO) as defined in GASB Statement No. 5, *Accounting for Contingencies*. GASB Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, which replaced GASB Statement No. 5, requires that the actuarial accrued liability used to fund the Plan be used to measure funding progress.

Section 401(k) Plan

Plan Description – The City of Enid also maintains a 401(k) Retirement Plan (the Supplement), a defined contribution pension plan for other than employees covered under the OPRRS or OFPRS plans. Employees are eligible to participate in the Supplement upon employment, provided they are at least 21 years of age, with vesting in employer contributions is 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 50% of the first 8% of the employees’ compensation that is contributed by the employee.

Funding Policy – Contributions to the 401(k) Plan plus earnings, constitute retirement benefits from this plan. For the years ended June 30, 2009 and 2008, covered payroll for the Supplement was \$ 9,964,773 and \$ 9,018,728 while employee and employer contributions totaled \$ 348,853 and \$ 340,496 and \$ 158,832 and \$ 88,202, respectively, for the years ended June 30, 2009 and 2008.

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. During the year ended June 30, 2009, employees contributed \$ 8,730 to this plan.

D. Property taxes

Property taxes levied by the City are billed and collected by the county treasurer’s office and remitted to the City in the month following the collection. Property taxes are levied annually in October 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 October. The City recognizes the tax in the year it is collected, which is not considered to be materially different from the year earned. For the years ended June 30, 2009 and 2008, the City’s net assessed valuation of taxable real and personal property aggregated \$ 244,311,479 and \$ 365,433,524 while the property taxes levied per \$ 1,000 of net assessed valuation were \$ 2.08 and \$ 2.00, respectively.

E. Post employment benefits other than retirement

The City of Enid has established a continuation of medical coverage plan for retired employees whereby the retired employee and their dependents can continue to participate in the City’s health insurance plan. 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, 2009, retirees and dependents paid the full cost of the coverage.

F. ADA Obligations and commitments

On August 1, 2006 Tiessen, Haney and Access Now sued the City of Enid 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 are 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 will be paid by OMAG.

The parties settled in December of 2009. 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.

G. Prior period adjustment

Adjustments were made to beginning net assets in the government-wide financial statements and to beginning fund balance/net assets in the fund financial statements to correct errors in prior year's financial statements.

The details of the adjustments are as follows:

	Governmental Activities	Business-Type Activities		
Government-wide financial statements-net assets-				
Accounts receivable	\$ -	\$ 337,523		
Due from other governments	-	53,764		
Capital assets	-	765,515		
Deferred interest on bonds	-	32,826		
Accrued compensated absences	257,162	64,710		
Capital lease obligations	4,950	-		
Totals	<u>\$ 262,112</u>	<u>\$ 1,254,338</u>		
	<u>Governmental funds</u>			
	General Fund	Police Fund	Fire Fund	Nonmajor Governmental
Fund financial statements-fund balance-				
Capital lease obligations	\$ -	\$ 4,950	\$ -	\$ -
Accrued compensated absences	87,377	96,480	66,778	6,527
Totals	<u>\$ 87,377</u>	<u>\$ 101,430</u>	<u>\$ 66,778</u>	<u>\$ 6,527</u>
	<u>Proprietary funds</u>			
	Enid Municipal Authority	Enid Economic Dev Authority	Nonmajor Enterprise	
Fund financial statements-fund balance-				
Accounts receivable	\$ 337,523	\$ -	\$ -	
Due from other governments	-	-	53,764	
Capital assets	723,075	-	42,440	
Deferred interest on bonds	-	32,826	-	
Accrued compensated absences	50,595	-	14,115	
Totals	<u>\$ 1,111,193</u>	<u>\$ 32,826</u>	<u>\$ 110,319</u>	

City of Enid, Oklahoma
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Major Governmental Funds
Year Ended June 30, 2009

	General Fund			Variance with Final Budget Positive (Negative)
	Budget		Actual	
	Original	Final		
Revenues				
Taxes	\$ 28,757,000	\$ 28,757,000	\$ 29,798,493	\$ 1,041,493
Licenses and permits	210,000	210,000	233,619	23,619
Intergovernmental	183,000	183,000	245,275	62,275
Fines and forfeitures	1,256,750	1,256,750	1,249,104	(7,646)
Charges for services	66,100	66,100	71,504	5,404
Miscellaneous	325,000	325,000	586,321	261,321
Interest	425,000	425,000	512,864	87,864
Total revenues	<u>31,222,850</u>	<u>31,222,850</u>	<u>32,697,180</u>	<u>1,474,330</u>
Expenditures				
Current:				
General government -				
Administration	604,703	614,353	548,036	66,317
Human resources	599,080	646,630	633,752	12,878
Legal	535,702	569,244	564,794	4,450
General government	831,778	1,011,778	989,045	22,733
Treasury and budget	545,274	599,222	463,172	136,050
Records and receipts	245,313	246,348	245,849	499
Information technology	368,185	369,448	357,891	11,557
Management services	328,412	354,398	351,976	2,422
Public safety -				
Police	-	-	-	-
Fire	-	-	-	-
Public works -				
Warehouse	139,653	143,653	143,588	65
Code enforcement	978,384	726,109	715,855	10,254
Engineering	952,128	890,781	859,367	31,414
Fleet management	537,534	537,534	532,281	5,253
Street	2,179,564	1,934,899	1,923,455	11,444
Maintenance and technical svcs	645,042	645,042	612,300	32,742
Culture and recreation -				
Park/stormwater	963,364	1,041,139	1,035,775	5,364
Library	838,670	743,866	743,630	236
Debt service	-	-	-	-
Capital outlay	877,064	1,531,764	934,780	596,984
Total expenditures	<u>12,169,850</u>	<u>12,606,208</u>	<u>11,655,546</u>	<u>950,662</u>
Excess of revenues over (under) expenditures	19,053,000	18,616,642	21,041,634	2,424,992

Police Fund				Variance with Final Budget Positive (Negative)
Budget		Actual		
Original	Final			
\$ -	\$ -	\$ -	\$ -	-
-	-	-	-	-
60,000	60,000	108,442	48,442	48,442
-	-	-	-	-
16,800	16,800	33,377	16,577	16,577
43,685	43,685	36,035	(7,650)	(7,650)
120,000	120,000	208,331	88,331	88,331
<u>240,485</u>	<u>240,485</u>	<u>386,185</u>	<u>145,700</u>	
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
7,229,916	7,258,677	7,033,369	225,308	225,308
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
973,228	986,728	326,363	660,365	660,365
<u>8,203,144</u>	<u>8,245,405</u>	<u>7,359,732</u>	<u>885,673</u>	
(7,962,659)	(8,004,920)	(6,973,547)	1,031,373	1,031,373

City of Enid, Oklahoma
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Major Governmental Funds
Year Ended June 30, 2009

	General Fund			Variance with Final Budget Positive (Negative)
	Budget		Actual	
	Original	Final		
Other financing sources (uses)				
Proceeds from capital lease obligations	-	-	-	-
Transfers in	4,715,000	4,715,000	4,715,004	4
Transfers (out)	(23,684,000)	(24,519,000)	(24,367,284)	151,716
Total other financing sources (uses)	(18,969,000)	(19,804,000)	(19,652,280)	151,720
Net change in fund balances	84,000	(1,187,358)	1,389,354	2,576,712
Fund balances, beginning	7,661,212	7,661,212	8,997,448	1,336,236
Fund balances, ending	<u>\$ 7,745,212</u>	<u>\$ 6,473,854</u>	<u>\$ 10,386,802</u>	<u>\$ 3,912,948</u>

See disclaimer in accompanying Independent Auditor's Report.

Police Fund			
Budget		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
-	-	-	-
7,471,000	7,471,000	7,685,076	214,076
(85,000)	(85,000)	(75,000)	10,000
7,386,000	7,386,000	7,610,076	224,076
(576,659)	(618,920)	636,529	1,255,449
4,207,740	4,207,740	4,114,618	(93,122)
<u>\$ 3,631,081</u>	<u>\$ 3,588,820</u>	<u>\$ 4,751,147</u>	<u>\$ 1,162,327</u>

City of Enid, Oklahoma
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Major Governmental Funds
Year Ended June 30, 2009

	Fire Fund			Variance with Final Budget Positive (Negative)
	Budget		Actual	
	Original	Final		
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	484,502	484,502	-	(484,502)
Fines and forfeitures	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	7,760	7,760	7,876	116
Interest	100,000	100,000	116,473	16,473
Total revenues	<u>592,262</u>	<u>592,262</u>	<u>124,349</u>	<u>(467,913)</u>
Expenditures				
Current:				
General government -				
Administrative services	-	-	-	-
Human resources	-	-	-	-
Legal	-	-	-	-
General government	-	-	-	-
Treasury and budget	-	-	-	-
Records and receipts	-	-	-	-
Information technology	-	-	-	-
Management services	-	-	-	-
Public safety -				
Police	-	-	-	-
Fire	6,466,360	6,618,475	6,258,656	359,819
Public works -				
Warehouse	-	-	-	-
Community development	-	-	-	-
Engineering	-	-	-	-
Fleet management	-	-	-	-
Street and traffic operations	-	-	-	-
Building maint and tech services	-	-	-	-
Culture and recreation -				
Park/stormwater	-	-	-	-
Library	-	-	-	-
Debt service	-	-	-	-
Capital outlay	844,863	1,709,656	953,321	756,335
Total expenditures	<u>7,311,223</u>	<u>8,328,131</u>	<u>7,211,977</u>	<u>1,116,154</u>
Excess of revenues over (under) expenditures	(6,718,961)	(7,735,869)	(7,087,628)	648,241

Capital Improvements Fund				
Budget			Variance with Final Budget	
Original	Final	Actual	Positive	(Negative)
\$ -	\$ -	\$ -	\$ -	-
-	-	-	-	-
646,000	646,000	356,073	(289,927)	-
-	-	-	-	-
-	-	-	-	-
100,000	100,000	300,019	200,019	-
75,000	75,000	213,903	138,903	-
<u>821,000</u>	<u>821,000</u>	<u>869,995</u>	<u>48,995</u>	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
13,474,560	16,265,637	1,853,379	14,412,258	-
<u>13,474,560</u>	<u>16,265,637</u>	<u>1,853,379</u>	<u>14,412,258</u>	-
(12,653,560)	(15,444,637)	(983,384)	14,461,253	-

City of Enid, Oklahoma
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Major Governmental Funds
Year Ended June 30, 2009

	Fire Fund			Variance with Final Budget Positive (Negative)
	Budget		Actual	
	Original	Final		
Other financing sources (uses)				
Proceeds from capital				
lease obligations	-	-	-	-
Transfers in	6,493,000	6,493,000	6,675,108	182,108
Transfers (out)	-	-	-	-
Total other financing sources (uses)	<u>6,493,000</u>	<u>6,493,000</u>	<u>6,675,108</u>	<u>182,108</u>
Net change in fund balances	(225,961)	(1,242,869)	(412,520)	830,349
Fund balances, beginning	<u>1,987,385</u>	<u>1,987,385</u>	<u>1,768,752</u>	<u>(218,633)</u>
Fund balances, ending	<u><u>\$ 1,761,424</u></u>	<u><u>\$ 744,516</u></u>	<u><u>\$ 1,356,232</u></u>	<u><u>\$ 611,716</u></u>

See disclaimer in accompanying Independent Auditor's Report.

Capital Improvements Fund			
Budget		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
9,000,000	9,000,000	-	(9,000,000)
3,653,560	3,653,560	3,316,724	(336,836)
-	(776,905)	-	776,905
<u>12,653,560</u>	<u>11,876,655</u>	<u>3,316,724</u>	<u>(8,559,931)</u>
-	(3,567,982)	2,333,340	5,901,322
<u>463,569</u>	<u>4,040,551</u>	<u>6,514,436</u>	<u>2,473,885</u>
<u>\$ 463,569</u>	<u>\$ 472,569</u>	<u>\$ 8,847,776</u>	<u>\$ 8,375,207</u>

City of Enid, Oklahoma
Explanation of Differences between Revenues, Expenditures, and Other
Financing Sources (Uses) for Budgetary Funds on a Budgetary Basis and
GAAP General Fund and Major Special Revenue Funds on a GAAP Basis
Year Ended June 30, 2009

<u>Budgetary funds</u>	General Fund	Police Fund
<u>Financial statement major funds</u>		
Revenues		
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules	\$ 32,697,180	\$ 386,185
Adjustments:		
<i>Budgetary</i> general fund revenues are reported on the cash basis, rather than the modified accrual basis	15,273	10,498
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances—governmental funds	\$ 32,712,453	\$ 396,683
Expenditures		
Actual amounts (budgetary basis) "expenditures" from the budgetary comparison schedules	\$ 11,655,546	\$ 7,359,732
Adjustments:		
Encumbrances for goods and services ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for GAAP reporting	520,863	78,144
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	\$ 12,176,409	\$ 7,437,876
Other financing sources (uses)		
Actual amounts (budgetary basis) "other financing sources and uses" from the budgetary comparison schedules	\$ (19,652,280)	\$ 7,610,076
Adjustments:		
Budgetary amounts are reported on the cash basis, rather than modified accrual basis:		
Tax revenues accrued and transferred to other funds.	-	-
Proceeds from issuance of debt	-	33,507
Total other financing sources as reported on the statement of revenues, expenditures, and changes in fund balances—governmental funds	\$ (19,652,280)	\$ 7,643,583

See disclaimer in accompanying Independent Auditor's Report.

Fire Fund	Capital Improvements Fund
\$ 124,349	\$ 869,995
<u>131,266</u>	<u>0</u>
<u><u>\$ 255,615</u></u>	<u><u>\$ 869,995</u></u>
\$ 7,211,977	\$ 1,853,379
<u>593,033</u>	<u>887,448</u>
<u><u>\$ 7,805,010</u></u>	<u><u>\$ 2,740,827</u></u>
\$ 6,675,108	\$ 3,316,724
-	141,211
<u>-</u>	<u>-</u>
<u><u>\$ 6,675,108</u></u>	<u><u>\$ 3,457,935</u></u>

City of Enid, Oklahoma
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2009

	Special Revenue			
	Special Projects Fund	Water Assessment	Street and Alley Fund	Community Intervention Center
Assets				
Cash and cash equivalents	\$ 303,922	\$ -	\$ -	\$ -
Claim on pooled cash	17,667	6,665	1,728,218	36,325
Receivables:				
Taxes	-	-	74,355	-
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
Total assets	<u>\$ 321,589</u>	<u>\$ 6,665</u>	<u>\$ 1,802,573</u>	<u>\$ 36,325</u>
Liabilities				
Accounts payable and accrued liabilities	\$ -	\$ 6,665	\$ -	\$ -
Due to other funds	-	-	-	-
Deferred revenue	5,374	-	-	-
Accrued compensated absences	-	-	-	-
Total liabilities	<u>5,374</u>	<u>6,665</u>	<u>-</u>	<u>-</u>
Fund balances				
Reserved:				
Capital improvements	-	-	-	-
Debt service	-	-	-	-
Encumbrances	5,905	-	1,593,309	-
Unreserved:				
Designated	310,310	-	209,264	36,325
Total fund balances	<u>316,215</u>	<u>-</u>	<u>1,802,573</u>	<u>36,325</u>
Total liabilities and fund balances	<u>\$ 321,589</u>	<u>\$ 6,665</u>	<u>\$ 1,802,573</u>	<u>\$ 36,325</u>

Special Revenue

Health Care Fund	CDBG Fund	Paving Assessment	Park Board	Employee Severance	911 Fund
\$ 20,028	\$ (5,160)	\$ -	\$ -	\$ -	\$ -
2,697,648	118,347	1,886	70,403	24,750	441,754
-	-	-	-	-	98,916
-	11,752	-	19,360	-	-
-	-	-	-	-	-
<u>\$ 2,717,676</u>	<u>\$ 124,939</u>	<u>\$ 1,886</u>	<u>\$ 89,763</u>	<u>\$ 24,750</u>	<u>\$ 540,670</u>
\$ 139,474	\$ -	\$ 1,886	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	180
<u>139,474</u>	<u>-</u>	<u>1,886</u>	<u>-</u>	<u>-</u>	<u>180</u>
-	-	-	29,963	-	-
-	-	-	-	-	-
-	-	-	59,800	-	-
<u>2,578,202</u>	<u>124,939</u>	<u>-</u>	<u>-</u>	<u>24,750</u>	<u>540,490</u>
<u>2,578,202</u>	<u>124,939</u>	<u>-</u>	<u>89,763</u>	<u>24,750</u>	<u>540,490</u>
<u>\$ 2,717,676</u>	<u>\$ 124,939</u>	<u>\$ 1,886</u>	<u>\$ 89,763</u>	<u>\$ 24,750</u>	<u>\$ 540,670</u>

City of Enid, Oklahoma
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2009
(continued)

	Capital Projects			
	Street Improvement Fund	Capital Projects Escrow	Sanitary Sewer Fund	Storm Water Fund
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Claim on pooled cash	971,655	652,985	6,479,024	2,025,824
Receivables:				
Taxes	-	-	-	-
Due from other governments	-	-	-	-
Due from other funds	152,547	-	-	-
Total assets	<u>\$ 1,124,202</u>	<u>\$ 652,985</u>	<u>\$ 6,479,024</u>	<u>\$ 2,025,824</u>
Liabilities				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Deferred revenue	-	-	-	-
Accrued compensated absences	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances				
Reserved:				
Capital improvements	(547,066)	639,883	3,695,882	1,641,672
Debt service	-	-	-	-
Encumbrances	1,671,268	13,102	2,783,142	384,152
Unreserved:				
Designated	-	-	-	-
Total fund balances	<u>1,124,202</u>	<u>652,985</u>	<u>6,479,024</u>	<u>2,025,824</u>
Total liabilities and fund balances	<u>\$ 1,124,202</u>	<u>\$ 652,985</u>	<u>\$ 6,479,024</u>	<u>\$ 2,025,824</u>

<u>Debt Service</u>	
<u>Sinking Fund</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ 318,790
1,439,328	16,712,479
72,662	245,933
-	31,112
-	152,547
<u>\$ 1,511,990</u>	<u>\$ 17,460,861</u>
\$ -	\$ 148,025
-	-
46,671	52,045
-	180
<u>46,671</u>	<u>200,250</u>
-	5,460,334
1,465,319	1,465,319
-	6,510,678
-	3,824,280
<u>1,465,319</u>	<u>17,260,611</u>
<u>\$ 1,511,990</u>	<u>\$ 17,460,861</u>

City of Enid, Oklahoma
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2009

	Special Revenue			
	Special Projects Fund	Water Assessment	Street and Alley Fund	Community Intervention Center
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Intergovernmental	-	-	439,261	177,068
Other	64,549	-	-	1,911
Interest	4,680	-	127,529	1,522
Total revenues	<u>69,229</u>	<u>-</u>	<u>566,790</u>	<u>180,501</u>
Expenditures				
Current:				
General government	71,920	-	-	-
Public safety	-	-	-	-
Public works	-	-	2,498,028	295,654
Culture and recreation	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>71,920</u>	<u>-</u>	<u>2,498,028</u>	<u>295,654</u>
Excess of revenues over (under) expenditures	(2,691)	-	(1,931,238)	(115,153)
Other financing sources (uses)				
Transfers in	-	-	1,115,000	115,000
Transfers (out)	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>1,115,000</u>	<u>115,000</u>
Net change in fund balances	(2,691)	-	(816,238)	(153)
Fund balances, beginning	318,906	-	2,618,811	34,647
Prior period adjustment	-	-	-	1,831
Fund balances, ending	<u>\$ 316,215</u>	<u>\$ -</u>	<u>\$ 1,802,573</u>	<u>\$ 36,325</u>

Special Revenue

Health Care Fund	CDBG Fund	Paving Assessment	Park Board	Employee Severance	911 Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3,038,810	-	-	10,921	-	-
-	526,211	-	54,440	-	768,630
1,276	779	-	32,902	-	-
157,898	-	-	3,805	-	22,664
<u>3,197,984</u>	<u>526,990</u>	<u>-</u>	<u>102,068</u>	<u>-</u>	<u>791,294</u>
3,774,615	-	-	-	-	-
-	-	-	-	-	780,804
-	551,988	-	-	-	-
-	-	-	110,130	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	2,510	-	-
<u>3,774,615</u>	<u>551,988</u>	<u>-</u>	<u>112,640</u>	<u>-</u>	<u>780,804</u>
(576,631)	(24,998)	-	(10,572)	-	10,490
-	-	-	25,000	-	-
-	-	-	-	-	-
-	-	-	<u>25,000</u>	-	-
(576,631)	(24,998)	-	14,428	-	10,490
3,154,833	149,577	-	75,335	24,750	525,664
-	360	-	-	-	4,336
<u>\$ 2,578,202</u>	<u>\$ 124,939</u>	<u>\$ -</u>	<u>\$ 89,763</u>	<u>\$ 24,750</u>	<u>\$ 540,490</u>

City of Enid, Oklahoma
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2009
(continued)

	Capital Projects			
	Street Improvement Fund	Capital Projects Escrow	Sanitary Sewer Fund	Storm Water Fund
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Charges for services	-	118,754	-	-
Intergovernmental	-	-	-	8,700
Other	-	-	387	-
Interest	-	36,271	177,658	27,615
Total revenues	<u>-</u>	<u>155,025</u>	<u>178,045</u>	<u>36,315</u>
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	2,532,851	6,797	2,606,188	20,495
Total expenditures	<u>2,532,851</u>	<u>6,797</u>	<u>2,606,188</u>	<u>20,495</u>
Excess of revenues over (under) expenditures	(2,532,851)	148,228	(2,428,143)	15,820
Other financing sources (uses)				
Transfers in	1,351,957	-	4,122,717	1,579,075
Transfers (out)	-	(226,767)	-	-
Total other financing sources (uses)	<u>1,351,957</u>	<u>(226,767)</u>	<u>4,122,717</u>	<u>1,579,075</u>
Net change in fund balances	(1,180,894)	(78,539)	1,694,574	1,594,895
Fund balances, beginning	2,305,096	731,524	4,784,450	430,929
Prior period adjustment	-	-	-	-
Fund balances, ending	<u>\$ 1,124,202</u>	<u>\$ 652,985</u>	<u>\$ 6,479,024</u>	<u>\$ 2,025,824</u>

<u>Debt Service</u>	
<u>Sinking Fund</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 2,034,264	\$ 2,034,264
-	3,168,485
-	1,974,310
495	102,299
-	559,642
<u>2,034,759</u>	<u>7,839,000</u>
-	3,846,535
-	780,804
-	3,345,670
-	110,130
309,530	309,530
273,494	273,494
-	5,168,841
<u>583,024</u>	<u>13,835,004</u>
1,451,735	(5,996,004)
-	8,308,749
-	(226,767)
<u>-</u>	<u>8,081,982</u>
1,451,735	2,085,978
13,584	15,168,106
-	6,527
<u>\$ 1,465,319</u>	<u>\$ 17,260,611</u>

City of Enid, Oklahoma
Combining Statement of Net Assets
Nonmajor Proprietary Funds/Enterprise Funds
June 30, 2009

	Enterprise	
	Woodring Airport	Conference Center
Assets		
Current assets:		
Cash and cash equivalents	\$ 150,948	\$ -
Claim on pooled cash	799,560	719,128
Accounts receivable (net of allowance for uncollectibles)	81,073	71,742
Due from other governments	17,425	-
Inventories	42,810	-
Total current assets	<u>1,091,816</u>	<u>790,870</u>
Noncurrent assets:		
Capital assets (net of accumulated depreciation)	10,325,841	3,805,814
Total noncurrent assets	<u>10,325,841</u>	<u>3,805,814</u>
Total assets	<u>11,417,657</u>	<u>4,596,684</u>
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	-	26,903
Customer deposits	-	6,405
Current portion of long-term obligations	-	-
Total current liabilities	<u>-</u>	<u>33,308</u>
Noncurrent liabilities:		
Capital lease obligations	-	-
Less: current portion of long-term obligations	-	-
Accrued compensated absences	12,213	7,318
Total noncurrent liabilities	<u>12,213</u>	<u>7,318</u>
Total liabilities	<u>12,213</u>	<u>40,626</u>
Net assets		
Invested in capital assets, net of related debt	10,325,841	3,805,814
Restricted:		
Other	-	-
Unrestricted	1,079,603	750,244
Total net assets	<u>\$ 11,405,444</u>	<u>\$ 4,556,058</u>

Enterprise			
Enid Public Transportation Authority	Vance Development Authority	Meadowlake Golf Course	Total Nonmajor Enterprise Funds
\$ 34,371	\$ -	\$ -	\$ 185,319
208,530	293,985	75,746	2,096,949
-	-	-	152,815
31,262	-	-	48,687
-	-	-	42,810
<u>274,163</u>	<u>293,985</u>	<u>75,746</u>	<u>2,526,580</u>
477,413	-	455,056	15,064,124
477,413	-	455,056	15,064,124
<u>751,576</u>	<u>293,985</u>	<u>530,802</u>	<u>17,590,704</u>
-	-	279	27,182
-	-	-	6,405
-	-	68,671	68,671
-	-	68,950	102,258
-	-	68,671	68,671
-	-	(68,671)	(68,671)
18,923	-	5,758	44,212
18,923	-	5,758	44,212
<u>18,923</u>	<u>-</u>	<u>74,708</u>	<u>146,470</u>
477,413	-	386,385	14,995,453
255,240	293,985	-	549,225
-	-	69,709	1,899,556
<u>\$ 732,653</u>	<u>\$ 293,985</u>	<u>\$ 456,094</u>	<u>\$ 17,444,234</u>

City of Enid, Oklahoma
Combining Statement of Revenues, Expenses, and Changes in Net Assets
Nonmajor Proprietary Funds/Enterprise Funds
Year Ended June 30, 2009

	Enterprise	
	Woodring Airport	Conference Center
Operating revenues		
Charges for services	\$ 1,024,650	\$ 133,360
Total operating revenues	<u>1,024,650</u>	<u>133,360</u>
Operating expenses		
Airport	1,119,864	-
Conference center	-	860,307
Transportation	-	-
Golf course	-	-
Economic development	-	-
Depreciation and amortization	175,719	97,871
Total operating expenses	<u>1,295,583</u>	<u>958,178</u>
Net operating income (loss)	(270,933)	(824,818)
Nonoperating revenues (expenses)		
Taxes	-	844,877
Interest income	47,000	33,646
Government grants	475,270	-
Miscellaneous	-	17,729
Gain (loss) on disposition of assets	30,238	-
Interest and fiscal charges	-	-
Total nonoperating revenues (expenses)	<u>552,508</u>	<u>896,252</u>
Operating transfers		
Transfers in	-	-
Transfers out	-	-
Total operating transfers	<u>-</u>	<u>-</u>
Net income (loss)	281,575	71,434
Net assets, beginning	11,077,394	4,428,535
Prior period adjustment	46,475	56,089
Net assets, ending	<u>\$ 11,405,444</u>	<u>\$ 4,556,058</u>

Enterprise			
Enid Public Transportation Authority	Vance Development Authority	Meadowlake Golf Course	Total Nonmajor Enterprise Funds
\$ 310,463	\$ -	\$ 420,181	\$ 1,888,654
<u>310,463</u>	<u>-</u>	<u>420,181</u>	<u>1,888,654</u>
-	-	-	1,119,864
-	-	-	860,307
889,413	-	-	889,413
-	-	382,463	382,463
-	204,682	-	204,682
100,582	-	36,775	410,947
<u>989,995</u>	<u>204,682</u>	<u>419,238</u>	<u>3,867,676</u>
(679,532)	(204,682)	943	(1,979,022)
-	-	-	844,877
7,249	-	2,623	90,518
505,910	-	-	981,180
-	878	2,969	21,576
-	-	-	30,238
-	-	(4,943)	(4,943)
<u>513,159</u>	<u>878</u>	<u>649</u>	<u>1,963,446</u>
120,000	50,000	50,000	220,000
-	-	-	-
<u>120,000</u>	<u>50,000</u>	<u>50,000</u>	<u>220,000</u>
(46,373)	(153,804)	51,592	204,424
774,452	447,789	401,321	17,129,491
4,574	-	3,181	110,319
<u>\$ 732,653</u>	<u>\$ 293,985</u>	<u>\$ 456,094</u>	<u>\$ 17,444,234</u>

City of Enid, Oklahoma
Combining Statement of Cash Flows
Nonmajor Proprietary Funds/Enterprise Funds
Year Ended June 30, 2009

	Enterprise	
	Woodring Airport	Conference Center
Cash flows from operating activities		
Receipts from customers	\$ 1,011,330	\$ 115,382
Payments to suppliers	(825,449)	(666,429)
Payments to employees	(247,873)	(167,126)
Net cash provided (used) by operating activities	<u>(61,992)</u>	<u>(718,173)</u>
Cash flows from noncapital financing activities		
Decrease in restricted assets	-	-
Taxes	-	844,877
Miscellaneous revenues	30,238	17,729
Operating transfers in (out)	-	-
Net cash provided (used) by noncapital financing activities	<u>30,238</u>	<u>862,606</u>
Cash flows from capital and related financing activities		
Proceeds from capital lease obligations	-	-
Principal paid on long-term debt	-	-
Interest expense and fiscal charges	-	-
Capital grants	475,270	-
Acquisition/construction of capital assets	(179,951)	(28,158)
Net cash provided (used) by capital and related financing activities	<u>295,319</u>	<u>(28,158)</u>
Cash flows from investing activities		
Interest income	47,000	33,646
Net cash provided (used) by investing activities	<u>47,000</u>	<u>33,646</u>
Net increase (decrease) in cash and cash equivalents	310,565	149,921
Cash and cash equivalents, beginning	<u>639,943</u>	<u>569,207</u>
Cash and cash equivalents, ending	<u>\$ 950,508</u>	<u>\$ 719,128</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Net operating income (loss)	\$ (270,933)	\$ (824,818)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation and amortization	175,719	97,871
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(13,320)	(17,978)
(Increase) decrease in inventories	50,196	-
Increase (decrease) in accounts payable and accrued liabilities	(3,654)	27,047
Increase (decrease) in customer deposits and other	-	(295)
Total adjustments	<u>208,941</u>	<u>106,645</u>
Net cash provided (used) by operating activities	<u>\$ (61,992)</u>	<u>\$ (718,173)</u>

Enterprise			
Enid Public Transportation Authority	Vance Development Authority	Meadowlake Golf Course	Total Nonmajor Enterprise Funds
\$ 310,463	\$ -	\$ 420,181	\$ 1,857,356
(370,836)	(204,682)	(145,299)	(2,212,695)
(516,218)	-	(239,843)	(1,171,060)
<u>(576,591)</u>	<u>(204,682)</u>	<u>35,039</u>	<u>(1,526,399)</u>
-	-	-	-
-	-	-	844,877
-	878	2,969	51,814
120,000	50,000	50,000	220,000
<u>120,000</u>	<u>50,878</u>	<u>52,969</u>	<u>1,116,691</u>
-	-	48,301	48,301
-	-	(19,967)	(19,967)
-	-	(4,943)	(4,943)
474,647	-	-	949,917
-	-	(147,937)	(356,046)
<u>474,647</u>	<u>-</u>	<u>(124,546)</u>	<u>617,262</u>
7,249	-	2,623	90,518
<u>7,249</u>	<u>-</u>	<u>2,623</u>	<u>90,518</u>
25,305	(153,804)	(33,915)	298,072
217,596	447,789	109,661	1,984,196
<u>\$ 242,901</u>	<u>\$ 293,985</u>	<u>\$ 75,746</u>	<u>\$ 2,282,268</u>
\$ (679,532)	\$ (204,682)	\$ 943	\$ (1,979,022)
100,582	-	36,775	410,947
-	-	-	(31,298)
-	-	-	50,196
2,359	-	(2,679)	23,073
-	-	-	(295)
<u>102,941</u>	<u>-</u>	<u>34,096</u>	<u>452,623</u>
<u>\$ (576,591)</u>	<u>\$ (204,682)</u>	<u>\$ 35,039</u>	<u>\$ (1,526,399)</u>



Ronald C. Cottrell, CPA

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance With *Government Auditing Standards*

October 22, 2010

City Council
City of Enid
Enid, Oklahoma

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Enid, Oklahoma, as of and for the year ended June 30, 2009, which collectively comprise the City of Enid's basic financial statements; and have issued our report thereon dated October 22, 2010, which was qualified because one discretely presented component unit was not audited. Our report was modified to include a reference to other auditors on one discretely presented component unit. Our report also included an explanatory paragraph relating to prior period adjustments for correction of errors. We did not audit management's discussion and analysis or the budgetary comparison schedules, which are required supplementary information, and therefore expressed no opinion on it. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Enid's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Enid's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Enid's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses, and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement in the entity's financial statements will not be prevented,

Ronald C. Cottrell, CPA

or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2009-1 and 2009-2 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2009-3, 2009-4, 2009-5, and 2009-6 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Enid's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying schedule of findings and questioned costs as items 2009-4 and 2009-7.

We noted certain matters that we have reported to management of the City of Enid in a separate letter dated October 22, 2010.

The City of Enid's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City of Enid's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the city council and management of the City of Enid and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Ronald C. Cottrell, CPA

City of Enid, Oklahoma
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures
<u>Federal Programs</u>			
<u>U. S. Department of Homeland Security</u>			
Pass-Through Program From:			
Oklahoma Dept of Emergency Management -			
Emergency Management			
Performance Grants	97.042	FY - 2008	\$ 1,000
		FY - 2009	6,000
		FY - 2008	5,000
Assistance to Firefighters Grant	97.044	EMW-2007-FO-10599	131,266
Total U.S. Department of Homeland Security			<u>143,266</u>
<u>U. S. Department of Interior</u>			
Pass-Through Program From:			
Oklahoma Historical Society -			
Historic Presevation Fund			
Grants-In-Aid	15.904	07-601	2,224
		08-601	1,892
Total U.S. Department of Interior			<u>4,116</u>
<u>U. S. Department of Transportation</u>			
Direct Program:			
Airport Improvement Program -	20.106	AIP3-4000280182006	86,884
		AIP3-4000280212009	39,900
		AIP3-4000280222009	672
Pass-Through Program From:			
Oklahoma Highway Safety Office -			
State and Community Highway Safety	20.600	PT-08-03-12-04	7,313
		PT-09-03-12-05	38,042
Transportation Enhancement Activity/ Trails Master Plan		STP-124E(109)EH	47,840
Oklahoma Department of Transportation - Formula Grants for Other Than Urbanized Areas	20.509	FY - 2008	101,558
		FY - 2009	294,060
Total U.S. Department of Transportation			<u>616,269</u>

The accompanying notes are an integral part of this schedule.

City of Enid, Oklahoma
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009

(continued)

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures
<u>Federal Programs</u>			
<u>U. S. Department of Justice</u>			
Direct Program:			
Bureau of Justice Assistance - Edward Byrne Memorial Justice Assistance Grant	16.738	2005-DJ-BX-1584 2006-DJ-BX-0482	2,351 897
Pass-Through Program From:			
Oklahoma State Bureau of Investigation - Internet Crimes Against Children	16.543		4,350
Bulletproof Vest Partnership Program	16.607		7,530
District Attorneys Council - S.T.O.P. Violence Against Women	16.588		42,913
Total U.S. Department of Justice			<u>58,041</u>
<u>National Foundation of the Arts and the Humanities</u>			
Pass-Through Program From:			
Oklahoma Department of Libraries - State Library Program - State Aid Grant	45.310	FY - 2008	37,815
Total National Foundation of the Arts and the Humanities			<u>37,815</u>
<u>U. S. Department of Housing and Urban Development</u>			
Direct Program:			
Community Development Block Grant - Entitlement Grants	14.218	FY - 2005 FY - 2006 FY - 2007 FY - 2008	352 15,143 331,067 169,219
Total U.S. Department of Housing and Urban Development			<u>515,781</u>
<u>U. S. Department of Agriculture and Forest Service</u>			
Pass-Through Program From:			
Oklahoma Department of Agriculture and Forestry Services - Urban and Community Forestry Assistance	10.675	U&CF-06-08	5,300
Cooperative Forestry Assistance/ Highway Tree Grant	10.664	SAFETEALU-07-19 SAFETEALU-08-13	4,695 11,774
Total U.S. Department of Agriculture and Forest Service			<u>21,769</u>
Total Expenditures of Federal Awards			<u>\$ 1,397,057</u>

The accompanying notes are an integral part of this schedule.

City of Enid, Oklahoma
Schedule of Expenditures of State Awards
Year Ended June 30, 2009

State Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures
<u>State Programs</u>			
<u>Oklahoma Office of Juvenile Accountability, Prevention, and Protection</u>			
Community Intervention Center (CIC)		FY 2008	\$ 189,000
Total Oklahoma Office of Juvenile Accountability, Prevention, and Protection			<u>189,000</u>
<u>Oklahoma Department of Transportation</u>			
Public Transit Revolving Fund		FY 2008	77,928
Total Oklahoma Department of Transportation			<u>77,928</u>
<u>Oklahoma Department of Emergency Management</u>			
Sub-Grantee Administration Costs		FEMA-1712-DR-OK- PW#729 0	1,946
Sub-Grantee Administration Costs		FEMA-1712-DR-OK- PW#722 0	3,898
Total Oklahoma Department of Emergency Management			<u>5,844</u>
<u>Oklahoma Arts Council</u>			
Small Grant Support		FY 09-3689	2,500
Total Oklahoma Oklahoma Arts Council			<u>2,500</u>
Total Expenditures of State Awards			<u>\$ 275,272</u>

The accompanying notes are an integral part of this schedule.

City of Enid, Oklahoma
Notes to the Schedules of Expenditures of Federal Awards
Year Ended June 30, 2009

I. Basis of Accounting

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Enid, Oklahoma and is presented on the cash basis of accounting, which is another comprehensive basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

II. Expenditures

Expenditures represent the current year federal grant/contract portion only.

III. Noncash Awards

City of Enid, Oklahoma expended no form of noncash assistance during the year and had no loan or loan guarantees outstanding at June 30, 2009, which are required by OMB Circular A-133 to be included in the schedule of expenditures of federal awards.

IV. Subrecipients

City of Enid, Oklahoma provided no federal awards to subrecipients.

City of Enid, Oklahoma
Summary Schedule of Prior Audit Findings

Financial Statement Findings

2008 – 1 General Ledger Accounting Records

Condition - The general ledger does not include account balances for such accounts as capital assets or most long-term debt. Historically, such account balances have been recorded during the audit process by the auditor. Transactions and adjustments to those accounts have been made as audit adjusting entries, but such adjustments and account balances have never been posted to the City's general ledger accounting records. Additionally, normal year-end accruals such as taxes receivable and compensated absences are not calculated and recorded by the City, nor are the account balances and activity of the retirement trust recorded. Thirty-three (33) audit adjustments were made during the audit process for the year ended June 30, 2008, most of which related to recording the above capital asset and long term debt accounts and related activity, as well as accruals for other asset and liability accounts.

Status – This condition has been corrected, although numerous audit adjustments were required concerning capital assets, long-term debt, receivables, and other accruals.

2008 – 2 Financial Reporting Process

Condition – The financial statements of the City of Enid as of and for the year ended June 30, 2007 included several errors in balances and amounts presented that had to be adjusted in current financial statements as of and for the year ended June 30, 2008. These prior period adjustments are reflected in the accompanying financial statements and footnotes. Net adjustments totaling approximately \$ (906,096) and \$ 3,479,831 were made to beginning net assets of governmental activities and business-type activities, respectively, in the government wide financial statements. Adjustments totaling \$ 831,761 were made to beginning fund balances of various governmental funds, while beginning net assets in the proprietary funds were adjusted by \$ 3,479,831 in the fund financial statements. These adjustments included an increase in fund balance due to taxes receivable of \$ 909,450 in the general fund, a decrease in net assets in the Enid Municipal Authority of \$ 4,482,527 from an adjustment made to restricted cash and investments, as well as an increase of \$ 7,020,000 due to the duplication of revenue bonds payable. Other prior period adjustments were made involving inter-fund account balances, pension assets, water deposits payable, accrued compensated absences, and accrued landfill closure costs.

Status – This condition still exists. Prior period adjustments to beginning fund balance during 2009 totaled \$ 262,112 for the governmental activities/governmental funds and \$ 1,254,338 for the business-type activities/proprietary funds.

2008 – 3 Capital Asset Reconciliation

Condition – As noted in item 2008 – 1 above, the City has not recorded capital asset balances in its general ledger in the past. Detailed subsidiary records have been maintained on the capital assets, to include additions and dispositions. Since the capital asset balances were not recorded in the general ledger, no reconciliation could be made with the detailed records to help ensure that capital asset balances are complete and accurate.

Status – This condition has been resolved.

Federal Award Findings and Questioned Costs

There were no matters reported in the prior year's audit report.



Ronald C. Cottrell, CPA

Independent Auditor's Report on Compliance with Requirements That Could Have A Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

October 22, 2010

City Council
City of Enid
Enid, Oklahoma

Compliance

We have audited the compliance of City of Enid, Oklahoma with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2009. The City of Enid's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Enid's management. Our responsibility is to express an opinion on the City of Enid's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Enid, Oklahoma's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Enid's compliance with those requirements.

In our opinion, the City of Enid complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

Management of the City of Enid is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Enid's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal

Ronald C. Cottrell, CPA

control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Enid's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the city council and management of the City of Enid, Oklahoma, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Ronald C. Cottrell, CPA

City of Enid, Oklahoma
Schedule of Findings and Questioned Costs
Years Ended June 30, 2009

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued:	Unqualified
Internal control over financial reporting:	
• Material weakness(es) identified?	Yes
• Significant deficiencies identified that are not considered to be material weakness(es)?	Yes
Noncompliance material to financial statements noted?	Yes

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiencies identified that are not considered to be material weakness(es)?	None reported
Type of auditor’s report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
20.509	Formula Grants for Other Than Urbanized Areas
14.218	Community Development Block Grant – Entitlement Grants

Dollar threshold used to distinguish between type A and type B programs:	<u>\$ 300,000</u>
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

2009 – 1 Financial Reporting Process

Criteria – The financial reporting process should include proper internal controls over the accumulation and presentation of accounting data to ensure the preparation of accurate financial statements, and the review of those financial statements to ensure that they reflect complete and accurate financial information.

Condition – The financial statements of the City of Enid as of and for the year ended June 30, 2008 included several errors in balances and amounts presented that had to be adjusted in current financial statements as of and for the year ended June 30, 2009. These prior period adjustments

are reflected in the accompanying financial statements and footnotes. Net adjustments totaling approximately \$ 262,112 and \$ 1,254,338 were made to beginning net assets of governmental activities/governmental funds and business-type activities/proprietary (enterprise) funds, respectively, in the government wide and fund financial statements. These adjustments included increases in fund balances due to overstatement of accrued compensated absences in several funds; and increases in net assets of the Enid Municipal Authority for accounts receivable due to an overstatement of the allowance for doubtful accounts and for capital assets (land) not recorded in the detail or general ledger, as well as other immaterial adjustments made to other funds.

The auditor assisted the City in the preparation of the financial statements from the City's trial balances, after several auditor recommended adjustments. The City did not have proper procedures and controls in place to review the draft financial statements to identify the misstatements or ensure the accuracy of the financial statements presented.

Cause and Effect – The draft financial statements were not reviewed by the City of Enid financial management and staff to the extent necessary to ensure that the financial statements accurately reflected the financial position and results of operations as of and for the year ended June 30, 2008, in accordance with accounting principles generally accepted in the United States of America. As a result, material misstatements were included in the financial statements.

Recommendation – The City of Enid should implement procedures and controls for review of draft financial statements and footnotes to ensure that the financial statements as presented accurately reflect the financial position and results of operations of the City and its related entities in accordance with accounting principles generally accepted in the United States of America.

Management's Corrective Action Plan – A policy has been established requiring the Chief Financial Officer, the Accounting Manager, and select accounting staff to thoroughly review the draft financial statements for accuracy and completeness. It is due to this process that several of these errors were discovered and subsequently corrected as prior period adjustments. As management refines these processes, the accuracy and completeness of the City's financial statements will improve. In addition, accounting staff will be offered further training in accounting standards and financial statement preparation.

2009-2 Cash reconciliations

Criteria – Control account balances in the general ledger should be reconciled with subsidiary records on a timely basis to ensure that the balances recorded are correct and all activity has been properly recorded and posted.

Condition – Bank reconciliations for several cash accounts, including pooled cash, as of June 30, 2009 were not performed until October 2009. On the pooled cash reconciliation initially performed in October, the cash balance per the general ledger did not reconcile with the adjusted bank balance. The reconciliation was subsequently revised in December 2009 and reconciled.

Cause and Effect – Incorrect cash balances on the general ledger are the result of transactions not being recorded or being recorded in the wrong account(s). As a result, other general ledger account balances could also be incorrect.

Recommendation – All cash accounts should be reconciled on a timely manner after receipt of the monthly bank statements.

Management's Corrective Action Plan – Current policy is to reconcile all 39 bank accounts monthly. Adjustments to the general ledger accounts will occur for various reasons following the end of a month and reconciliations will be checked quarterly to ensure they still reconcile to the prior monthly adjusted bank balances. The reconciliations are already assigned to the accounting manager and accountant for completion. Compliance will be monitored by the chief financial officer and the accounting manager monthly.

2009-3 Disbursements

Criteria – All disbursements should be properly supported by vendor invoices, delivery tickets, receipts, etc., to ensure that the expenditure was for a legal, necessary, and valid transaction.

Condition – Not all supporting documentation for City credit card purchases was timely turned in to the Accounts Payable Clerk by City employees. Of the 15 credit card statements selected for review, 8 credit card statements did not always have City employees signed, itemized receipts or other acceptable form of documentation attached for support of the expenditure.

Cause and Effect – Payment of credit card statements should be made only upon review of supporting receipts for all charges.

Recommendation – Procedures should be established to ensure that receipts accompany credit card statements to support all charges before payment of the statement is made.

Management's Corrective Action Plan – Procedures are currently in place to ensure proper documentation of credit card charges. Detailed receipts are required by card holders attached to a weekly report. The report is required to be signed by the supervisor ensuring the charges are valid and accounted for properly. The accounting technician is currently responsible for ensuring the documentation is attached and completes the purchase order for payment. The accounting manager and chief financial officer will continue to review weekly to ensure procedures are followed.

2009-4 Non-collusion affidavits

Criteria – Oklahoma Statutes Title 62 – Public Finance, Chapter 2, Section 311.9 states “Except as provided in subsection B of this section, on every contract entered into by any county, school district, technology center school district, or political subdivision of the state for an architect, contractor, engineer, or supplier of construction materials of Twenty-five Thousand Dollars (\$25,000.00) or more, shall be the following signed statement...Affiant further states that (s)he has made no payment directly or indirectly to any elected official, officer, or employee of the State of Oklahoma, any county or local subdivision of the state, of money or any other thing of value to obtain or procure the contract or purchase order.”

Condition – Current non-collusion affidavits were not available for twenty-two (22) of the seventy-one (71) disbursements in our sample which required such affidavits.

Cause and Effect - Procedures were not in place to ensure that a current non-collusion affidavit was on file or otherwise available if required before the vendor invoice was paid.

Recommendation – Procedures should be established to verify that a current affidavit is either on file or attached to the vendor invoice before payment is made of the invoice.

Management's Corrective Action Plan – New procedures will be established by the accounting manager and chief financial officer by November 1, 2010 to ensure that current non-collusion affidavits are on file or attached to the invoice for all applicable invoices.

2009-5 Grants

Criteria – Grant revenue and expense transactions should be properly identified for purposes of tracking and properly reporting such transactions.

Condition – Grant revenues and expenses are supposed to be recorded using certain pre-determined account codes in each fund. Grant expenses are often miscoded when recorded. Grant match is not always properly recorded. Expenditures for one grant (\$131,265.90) were never claimed for reimbursement from the grantor.

Cause and Effect – Expenditures are not always coded correctly when recorded. This makes it difficult to properly identify all grant expenditures when filing a claim for reimbursement for the expenditures or filing reports with the grantor agency.

Recommendation – The administrators for each grant should work with the finance department each month to reconcile grant expenditures made with the general ledger accounting records to ensure that all grant expenditures have been properly recorded, including City match, and that all claims or draw-downs have been made with the grantor.

Management's Corrective Action Plan – New procedures will be established by the chief financial officer by December 1, 2010 requiring no less than quarterly meetings with grant administrators, the grant resource manager, and the grant accountant to ensure that all claims or draw downs have been made with the grantor and that all expenditures have been properly recorded as grant or grant match expenditures.

2009-6 Capital asset inventory

Criteria – Periodic inventory observations should be made of all capital assets and compared with the asset detail records and general ledger control accounts. Federal regulations require entities to take a physical inventory at least once every two (2) years, of all capital assets purchased with Federal funds.

Condition – Physical inventories were taken during fiscal year 2009 of the capital assets in the Transit and CDBG departments. Spot checks were also made in other departments, although a complete inventory of all City-owned capital assets has not been accomplished in several years.

Cause and Effect – Periodic physical inventories help ensure that all assets recorded actually exist and that all assets on hand are properly recorded.

Recommendation – Procedures should be established for a physical inventory of all capital assets in all departments on a rotating basis over two (2) to three (3) years. All capital assets purchased or constructed with federal funds should be inventoried at least every two (2) years. The inventories should be reconciled with the capital asset detail records and the general ledger control accounts upon completion.

Management's Corrective Action Plan – A capital asset physical inventory plan has already been established where all capital assets will be inventoried and accounted for once every two years. Since completing EPTA and CDBG, the Airport, Cherokee Strip Conference Center, Service Center, Fire, Police and the Library have been completed. The City is on schedule to complete

the entire capital asset inventory by February of 2011. A revolving fixed asset inventory schedule will be maintained thereafter to ensure all capital assets are accounted for every two years. The chief financial officer and accounting manager will ensure the schedule is adhered to.

Compliance

2009-7 Completion and filing of audit

Criteria – Oklahoma Statutes Title 11, Chapter 1, Section 17-105 states “The governing body of each municipality with an income of Twenty-five Thousand Dollars (\$25,000.00) or more to its general fund during a fiscal year shall cause to be prepared, by an independent licensed public accountant or a certified public accountant, an annual financial statement audit...Copies shall be filed with the State Auditor and Inspector within six (6) months after the close of the fiscal year...” Also, Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, states “Non-federal entities that expend \$500,000 or more in a year in Federal awards shall have a single or program specific audit conducted for that year...The audit shall be completed and the data collection form and reporting package shall be submitted within the earlier of 30 days after receipt of the auditor’s report(s), or within nine months after the end of the audit period.”

Condition – The City of Enid’s audit for the fiscal year ended June 30, 2008 was not completed and filed with the State Auditor and Inspector or the Federal Audit Clearinghouse until July 2009. The audit for the fiscal year ended June 30, 2009 will not be filed until October 2010.

Cause and Effect – For the 2008 audit, the finance director was deployed overseas with the military during the audit and did not return until after completion of the audit. The acting finance director had not been actively involved in the audit process in the past. For the 2009 audit, the finance director attempted to make all the year-end adjustments, accruals, and reclassifications for the first time, having relied on the auditor in the past.

Recommendation – The finance department should begin the year-end closing and adjustment process in preparation for the audit earlier so that the audit fieldwork and report preparation can be accomplished before the required deadlines.

Management’s Corrective Action Plan – The process of year-end close for the 2010 audit year has already begun and will be complete by November 30, 2010. The auditors will be scheduled to conduct their field work in the December/January timeframe and the 2010 audit report will be completed by April 1, 2011. For the 2011 audit, the year end close and all adjustments will be completed by September 30, 2011 to enable the auditors to begin their field work in the October/November timeframe with the 2011 audit report completed by January 1, 2012.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.