

CITY OF ENID, OKLAHOMA

June 30, 2013

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Independent Auditors' Report

Honorable Mayor and City Council
City of Enid
Enid, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Enid, Oklahoma, (the "City") as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Pegasys, Inc. or Enid Regional Development Alliance, Inc., discretely presented component units of the City, whose financial statements collectively reflect total assets of 100% as of June 30, 2013 and total revenues of 100% for the year then ended of the aggregate discretely presented component units. The financial statements of the Pegasys, Inc. and Enid Regional Development Alliance, Inc. were audited by other auditors, whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for these entities, is based on the reports of the other auditors. 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 financial statements are free of material misstatement. The financial statements of Pegasys, Inc. were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, based on our report and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Enid, Oklahoma, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note B to the financial statements, in 2013, the City adopted several new accounting pronouncements issued by the Government Accounting Standards Board, including GASB Statements No. 63 and 65. The provisions of GASB Statements No. 63 and 65 required the City to restate its beginning net position. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of pension plan funding progress and other post-employment benefits funding progress, and the general fund and major special revenue funds budgetary comparison schedule, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and other supplementary schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The combining and individual nonmajor fund financial statements and other supplementary schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and other supplementary schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 17, 2014, on our consideration of the City'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Cole & Reed P.C.

Oklahoma City, Oklahoma
January 17, 2014

CITY OF ENID, OKLAHOMA

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2013

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, 2013. Please read it in conjunction with the City's financial statements, which begin on page 13.

FINANCIAL HIGHLIGHTS

The assets of the City of Enid exceeded its liabilities at the close of the most recent fiscal year by \$207,688,586 (net position).

During the year, the government's total net position increased by \$17,414,384. This is attributed to an increase in capital assets. Governmental activities accounted for a decrease of (\$11,262,817), after a net transfer to the Enid Event Center and Convention Hall Fund. Business-type activities increased overall net position by \$28,677,201.

At the close of the current fiscal year, the City of Enid's governmental funds reported combined ending fund balances of \$28,603,727, a decrease of \$ 5,072,491 in comparison with the prior year. A total of \$8,101,766 is restricted by contractual agreements, State Statutes, or enabling legislation. Approximately \$20,501,961 is available for spending at the government's discretion, although \$8,786,242 of that balance has been committed and \$1,998,125 assigned by the governing board.

At the end of the current fiscal year, unassigned fund balance for the general fund was \$8,905,201, or 20% of total general fund expenditures and transfers out.

The City's total debt increased \$5,887,072 during the current fiscal year. The key factor in this increase was new water tower debt, Renaissance downtown Event Center debt, additional wastewater reclamation facility debt, worker's compensation reserve liability, and landfill closure and post-closure liability.

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

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

Both of the government-wide financial statements distinguish functions of the City 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 13-15 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, fire fund, capital improvements fund, water capital improvements fund, and sanitary sewer fund, all of which are considered to be major funds. Data from the other thirteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

The basic governmental fund financial statements can be found on pages 16-19 of this report.

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the Enid Municipal Authority, the Enid Economic Development Authority, the Enid Event Center and Convention Hall, and the Woodring Airport, all of which are considered to be major funds of the City. The City maintains seven proprietary funds. Data from the other three 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 20-25 of this report.

Fiduciary funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reported in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City of Enid maintains two different types of fiduciary funds. The pension trust fund is used to report resources held in trust for retirees and beneficiaries covered by the Employee Retirement System of Enid, Oklahoma, which includes a defined benefit and 401(k) plan for eligible employees. The agency fund reports resources held by the City of Enid in a custodial capacity for individuals, private organizations, and other governments.

The basic fiduciary fund financial statements can be found on pages 26-27 of this report.

Notes to the Financial Statements: The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28-60 of this report.

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

Required supplementary information can be found on pages 61-67 of this report.

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

Combining statements and schedules can be found on pages 68-75 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City's governmental activities, assets exceeded liabilities by \$85,844,458 at the close of the most recent fiscal year. The business-type activities assets exceeded liabilities by \$121,844,128.

City of Enid Net Position June 30, 2013 and 2012

	Governmental Activities		Business-Type Activities		Totals	
	June 30		June 30		June 30	
	2013	2012	2013	2012	2013	2012
CURRENT ASSETS	\$ 36,025,217	\$ 41,571,082	\$ 28,121,444	\$ 32,125,932	\$ 64,146,661	\$ 73,697,014
Capital and other noncurrent assets	<u>59,429,720</u>	<u>66,915,623</u>	<u>176,477,437</u>	<u>142,233,617</u>	<u>235,907,157</u>	<u>209,149,240</u>
TOTAL ASSETS	<u>\$ 95,454,937</u>	<u>\$ 108,486,705</u>	<u>\$ 204,598,881</u>	<u>\$ 174,359,549</u>	<u>\$ 300,053,818</u>	<u>\$ 282,846,254</u>
CURRENT LIABILITIES	\$ 7,259,655	\$ 9,711,116	\$ 10,658,316	\$ 11,520,733	\$ 17,917,971	\$ 21,231,849
Long-term liabilities	<u>2,350,824</u>	<u>1,639,649</u>	<u>76,654,850</u>	<u>68,736,807</u>	<u>79,005,674</u>	<u>70,376,456</u>
TOTAL LIABILITIES	<u>\$ 9,610,479</u>	<u>\$ 11,350,765</u>	<u>\$ 87,313,166</u>	<u>\$ 80,257,540</u>	<u>\$ 96,923,645</u>	<u>\$ 91,608,305</u>
NET POSITION						
Net investment in capital assets	\$ 59,429,720	\$ 65,138,978	\$ 114,618,204	\$ 70,747,728	\$ 174,047,924	\$ 135,886,706
Restricted	8,101,766	17,520,573	23,883,080	33,863,585	31,984,846	51,384,158
Unrestricted	<u>18,312,972</u>	<u>14,476,389</u>	<u>(16,657,156)</u>	<u>(10,509,304)</u>	<u>1,655,816</u>	<u>3,967,085</u>
TOTAL NET POSITION	<u>\$ 85,844,458</u>	<u>\$ 97,135,940</u>	<u>\$ 121,844,128</u>	<u>\$ 94,102,009</u>	<u>\$ 207,688,586</u>	<u>\$ 191,237,949</u>

By far the largest portion of the City's net position (84%) reflects its investment in capital assets (e.g., land, buildings, improvements, vehicles, and equipment); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (15%) represents resources that are subject to external restrictions on how they may be used either by external groups such as creditors, grantors, or laws and regulations of other governments, or by law through constitutional provisions or enabling legislation. The remaining balance of unrestricted net position is \$1,655,816 or (1%) of total net position.

The government's net position increased by \$17,414,384 during the current fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

Governmental Activities: Governmental activities decreased the City's net position by (\$11,262,817). The key elements of this decrease are as follows:

- The transfer of the Enid Event Center and Convention Hall (EECCH) assets from governmental activities to the EECCH business-type activities.

City of Enid
Statement of Activities
Years Ended June 30, 2013 and 2012

	Governmental Activities		Business-Type Activities		Totals	
	June 30		June 30		June 30	
	2013	2012	2013	2012	2013	2012
REVENUES						
Program revenues:						
Changes for services	\$ 6,044,413	\$ 3,133,146	\$ 31,014,846	\$ 29,484,227	\$ 37,059,259	\$ 32,617,373
Grants/contributions	3,455,431	3,893,374	2,223,376	1,887,811	5,678,807	5,781,185
General revenues	39,156,478	36,703,333	3,418,664	3,124,396	42,575,142	39,827,729
TOTAL ASSETS	48,656,322	43,729,853	36,656,886	34,496,434	85,313,208	78,226,287
EXPENSES						
General government	11,392,862	7,109,218	-	-	11,392,862	7,109,218
Public safety	18,883,649	18,532,858	-	-	18,883,649	18,532,858
Public works	8,175,421	9,488,303	822,593	882,061	8,998,014	10,370,364
Culture and recreation	2,520,650	2,743,400	3,671,404	1,980,121	6,192,054	4,723,521
Utility operations	-	-	16,750,258	15,340,628	16,750,258	15,340,628
Airport	-	-	2,523,105	2,828,983	2,523,105	2,828,983
Economic development	-	-	2,168,700	2,379,937	2,168,700	2,379,937
Other	108,366	123,382	881,816	1,075,199	990,182	1,198,581
TOTAL EXPENSES	41,080,948	37,997,161	26,817,876	24,486,929	67,898,824	62,484,090
INCREASE IN NET POSITION BEFORE TRANSFERS	7,575,374	5,732,692	9,839,010	10,009,505	17,414,384	15,742,197
TRANSFERS, net	(18,838,191)	11,792,685	18,838,191	(11,792,685)	-	-
(DECREASE) INCREASE IN NET POSITION	(11,262,817)	17,525,377	28,677,201	(1,783,180)	17,414,384	15,742,197
NET POSITION, BEGINNING OF YEAR, restated	97,107,275	79,610,563	93,166,927	95,885,189	190,274,202	175,495,752
NET POSITION, END OF YEAR	\$ 85,844,458	\$ 97,135,940	\$ 121,844,128	\$ 94,102,009	\$ 207,688,586	\$ 191,237,949

City of Enid
Governmental Activities
Years Ended June 30, 2013 and 2012

	Program Revenues		Cost of Services	
	Year Ended June 30		Year Ended June 30	
	2013	2012	2013	2012
General government	\$ 3,580,275	\$ 765,964	\$ 11,392,862	\$ 7,109,218
Public safety	4,711,643	4,275,058	18,883,649	18,532,858
Public works	1,052,612	1,811,411	8,175,421	9,488,303
Culture and recreation	155,314	174,087	2,520,650	2,743,400
Interest on long-term debt	-	-	108,366	123,382
Total government activities	\$ 9,499,844	\$ 7,026,520	\$ 41,080,948	\$ 37,997,161

Business-Type Activities: Business-type activities increased the City's net position by \$28,677,201. The key elements of this increase are:

- The transfer of the Enid Event Center and Convention Hall (EECCH) assets from governmental activities to the EECCH business-type activities.

City of Enid
Business-Type Activities
Years Ended June 30, 2013 and 2012

	Program Revenues		Cost of Services	
	Year Ended June 30		Year Ended June 30	
	2013	2012	2013	2012
Utility operations	\$29,051,513	\$ 27,325,152	\$ 16,750,258	\$ 15,340,628
Airport	2,443,381	2,882,126	2,523,105	2,828,983
Golf	379,549	383,569	627,414	608,861
Economic development	-	-	2,168,700	2,379,937
Event center	891,584	257,499	3,043,990	1,371,260
Transit	472,195	523,692	822,593	882,061
Other	-	-	881,816	1,075,199
Total business-type activities	<u>\$33,238,222</u>	<u>\$ 31,372,038</u>	<u>\$ 26,817,876</u>	<u>\$ 24,486,929</u>

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental funds - The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, 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 \$28,603,727, a decrease of \$5,072,491 in comparison with the prior year. Approximately 31% of this total amount \$8,905,201 constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is nonspendable or restricted by contractual obligations, laws and regulations, or enabling legislation as approved by a vote of the citizens of Enid.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$8,905,201. As a measure of the general fund's liquidity, it may be useful to compare fund balance to total fund expenditures. Unassigned fund balance represents 20% of total general fund expenditures and transfers out.

The fund balance of the City's general fund increased \$2,249,482 during the current fiscal year, due to increased sales and use taxes and large monthly transfers from the Enid Municipal Authority fund.

The police fund has a total fund balance of \$4,385,109, of which \$854,117 was restricted by contractual obligations and enabling legislation, leaving the remainder of \$3,530,992 unrestricted. The net increase in fund balance during the current year was \$ 1,079,058, due primarily to increased sales and use taxes and utility fees which the general fund transfer to police fund calculation is based upon.

The fire fund has a total fund balance of \$2,721,852, of which \$468,808 was restricted by contractual obligations and enabling legislation, leaving the remainder of \$2,253,044 unrestricted. The net increase in fund balance during the current year was \$518,735, due primarily to increased sales and use taxes and utility fees which the general fund transfer to fire fund calculation is based upon.

The capital improvements fund had a total fund balance of \$2,016,709, which was all restricted. The net decrease in fund balance during the current year was \$1,261,685, due to planned deficit spending on infrastructure projects.

The water capital improvements fund has a total fund balance of \$1,383,328, which was all restricted. The net decrease in fund balance during the current year was \$814,285, due to planned deficit spending on water infrastructure projects.

The sanitary sewer fund had a total fund balance of \$71, which was unassigned. The net decrease in fund balance during the current year was \$4,634,575, due to reimbursement of the Enid Municipal Authority for previous transfers in excess of what was needed for budget purposes.

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

The Enid Municipal Authority showed total net position of \$67,735,376. Unrestricted net position of the Enid Municipal Authority at the end of the year amounted to (\$17,511,717). The total decrease in net position was \$1,268,640. Operating revenues showed an increase of \$943,170 while operating expenses increased by \$154,838. The changes in operating revenues and expenses were due to:

- Increased utility fees from automatic rate increases in January 2013.
- Increased operating expenses to include annual personnel increases.

The Enid Economic Development Authority showed total net position of \$4,709,159, an increase of \$156,334, due mainly to a decrease in economic development expenses.

The Enid Event Center and Convention Hall fund showed total net position of \$35,497,617, an increase of \$30,242,525, due mainly to a very large transfer of fixed assets from governmental activities to this business-type activity.

The Woodring Airport had total net position at year-end of \$13,394,224, a slight decrease of \$71,357 from the previous year, due mainly to a decrease in capital grants.

BUDGETARY HIGHLIGHTS OF MAJOR GOVERNMENTAL FUNDS

The general fund budget increased by \$1,135,570 for departmental expenditures and \$2,879,767 for transfers out during the year, and estimated revenues and transfers in increased by \$3,543,900. Most departmental budgets increased including administration, human resources, legal, general government, accounting, records and receipts, warehouse, information technology, community development, code enforcement, engineering, management services, parks/stormwater, street and traffic, maintenance and technical services, library, and capital outlay, while safety and fleet management decreased. The departmental increases were generally attributable to personnel cost increases.

Revenues received exceeded budget estimates by \$138,452, and actual expenditures and transfers were less than final budget appropriations by \$2,375,145, resulting in an overall net change in fund balance of \$2,513,597. As a result, the City did not need to use a portion of its fund balance to cover expenditures and transfers.

The police fund showed an increase of \$57,330 in its budgeted expenditures during the year, while revenues remained the same as originally estimated. Its actual revenues and transfers in totaled \$8,956,886, which was more than budget estimates by \$105,301. Expenditures and transfers out of \$8,062,016 were less than budgeted by \$976,956 resulting in an overall net change in fund balance of \$1,082,255.

The fire fund had no increase in its expenditure budget during the year, while revenues remained the same as originally estimated. Actual revenues and transfers in totaled \$7,897,937, a decrease of \$46,768 in comparison with budget estimates. Expenditures and transfers out of \$7,437,265, were less than budgeted by \$680,529 resulting in an overall net change in fund balance of \$633,761.

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, 2013, amounts to \$ 235,751,894 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, vehicles and equipment, and infrastructure.

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

- GIS mapping of the City's sewer system.
- Kronos electronic timekeeping.
- Enid Trail System Phase I and II.
- Administration building renovation and parking lots.
- Meadows Park playground equipment.
- Government Springs lake improvement.
- West Broadway waterline relocation.
- Koch waterline replacement.
- 2011 wellfield improvements.
- Water Plant #1 and Ames roof replacements.
- Landfill scale upgrade and RFID equipment.
- Completion of two medium hangars and large joint use hanger at Woodring.

- New 2012 EPTA Ford 11 passenger van.
- Various downtown properties for the Renaissance project.
- Ten new pickups.
- New wheeled tractor with scraper.

City of Enid
Capital Assets
June 30, 2013 and 2012

	Governmental Activities		Business-Type Activities		Totals	
	Year Ended		Year Ended		Year Ended	
	June 30		June 30		June 30	
	2013	2012	2013	2012	2013	2012
Land	\$ 2,304,132	\$ 2,208,662	\$ 8,768,921	\$ 6,735,229	\$ 11,073,053	\$ 8,943,891
Construction in-progress	14,493,079	25,234,662	84,159,701	50,994,559	98,652,780	76,229,221
Buildings	6,399,276	6,728,340	5,068,741	4,616,581	11,468,017	11,344,921
Improvements	32,596,496	28,577,739	63,863,514	64,685,410	96,460,010	93,263,149
Equipment	1,443,734	1,762,944	13,151,244	5,591,130	14,594,978	7,354,074
Vehicles	2,193,003	2,376,631	1,310,053	1,821,425	3,503,056	4,198,056
CAPITAL ASSETS, net	\$ 59,429,720	\$ 66,888,978	\$ 176,322,174	\$ 134,444,334	\$ 235,751,894	\$ 201,333,312

Additional information of the City's capital assets can be found in Note D on pages 43-44 of this report.

Long-Term Debt: At the end of the current fiscal year, the City had total debt outstanding of \$88,012,884. The general obligation bonds were paid off and the balance was \$0; bonds secured solely by specified revenue sources (i.e., revenue bonds and notes) totaling \$60,749,854 plus deferred interest of \$15,443,493; tax apportionment bonds (TIF) of \$5,681,737; other notes payable to other governmental entities of \$1,006,000; capital lease obligations of \$45,613; judgments against the City for \$117,607; the long-term portion of accrued compensated absences totaling \$1,842,550; net other post-employment obligations of \$5,778; worker's compensation reserve liability of \$817,621; and landfill closure and post-closure liability and other long-term liabilities in the amount of \$2,302,631.

City of Enid
Outstanding Debt
June 30, 2013 and 2012

	Governmental Activities		Business-Type Activities		Totals	
	June 30		June 30		June 30	
	2013	2012	2013	2012	2013	2012
General obligation bonds	\$ -	\$ 1,750,000	\$ -	\$ -	\$ -	\$ 1,750,000
Revenue bonds	-	-	7,010,428	8,565,000	7,010,428	8,565,000
Tax apportionment bonds (TIF)	-	-	5,681,738	6,446,278	5,681,738	6,446,278
Deferred interest on bonds	-	-	15,443,493	18,521,169	15,443,493	18,521,169
Notes payable	-	-	54,745,425	43,049,835	54,745,425	43,049,835
Capital lease obligations	-	-	45,613	7,601	45,613	7,601
Judgements	117,607	207,029	-	-	117,607	207,029
Net OPEB obligation	5,778	-	-	-	5,778	-
Workers's compensation claims	672,863	-	144,758	-	817,621	-
Compensated absences	1,625,164	1,569,865	217,386	240,011	1,842,550	1,809,876
Landfill closure and post-closure and other long-term liabilities	-	-	2,302,631	1,769,024	2,302,631	1,769,024
TOTAL OUTSTANDING DEBT	\$ 2,421,412	\$ 3,526,894	\$ 85,591,472	\$ 78,598,918	\$ 88,012,884	\$ 82,125,812

The City's total debt increased \$5,887,072 during the current fiscal year. The key factor in this increase was new water tower debt, Renaissance downtown Event Center debt, additional wastewater reclamation facility debt, worker's compensation reserve liability, and landfill closure and post-closure liability.

Additional information on the City's long-term debt can be found in Note D on pages 44-50 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 2013-2014 revenue and expense budgets.

When setting the fiscal year 2014 expenditure budget, city staff worked diligently to keep increases in expenditures to a minimum with most departments and funds having increases due to escalating operating expenses, particularly personnel increases, and some having decreases primarily due to personnel decreases through transfers, reassignments, or reductions in employees.

It is anticipated that sales and use taxes will increase and an additional 5% over the 2012-2013 projected amount was budgeted. Additionally, most utility rates will automatically increase from 3% to more than 5.5% effective January 1, 2014.

The City will be looking at using General Obligation Bonds and Revenue Notes in the future to increase the funding available to build and repair infrastructure such as streets, water lines, sewer lines, storm water drains, parks and quality-of-life improvements, and downtown Renaissance improvements. A revenue bond will be looked at as an option to pay for a parking garage with retail store fronts that is to accompany a privately funded downtown hotel.

The City currently has two recognized unions, the Fraternal Order of Police (FOP), and the International Association of Fire Fighters (IAFF). The City completed two year agreements for 2011-2013 and renegotiated new two year agreements with both unions for 2013-2015. The FOP retained the right to re-open negotiations on compensation for the 2014-2015 fiscal year. A citywide vote on modifying the City charter passed on November 12, 2013 that will allow for City workers to organize and collectively bargain with City management. The City Council will now consider an ordinance that will define the procedures which will govern labor relations for non-uniform, non-management, non-management/confidential and non-confidential employees.

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.

STATEMENT OF NET POSITION

CITY OF ENID, OKLAHOMA

June 30, 2013

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Pegasys, Inc.	Enid Regional Dev. Alliance
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	\$ 1,261,318	\$ 1,077,228	\$ 2,338,546	\$ 154,581	\$ 799,689
Investments	19,230,000	5,834,911	25,064,911	-	-
Receivables (net of allowance for uncollectibles):					
Accounts	50,023	3,532,054	3,582,077	30,834	31,611
Taxes	6,575,574	184,502	6,760,076	-	-
Interest	32,176	6,588	38,764	-	-
Due from other governments	229,118	1,161,948	1,391,066	-	-
Internal balances	6,592,793	(6,604,051)	(11,258)	-	-
Inventories	812,393	73,862	886,255	-	-
Prepaid expense	181,740	53,422	235,162	842	-
Restricted assets:					
Cash and investments	1,060,082	22,800,980	23,861,062	-	-
TOTAL CURRENT ASSETS	36,025,217	28,121,444	64,146,661	186,257	831,300
NONCURRENT ASSETS					
Investments	-	155,263	155,263	260,161	250,000
Notes receivable	-	-	-	-	245,025
Capital assets (net of accumulated depreciation)	59,429,720	176,322,174	235,751,894	37,118	13,453
TOTAL NONCURRENT ASSETS	59,429,720	176,477,437	235,907,157	297,279	508,478
TOTAL ASSETS	\$ 95,454,937	\$ 204,598,881	\$ 300,053,818	\$ 483,536	\$ 1,339,778
DEFERRED OUTFLOW OF RESOURCES					
Investment in TIF District	\$ -	\$ 4,558,413	\$ 4,558,413	\$ -	\$ -

STATEMENT OF NET POSITION--Continued

CITY OF ENID, OKLAHOMA

June 30, 2013

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Pegasys, Inc.	Enid Regional Dev. Alliance
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable and accrued liabilities	6,840,587	\$ 79,532	\$ 6,920,119	\$ 2,123	\$ 48,692
Payable from restricted assets:					
Accrued interest payable	-	714,946	714,946	-	-
Customer deposits	-	927,216	927,216	-	-
Unearned revenue	348,480	-	348,480	-	-
Current portion of long-term obligations	70,588	8,936,622	9,007,210	-	-
TOTAL CURRENT LIABILITIES	7,259,655	10,658,316	17,917,971	2,123	48,692
NONCURRENT LIABILITIES					
Unearned interest on revenue bonds	-	15,443,493	15,443,493	-	-
Bonds and notes payable	-	67,437,591	67,437,591	-	-
Capital lease obligations	-	45,613	45,613	-	-
Other long-term liabilities	678,641	2,447,389	3,126,030	-	-
Judgments	117,607	-	117,607	-	-
Accrued compensated absences	1,625,164	217,386	1,842,550	-	14,383
Less: current portion of long-term obligations	(70,588)	(8,936,622)	(9,007,210)	-	-
TOTAL NONCURRENT LIABILITIES	2,350,824	76,654,850	79,005,674	-	14,383
TOTAL LIABILITIES	\$ 9,610,479	\$ 87,313,166	\$ 96,923,645	\$ 2,123	\$ 63,075
NET POSITION					
Net investment in capital assets	\$ 59,429,720	\$ 114,618,204	\$ 174,047,924	\$ -	\$ -
Restricted by:					
Enabling legislation	1,270,004	11,741,739	13,011,743	-	-
Statutes	315,252	-	315,252	-	-
Debt service	-	9,276,868	9,276,868	-	-
Contractual agreement	6,516,510	2,864,473	9,380,983	-	99,000
Unrestricted (deficit)	18,312,972	(16,657,156)	1,655,816	481,413	1,177,703
TOTAL NET POSITION	\$ 85,844,458	\$ 121,844,128	\$ 207,688,586	\$ 481,413	\$ 1,276,703

See notes to financial statements.

STATEMENT OF ACTIVITIES
CITY OF ENID, OKLAHOMA
Year Ended June 30, 2013

	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Pegasys, Inc.	Enid Regional Dev. Alliance
					Governmental Activities	Business-type Activities	Total		
PRIMARY GOVERNMENT									
GOVERNMENTAL ACTIVITIES									
General government	\$ 11,392,862	\$ 3,580,275	\$ -	\$ -	\$ (7,812,587)	\$ -	\$ (7,812,587)	\$ -	\$ -
Public safety	18,883,649	2,019,224	2,436,791	255,628	(14,172,006)	-	(14,172,006)	-	-
Public works	8,175,421	383,032	477,235	192,345	(7,122,809)	-	(7,122,809)	-	-
Culture and recreation	2,520,650	61,882	13,105	80,327	(2,365,336)	-	(2,365,336)	-	-
Interest on long-term debt	108,366	-	-	-	(108,366)	-	(108,366)	-	-
TOTAL GOVERNMENTAL ACTIVITIES	41,080,948	6,044,413	2,927,131	528,300	(31,581,104)	-	(31,581,104)	-	-
BUSINESS-TYPE ACTIVITIES									
Utility operations	16,750,258	27,714,746	-	1,336,767	-	12,301,255	12,301,255	-	-
Airport	2,523,105	1,844,843	-	598,538	-	(79,724)	(79,724)	-	-
Golf	627,414	379,549	-	-	-	(247,865)	(247,865)	-	-
Economic development	2,168,700	-	-	-	-	(2,168,700)	(2,168,700)	-	-
Event center	3,043,990	891,584	-	-	-	(2,152,406)	(2,152,406)	-	-
Transit	822,593	184,124	246,022	42,049	-	(350,398)	(350,398)	-	-
Other	881,816	-	-	-	-	(881,816)	(881,816)	-	-
TOTAL BUSINESS-TYPE ACTIVITIES	26,817,876	31,014,846	246,022	1,977,354	-	6,420,346	6,420,346	-	-
TOTAL PRIMARY GOVERNMENT	\$ 67,898,824	\$ 37,059,259	\$ 3,173,153	\$ 2,505,654	(31,581,104)	6,420,346	(25,160,758)	-	-
COMPONENT UNITS									
Pegasys, Inc.	\$ 200,624	\$ 5,150	\$ 185,000	\$ 81,796				71,322	-
Enid Regional Development Alliance, Inc.	815,724	58,500	630,000	-				-	(127,224)
TOTAL COMPONENT UNITS	\$ 1,016,348	\$ 63,650	\$ 815,000	\$ 81,796				71,322	(127,224)
GENERAL REVENUES:									
Taxes:									
Sales and use					33,122,672	-	33,122,672	-	-
Property					1,550,316	1,060,981	2,611,297	-	-
Franchise					3,038,648	-	3,038,648	-	-
Other					611,674	2,049,645	2,661,319	-	-
Interest income					462,702	139,379	602,081	2,639	5,684
Miscellaneous					336,739	150,374	487,113	-	9,009
Gain (loss) on investments and disposition of capital assets					33,727	18,285	52,012	19,740	-
Contribution of capital assets					(10,627,306)	10,627,306	-	-	-
Transfers - internal activity					(8,210,885)	8,210,885	-	-	-
TOTAL GENERAL REVENUES AND TRANSFERS					20,318,287	22,256,855	42,575,142	22,379	14,693
CHANGE IN NET POSITION					(11,262,817)	28,677,201	17,414,384	93,701	(112,531)
NET POSITION, BEGINNING OF YEAR, <i>restated</i>					97,107,275	93,166,927	190,274,202	387,712	1,389,234
NET POSITION, END OF YEAR					\$ 85,844,458	\$ 121,844,128	\$ 207,688,586	\$ 481,413	\$ 1,276,703

See notes to financial statements.

BALANCE SHEET - GOVERNMENTAL FUNDS

CITY OF ENID, OKLAHOMA

June 30, 2013

	General	Police Fund	Fire Fund	Capital Improvements Fund	Water Capital Improvements Fund	Sanitary Sewer Fund	Other Governmental Funds	Total
ASSETS								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 461,098	\$ 461,098
Claim on pooled cash	5,544,184	4,145,016	2,524,634	990,890	1,383,328	71	7,453,107	22,041,230
Receivables:								
Accounts	50,023	-	-	-	-	-	-	50,023
Taxes	6,322,581	28	-	-	-	-	252,965	6,575,574
Due from other governments	21,335	21,076	-	170,000	-	-	16,707	229,118
Due from other funds	-	200,926	200,926	-	-	-	-	401,852
Inventories	812,393	-	-	-	-	-	-	812,393
Prepaid expense	137,836	23,913	9,647	-	-	-	10,344	181,740
Restricted assets:	-	-	-	-	-	-	-	-
Cash and investments	-	-	-	1,060,082	-	-	-	1,060,082
TOTAL ASSETS	<u>\$ 12,888,352</u>	<u>\$ 4,390,959</u>	<u>\$ 2,735,207</u>	<u>\$ 2,220,972</u>	<u>\$ 1,383,328</u>	<u>\$ 71</u>	<u>\$ 8,194,221</u>	<u>\$ 31,813,110</u>

BALANCE SHEET - GOVERNMENTAL FUNDS--Continued

CITY OF ENID, OKLAHOMA

June 30, 2013

	General	Police Fund	Fire Fund	Capital Improvements Fund	Water Capital Improvements Fund	Sanitary Sewer Fund	Other Governmental Funds	Total
LIABILITIES AND FUND BALANCES								
LIABILITIES								
Accounts payable and accrued liabilities	74,824	5,850	13,355	\$ -	\$ -	\$ -	\$ 340,579	\$ 434,608
Due to other funds	2,322,088	-	-	-	-	-	-	2,322,088
Unearned revenue	-	-	-	204,263	-	-	144,217	348,480
TOTAL LIABILITIES	2,396,912	5,850	13,355	204,263	-	-	484,796	3,105,176
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue - charges for services	104,207	-	-	-	-	-	-	104,207
FUND BALANCES								
Nonspendable:								
Inventories	812,393	-	-	-	-	-	-	812,393
Restricted:								
Contractual	669,710	203,077	57,764	2,016,709	1,383,328	-	2,185,922	6,516,510
Laws and regulations	-	-	-	-	-	-	315,252	315,252
Enabling legislation	-	651,040	411,044	-	-	-	207,920	1,270,004
Committed:								
Public works	-	-	-	-	-	-	411	411
Public safety	-	3,530,992	2,253,044	-	-	-	-	5,784,036
Capital improvements	-	-	-	-	-	-	3,001,795	3,001,795
Assigned:								
Health	-	-	-	-	-	-	1,881,091	1,881,091
Culture and recreation	-	-	-	-	-	-	117,034	117,034
Unassigned	8,905,130	-	-	-	-	71	-	8,905,201
TOTAL FUND BALANCES	10,387,233	4,385,109	2,721,852	2,016,709	1,383,328	71	7,709,425	28,603,727
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 12,888,352	\$ 4,390,959	\$ 2,735,207	\$ 2,220,972	\$ 1,383,328	\$ 71	\$ 8,194,221	\$ 31,813,110

See notes to financial statements.

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

CITY OF ENID, OKLAHOMA

Year Ended June 30, 2013

	General	Police Fund	Fire Fund	Capital Improvements Fund	Water Capital Improvements Fund	Sanitary Sewer Fund	Other Governmental Funds	Total
REVENUES								
Taxes	\$ 36,057,113	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,550,316	\$ 37,607,429
Licenses and permits	243,796	-	-	-	-	-	-	243,796
Intergovernmental	313,012	665,916	1,719,472	192,346	-	-	1,877,084	4,767,830
Fines and forfeitures	1,171,053	-	-	-	-	-	-	1,171,053
Charges for services	125,619	66,358	-	-	-	-	3,609,445	3,801,422
Other	281,685	19,409	59,604	52,070	100	-	88,311	501,179
Interest	72,652	51,095	33,144	21,347	30,671	63,052	153,718	425,679
TOTAL REVENUES	38,264,930	802,778	1,812,220	265,763	30,771	63,052	7,278,874	48,518,388
EXPENDITURES								
Current:								
General government	5,398,254	-	-	-	-	-	4,222,436	9,620,690
Public safety	-	7,988,861	8,722,479	-	-	-	1,045,712	17,757,052
Public works	5,854,935	-	-	-	-	-	756,919	6,611,854
Culture and recreation	2,480,065	-	-	-	-	-	11,993	2,492,058
Debt service:								
Principal	-	-	-	-	-	-	1,900,466	1,900,466
Interest	-	-	-	-	-	-	51,625	51,625
Capital outlay	1,068,737	314,019	163,927	22,960,597	8,306,739	3,208,905	3,862,731	39,885,655
TOTAL EXPENDITURES	14,801,991	8,302,880	8,886,406	22,960,597	8,306,739	3,208,905	11,851,882	78,319,400
Excess of revenues over (under) expenditures	23,462,939	(7,500,102)	(7,074,186)	(22,694,834)	(8,275,968)	(3,145,853)	(4,573,008)	(29,801,012)
OTHER FINANCING SOURCES (USES)								
Transfers in	7,500,000	8,754,160	7,642,921	21,433,149	7,461,683	-	2,488,787	55,280,700
Transfers out	(28,713,457)	(175,000)	(50,000)	-	-	(1,488,722)	(125,000)	(30,552,179)
TOTAL OTHER FINANCING SOURCES (USES)	(21,213,457)	8,579,160	7,592,921	21,433,149	7,461,683	(1,488,722)	2,363,787	24,728,521
NET CHANGE IN FUND BALANCES	2,249,482	1,079,058	518,735	(1,261,685)	(814,285)	(4,634,575)	(2,209,221)	(5,072,491)
FUND BALANCES, BEGINNING OF YEAR	8,137,751	3,306,051	2,203,117	3,278,394	2,197,613	4,634,646	9,918,646	33,676,218
FUND BALANCES, END OF YEAR	\$ 10,387,233	\$ 4,385,109	\$ 2,721,852	\$ 2,016,709	\$ 1,383,328	\$ 71	\$ 7,709,425	\$ 28,603,727

See notes to financial statements.

RECONCILIATION OF THE GOVERNMENTAL FUNDS
AND GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF ENID, OKLAHOMA

Year Ended June 30, 2013

Total fund balance - governmental funds	\$ 28,603,727
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	59,429,720
Long-term liabilities are not due and payable in the current period and therefore are not reported in funds.	(2,421,412)
Certain assets are not available to pay for current fund liabilities, and therefore are deferred in the funds.	104,207
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.	<u>128,216</u>
Net position of governmental activities in the Statement of Net Assets	<u>\$ 85,844,458</u>
Net change in fund balances – total governmental funds	\$ (5,072,491)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures while government activities report depreciation and amortization expense to allocate those expenditures over the life of the assets.	(7,457,240)
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.	1,843,725
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	(55,298)
Accrued other post-employment benefit obligations, net change	(5,778)
Accrued liability for workers' compensation claims incurred, net change	(672,863)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds	104,207
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.	<u>52,921</u>
Change in net position of governmental activities	<u>\$ (11,262,817)</u>

See notes to financial statements.

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

CITY OF ENID, OKLAHOMA

June 30, 2013

	Business-type Activities Enterprise Funds					Governmental Activities	
	Enid Municipal Authority	Enid Economic Development Authority	Enid Event Center and Convention Hall	Woodring Airport	Nonmajor Enterprise Funds	Totals	Internal Service Pooled cash and Investments
ASSETS							
CURRENT ASSETS							
Cash and cash equivalents	\$ 607,787	\$ 29,469	\$ 214,886	\$ 189,773	\$ 35,313	\$ 1,077,228	\$ 800,220
Claim on pooled cash	-	1,752,951	753,057	-	164,125	2,670,133	11,194,420
Investments	5,834,911	-	-	-	-	5,834,911	19,230,000
Receivables:							
Accounts (net of allowance for uncollectibles)	3,488,166	12	184,502	43,876	-	3,716,556	-
Interest	6,580	8	-	-	-	6,588	32,176
Due from other funds	1,920,236	-	-	-	-	1,920,236	-
Due from other governments	-	1,006,000	-	47,602	108,346	1,161,948	-
Inventories	-	-	-	73,862	-	73,862	-
Prepaid expense	41,060	-	5,874	5,763	725	53,422	-
Restricted assets:							
Cash and investments	21,775,300	1,025,680	-	-	-	22,800,980	-
TOTAL CURRENT ASSETS	33,674,040	3,814,120	1,158,319	360,876	308,509	39,315,864	31,256,816
NONCURRENT ASSETS							
Assets held for sale	-	155,263	-	-	-	155,263	-
Capital assets (net of accumulated depreciation)	124,760,914	3,231,123	34,408,486	13,256,813	664,838	176,322,174	-
TOTAL NONCURRENT ASSETS	124,760,914	3,386,386	34,408,486	13,256,813	664,838	176,477,437	-
TOTAL ASSETS	\$ 158,434,954	\$ 7,200,506	\$ 35,566,805	\$ 13,617,689	\$ 973,347	\$ 215,793,301	\$ 31,256,816
DEFERRED OUTFLOWS OF RESOURCES							
Unavailable assets invested in TIF	\$ -	\$ 4,558,413	\$ -	\$ -	\$ -	\$ 4,558,413	\$ -

STATEMENT OF NET POSITION - PROPRIETARY FUNDS--Continued

CITY OF ENID, OKLAHOMA

June 30, 2013

	Business-type Activities Enterprise Funds					Governmental Activities	
	Enid Municipal Authority	Enid Economic Development Authority	Enid Event Center and Convention Hall	Woodring Airport	Nonmajor Enterprise Funds	Totals	Internal Service Pooled cash and Investments
LIABILITIES							
CURRENT LIABILITIES							
Accounts payable and accrued liabilities	\$ -	\$ 10,344	\$ 69,188	\$ -	\$ -	\$ 79,532	\$ 6,405,979
Due to other funds	10,617,929	-	-	178,278	398,213	11,194,420	24,722,621
Payable from restricted assets:							
Accrued interest payable	363,150	351,679	-	-	117	714,946	-
Customer deposits	927,216	-	-	-	-	927,216	-
Current portion of long-term obligations	7,659,596	925,414	-	-	15,986	8,600,996	-
TOTAL CURRENT LIABILITIES	19,567,891	1,287,437	69,188	178,278	414,316	21,517,110	31,128,600
NONCURRENT LIABILITIES							
Unearned interest on revenue bonds	15,443,493	-	-	-	-	15,443,493	-
Capital lease obligations	-	-	-	-	45,613	45,613	-
Bonds payable (net of unamortized discount)	7,010,428	5,681,737	-	-	-	12,692,165	-
Notes payable	53,739,426	1,006,000	-	-	-	54,745,426	-
Other long-term liabilities	2,417,714	-	-	29,419	256	2,447,389	-
Accrued compensated absences	180,222	-	-	15,768	21,396	217,386	-
Less: current portion	(7,659,596)	(925,414)	-	-	(15,986)	(8,600,996)	-
TOTAL NONCURRENT LIABILITIES	71,131,687	5,762,323	-	45,187	51,279	76,990,476	-
TOTAL LIABILITIES	\$ 90,699,578	\$ 7,049,760	\$ 69,188	\$ 223,465	\$ 465,595	\$ 98,507,586	\$ 31,128,600
NET POSITION							
Net investment in capital assets	\$ 63,102,567	\$ 3,231,123	\$ 34,408,486	\$ 13,256,813	\$ 619,215	\$ 114,618,204	\$ -
Restricted for:							
Debt service	9,276,868	-	-	-	-	9,276,868	-
Capital improvements	10,716,059	1,025,680	-	-	-	11,741,739	-
Other	2,151,599	-	445,442	124,635	142,797	2,864,473	-
Unrestricted (deficit)	(17,511,717)	452,356	643,689	12,776	(254,260)	(16,657,156)	128,216
TOTAL NET POSITION	\$ 67,735,376	\$ 4,709,159	\$ 35,497,617	\$ 13,394,224	\$ 507,752	\$ 121,844,128	\$ 128,216

See notes to financial statements.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PROPRIETARY FUNDS

CITY OF ENID, OKLAHOMA

Year Ended June 30, 2013

	Business-type Activities Enterprise Funds					Governmental Activities	
	Enid Municipal Authority	Enid Economic Development Authority	Enid Event Center and Convention Hall	Woodring Airport	Nonmajor Enterprise Funds	Internal Service	
					Totals	Pooled cash and Investments	
OPERATING REVENUES							
Charges for services:							
Water	\$ 11,814,360	\$ -	\$ -	\$ -	\$ -	\$ 11,814,360	\$ -
Wastewater	8,946,601	-	-	-	-	8,946,601	-
Storm water	1,480,494	-	-	-	-	1,480,494	-
Solid waste	4,267,220	-	-	-	-	4,267,220	-
Landfill	587,804	-	-	-	-	587,804	-
Other	618,267	-	975,764	1,849,838	564,235	4,008,104	-
Government grants	-	-	-	-	246,022	246,022	-
TOTAL OPERATING REVENUES	27,714,746	-	975,764	1,849,838	810,257	31,350,605	-
OPERATING EXPENSES							
Utility services	600,487	-	-	-	-	600,487	-
Water distribution/production	1,872,115	-	-	-	-	1,872,115	-
Wastewater management services	2,916,021	-	-	-	-	2,916,021	-
Solid waste	2,932,182	-	-	-	-	2,932,182	-
Landfill	533,607	-	-	-	-	533,607	-
Economic development	-	1,387,051	-	-	172,506	1,559,557	-
Other	291,145	-	2,194,650	1,743,314	1,261,379	5,490,488	-
Depreciation and amortization	4,102,915	401,654	139,970	779,792	186,514	5,610,845	-
TOTAL OPERATING EXPENSES	13,248,472	1,788,705	2,334,620	2,523,106	1,620,399	21,515,302	-
NET OPERATING INCOME (LOSS)	14,466,274	(1,788,705)	(1,358,856)	(673,268)	(810,142)	9,835,303	-

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PROPRIETARY FUNDS--Continued

CITY OF ENID, OKLAHOMA

Year Ended June 30, 2013

	Business-type Activities Enterprise Funds					Governmental Activities	
	Enid Municipal Authority	Enid Economic Development Authority	Enid Event Center and Convention Hall	Woodring Airport	Nonmajor Enterprise Funds	Internal Service	
						Totals	Pooled cash and Investments
NONOPERATING REVENUES (EXPENSES)							
Taxes	-	1,060,981	1,189,808	-	-	2,250,789	-
Capital grants	1,336,767	-	-	598,538	42,049	1,977,354	-
Miscellaneous revenues	191,760	15,999	253	-	3,092	211,104	-
Payments to schools	(642,037)	-	-	-	-	(642,037)	-
Gain/(loss) on disposition of assets	(55,113)	66,482	-	760	6,157	18,286	52,921
Interest income	91,911	27,607	14,947	617	4,297	139,379	-
Interest expense and fiscal charges	(3,569,059)	(379,995)	-	-	(2,114)	(3,951,168)	-
TOTAL NONOPERATING REVENUES (EXPENSES)	(2,645,771)	791,074	1,205,008	599,915	53,481	3,707	52,921
OPERATING TRANSFERS							
Transfers in	16,330,773	1,153,965	30,396,373	-	375,000	48,256,111	-
Transfers (out)	(40,045,226)	-	-	-	-	(40,045,226)	-
Capital contributions	10,625,310	-	-	1,996	-	10,627,306	-
TOTAL OPERATING TRANSFERS	(13,089,143)	1,153,965	30,396,373	1,996	375,000	18,838,191	-
CHANGE IN NET POSITION	(1,268,640)	156,334	30,242,525	(71,357)	(381,661)	28,677,201	52,921
NET POSITION, BEGINNING OF YEAR, <i>restated</i>	69,004,016	4,552,825	5,255,092	13,465,581	889,413	93,166,927	75,295
NET POSITION, END OF YEAR	<u>\$ 67,735,376</u>	<u>\$ 4,709,159</u>	<u>\$ 35,497,617</u>	<u>\$ 13,394,224</u>	<u>\$ 507,752</u>	<u>\$ 121,844,128</u>	<u>\$ 128,216</u>

See notes to financial statements.

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

CITY OF ENID, OKLAHOMA

Year Ended June 30, 2013

	Business-type Activities Enterprise Funds					Totals	Governmental Activities
	Enid Municipal Authority	Enid Economic Development Authority	Enid Event Center and Convention Hall	Woodring Airport	Nonmajor Enterprise Funds		Internal Service
							Pooled cash and Investments
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers and grantors	\$ 27,731,308	\$ 106,007	\$ 933,687	\$ 2,152,481	\$ 703,543	\$ 31,627,026	\$ -
Payments to suppliers	(5,467,849)	(1,482,707)	(2,196,686)	(1,405,542)	(738,389)	(11,291,173)	(479,532)
Payments to employees	(3,073,217)	-	-	(312,680)	(712,406)	(4,098,303)	-
Other receipts (payments)	(2,879,540)	(4,202)	-	(263,849)	121,417	(3,026,174)	(3,905,310)
NET CASH PROVIDED BY (USED) IN OPERATING ACTIVITIES	16,310,702	(1,380,902)	(1,262,999)	170,410	(625,835)	13,211,376	(4,384,842)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Taxes	-	1,060,981	1,189,808	-	-	2,250,789	-
Miscellaneous revenues/ (expenses)	(450,276)	15,999	253	-	3,092	(430,932)	-
Operating transfers in (out)	(23,374,202)	1,153,965	19,771,064	-	375,000	(2,074,173)	-
NET CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES	(23,824,478)	2,230,945	20,961,125	-	378,092	(254,316)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Proceeds from long-term debt	14,964,997	-	-	-	-	14,964,997	-
Principal reduction on long-term debt	(4,717,977)	(764,541)	-	-	(13,060)	(5,495,578)	-
Interest expense and fiscal charges	(7,027,292)	(415,091)	-	-	(2,114)	(7,444,497)	-
Capital grants and contributions	1,336,767	-	-	598,538	42,049	1,977,354	-
Proceeds from sales of capital assets	35,561	-	-	760	32,475	68,796	-
Acquisition/construction of capital assets	(4,486,291)	(602,513)	(19,895,248)	(769,709)	(42,049)	(25,795,810)	-
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	105,765	(1,782,145)	(19,895,248)	(170,411)	17,301	(21,724,738)	-
CASH FLOWS FROM INVESTING ACTIVITIES							
(Increase) decrease in investments	8,828,687	827,562	-	-	-	9,656,249	2,289,921
Proceeds from the sale of assets held for sale	-	1,827,139	-	-	-	1,827,139	-
Interest income	114,327	27,626	14,947	617	4,297	161,814	37,011
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	8,943,014	2,682,327	14,947	617	4,297	11,645,202	2,326,932
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,535,003	1,750,225	(182,175)	616	(226,145)	2,877,524	(2,057,910)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	-	32,195	1,150,118	189,157	425,583	-	14,052,550
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,535,003	\$ 1,782,420	\$ 967,943	\$ 189,773	\$ 199,438	\$ 4,674,577	\$ 11,994,640

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS--Continued

CITY OF ENID, OKLAHOMA

Year Ended June 30, 2013

	Business-type Activities Enterprise Funds					Governmental Activities	
	Enid Municipal Authority	Enid Economic Development Authority	Enid Event 404		Nonmajor Enterprise Funds	Pooled cash and Investments	
			Convention Hall	Woodring Airport			Totals
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:							
Net operating income (loss)	\$ 14,466,274	\$ (1,788,705)	\$ (1,358,856)	\$ (673,268)	\$ (810,142)	\$ 9,835,303	\$ -
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:							
Depreciation and amortization	4,102,915	401,654	139,970	779,792	186,514	5,610,845	-
Changes in assets and liabilities:							
(Increase) decrease in receivables	(41,918)	106,007	(42,077)	302,643	(106,714)	217,941	-
(Increase) decrease in due from other funds	(68,817)	-	-	-	-	(68,817)	-
(Increase) decrease in prepaid expenses	(41,060)	-	(5,874)	(5,763)	(725)	(53,422)	-
(Increase) decrease in inventories	-	-	-	4,367	-	4,367	-
Increase (decrease) in accounts payable and accrued liabilities	645,551	(95,656)	3,838	26,488	(16,185)	564,036	(479,532)
Increase (decrease) in customer deposits	58,480	-	-	-	-	58,480	-
Increase (decrease) in due to other funds	(2,810,723)	(4,202)	-	(263,849)	121,417	(2,957,357)	(3,905,310)
TOTAL ADJUSTMENTS	1,844,428	407,803	95,857	843,678	184,307	3,376,073	(4,384,842)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ 16,310,702	\$ (1,380,902)	\$ (1,262,999)	\$ 170,410	\$ (625,835)	\$ 13,211,376	\$ (4,384,842)

See notes to financial statements.

STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS

CITY OF ENID, OKLAHOMA

June 30, 2013

	Agency Funds		Pension Trust Funds		Totals
	CLEET Fund	Court Bonds	Retirement Defined Benefit	Retirement 401(k)	
ASSETS					
Cash and cash equivalents	\$ -	\$ 18,333	\$ 315,844	\$ -	\$ 334,177
Claim on pooled cash	11,258	-	-	-	11,258
Investments	-	-	19,343,748	9,590,483	28,934,231
Receivables:					
Accrued interest	-	-	9	-	9
Participant loans	-	-	-	385,720	385,720
TOTAL ASSETS	<u>11,258</u>	<u>18,333</u>	<u>19,659,601</u>	<u>9,976,203</u>	<u>29,665,395</u>
LIABILITIES					
Accounts payable and accrued liabilities	11,258	-	-	-	11,258
Due to bondholders	-	18,333	-	-	18,333
TOTAL LIABILITIES	<u>11,258</u>	<u>18,333</u>	<u>-</u>	<u>-</u>	<u>29,591</u>
NET POSITION HELD IN TRUST FOR PENSION BENEFITS					
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,659,601</u>	<u>\$ 9,976,203</u>	<u>\$ 29,635,804</u>

See notes to financial statements.

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS

CITY OF ENID, OKLAHOMA

June 30, 2013

	Pension Trust Funds		Totals
	Retirement Defined Benefit	Retirement 401(k)	
ADDITIONS			
Contributions:			
Employer	\$ 641,817	\$ 521,335	\$ 1,163,152
Plan members	-	599,689	599,689
Total contributions	641,817	1,121,024	1,762,841
Investment earnings:			
Realized gains (losses)	564,323	-	564,323
Net increase (decrease) in the fair value of investments	1,716,743	1,194,676	2,911,419
Interest and dividends	426,471	-	426,471
Total investment earnings	2,707,537	1,194,676	3,902,213
TOTAL ADDITIONS	3,349,354	2,315,700	5,665,054
DEDUCTIONS			
Benefits and withdrawals	632,069	783,231	1,415,300
Administrative expenses	108,854	41,104	149,958
TOTAL DEDUCTIONS	740,923	824,335	1,565,258
CHANGE IN NET POSITION	2,608,431	1,491,365	4,099,796
NET POSITION, BEGINNING OF YEAR	17,051,170	8,484,838	25,536,008
NET POSITION, END OF YEAR	\$ 19,659,601	\$ 9,976,203	\$ 29,635,804

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

CITY OF ENID, OKLAHOMA

June 30, 2013

NOTE A--ORGANIZATION

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

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity: The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations. Thus, blended component units are appropriately presented as funds of the primary government. The City's financial statements include two discretely presented component units which are reported in separate columns in the government-wide financial statements to emphasize that they are 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. EMA operates the water, wastewater, sanitation collection, and landfill services of the City. The rates for user charges and bond issuance authorizations are approved by the City 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 and does not issue separate financial statements.

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

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 5,280 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 economic development purposes, including industrial recruitment, and assistance to new and expanding industry with relocation assistance and infrastructure construction.

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

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Discretely Presented Component Units: The following organizations are reported in separate columns 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 revenues and the organization provides services for the benefit of the City. Separate financial statements for Pegasys, Inc. as of June 30, 2013 are available by contacting the organization at (580) 242-6131 or requesting a copy through their web page at www.pegasystv.com.

Enid Regional Development Alliance is a non-profit entity organized to attract, develop, retain, and encourage business, industry, and quality job creation in Garfield County, Oklahoma. 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 councilor 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 revenue and the organization provides services for the benefit of the City. Separate financial statements for Enid Regional Development Alliance as of June 30, 2013 are available by contacting the organization at (580) 233-4232 or requesting a copy through their web page at www.growenid.com.

Basis of Presentation:

Government-Wide Financial Statements - While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. As a general rule, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

As discussed earlier, the government has two discretely presented component units. While neither Pegasys, Inc. nor Enid Regional Development Alliance is considered to be a major component unit, they are nevertheless shown in separate columns in the government-wide financial statements.

The statement of net activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All other governmental revenues are reported as general. All taxes are classified as general revenues, even if restricted for a specific purpose.

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

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

- The general fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The police fund 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 water capital improvements fund accounts for expenditures and other transfers committed to water capital improvements.
- The sanitary sewer improvement fund accounts for revenues provided by a sewer assessment fee and other transfers committed to sanitary sewer system improvements.

Non-major funds are reported as other governmental funds.

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

- The Enid Municipal Authority accounts for the City's utility operations including water, wastewater, sanitation, and landfill.
- The Enid 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 Enid Event Center and Convention Hall accounts for the operations of the Enid Event Center and Convention Hall. It includes the hotel tax revenues and disbursements and the Enid Convention and Visitor's Bureau ("ECVB") budget.
- The Woodring Airport fund accounts for the operations of the municipal airport, including federal and state grant projects.

Additionally, the City reports the following fund types:

- Internal service funds - account for the City's pooled cash and investments.
- The pension trust fund accounts for the activities of the Employee Retirement System of Enid, Oklahoma, which accumulates resources for pension benefit payments to qualified employees.
- The agency fund accounts for the court bond and CLEET fund deposits.

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

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

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

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

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

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

Budgetary Information:

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

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

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

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance:

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

Investments - 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 fair market value, with the exception of certificates of deposit which are reported at cost.

Receivables - 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.

Inventories and Prepaid Items - Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of warehouse supplies and fuel at the airport. The cost of inventory is allocated to the user departments based upon consumption.

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

Restricted Assets - Certain proceeds of the general obligation bonds, revenue bonds, and sales tax notes payable, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate trustee accounts, and their use is limited by applicable bond covenants. The construction accounts are used to report those proceeds of bond and note issuances that are restricted for use in construction. Bond reserve and sinking fund accounts are used to segregate resources accumulated for debt service payments over the next twelve months.

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

Interest incurred during the construction phase of capital assets of enterprise funds is included as part of the capitalized value of the assets constructed.

Land and construction in progress are not depreciated. The other property, equipment, vehicle, and infrastructure of the primary government are depreciated using the straight-line method over the following estimated useful lives:

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

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government only has one item that qualifies for reporting in this category. The City’s investment in the tax incremental financing (“TIF”) district is reported in the government-wide statement of net position as a deferred outflow. This investment represents the City’s investment in economic development in Increment District No. 1. This investment is deferred and amortized over the life of the associated debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The governmental fund balance sheet includes unavailable revenue, which is reported as a deferred inflow of resources only under the modified accrual basis of accounting. The unavailable revenue from charges for service is deferred and recognized as an inflow of resources in the period that the amounts become available.

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.

Long-Term Debt - Accounting treatment of long-term debt varies depending on the source of repayment and where they are reported. All long-term debt resulting from cash transactions to be repaid from governmental and business-type resources are reported as liabilities in the government-wide financial statements. Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest are reported as expenditures. Long-term debt in the proprietary funds is accounted for in the fund financial statements the same as it is in the government-wide statements.

Fund Balances and Net Position

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

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

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

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

- a. Net Investment in Capital Assets: consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by outstanding balances of any debt or other borrowings that are attributable to the acquisition, construction, or improvement of these assets.
- b. Restricted Net Position: consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted Net Position: all other net position that do not meet the definitions of "net investment in capital assets" or "restricted".

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

Revenues and Expenditures/Expenses:

Program Revenues - Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purpose, and other internally dedicated resources are reported as general revenues rather than as program revenue.

Property Taxes - Property taxes attach as an enforceable lien on real property and are levied as of December 1st. At least one-half of the balance is due by December 31st, with the remainder due by the following March 31st.

Proprietary Funds Operating and Nonoperating Revenues and Expenses - 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 enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expense, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Use of Estimates - Certain estimates are made in the preparation of the financial statements, such as the allowance for doubtful accounts receivable, closure and post-closure costs of the City's landfill, and estimated lives for depreciation of capital assets. Estimates are based on management's best judgments and may vary actual results.

New Accounting Pronouncements: The City of Enid adopted several new accounting pronouncements during the year ended June 30, 2013 as follows:

- *Statement No. 60, Accounting and Financial Reporting for Service Concession Arrangements.*
GASB No. 60 addresses issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. This Statement applies only to those arrangements in which specific criteria determining whether a transferor has control over the facility are met. The City of Enid will only be required to adopt the provisions of GASB No. 60 if it enters into an SCA, and it currently has not entered into any such arrangements.
- *Statement No. 61, The Financial Reporting Entity: Omnibus - An Amendment of GASB Statements No. 14 and No. 34.*
GASB No. 61 modifies certain requirements for inclusion of component units in the financial reporting entity. This Statement also amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances. The adoption of GASB No. 61 did not have a significant impact on the City of Enid's financial statement presentation.
- *Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.*
GASB No. 62 is intended to enhance the usefulness of its Codification by incorporating guidance that previously could only be found in certain FASB and AICPA pronouncements. The adoption of GASB No. 62 did not have an impact on the City of Enid's financial position, or changes in financial position or cash flows, or its financial statement presentation.

- *Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.*

GASB No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. Adoption of this statement has required the City of Enid to make changes in its financial statement presentation, and required certain financial statement elements previously reported as assets or liabilities to be reported as deferred outflows or inflows of resources.

- *Statement No. 65, Items Previously Reported as Assets and Liabilities.*

GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify as deferred outflows of resources or deferred inflows of resources certain items that were previously reported as assets and liabilities and recognizes as outflows of resources (expenses) or inflows of resources (revenues) certain items that were previously recognized as assets and liabilities. The City of Enid has chosen to early adopt GASB Statement No. 65 in 2013. As a result of the adoption of GASB Statement No. 65, the City of Enid's net position as of July 1, 2012 decreased by \$963,747.

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

Fiscal Year Ended June 30, 2014

- *Statement No. 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees.*

GASB No. 70 requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The government is required to report the guaranteed obligation until it is legally released as an obligor, and when it is legally released, it should recognize revenue as a result of this release. The provisions of this Statement are effective for reporting periods beginning after June 15, 2013. Earlier application is encouraged. Except for certain disclosure requirements which may be applied prospectively, the provisions of this Statement are required to be applied retroactively. The City of Enid has not yet evaluated the effects that GASB No. 70 will have on its financial statements.

Fiscal Year Ended June 30, 2015

- *Statement No. 68, Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27.*

GASB No. 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and pension expenses. GASB No. 68 also details the recognition and disclosure requirements for employers with liabilities to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. Defined benefit pensions are further classified by GASB No. 68 as single employer plans, agent employer plans and cost-sharing plans, and recognition and disclosure requirements are addressed for each classification. GASB No. 68 was issued in June 2012, and the City of Enid has not yet determined the impact that implementation of GASB No. 68 will have on its net position. Although the City of Enid has not quantified the effects of statement No. 68, the City of Enid believes that it could have a significant impact on its net position.

- *Statement No. 69, Government Combinations and Disposals of Government Operations.*

GASB No. 69 was issued in January 2013 and establishes accounting and financial reporting standards related to government combinations and disposals of government operations. Government combinations can include a variety of transactions, including mergers, acquisitions and transfers of operations. A disposal of a government’s operations results in the removal of specific activities of a government. The requirements of this Statement are effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013, and should be applied on a prospective basis. Earlier application is encouraged. The City of Enid has not yet evaluated the effects that GASB No. 69 will have on its financial statements.

NOTE C--RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of Certain Differences between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position: The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and net position - governmental activities as reported in the government-wide statement of net position.

One element concerns capital asset reporting. The costs of capital assets are reported on the government-wide statement of net position, but not on the governmental fund financial statements since they are not financial resources. The detail of this difference is as follows:

Capital assets, net of accumulated depreciation	\$ 59,429,720
Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ 59,429,720</u>

Another element of that reconciliation explains that “long-term liabilities 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:

Accrued compensated absences - noncurrent	1,625,164
Judgments payable	117,607
Other post-employment benefits obligation	5,778
Accrued liability for workers' compensation claims incurred	<u>672,863</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ 2,421,412</u>

Another element of that reconciliation explains that “certain assets are not available to pay for current fund liabilities and therefore are deferred in the funds.” The details of this difference are as follows:

Taxes receivable	\$ 104,207
Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ 104,207</u>

Explanation of Certain Differences between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position: 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 position. The details of this difference are as follows:

Internal service funds	\$ 128,216
Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ 128,216</u>

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 position 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 expenditures, net	\$ 8,280,139
Transfer of assets to enterprise fund	(10,627,306)
Disposition, net	19,194
Depreciation expense	<u>(5,129,267)</u>
Net adjustment to decrease net changes in fund balance - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (7,457,240)</u>

Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities--

Continued: 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 position.

Debt issued or incurred:	
Judgments	\$ (47,821)
Principal payments:	
General obligation bonds	1,750,000
Judgments	137,243
Accrued interest - net change	<u>4,303</u>
Net adjustment to increase net changes in fund balance - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 1,843,725</u>

Another element of that reconciliation states that certain expenses in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported in the government funds:

Net change in accrued compensated absences	\$ (55,298)
Net change in other post-employment benefit obligation	(5,778)
Net change in liability for workers' compensation claims incurred	<u>(672,863)</u>
Net adjustment to decrease changes in fund balance - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (733,939)</u>

Another element of that reconciliation states that certain revenues in the Statement of Activities do not provide current financial resources and, therefore, are not reported as revenues in the government funds:

Deferred revenue	\$ 104,207
Net adjustment to increase changes in fund balance - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 104,207</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	\$ 52,921
Net adjustment to increase changes in fund balance - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 52,921</u>

NOTE D--DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

Cash Deposits with Financial Institutions: The City held the following deposits and investments at June 30, 2013:

Type	Fair Value	Maturities in Years		
		On Demand	Less than One	1-5
Demand deposits	\$ 3,475,518	\$ 3,475,518	\$ -	\$ -
Time deposits	20,945,000	-	2,389,000	18,556,000
Government money market accounts	21,560,750	21,560,750	-	-
Money market account	1,110,795	1,110,795	-	-
U.S. Agency Obligations	4,172,456	-	-	4,172,456
Total cash and cash equivalents and investments	<u>\$ 51,264,519</u>	<u>\$ 26,147,063</u>	<u>\$ 2,389,000</u>	<u>\$ 22,728,456</u>
Reconciliation to Statement of Net Position				
Cash and cash equivalents	\$ 2,338,546			
Investments	25,064,911			
Restricted cash and investments	23,861,062			
	<u>\$ 51,264,519</u>			

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, 2013, all of the City's bank balances were covered by Federal Depository Insurance or collateralized by securities pledged by the banks and held in safekeeping by another bank.

Investments: The City uses a pooled investment concept for all its funds, with the exception of restricted funds in connection with debt securities, to maximize its investment program. Investment income from this internal pooling is allocated to the respective funds based upon the sources of funds invested.

Interest Rate Risk - The City does 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's investment policy does not further limit its investment choices. As of June 30, 2013, 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 55% and 45% 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.

Custodial Credit Risk - For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the investments in certificates of deposit, the City has no custodial credit risk since all are covered by Federal Depository Insurance. The U.S. Treasury obligations are covered by the full faith and credit of the U.S. Government.

Restricted Cash and Investments: The amounts reported as restricted cash and investments included unexpended proceeds from Series 2008 general obligation bonds set aside as restricted in the capital improvements fund. The Enid Municipal Authority Series 1987A bonds, 2009 OWRB notes, 2010 OWRB notes and 2012A OWRB notes as well as the EEDA Tax Apportionment Bonds, Series 2005 include restricted cash and investments for sinking funds and reserve funds for repayment of principal and interest when due. Additional amounts have been restricted for refundable customer deposits.

The following is a summary of the restricted cash and investments balances as of June 30, 2013:

Cash and cash equivalents:	
Pooled cash restricted for capital projects	\$ 1,060,083
Pooled cash restricted for refundable deposits	927,216
Pooled cash restricted for other	<u>684,676</u>
	2,671,975
Investments:	
Investments restricted for debt service	9,447,349
Investments restricted for capital projects	<u>11,741,738</u>
	<u>21,189,087</u>
Total restricted cash and investments	<u>\$ 23,861,062</u>

Receivables: Receivables as of June 30, 2013, 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:

Investment	Receivables					
	Taxes	Accounts	Due from Other Governments	Accrued Interest	Allowance for Doubtful Accounts	Net Receivables
Fund:						
General	\$6,322,581	\$ 56,970	\$ 21,335	\$ -	\$ (6,947)	\$ 6,393,939
Police	28	-	21,076	-	-	21,104
Capital improvements fund	-	-	170,000	-	-	170,000
Nonmajor governmental funds	252,965	-	16,707	-	-	269,672
Enid Municipal Authority	-	3,627,150	-	6,580	(138,984)	3,494,746
EEDA	-	12	1,006,000	8	-	1,006,020
Enid Event Center and Convention Hall	184,502	-	-	-	-	184,502
Woodring Airport	-	93,037	47,602	-	(49,161)	91,478
Nonmajor enterprise funds	-	-	108,346	-	-	108,346
Internal service funds	-	-	-	32,176	-	32,176
Net total receivables	<u>\$6,760,076</u>	<u>\$3,777,169</u>	<u>\$ 1,391,066</u>	<u>\$ 38,764</u>	<u>\$ (195,092)</u>	<u>\$11,771,983</u>

No allowance for doubtful accounts has been provided on the receivable balances due from other governments as the City believes that they are fully collectible. Due from other governments balances represent grant fund expenditures made over grant receipts.

Capital Assets: Capital asset balances and activities for the year ended June 30, 2013, were as follows:

	Beginning Balance	Increases	Transfers	Decreases	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 2,208,662	\$ 95,470	\$ -	\$ -	\$ 2,304,132
Construction in progress	25,234,662	7,253,471	(17,995,054)	-	14,493,079
Total capital assets, not being depreciated	27,443,324	7,348,941	(17,995,054)	-	16,797,211
Capital assets, being depreciated:					
Buildings	11,835,486	-	173,899	-	12,009,385
Improvements	60,937,613	69,693	6,782,862	-	67,790,168
Equipment	5,989,858	210,909	412,983	(317,428)	6,296,322
Vehicles	8,434,259	803,092	(26,869)	(482,513)	8,727,969
Total capital assets, being depreciated	87,197,216	1,083,694	7,342,875	(799,941)	94,823,844
Less: accumulated depreciation for:					
Buildings	(5,107,146)	(502,963)	-	-	(5,610,109)
Improvements	(32,359,874)	(2,833,798)	-	-	(35,193,672)
Equipment	(4,226,914)	(934,889)	-	309,215	(4,852,588)
Vehicles	(6,057,628)	(857,617)	24,873	355,406	(6,534,966)
Total accumulated depreciation	(47,751,562)	(5,129,267)	24,873	664,621	(52,191,335)
Total capital assets, being depreciated, net	39,445,654	(4,045,573)	7,367,748	(135,320)	42,632,509
Governmental activities capital assets, net	\$ 66,888,978	\$ 3,303,368	\$ (10,627,306)	\$ (135,320)	\$ 59,429,720
	Beginning Balance	Increases	Transfers	Decreases	Ending Balance
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 6,735,229	\$ 2,033,692	\$ -	\$ -	\$ 8,768,921
Construction in progress	50,994,559	34,008,884	(787,080)	(56,662)	84,159,701
Total capital assets, not being depreciated	57,729,788	36,042,576	(787,080)	(56,662)	92,928,622
Capital assets, being depreciated:					
Buildings	7,684,400	-	910,512	-	8,594,912
Improvements	113,006,381	-	2,497,324	(79,830)	115,423,875
Equipment	14,528,029	480,298	7,953,892	(123,415)	22,838,804
Vehicles	5,824,918	71,679	77,531	(502,563)	5,471,565
Total capital assets, being depreciated	141,043,728	551,977	11,439,259	(705,808)	152,329,156
Less: accumulated depreciation for:					
Buildings	(3,067,819)	(458,352)	-	-	(3,526,171)
Improvements	(48,320,971)	(3,319,220)	-	79,830	(51,560,361)
Equipment	(8,936,899)	(845,058)	-	94,397	(9,687,560)
Vehicles	(4,003,493)	(608,352)	(24,873)	475,206	(4,161,512)
Total accumulated depreciation	(64,329,182)	(5,230,982)	(24,873)	649,433	(68,935,604)
Total capital assets, being depreciated, net	76,714,546	(4,679,005)	11,414,386	(56,375)	83,393,552
Total business-type activities capital assets, net	\$ 134,444,334	\$ 31,363,571	\$ 10,627,306	\$ (113,037)	\$ 176,322,174

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

Governmental activities:

General government	\$ 537,848
Public safety	1,046,144
Public works	3,160,533
Cultural and recreation	<u>384,742</u>
Total depreciation expense - governmental activities	<u>\$ 5,129,267</u>

Business-type activities:

Administration	\$ 143,563
Water	1,334,125
Wastewater/storm water	1,837,578
Sanitation	787,649
Airport	779,791
Golf	55,348
Economic development	21,787
Transportation	131,170
Conference center	<u>139,971</u>
Total depreciation expense - business-type activities	<u>\$ 5,230,982</u>

Deposits Subject to Refund: Utility customers are required to make a meter deposit which is refunded upon the customer's termination of services, or upon request after twelve months of on-time payments with no cut-offs, provided there are no outstanding bills. Monies are deposited into the pooled cash account, and a liability has been recorded to represent the amount of deposits due to customers. As of June 30, 2013, restricted cash and investments included \$927,216 available for refund of customer deposits, while the liability to customers was \$927,216.

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, 2013, \$18,333 was being held that was subject to refund.

Long-Term Liabilities: Long-term liabilities of the City of Enid as of June 30, 2013, are summarized as follows:

Governmental activities:

Compensated absences	\$ 1,625,164
Other long-term liabilities:	
Net OPEB obligation	5,778
Workers' compensation claims	<u>672,863</u>
	678,641

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>117,607</u>
Total long-term debt for governmental activities	<u>\$ 2,421,412</u>

Business-type activities:

Compensated absences	\$ 217,386
Other long-term liabilities:	
Workers' compensation claims	144,758
Landfill closure and post-closure and other long-term liabilities	<u>2,302,631</u>
	2,447,389

Revenue bonds:

\$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.	4,535,000
\$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.	2,475,428
Deferred interest accreted on \$3,230,000 Series 1987A Revenue Bonds	<u>15,443,493</u>
Total revenue bonds	22,453,921

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.	5,681,738
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Notes payable:

Series 1998A note payable to the Oklahoma Water Resources Board, dated September 14, 1998, in the amount of \$1,906,000 payable in semi-annual principal installments beginning February 15, 1999, with an administrative fee at the rate of 0.50% for improvements.	524,150
Series 2000A note payable to the Oklahoma Water Resources Board dated December 27, 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.	444,016
Series 2002A note payable to the Oklahoma Water Resources Board dated August 14, 2002, in the amount of \$1,080,000 payable in semi-annual principal installments beginning February 15, 2003, with an administrative fee of 0.50% for sewer improvements.	498,461
Series 2009 drinking water SRF promissory note to Oklahoma Water Resources Board, dated November 20, 2009, in the amount of \$8,345,000, payable in semi-annual payments over twenty-years (20), each March 15 and September 15, including interest at 2.73% and an administration fee of 0.50%, for the purchase and installation of automated metering infrastructure system.	4,633,829

Series 2010 clean water SRF promissory note to Oklahoma Water Resources Board/Oklahoma Development Finance Authority, dated May 25, 2011, in the amount of \$39,900,000, payable in semi-annual installments over twenty (20) years, each March 15 and September 15, including interest at 2.31% plus an administration fee of 0.50% , for the construction of a wastewater treatment plant. Total drawdowns of funds during the year were \$11,729,693.	33,681,938
Note payable in the amount of \$1,910,000 with interest in semi-annual installments and principal in 20 annual installments beginning August 1, 2000, with final installment due August 31, 2019, with interest at 1.54% for economic development. Note guaranteed by the U.S. Department of Housing and Urban Development.	1,006,000
Series 2012A sales tax revenue note to Oklahoma Water Resources Board, dated April 12, 2012, in the amount of \$2,830,000, payable in semi-annual installments over three (3) years, including interest at 1.09%, beginning September 1, 2012, to refinance the Series 2003B note payable to Oklahoma Water Resource Board.	2,040,000
Series 2012 drinking water SRF promissory note to Oklahoma Water Resources Board, dated April 10, 2012, in the amount of \$5,435,000, payable in semi-annual installments over nine (9) years including interest at 1.75%, for the construction of a new water tower. Total draw-downs of funds during the year were \$58,850.	1,917,031
Series 2012 Enid Municipal Authority Taxable Sales Tax Revenue Note to Bank of Oklahoma, dated January 3, 2012, payable in semi-annual installments, including interest at a variable rate of interest equal to the British Banker's Association LIBOR 6-month rate plus 212 basis points, initially 2.931%, to be reset each June 1 and December 1, to provide funds for construction of a new Events Center and renovation of Convention Hall.	10,000,000
Total notes payable	<u>54,745,425</u>
Capital lease obligations:	
John Deere Credit dated August 9, 2011 with 48 monthly payments of \$323 including interest at 5.75%, for the purchase of two turf gators.	4,067
John Deere Credit dated September 15, 2012 with 48 monthly payments of \$622 including interest at 4.3%, for the purchase of a zero turn mower.	22,074
PNC Equipment Finance dated October 10, 2012 with 48 monthly payments of \$551 including interest at 5.99%, for the purchase of equipment.	<u>19,472</u>
Total capital lease obligations	45,613
Total business-type activities	<u>85,591,472</u>
Total long-term debt	<u>\$ 88,012,884</u>

Advance Refunding - The Enid Municipal Authority issued \$2,830,000 sales tax revenue note, Series 2012A to the Oklahoma Water Resources Board with interest at 1.09% on April 12, 2012. The proceeds were used to advance refund its Series 2003 promissory note to Oklahoma Water Resources Board, which had an interest rate of 4.217%. The net proceeds of \$2,766,409 (after payment of \$58,700 issuance costs), along with reserve funds from the Series 2003 notes and interest on issuance were placed into an irrevocable trust with an escrow agent to provide funds for the future debt service payments on the refunded notes. As a result, the Series 2003 OWRB notes are considered defeased and the liability for those notes has been removed from the statement of net position.

The Enid Municipal Authority advance refunded the Series 2003 promissory note to reduce total debt service payments by \$1,001,195 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$173,007. At June 30, 2013, \$2,997,645 is considered defeased.

Pledged Revenues: The City has pledged the proceeds from a 1% sales tax, along with utility revenues, to repay the Series 1987A sales tax and utility revenue bond. The bond is payable through 2017 and was used to finance water infrastructure improvements. Of the total annual payment amount, 69.77% is taken from sales tax and the remaining 30.23% is taken from utility revenue. The total principal and interest payable for the remainder of the term of the notes is \$21,488,857. Pledge revenue received in the current year totaled \$10,085,870. Debt service payments of \$5,524,407 for the current year were 55% of pledged revenue.

The City has pledged the proceeds from a 0.25% sales tax to repay the Series 2003 sales tax revenue bond. The bond is payable through 2018 and was used to finance street and school infrastructure improvements. The total principal and interest payable for the remainder of the term of the notes is \$5,107,770. Pledged revenue received in the current year totaled \$1,339,214. Debt service payments of \$1,018,735 for the current year were 76% of pledged revenue.

Long-term liabilities transactions for the year ended June 30, 2013, and changes therein were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental activities:					
Compensated absences	\$ 1,569,865	\$ 55,299	\$ -	\$ 1,625,164	\$ -
Other long-term liabilities					
Net OPEB obligation	-	5,778	-	5,778	-
Workers' compensation claims	-	1,674,188	(1,001,325)	672,863	-
	-	1,679,966	(1,001,325)	678,641	-
General obligation bonds	1,750,000	-	(1,750,000)	-	-
Judgments	207,029	47,821	(137,243)	117,607	70,588
Total governmental activities	3,526,894	1,783,086	(2,888,568)	2,421,412	70,588
Business-type activities:					
Compensated absences	240,011	-	(22,625)	217,386	-
Other long-term liabilities					
Workers' compensation claims	-	428,037	(283,279)	144,758	-
Landfill closure and post-closure and other long-term liabilities	1,769,024	533,607	-	2,302,631	-
	1,769,024	961,644	(283,279)	2,447,389	-
Revenue bonds:					
Series 2003	5,335,000	-	(800,000)	4,535,000	835,000
Series 1987A	3,230,000	-	(754,572)	2,475,428	684,375
	8,565,000	-	(1,554,572)	7,010,428	1,519,375
Deferred interest on 1987A bonds	18,521,169	1,716,516	(4,794,192)	15,443,493	1,415,219
Notes payable:					
OWRB 1998A	619,450	-	(95,300)	524,150	95,300
OWRB 2000A	503,218	-	(59,202)	444,016	59,202
OWRB 2002A	553,845	-	(55,384)	498,461	55,385
OWRB 2009 DWSRF	4,827,349	-	(193,520)	4,633,829	199,908
OWRB/ODFA 2010 CWSRF	32,545,123	2,606,815	(1,470,000)	33,681,938	1,525,000
OWRB 2012 DWSRF	58,850	2,358,181	(500,000)	1,917,031	1,015,000
OWRB 2012A sales tax note	2,830,000	-	(790,000)	2,040,000	1,015,000
OWRB EMA taxable sales tax note	-	10,000,000	-	10,000,000	1,095,833
HUD loan	1,112,000	-	(106,000)	1,006,000	115,000
	43,049,835	14,964,996	(3,269,406)	54,745,425	5,175,628
Tax apportionment bonds:					
Tax Apportionment Bonds 2005	6,446,278	-	(764,540)	5,681,738	810,414
Capital lease obligations	7,601	51,071	(13,059)	45,613	15,986
Total business-type activities	78,598,918	17,694,227	(10,701,673)	85,591,472	8,936,622
Total long-term debt	<u>\$ 82,125,812</u>	<u>\$ 19,477,313</u>	<u>\$ (13,590,241)</u>	<u>\$ 88,012,884</u>	<u>\$ 9,007,210</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	
	Principal	Interest
2014	\$ 70,588	\$ 6,587
2015	31,078	-
2016	15,941	-
2017	-	-
2018	-	-
Totals	<u>\$ 117,607</u>	<u>\$ 6,587</u>

Year Ending June 30	Business-type Activities			
	Tax Apportionment Bonds		Revenue Bonds	
	Principal	Interest	Principal	Interest
2014	\$ 810,414	\$ 340,904	\$ 1,519,375	\$ 5,023,127
2015	859,053	292,265	1,554,375	4,989,614
2016	910,596	240,722	1,589,375	4,951,655
2017	965,232	186,086	1,367,303	1,011,687
2018	1,023,146	128,172	980,000	40,180
2019 - 2023	1,113,296	68,496	-	-
Totals	<u>\$ 5,681,737</u>	<u>\$ 1,256,645</u>	<u>\$ 7,010,428</u>	<u>\$ 16,016,263</u>

Year Ending June 30	Business-type Activities			
	Capital Lease Obligations		Notes Payable	
	Principal	Interest	Principal	Interest
2014	\$ 15,986	\$ 1,969	\$ 5,175,628	\$ 1,431,293
2015	13,203	1,199	5,153,093	1,326,485
2016	13,549	527	3,306,343	1,226,989
2017	2,875	15	3,399,577	1,136,041
2018	-	-	3,490,687	1,044,597
2019 - 2023	-	-	15,732,364	3,835,712
2024 - 2028	-	-	12,402,114	1,991,415
2029 - 2033	-	-	6,085,619	196,384
Totals	<u>\$ 45,613</u>	<u>\$ 3,710</u>	<u>\$ 54,745,425</u>	<u>\$ 12,188,916</u>

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	\$ 1,625,164
Business-type activities	<u>217,386</u>
Total	<u>\$ 1,842,550</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, 2013, approximately 169,000 hours of accrued sick leave time is available for use by employees.

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

Interfund Receivables, Payables, and Transfers: The composition of interfund balances as of June 30, 2013, is as follows:

Due To/From Other Funds:

Receivable Fund	Payable Fund	Amount	Nature of Interfund Balances
Police fund	General Fund	\$ 200,926	Restricted sales tax payable
Fire fund	General Fund	200,926	Restricted sales tax payable
Enid municipal authority	General Fund	1,920,236	Restricted sales tax payable
General fund	Internal service fund	5,544,184	Claim on pooled cash
Special projects fund	Internal service fund	26,718	Claim on pooled cash
Health care fund	Internal service fund	2,191,340	Claim on pooled cash
Park board fund	Internal service fund	117,034	Claim on pooled cash
Street and alley fund	Internal service fund	310,102	Claim on pooled cash
Enid economic development fund	Internal service fund	1,752,951	Claim on pooled cash
Vance development authority	Internal service fund	164,125	Claim on pooled cash
Capital improvement fund	Internal service fund	990,890	Claim on pooled cash
Street improvement fund	Internal service fund	367,182	Claim on pooled cash
Sanitary sewer fund	Internal service fund	71	Claim on pooled cash
Storm water fund	Internal service fund	3,085,801	Claim on pooled cash
Water capital improvements fund	Internal service fund	1,383,328	Claim on pooled cash
Capital projects escrow	Internal service fund	871,010	Claim on pooled cash
911 fund	Internal service fund	139,408	Claim on pooled cash
Police fund	Internal service fund	4,145,016	Claim on pooled cash
Community intervention center	Internal service fund	88,410	Claim on pooled cash
Enid event center and convention hall	Internal service fund	753,057	Claim on pooled cash
Fire fund	Internal service fund	2,524,634	Claim on pooled cash
CDBG fund	Internal service fund	120,622	Claim on pooled cash
Sinking fund	Internal service fund	126,517	Claim on pooled cash
Cleet fund	Internal service fund	11,258	Claim on pooled cash
Paving assessment fund	Internal service fund	1,977	Claim on pooled cash
Water assessment fund	Internal service fund	6,986	Claim on pooled cash
Internal service fund	Woodring airport fund	178,278	Payable to pooled cash
Internal service fund	Meadowlake golf course fund	258,264	Payable to pooled cash
Internal service fund	Enid municipal authority	10,617,929	Payable to pooled cash
Internal service fund	Enid public transportation authority	139,949	Payable to pooled cash
Totals		<u>\$ 38,239,129</u>	

Reconciliation to Statement of Net Position:	Claim on Pooled Cash	Due From Other Funds	Due To Other Funds	Net Internal Balances
Governmental funds	\$ 33,235,650	\$ 401,852	\$ 27,044,709	\$ 6,592,793
Proprietary funds	2,670,133	1,920,236	11,194,420	(6,604,051)
Total	<u>\$ 35,905,783</u>	<u>\$ 2,322,088</u>	<u>\$ 38,239,129</u>	<u>\$ (11,258)</u>

Interfund Transfers:

	Transfers Out						Totals
	General Fund	Police Fund	Fire Fund	Sanitary Sewer Fund	Nonmajor Governmental Funds	Enid Municipal Authority	
Transfer in:							
General fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,500,000	\$ 7,500,000
Police fund	8,754,160	-	-	-	-	-	8,754,160
Fire fund	7,642,921	-	-	-	-	-	7,642,921
Capital improvements	-	-	-	-	-	21,433,149	21,433,149
Water capital improvements	-	-	-	-	-	7,461,683	7,461,683
Nonmajor governmental	65,000	175,000	50,000	-	125,000	2,073,787	2,488,787
Enid Municipal Authority	11,126,376	-	-	1,488,722	-	-	12,615,098
EEDA	750,000	-	-	-	-	398,226	1,148,226
Enid Event Center and Convention Hall	-	-	-	-	-	1,178,381	1,178,381
Nonmajor proprietary	375,000	-	-	-	-	-	375,000
Totals	<u>\$ 28,713,457</u>	<u>\$ 175,000</u>	<u>\$ 50,000</u>	<u>\$ 1,488,722</u>	<u>\$ 125,000</u>	<u>\$ 40,045,226</u>	<u>\$ 70,597,405</u>

In addition to the above transfers, \$10,627,306 was capitalized as governmental activities at June 30, 2012 was contributed to the Enid Municipal Authority.

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 \$2,494,320 reported as other noncurrent liabilities for the accrued landfill closure cost liability as of June 30, 2013, represents the cumulative amount of such cost reported to date based on the use of approximately 59 % of the estimated capacity of the landfill. The Enid Municipal Authority will recognize the remaining estimated costs of closure and post-closure care in the amount of \$1,733,341 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 2013.

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, 2013, are as follows:

Estimated closure costs	\$ 3,119,403
Estimated post-closure costs	<u>1,108,258</u>
Total estimated costs	<u>\$ 4,227,661</u>
Accrued closure costs	<u>\$ 2,494,320</u>
Current estimated costs charged to expense	<u>\$ 533,607</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, general obligation bond rating of Aa3 from Moody's Investor's Service, and other submitted information serves as evidence of the City's ability to pay for the closure and post-closure care costs when the landfill is actually closed.

NOTE E--REVENUES, EXPENDITURES AND EXPENSES

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

- 2% remains in the General Fund to fund City operations.
- 1% is transferred to the Enid Municipal Authority to pay for capital infrastructure and water bond debt.
- 1/4% is transferred to the Police and Fire Fund to pay for capital items.
- 1/4% is transferred to the Enid Municipal Authority to pay for the 2003 School Bond debt.

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

NOTE F--OTHER INFORMATION

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

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

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

Claims Liability Analysis

	Balance at Beginning of Year	Current Year Claims and Changes in Estimates	Claim Payments	Balance at End of Year
Medical claims	\$ 547,384	\$ 3,885,666	\$ 4,122,801	\$ 310,249
Workers' compensation claims	\$ -	\$ 2,102,224	\$ 1,284,604	\$ 817,620

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.

The City is under a consent order from the Oklahoma Department of Environmental Quality (DEQ) for violation of its wastewater treatment plant permit. DEQ notified the City on May 29, 2012 of its consent order which contains a schedule of tasks for completing construction of wastewater treatment plant upgrades, submitting a compliance assurance plan for copper limits, and attaining compliance with the limits of the OPDES permit, and also assesses administrative penalties as follows:

Action	Compliance Date	Status
A. Submit a compliance assurance plan to the DEQ to show steps taken to comply with the copper limit in OPDES Permit No.	July 1, 2012	Completed
B. Complete construction of the approved WWTP in accordance with DEQ issued Construction Permit No. ST000024090627.	November 1, 2012	Completed
C. Attain three (3) consecutive months of compliance with the OPDES Permit during the monitoring period for fecal coliform.	October 1, 2013	Pending

DEQ assessed a total penalty of \$21,800 for previous violations of the permit. The City was required to pay \$5,450 of the assessed penalty within 90 days of the consent order. The remaining penalty assessment will be deferred pending compliance with the above tasks. If the tasks are completed by their respective due dates then DEQ will waive the remaining portion of the assessed penalties. If the City does not comply with the tasks, DEQ can assess additional penalties for each day of non-compliance, as follows:

Task	Penalty per Day
A	\$ 140
B	280
C	280

Employee Retirement Systems and Pension Plans

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

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

Oklahoma Police and Firefighters' Pension and Retirement System

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

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

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

For the year ended June 30, 2013, the State of Oklahoma contributed approximately \$529,000 to the Oklahoma Police Pension and Retirement System on behalf of the City. The State of Oklahoma also contributed approximately \$1,491,000 on behalf of the City to the Oklahoma Firefighters' Pension and Retirement System. These amounts have been recorded as both a revenue and expenditure of the governmental activities and General Fund in the financial statements.

Trend Information: City contributions required by State statute were as follows:

Fiscal Year	Oklahoma Police Pension and Retirement System		Oklahoma Firefighters' Pension and Retirement System	
	Required Contribution	Percentage Contributed	Required Contribution	Percentage Contributed
2011	583,006	100%	602,342	100%
2012	577,555	100%	612,735	100%
2013	561,758	100%	627,580	100%

Trend information showing the progress of the Systems in accumulating sufficient assets to pay benefits when due is presented in their respective separate annual financial reports.

Related Party Investments: As of June 30, 2013 the Systems held no related-party investments of the City of Enid or of its related entities.

Employee Retirement System of Enid, Oklahoma

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

The Plan does not issue a stand-alone financial report.

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

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

Method Used to Value Investments: The Plan's investments are reported at fair value. Short term investment are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price. Investments that do not have an established market are reported at estimated fair value.

At January 1, 2013, the Actuarial Accrued Liability for the Plan was \$22,306,634 and the market value of assets in the Plan was \$18,480,797. The actuarial assumptions included a 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. The annual required contribution for the current year was determined as part of the January 1, 2013, actuarial valuation using the entry age normal actuarial cost method.

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. At January 1, 2013, there were 428 plan participants. Administrative costs are financed through investment earnings.

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

Benefits 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 compensation for each year (up to 35 years) that the employee participates in the plan plus .65 % of average basic earnings in excess of \$6,600 for each year (up to 35 years) the employee participates in the plan. After 35 years of service, the benefit is 1.2% of average compensation. Normal retirement is at age 65, but full accrued benefits are provided at age 62 with 15 years of service, or under the Rule of 85.

An employee is eligible for an early retirement benefit once he has attained age 55 and has completed five years of service. The amount of benefit is determined based on normal retirement computation; then reduced ½ of 1 % 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.

Trend Information

Fiscal Year	Oklahoma Employee Retirement System of Enid, Oklahoma	
	Required Contribution	Percentage Contributed
2011	582,575	100%
2012	575,538	100%
2013	618,202	100%

Related Party Investments: As of June 30, 2013 the Systems held no related-party investments of the City of Enid or of its related entities.

401(k) Supplement Plan

The City of Enid also maintains the City of Enid, Oklahoma 401(k) Supplement Plan (the Supplement), a defined contribution pension plan for other than employees covered under the OPPRS or OFPRS plans. Employees are eligible to participate in the Supplement upon employment, provided they are at least 21 years of age, with vesting in employer contributions upon contribution by the City. Participants may elect to make voluntary contributions through regular payroll deductions up to allowable IRS limits, with the City making matching contributions to those participants’ accounts at a rate of 100% of the first 10% of the employees’ compensation that is contributed by the employee. Contributions to the 401(k) Plan, plus earnings, constitute retirement benefits from this plan.

Fiscal Year	City of Enid 401(k) Plan	
	Required Contribution	Percentage Contributed
2011	303,713	100%
2012	485,354	100%
2013	521,071	100%

ICMA Plan

The City of Enid 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.

Post-Employment Benefits Other Than Retirement

Plan Description: The City of Enid provides postemployment healthcare benefits (OPEB) for retired employees and their dependents through the City of Enid Postretirement Medical Plan (the “Plan”), a single-employer defined benefit healthcare plan. The benefits, coverage levels, employee contributions, and employer contributions are governed by the City of Enid and can be amended by the City of Enid through its personnel manual and union contracts. The Plan issues a separate report that includes required supplementary information and trend information. The report can be obtained from Human Resources at 401 W. Owen K. Garriott Road, Enid, Oklahoma 73701.

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

The retired employee who participates in the health insurance plan shall pay the full cost of said health insurance plan at the rates and terms established by the City of Enid. The City of Enid 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, 2013, retirees and dependents paid the full cost of the coverage.

Membership: At July 1, 2012, membership consisted of:

Retirees and beneficiaries currently receiving benefits	30
Terminated employees entitled to benefits but not yet receiving them	-
Active employees	367
Total participants	<u>397</u>

Annual OPEB cost and Net OPEB obligation: The City of Enid 's annual OPEB cost, the percentage of annual OPEB contributed to the plan, and the net OPEB obligation for the year ended June 30, 2013 is as follows:

Annual OPEB Cost	Employer Contributions	Percentage of OPEB Cost Contributed	Net OPEB Obligation
\$ 162,500	\$ -	0.0%	5,778

The net OPEB obligation (NOO) as of June 30, 2013, was calculated as followed:

Annual required contribution (ARC)	\$ 162,500
Interest on net OPEB obligation	-
Adjustement to annual required contribution	-
Annual OPEB cost	162,500
Contributions made	-
OPEB benefits paid	(156,722)
Net OPEB Obligation, Beginning of Year	-
Net OPEB Obligation, End of Year	\$ 5,778

Funded Status and Funding Progress: The funded status of the plan as of July 1, 2012, was as follows:

Actuarial accrued liability (AAL)	\$ 2,055,358
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	\$ 2,055,358
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (annual payroll of active employees covered by the plan)	17,414,814
UAAL as a percentage of covered payroll	11.80%

Actuarial valuations for OPEB plan involves estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funding status of the plan and the ARCs of the employer are subject to continual revision as actual results are compared with past experience and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the noted to the financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the type of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The ARC for the plan’s initial year was determined as part of the July 1, 2012 actuarial valuation using the following methods and assumption:

Actuarial cost method	Projected Unit Cost Method
Amortization method	level percentage of payroll, open
Remaining amortization period	30 years
Discount rate	4.00%
Healthcare cost trend rate	6%, reduced to 5% for 2017 and later

Property Taxes: Property taxes levied by the City of Enid are billed and collected by the county treasurer’s office and remitted to the City of Enid in the month following the collection. Property taxes are levied annually in November and are due in equal installments on December 31 and March 31. Property taxes unpaid for the fiscal year are attached by an enforceable lien on property in the following November. The City of Enid recognizes the tax in the year it is levied. For the years ended June 30, 2013 and 2012, the City of Enid’s net assessed valuation of taxable real and personal property aggregated \$315,385,563 and \$298,467,181 while the property taxes levied per \$1,000 of net assessed valuation were \$4.96 and \$5.93, respectively.

Construction and Other Significant Commitments:

Construction Commitments - The City of Enid has active construction projects as of June 30, 2013. The projects include construction of new playground equipment, walking trails, parking lots, stormwater detention, two new water towers, the new water reclamation facility, and local streets. The City’s commitments with contractors as of June 30, 2013 totaled \$10,893,871.

Encumbrances - As discussed in Note B, Budgetary information, encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control.

At year end the amount of encumbrances were as follows:

General fund	\$	669,710
Police fund		203,077
Fire fund		57,764
Capital improvements fund		4,979,992
Water capital improvements fund		3,549,842
Sanitary sewer improvements		886,409
Nonmajor governmental funds		1,550,618
Enid Municipal Authority		539,707
Enid Event Center and Conference Hall		445,442
Woodring airport		124,635
Nonmajor enterprise funds		142,797
Totals	\$	<u>13,149,993</u>

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

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

Northstar Tax Increment Financing District: The City Council and the Enid Economic Development Authority created and established the Northstar Tax Increment Financing (TIF) District No. 6 on January 15, 2013. The economic development project plan provides for the prospective industrial development project by Northstar Agri Industries within the City of Enid. The purpose of the TIF is to promote economic development by facilitating the payment of certain infrastructure costs necessary to make the site location viable for industrial development. The public infrastructure improvements will not exceed \$12,170,000 and the private infrastructure improvements will not exceed \$15,000,000. These funds would be provided through debt financing with a note issued from the Enid Economic Development Authority and repaid with the incremental property taxes generated by the project. The project is currently scheduled to begin construction in the fall of 2014.

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION PLAN FUNDING PROGRESS

CITY OF ENID, OKLAHOMA

June 30, 2013

Oklahoma Employee Retirement System of Enid, Oklahoma

Accrual Valuation Date	Actuarial Value of Assets	(1) Actuarial Accrued Liability	Unfunded (Overfunded) Actuarial Accrued Liability (UAAL)	Percentage Funded	(2) Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
1/1/2013	\$ 18,480,797	\$ 22,306,634	\$ 3,825,837	82.85%	\$ 9,602,401	39.84%
1/1/2012	16,057,451	20,861,442	4,803,991	76.97%	9,149,710	52.50%
1/1/2011	16,761,805	18,587,756	1,825,951	90.18%	9,067,296	20.14%
1/1/2010	14,647,106	17,121,392	2,474,286	85.55%	8,358,315	29.60%
1/1/2009	11,749,202	15,838,684	4,089,482	74.18%	7,069,372	57.85%
1/1/2008	16,696,899	14,517,296	(2,179,603)	115.01%	6,034,485	-36.12%
1/1/2007	15,895,350	13,880,520	(2,014,830)	114.52%	5,825,779	-34.58%
1/1/2006	14,567,091	13,080,824	(1,486,267)	111.36%	5,292,363	-28.08%
1/1/2005	14,202,306	12,491,387	(1,710,919)	113.70%	5,089,488	-33.62%
1/1/2004	13,262,967	12,194,806	(1,068,161)	108.76%	5,605,584	-19.06%
1/1/2003	11,371,386	12,016,944	645,558	94.63%	5,944,203	10.86%

- 1) Actuarial accrued liability determined under the entry age normal cost method.
- 2) Covered payroll is the total annualized rate of pay as of the valuation dated based on actual pay for the preceding year and not the actual covered payroll during the fiscal year.

See independent auditors' report as it relates to required supplementary information.

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF OPEB FUNDING PROGRESS

CITY OF ENID, OKLAHOMA

June 30, 2013

Other Postemployment Benefits (OPEB)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Unit Credit	Unfunded AAL (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2012	\$ -	\$ 2,055,358	\$ 2,055,358	0.00%	\$ 17,414,814	11.80%

The City implemented GASB Statement No. 45 for the fiscal year ending June 30, 2013.

See independent auditors' report as it relates to required supplementary information.

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS
(BUDGETARY BASIS)

CITY OF ENID, OKLAHOMA

Year Ended June 30, 2013

	General Fund			Variance with Final Budget Positive (Negative)
	Budget		Actual	
	Original	Final		
BEGINNING BUDGETARY FUND BALANCE	\$ 4,448,490	\$ 1,335,999	\$ 1,956,496	\$ 620,497
RESOURCES				
Taxes	32,370,000	35,913,900	36,036,144	122,244
Licenses and permits	281,250	281,250	243,096	(38,154)
Intergovernmental	117,500	117,500	188,699	71,199
Fines and forfeitures	1,166,000	1,166,000	1,162,063	(3,937)
Charges for services	98,350	98,350	112,678	14,328
Miscellaneous	268,000	268,000	244,551	(23,449)
Interest	85,000	85,000	81,220	(3,780)
Operating transfers	7,500,000	7,500,000	7,500,000	-
TOTAL RESOURCES	41,886,100	45,430,000	45,568,452	138,452
Amounts available for appropriation	46,334,590	46,765,999	47,524,948	758,949
CHARGES TO APPROPRIATIONS				
Administration	864,705	985,705	965,730	19,975
Human resources	541,495	520,495	447,857	72,638
Legal	994,445	999,445	997,376	2,069
Safety	189,775	184,775	164,868	19,907
General government	982,765	1,050,765	1,050,422	343
Accounting	595,680	610,680	574,264	36,416
Records and receipts	300,480	305,914	283,285	22,629
Warehouse	130,600	207,600	206,852	748
Information technology	655,525	666,333	600,441	65,891
Community development	344,410	344,810	303,865	40,945
Code enforcement	750,910	694,910	652,641	42,269
Engineering	1,357,095	1,357,570	1,123,845	233,725
Management services	368,085	408,085	407,782	303
Fleet management	578,500	538,500	537,378	1,123
Park/stormwater	1,488,280	1,585,280	1,584,375	905
Street and traffic	2,111,105	2,180,650	2,180,503	147
Maintenance and technical services	782,955	862,835	862,479	356
Library	944,150	991,150	990,568	582
Capital outlay	878,900	1,499,928	924,979	574,950
Operating transfers	26,990,000	29,869,767	28,630,542	1,239,225
TOTAL CHARGES TO APPROPRIATIONS	41,849,860	45,865,196	43,490,051	2,375,145
ENDING BUDGETARY FUND BALANCE	\$ 4,484,730	\$ 900,803	\$ 4,034,897	\$ 3,134,094

See disclaimer in accompanying Independent Auditors' Report.

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS
(BUDGETARY BASIS)--Continued

CITY OF ENID, OKLAHOMA

Year Ended June 30, 2013

	Police Fund			Variance with Final Budget Positive (Negative)
	Budget		Actual	
	Original	Final		
BEGINNING BUDGETARY FUND BALANCE	\$ 2,217,682	\$ 2,136,024	\$ 3,428,226	\$ 1,292,202
RESOURCES				
Intergovernmental	152,085	152,085	142,167	(9,918)
Charges for services	59,500	59,500	66,358	6,858
Miscellaneous	25,000	25,000	19,409	(5,591)
Interest	90,000	90,000	56,769	(33,231)
Operating transfers	8,525,000	8,525,000	8,672,182	\$ 147,182
TOTAL RESOURCES	<u>8,851,585</u>	<u>8,851,585</u>	<u>8,956,886</u>	<u>\$ 105,301</u>
Amounts available for appropriation	11,069,267	10,987,609	12,385,112	1,397,503
CHARGES TO APPROPRIATIONS				
Police	8,332,940	8,345,199	7,572,997	772,203
Capital outlay	473,700	518,771	314,019	204,752
Operating transfers	175,000	175,000	175,000	-
TOTAL CHARGES TO APPROPRIATIONS	<u>8,981,640</u>	<u>9,038,970</u>	<u>8,062,016</u>	<u>976,955</u>
ENDING BUDGETARY FUND BALANCE	<u>\$ 2,087,627</u>	<u>\$ 1,948,639</u>	<u>\$ 4,323,096</u>	<u>\$ 2,374,457</u>

See disclaimer in accompanying Independent Auditors' Report.

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS
(BUDGETARY BASIS)--Continued

CITY OF ENID, OKLAHOMA

Year Ended June 30, 2013

	Fire Fund			Variance with Final Budget Positive (Negative)
	Budget		Actual	
	Original	Final		
BEGINNING BUDGETARY FUND BALANCE	\$ 1,284,177	\$ 1,169,644	\$ 2,242,002	\$ 1,072,358
RESOURCES				
Intergovernmental	464,705	464,705	228,244	(236,462)
Miscellaneous	5,000	5,000	64,368	59,368
Interest	50,000	50,000	33,144	(16,856)
Operating transfers	7,425,000	7,425,000	7,572,182	147,182
TOTAL RESOURCES	<u>7,944,705</u>	<u>7,944,705</u>	<u>7,897,937</u>	<u>(46,768)</u>
Amounts available for appropriation	9,228,882	9,114,349	10,139,939	1,025,590
CHARGES TO APPROPRIATIONS				
Fire	7,790,342	7,790,342	7,223,338	567,003
Capital outlay	277,452	277,452	163,927	113,525
Operating transfers	50,000	50,000	50,000	-
TOTAL CHARGES TO APPROPRIATIONS	<u>8,117,794</u>	<u>8,117,794</u>	<u>7,437,265</u>	<u>680,528</u>
ENDING BUDGETARY FUND BALANCE	<u>\$ 1,111,088</u>	<u>\$ 996,555</u>	<u>\$ 2,702,674</u>	<u>\$ 1,706,119</u>

See disclaimer in accompanying Independent Auditors' Report.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION -
BUDGETARY COMPARISON SCHEDULE

CITY OF ENID, OKLAHOMA

June 30, 2013

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

RECONCILIATION OF BUDGETARY COMPARISON SCHEDULE ON A BUDGETARY BASIS
WITH FUND FINANCIAL STATEMENTS ON A GAAP BASIS

CITY OF ENID, OKLAHOMA

Year Ended June 30, 2013

	<u>General Fund</u>	<u>Police Fund</u>	<u>Fire Fund</u>
<u>Budgetary funds</u>			
<u>Financial statement major funds</u>			
REVENUES			
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules	\$ 38,068,452	\$ 284,704	\$ 325,755
Adjustments:			
<i>Budgetary</i> general fund revenues are reported on the cash basis, rather than the modified accrual basis	196,478	(11,292)	(4,763)
On-behalf pension payments made by the State	<u>-</u>	<u>529,366</u>	<u>1,491,228</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances—governmental funds	<u>\$ 38,264,930</u>	<u>\$ 802,778</u>	<u>\$ 1,812,220</u>
EXPENDITURES			
Actual amounts (budgetary basis) "expenditures" from the budgetary comparison schedules	\$ 14,859,509	\$ 7,887,016	\$ 7,387,265
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	(57,518)	(113,502)	7,913
On-behalf pension payments made by the State	<u>-</u>	<u>529,366</u>	<u>1,491,228</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	<u>\$ 14,801,991</u>	<u>\$ 8,302,880</u>	<u>\$ 8,886,406</u>
OTHER FINANCING SOURCES (USES)			
Actual amounts (budgetary basis) "other financing sources and uses" from the budgetary comparison schedules	\$ (21,130,542)	\$ 8,497,182	\$ 7,522,182
Adjustments:			
Budgetary amounts are reported on the cash basis, rather than modified accrual basis:			
Tax revenues accrued and transferred to other funds	<u>(82,915)</u>	<u>81,978</u>	<u>70,739</u>
Total other financing sources as reported on the statement of revenues, expenditures, and changes in fund balances—governmental funds	<u>\$ (21,213,457)</u>	<u>\$ 8,579,160</u>	<u>\$ 7,592,921</u>

See disclaimer in accompanying Independent Auditors' Report.

OTHER SUPPLEMENTARY INFORMATION

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

CITY OF ENID, OKLAHOMA

June 30, 2013

	Special Revenue								
	Special Projects Fund	Water Assessment	Street and Alley Fund	Community Intervention Center	Health Care Fund	CDBG Fund	Paving Assessment	Park Board	911 Fund
ASSETS									
Cash and cash equivalents	\$ 332,668	\$ -	\$ -	\$ -	\$ -	\$ 128,430	\$ -	\$ -	\$ -
Claim on pooled cash	26,718	6,986	310,102	88,410	2,191,340	120,622	1,977	117,034	139,408
Receivables:									
Taxes	-	-	81,362	-	-	-	-	-	165,680
Due from other governments	-	-	-	14,260	-	2,447	-	-	-
Prepaid expense	-	-	-	-	-	-	-	-	10,344
TOTAL ASSETS	\$ 359,386	\$ 6,986	\$ 391,464	\$ 102,670	\$ 2,191,340	\$ 251,499	\$ 1,977	\$ 117,034	\$ 315,432
LIABILITIES									
Accounts payable and accrued liabilities	\$ -	\$ 6,665	\$ -	\$ -	\$ 310,249	\$ 21,598	\$ 1,887	\$ -	\$ 180
Deferred revenue	16,287	-	-	-	-	127,930	-	-	-
TOTAL LIABILITIES	16,287	6,665	-	-	310,249	149,528	1,887	-	180
FUND BALANCES									
Nonspendable:									
Restricted:									
Contractual	343,099	-	391,464	102,670	-	101,971	-	-	-
Laws and regulations	-	-	-	-	-	-	-	-	315,252
Enabling legislation	-	-	-	-	-	-	-	-	-
Committed:									
Public works	-	321	-	-	-	-	90	-	-
Capital improvements	-	-	-	-	-	-	-	-	-
Assigned:									
Health	-	-	-	-	1,881,091	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	117,034	-
Unassigned	-	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	343,099	321	391,464	102,670	1,881,091	101,971	90	117,034	315,252
TOTAL LIABILITIES AND FUND BALANCES	\$ 359,386	\$ 6,986	\$ 391,464	\$ 102,670	\$ 2,191,340	\$ 251,499	\$ 1,977	\$ 117,034	\$ 315,432

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS--Continued

CITY OF ENID, OKLAHOMA

June 30, 2013

	Capital Projects			Debt Service	Total Nonmajor Governmental Funds
	Street Improvement Fund	Capital Projects Escrow	Storm Water Fund	Sinking Fund	
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 461,098
Claim on pooled cash	367,182	871,010	3,085,801	126,517	7,453,107
Receivables:					
Taxes	-	-	-	5,923	252,965
Due from other governments	-	-	-	-	16,707
Prepaid expense	-	-	-	-	10,344
TOTAL ASSETS	<u>\$ 367,182</u>	<u>\$ 871,010</u>	<u>\$ 3,085,801</u>	<u>\$ 132,440</u>	<u>\$ 8,194,221</u>
LIABILITIES					
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ 340,579
Deferred revenue	-	-	-	-	144,217
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>484,796</u>
FUND BALANCES					
Nonspendable:					
Restricted:					
Contractual	291,702	-	955,016	-	2,185,922
Laws and regulations	-	-	-	-	315,252
Enabling legislation	75,480	-	-	132,440	207,920
Committed:					
Public works	-	-	-	-	411
Capital improvements	-	871,010	2,130,785	-	3,001,795
Assigned:					
Health	-	-	-	-	1,881,091
Culture and recreation	-	-	-	-	117,034
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	<u>367,182</u>	<u>871,010</u>	<u>3,085,801</u>	<u>132,440</u>	<u>7,709,425</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 367,182</u>	<u>\$ 871,010</u>	<u>\$ 3,085,801</u>	<u>\$ 132,440</u>	<u>\$ 8,194,221</u>

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS

CITY OF ENID, OKLAHOMA

Year Ended June 30, 2013

	Special Revenue								
	Special Projects Fund	Water Assessment	Street and Alley Fund	Community Intervention Center	Health Care Fund	CDBG Fund	Paving Assessment	Park Board	911 Fund
REVENUES									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	3,458,321	-	-	11,188	-
Intergovernmental	28,228	-	441,766	170,924	-	412,773	-	-	823,393
Other	85,137	-	136	-	617	700	-	1,685	36
Interest	1,319	110	13,317	2,074	42,934	-	30	1,887	3,586
TOTAL REVENUES	114,684	110	455,219	172,998	3,501,872	413,473	30	14,760	827,015
EXPENDITURES									
Current:									
General government	55,478	-	-	-	4,166,958	-	-	-	-
Public safety	69,018	-	-	-	-	-	-	-	976,694
Public works	-	-	80,142	253,764	-	423,013	-	-	-
Culture and recreation	-	-	-	-	-	-	-	11,993	-
Debt service:									
Principal	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	1,256,526	-	-	-	-	-	-
TOTAL EXPENDITURES	124,496	-	1,336,668	253,764	4,166,958	423,013	-	11,993	976,694
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(9,812)	110	(881,449)	(80,766)	(665,086)	(9,540)	30	2,767	(149,679)
OTHER FINANCING SOURCES (USES)									
Transfers in	-	-	591,290	115,000	-	-	-	25,000	150,000
Transfers (out)	-	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	591,290	115,000	-	-	-	25,000	150,000
NET CHANGE IN FUND BALANCE	(9,812)	110	(290,159)	34,234	(665,086)	(9,540)	30	27,767	321
FUND BALANCES, BEGINNING OF YEAR	352,911	211	681,623	68,436	2,546,177	111,511	60	89,267	314,931
FUND BALANCES, END OF YEAR	\$ 343,099	\$ 321	\$ 391,464	\$ 102,670	\$ 1,881,091	\$ 101,971	\$ 90	\$ 117,034	\$ 315,252

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS--Continued

CITY OF ENID, OKLAHOMA

Year Ended June 30, 2013

	Capital Projects			Debt Service	Total
	Street Improvement Fund	Capital Projects Escrow	Storm Water Fund	Sinking Fund	Nonmajor Governmental Funds
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ 1,550,316	\$ 1,550,316
Charges for services	-	139,936	-	-	3,609,445
Intergovernmental	-	-	-	-	1,877,084
Other	-	-	-	-	88,311
Interest	6,383	13,614	54,674	13,790	153,718
TOTAL REVENUES	6,383	153,550	54,674	1,564,106	7,278,874
EXPENDITURES					
Current:					
General government	-	-	-	-	4,222,436
Public safety	-	-	-	-	1,045,712
Public works	-	-	-	-	756,919
Culture and recreation	-	-	-	-	11,993
Debt service:					
Principal	-	-	-	1,900,466	1,900,466
Interest	-	-	-	51,625	51,625
Capital outlay	444,308	-	2,161,897	-	3,862,731
TOTAL EXPENDITURES	444,308	-	2,161,897	1,952,091	11,851,882
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(437,925)	153,550	(2,107,223)	(387,985)	(4,573,008)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	1,607,497	-	2,488,787
Transfers (out)	-	(125,000)	-	-	(125,000)
TOTAL OTHER FINANCING SOURCES (USES)	-	(125,000)	1,607,497	-	2,363,787
NET CHANGE IN FUND BALANCE	(437,925)	28,550	(499,726)	(387,985)	(2,209,221)
FUND BALANCES, BEGINNING OF YEAR	805,107	842,460	3,585,527	520,425	9,918,646
FUND BALANCES, END OF YEAR	\$ 367,182	\$ 871,010	\$ 3,085,801	\$ 132,440	\$ 7,709,425

COMBINING STATEMENT OF NET POSITION - NONMAJOR PROPRIETARY FUNDS/ENTERPRISE FUNDS

CITY OF ENID, OKLAHOMA

June 30, 2013

	Enid Public Transportation Authority	Vance Development Authority	Meadowlake Golf Course	Total Nonmajor Enterprise Funds
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 35,313	\$ -	\$ -	\$ 35,313
Claim on pooled cash	-	164,125	-	164,125
Taxes receivable	-	-	-	-
Due from other governments	104,746	-	3,600	108,346
Prepaid expense	135	-	590	725
TOTAL CURRENT ASSETS	<u>140,194</u>	<u>164,125</u>	<u>4,190</u>	<u>308,509</u>
NONCURRENT ASSETS				
Capital assets (net of accumulated depreciation)	<u>247,158</u>	<u>-</u>	<u>417,680</u>	<u>664,838</u>
TOTAL NONCURRENT ASSETS	<u>247,158</u>	<u>-</u>	<u>417,680</u>	<u>664,838</u>
TOTAL ASSETS	<u>\$ 387,352</u>	<u>\$ 164,125</u>	<u>\$ 421,870</u>	<u>\$ 973,347</u>
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable and accrued liabilities	\$ -	\$ -	117	\$ 117
Due to other funds	139,949	-	258,264	398,213
Current portion of long-term obligations	<u>-</u>	<u>-</u>	<u>15,986</u>	<u>15,986</u>
TOTAL CURRENT LIABILITIES	<u>139,949</u>	<u>-</u>	<u>274,367</u>	<u>414,316</u>
NONCURRENT LIABILITIES				
Capital lease obligations	-	-	45,613	45,613
Other long term liabilities	-	-	256	256
Accrued compensated absences	8,145	-	13,251	21,396
Less: current portion of long-term obligations	<u>-</u>	<u>-</u>	<u>(15,986)</u>	<u>(15,986)</u>
TOTAL NONCURRENT LIABILITIES	<u>8,145</u>	<u>-</u>	<u>43,134</u>	<u>51,279</u>
TOTAL LIABILITIES	<u>\$ 148,094</u>	<u>\$ -</u>	<u>\$ 317,501</u>	<u>\$ 465,595</u>
NET POSITION				
Net investment in capital assets	\$ 247,148	\$ -	\$ 372,067	\$ 619,215
Restricted:				
Other	-	140,000	2,797	142,797
Unrestricted	<u>(7,890)</u>	<u>24,125</u>	<u>(270,495)</u>	<u>(254,260)</u>
TOTAL NET POSITION	<u>\$ 239,258</u>	<u>\$ 164,125</u>	<u>\$ 104,369</u>	<u>\$ 507,752</u>

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -
NONMAJOR PROPRIETARY FUNDS/ENTERPRISE FUNDS

CITY OF ENID, OKLAHOMA

Year Ended June 30, 2013

	Enid Public Transportation Authority	Vance Development Authority	Meadowlake Golf Course	Total Nonmajor Enterprise Funds
OPERATING REVENUES				
Charges for services	\$ 184,686	\$ -	\$ 379,549	\$ 564,235
Government grants	246,022	-	-	246,022
TOTAL OPERATING REVENUES	<u>430,708</u>	<u>-</u>	<u>379,549</u>	<u>810,257</u>
OPERATING EXPENSES				
Transportation	691,423	-	-	691,423
Golf course	-	-	569,956	569,956
Economic development	-	172,506	-	172,506
Depreciation and amortization	131,170	-	55,344	186,514
TOTAL OPERATING EXPENSES	<u>822,593</u>	<u>172,506</u>	<u>625,300</u>	<u>1,620,399</u>
NET OPERATING INCOME (LOSS)	(391,885)	(172,506)	(245,751)	(810,142)
NONOPERATING REVENUES (EXPENSES)				
Interest income	216	4,081	-	4,297
Capital grants	42,049	-	-	42,049
Miscellaneous	-	-	3,092	3,092
Gain (loss) on disposition of assets	20,152	-	(13,995)	6,157
Interest and fiscal charges	-	-	(2,114)	(2,114)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>62,417</u>	<u>4,081</u>	<u>(13,017)</u>	<u>53,481</u>
OPERATING TRANSFERS				
Transfers in	120,000	35,000	220,000	375,000
Transfers out	-	-	-	-
TOTAL OPERATING TRANSFERS	<u>120,000</u>	<u>35,000</u>	<u>220,000</u>	<u>375,000</u>
CHANGE IN NET POSITION	(209,468)	(133,425)	(38,768)	(381,661)
NET POSITION, BEGINNING OF YEAR	<u>448,726</u>	<u>297,550</u>	<u>143,137</u>	<u>889,413</u>
NET POSITION, END OF YEAR	<u>\$ 239,258</u>	<u>\$ 164,125</u>	<u>\$ 104,369</u>	<u>\$ 507,752</u>

COMBINING STATEMENT OF CASH FLOWS - NONMAJOR PROPRIETARY FUNDS/ENTERPRISE FUNDS

CITY OF ENID, OKLAHOMA

Year Ended June 30, 2013

	Enid Public Transportation Authority	Vance Development Authority	Meadowlake Golf Course	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and grantors	\$ 327,594	\$ -	\$ 375,949	\$ 703,543
Payments to suppliers	(274,630)	(172,506)	(291,253)	(738,389)
Payments to employees	(435,598)	-	(276,808)	(712,406)
Other receipts (payments)	139,949	-	(18,532)	121,417
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(242,685)	(172,506)	(210,644)	(625,835)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Taxes	-	-	-	-
Miscellaneous revenues	-	-	3,092	3,092
Operating transfers in (out)	120,000	35,000	220,000	375,000
NET CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES	120,000	35,000	223,092	378,092
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal paid on long-term debt	-	-	(13,060)	(13,060)
Interest expense and fiscal charges	-	-	(2,114)	(2,114)
Capital grants	42,049	-	-	42,049
Proceeds from sales of capital assets	29,749	-	2,726	32,475
Acquisition/construction of capital assets	(42,049)	-	-	(42,049)
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	29,749	-	(12,448)	17,301
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income	216	4,081	-	4,297
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	216	4,081	-	4,297
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(92,720)	(133,425)	-	(226,145)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	128,033	297,550	-	425,583
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 35,313	\$ 164,125	\$ -	\$ 199,438
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:				
Net operating income (loss)	\$ (391,885)	\$ (172,506)	\$ (245,751)	\$ (810,142)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	131,170	-	55,344	186,514
Changes in assets and liabilities:				
(Increase) decrease in receivables	(103,114)	-	(3,600)	(106,714)
(Increase) decrease in prepaid expenses	(135)	-	(590)	(725)
Increase (decrease) in accounts payable and accrued liabilities	(18,670)	-	2,485	(16,185)
Increase (decrease) in due to other funds	139,949	-	(18,532)	121,417
TOTAL ADJUSTMENTS	149,200	-	35,107	184,307
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ (242,685)	\$ (172,506)	\$ (210,644)	\$ (625,835)

SCHEDULE OF DEBT SERVICE COVERAGE REQUIREMENTS

CITY OF ENID, OKLAHOMA

June 30, 2013

	OWRB Notes	Sales Tax Revenue Refunding Bonds Series 2003
	<u> </u>	<u> </u>
GROSS REVENUE AVAILABLE FOR DEBT SERVICE		
Charges for services:		
Water	\$ 11,814,360	\$ -
Wastewater	8,946,601	-
Storm water	1,480,494	-
Solid waste	4,267,220	-
Landfill	587,804	-
Other	618,267	-
Sales tax pledged and transferred	<u>8,767,914</u>	<u>2,358,462</u>
TOTAL GROSS REVENUE AVAILABLE FOR DEBT SERVICE	36,482,660	2,358,462
OPERATING EXPENSES		
Utility services	600,487	-
Water distribution/production	1,872,115	-
Wastewater management services	2,916,021	-
Solid waste	2,932,182	-
Landfill	533,607	-
Other	<u>291,145</u>	<u>-</u>
TOTAL OPERATING EXPENSES	9,145,557	-
OTHER EXPENSES		
Required transfers to other funds	5,407,837	-
Payment to schools	<u>-</u>	<u>642,037</u>
TOTAL OTHER EXPENSES	<u>5,407,837</u>	<u>642,037</u>
NET REVENUES AVAILABLE FOR DEBT SERVICE	<u>\$ 21,929,266</u>	<u>\$ 1,716,425</u>
TOTAL DEBT SERVICE REQUIREMENTS	<u>\$ 9,312,634</u>	<u>\$ 1,018,735</u>
COMPUTED COVERAGE	235%	168%
COVERAGE REQUIREMENT	125%	100%

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

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

SCHEDULE OF EXPENDITURES OF STATE AWARDS

CITY OF ENID, OKLAHOMA

Year Ended June 30, 2013

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Expenditures
<u>State Programs</u>		
<u>Oklahoma Office of Juvenile</u>		
<u>Accountability, Prevention, and Protection</u>		
Community Intervention Center (CIC)	FY 2013	\$ <u>170,924</u>
Total Oklahoma Office of Juvenile Accountability, Prevention, and Protection		170,924
 <u>Oklahoma Aeronautics Commission</u>		
Reconstruct Taxiway & Apron	WDG-12-S	<u>152,262</u>
Total Oklahoma Aeronautics Commission		152,262
 <u>Oklahoma Department of Commerce</u>		
Oklahoma Strategic Military Planning Commission	A-1301	260,000
	ODFA BRAC	
	Series 2010	755,143
	G-1002	<u>23,284</u>
Total Oklahoma Oklahoma Department of Commerce		<u>1,038,427</u>
Total Expenditures of State Awards		<u>\$ 1,361,613</u>

REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS
AND OMB CIRCULAR A-133

**Independent Auditors' 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**

Honorable Mayor and Members of City Council
City of Enid, Oklahoma

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Enid, Oklahoma, (the "City") as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 17, 2014. Our report includes a reference to other auditors who audited the financial statements of Pegasys, Inc. and Enid Regional Development Alliance, Inc., discretely presented component units of the City as described in our report on the City's financial statements. The financial statements of Pegasys, Inc. were not audited in accordance with *Government Auditing Standards*. This report does not include the results of Enid Regional Development Alliance, Inc.'s auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and a significant deficiency.

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 of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider Findings 2013-01 and 2013-02 to be material weaknesses. A *significant deficiency* is a deficiency, or 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 Finding 2013-03 in the accompanying schedule of findings and responses to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City's Response to Findings

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cole & Reed P.C.

Oklahoma City, Oklahoma
January 17, 2014

Independent Auditors' Report
on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance; and Report on
Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

Honorable Mayor and Members of City Council
City of Enid, Oklahoma

Report on Compliance for Each Major Federal Program

We have audited the City of Enid, Oklahoma's (the "City") compliance 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 the City's major federal programs for the year ended June 30, 2013. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. 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 the City'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 on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance 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, 2013.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purposes of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City'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 noncompliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal controls over compliance, yet important enough to merit attention by those charged with governance.

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 over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the City as of and for the year ended June 30, 2013, and have issued our report thereon dated January 17, 2014, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Cole & Reed P.C.

Oklahoma City, Oklahoma
March 11, 2014

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

CITY OF ENID, OKLAHOMA

Year Ended June 30, 2013

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA #	Pass-Through Entity Identifying #	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 - 2012	\$ 2,500
		FY - 2013	7,500
Assistance to Firefighters Grant	97.044	EMW-2009-FR-00368	844
		EMW-2009-F0-09200	5,552
		EMW-2010-FO-07819	<u>221,848</u>
Total U.S. Department of Homeland Security			238,244
<u>U. S. Department of the Interior</u>			
Pass-Through Program From:			
Oklahoma Historical Society-Historic Preservation Fund:			
Grants In Aid	15.904	12-601	<u>9,600</u>
Total U.S. Department of the Interior			9,600
<u>U. S. Department of Transportation</u>			
Direct Program:			
Airport Improvement Program	20.106	AIP3-4000280252012	189,069
Pass-Through Program From:			
Oklahoma Highway Safety Office:			
State and Community Highway Safety	20.600	PT-12-03-13-08	17,964
		PT-13-03-07-09	<u>54,277</u>
			72,241
Oklahoma Tourism and Recreation Department:			
Recreational Trails Program	20.219		160,000
Oklahoma Department of Transportation:			
Formula Grants for Other:			
Than Urbanized Areas	20.509	FY - 2012 - 5311	192,020
Highway Planning & Construction	20.205	SRS-155F(709)	<u>9,061</u>
			201,081
Oklahoma Department of Human Services			
Enhanced Mobility of Seniors and Individuals with			
Disabilities	20.513	OK 16-0006 GY36	<u>42,049</u>
Total U.S. Department of Transportation			664,440
<u>U. S. Department of Justice</u>			
Direct Program:			
Bureau of Justice Assistance:			
Edward Byrne Memorial Justice:			
Assistance Grant	16.738	2010-DJ-BX-2160	22,193
		2012-DJ-BX-0761	6,035
ARRA-Edward Byrne Memorial Justice			
Assistance Grant	16.804	2009-SB-B9-3342-ARRA	<u>27,250</u>
			55,478

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS--Continued

CITY OF ENID, OKLAHOMA

Year Ended June 30, 2013

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA #	Pass-Through Entity Identifying #	Expenditures
<u>U. S. Department of Justice--Continued</u>			
Pass-Through Program From:			
Oklahoma State Bureau of Investigation:			
Internet Crimes Against Children	16.543		3,493
District Attorneys Council:			
S.T.O.P. Violence Against Women	16.588	V11-020 VAWA-2012-ENID-CI-00011	27,875 <u>30,442</u>
Total U.S. Department of Justice			<u>117,288</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 - 2013	30,931
Continuing Education			<u>399</u>
Total National Foundation of the Arts and the Humanities			<u>31,330</u>
<u>U. S. Department of Housing and Urban Development</u>			
Direct Program:			
Community Development Block Grant:			
Entitlement Grants	14.218	FY - 2009 FY - 2010 FY - 2011 FY - 2012	9,501 20,555 309,315 <u>75,881</u>
Total U.S. Department of Housing and Urban Development			<u>415,252</u>
<u>U. S. Department of Agriculture and Forest Service</u>			
Pass-Through Program From:			
Oklahoma Department of Agriculture and Forestry Services:			
Tree Guide Cost Share Grant	10.664	U&CF-2	8,237
Tree Inventory Cost Share Grant		U&CF-3	9,235
Highway Tree Program Grant		SAFETEALU 11-03	<u>21,405</u>
Total U.S. Department of Agriculture and Forest Service			<u>38,877</u>
<u>Department of Commerce National Telecommunications and Information Administration</u>			
Pass-Through Program From:			
Oklahoma Department of Libraries			
Broadband Technology Opportunities Program	11.557		48,997
<u>Environmental Protection Agency</u>			
Pass-Through Program From:			
Oklahoma Water Resources Board:			
Capitalization Grants for Clean Water State Revolving Funds	66.458	ORF-09-0019-CW	1,166,389
Capitalization Grants for Drinking Water State Revolving Funds	66.468	ORF-09-0024-DW	<u>560,493</u>
Total Environmental Protection Agency			<u>1,726,882</u>
Total Expenditures of Federal Awards			<u>\$ 3,290,910</u>

See notes to schedule of expenditures of federal awards.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

CITY OF ENID, OKLAHOMA

June 30, 2013

NOTE A--BASIS OF ACCOUNTING

The schedule of expenditures of federal awards includes the federal grant activity of the City of Enid, Oklahoma and is presented on the accrual 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

NOTE B--SUBRECIPIENTS

The City provided no federal awards to subrecipients.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

CITY OF ENID, OKLAHOMA

June 30, 2013

Section I--Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? yes none reported

Type of auditors' report issued on compliance for major programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? yes no

Identification of major programs:

<u>Program</u>	<u>CFDA Number</u>
Airport Improvement Program	20.106
Capitalization Grant for Clean Water State Revolving Funds	66.458
Capitalization Grant for Drinking Water State Revolving Funds	66.468

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? yes no

Section II--Findings required to be reported in Accordance with *Government Auditing Standards*:

FINDING 2013-01

Finding: The City's design of year-end financial reporting procedures should be developed to result in accurately reported financial statements. Further, these procedures should be designed to allow for the audit of the financial statements to be completed within the timeframe requested by the City Council.

Cause: Due to the magnitude and complexity of the City's operations and financial reporting, policies and procedures should include guidelines of procedures to be completed (including milestones of when such procedures need to be completed) to ensure an accurate and timely close of the financial records and preparation of the financial statements. Such guidelines have either not been adequately developed or were not implemented during the current year.

Criteria: For external reporting purposes, the government-wide financial statements of the City are to be prepared on the accrual basis of accounting which includes the recognition of transactions and events in the period in which they occur. In order to prepare the City's financial statements, the accounting records must be accurate and complete.

Effect: The financial trial balance provided during the first week of the audit required approximately seventy (70) adjusting and reclassifying entries to properly state the June 30, 2013 financial statements (cumulative gross debits and credits in excess of \$123,000,000). Those entries include both (1) entries provided by the client as they continued to analyze their financial records under their designed year-end close procedures and (2) errors identified as a result of audit procedures.

Recommendation:

Procedures over the year-end financial statement close process should be enhanced to include milestones of both (1) what procedures need to be addressed and (2) by when they need to be addressed.

Views of a Responsible Official:

The procedures conducted for this year-end financial statement closing process were very similar to the previous two years that did allow for the audit of the financial statements to be completed in a timely manner. This year was the first opportunity with the City's new auditor to fully understand their expectations and requirements while they conducted the audit and documented all the City's processes, procedures, and internal controls for the first time.

While approximately seventy (70) adjustments were made to properly state the financial statements as of and for the period ending June 30, 2013, approximately thirty (30) of these occurred after the auditors began their fieldwork onsite. Procedures have been enhanced for future audits to ensure that the post-closing trial balance includes the majority of adjustments necessary to prepare the City's financial statements.

As an improvement to our financial reporting process, management is considering engaging a separate third party accountant to assist the City in preparing the financial statements and ensuring that they are properly stated in the future. The target date for completion of these year-end closing procedures is September 30, 2014. This schedule should allow ample time to complete the audit and deliver the report.

FINDING 2013-02

Finding: The City's design of financial reporting procedures should be developed to include a review and approval of the City's audited financial statements by an appropriate member of City management.

Cause: There is a lack of internal control and review over preparation of the City's financial statements.

Criteria: For external reporting purposes, the government-wide financial statements of the City are to be prepared on the accrual basis of accounting, which includes the recognition of transactions in the period in which they occur. Further, the groupings used for the reporting of revenue and expenses within the government-wide statements are different from the groupings used in the governmental and proprietary fund statements. The City should have a strong understanding of how revenue and expenses are grouped for the separate financial statements to ensure that the groupings are appropriate and accurately reflect the financial activity of the City.

Effect: The financial statements, specifically the government-side statement of net position and government-wide statement of activities, could not be prepared on a timely basis due to the fact that the groupings for the City's revenue and expense accounts for both the governmental and business type activities were not readily determinable.

Recommendation: We recommend the management of the City review internal controls related to the review and approval of the financial statements to ensure that they have a strong understanding of the groupings used for the purpose of financial reporting and they have reviewed the amounts reported to ensure they are accurate.

Views of a Responsible Official: Traditionally, the auditor has always prepared the City's financial statements, as they are allowed to do according to Government Auditing Standards, and have been engaged to do as part of the audit. Management retains the responsibility for the presentation and the information in the financial statements and specifies the groupings used for financial reporting. This is the first year with the new auditor and several questions were asked about groupings on the government-wide Statement of Activities. Management did not respond as quickly as desired but did, ultimately, provide an entire grouping of the City's trial balance to facilitate the completion of this statement. Further, management believes that the City does exercise proper review and approval of the financial statements and believes this issue is resolved.

FINDING 2013-03

Finding: The City recorded approximately \$817,000 related to a reserve for workers' compensation claims for the year ended June 30, 2013. Per review of prior period workers' compensation claim information a liability of approximately \$675,000 should have been recognized at June 30, 2012.

Cause: There is a lack of internal control related to the review and accrual of workers' compensation claims liability.

Criteria: For external reporting purposes, the government-wide financial statements of the City are to be prepared on the accrual basis of accounting which includes the recognition of transactions and events in the period in which they occur.

Effect: Net position as of July 1, 2012 was overstated by \$675,000 because the City had not recognized this liability in its 2012 financial statements as required by generally accepted accounting principles.

Recommendation: We recommend that management of the City review their internal controls related to workers' compensation claims and the related liability for claims incurred but not paid. We further recommend that the City engage an actuary to prepare a study related to the potential claims liability incurred as of yearend to ensure that the liability recorded is adequate.

Views of a Responsible Official: The City has not previously recorded a worker's compensation reserve liability. The City currently is self-insured and does estimate future worker's compensation reserves. The City did capture an amount in the current year financial statements that accurately reflects the best estimate of City management of worker's compensation reserve liability. The City will engage an actuary to estimate the City's worker's compensation reserve liability in the future. This estimate from the actuary will be used to adjust this liability annually.

Section III--Finding required to be reported in Accordance with OMB Circular A-133:

There are none to report for the June 30, 2013 period.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

CITY OF ENID, OKLAHOMA

June 30, 2013

FINDING 2011-1

Finding: The predecessor auditor noted twelve (12) “management confidential” (MC) employees whose vacation accrual as of June 30, 2012 exceeded the amount earned in two years. The maximum two-year accrual is 336 hours. One employee had 1,459 hours of vacation.

Criteria: City of Enid Personnel Policies and Procedures, Section 500, *Leave Provision and Other City Benefits* states, “Vacation time should normally be taken within a year after it is granted. To carry over vacation time into the next year requires written approval of the Department Head. The maximum accrual should never exceed the amount earned in two years.”

Cause: Mandatory vacation is an important internal control. All employees should be required to take vacation leave every year for several consecutive days. While the employee is on vacation their normal duties should be assumed by another employee.

Recommendation: The City’s Policy regarding employee vacation should be enforced so that all City employees take most, if not all, vacation earned in a year, several consecutive days at a time.

Corrective Action Taken: City management published a memorandum on June 25, 2013 directing all employees with balances exceeding the maximum allowed by the personnel manual to utilize at least the amount of vacation accrual received annually during that respective year so as not to add to vacation accrual balances any greater than that which existed on July 1, 2013. Management believes that progress in this area has been made and that this issue has been resolved.