

Report of Audit on Financial Statements

June 30, 2014



CITY OF ENID, OKLAHOMA

June 30, 2014

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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 unit, 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, 2014, 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 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.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Enid, Oklahoma, as of June 30, 2014, 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 2014, the City adopted GASB Statement No. 67, *Financial Reporting for Pension Plans*. Our opinion has not been modified for this matter.

As discussed in Note B to the financial statements, the City has restated the net position/fund balances as of July 1, 2013 in the government-wide financial statements, and the governmental funds and proprietary funds financial statements. Our opinion has not been modified for 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, and other required supplementary information, 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 March 20, 2015 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
March 20, 2015

CITY OF ENID, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014

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, 2014. Please read it in conjunction with the City's financial statements, which begin on page 13.

FINANCIAL HIGHLIGHTS

The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$213,303,752 (net position).

During the year, the government's total net position increased by \$6,732,879. This is attributed to a decrease in current and long-term liabilities. Governmental activities accounted for an increase of \$631,144. Business-type activities increased overall net position by \$6,101,735.

At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$28,297,594, an increase of \$606,850 in comparison with the prior year. A total of \$1,932,720 is restricted by contractual agreements, State Statutes, or enabling legislation. Approximately \$26,364,874 is available for spending at the government's discretion, although \$18,241,699 of that balance has been committed and \$2,164,770 assigned by the governing board.

At the end of the current fiscal year, unassigned fund balance for the general fund was \$5,730,187, or 13% of total general fund expenditures and transfers out.

The City's total debt decreased \$6,484,468 during the current fiscal year. The key factor in this decrease was payments on deferred interest on the 1987A bonds.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The statement of net position presents information on all of the City's assets and liabilities, 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 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).

CITY OF ENID, OKLAHOMA

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2014

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

The government-wide financial statements can be found on pages 13-15 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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. 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, and capital improvements fund, all of which are considered to be major funds. Data from the other fifteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

CITY OF ENID, OKLAHOMA

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2014

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 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, and the Enid Event Center and Convention Hall, both of which are considered to be major funds of the City. The City maintains seven proprietary funds. Data from the other five proprietary funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor proprietary funds is proved 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 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 sources held by the City in a custodial capacity for individuals, private organizations, and other governments.

The basic fiduciary fund financial statements can be found on pages 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 28-62 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 63-72 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 73-83 of this report.

CITY OF ENID, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014

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 \$85,562,618 at the close of the most recent fiscal year. The business-type activities assets exceeded liabilities by \$127,741,134.

City of Enid
Net Position
June 30, 2014 and 2013

| | Governmental Activities | | Business-Type Activities | | Totals | |
|-------------------------------------|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
| | June 30 | | June 30 | | June 30 | |
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| CURRENT ASSETS | \$ 31,631,835 | \$ 36,025,217 | \$ 26,223,205 | \$ 28,121,444 | \$ 57,855,040 | \$ 64,146,661 |
| Capital and other noncurrent assets | 60,239,424 | 59,429,720 | 178,241,488 | 176,477,437 | 238,480,912 | 235,907,157 |
| TOTAL ASSETS | <u>\$ 91,871,259</u> | <u>\$ 95,454,937</u> | <u>\$204,464,693</u> | <u>\$204,598,881</u> | <u>\$296,335,952</u> | <u>\$300,053,818</u> |
| DEFERRED OUTFLOWS | \$ - | \$ - | \$ 4,178,546 | \$ 4,558,413 | \$ 4,178,546 | \$ 4,558,413 |
| CURRENT LIABILITIES | \$ 3,284,125 | \$ 8,172,639 | \$ 9,125,184 | \$ 10,863,045 | \$ 12,409,309 | \$ 19,035,684 |
| Long-term liabilities | 3,024,516 | 2,350,824 | 71,776,921 | 76,654,850 | 74,801,437 | 79,005,674 |
| TOTAL LIABILITIES | <u>\$ 6,308,641</u> | <u>\$ 10,523,463</u> | <u>\$ 80,902,105</u> | <u>\$ 87,517,895</u> | <u>\$ 87,210,746</u> | <u>\$ 98,041,358</u> |
| NET POSITION | | | | | | |
| Net investment in capital assets | \$ 60,239,424 | \$ 59,429,720 | \$124,002,470 | \$114,618,204 | \$184,241,894 | \$174,047,924 |
| Restricted | 1,932,720 | 8,101,766 | 20,895,909 | 23,883,080 | 22,828,629 | 31,984,846 |
| Unrestricted | 23,390,474 | 17,399,988 | (17,157,245) | (16,861,885) | 6,233,229 | 538,103 |
| TOTAL NET POSITION | <u>\$ 85,562,618</u> | <u>\$ 84,931,474</u> | <u>\$127,741,134</u> | <u>\$121,639,399</u> | <u>\$213,303,752</u> | <u>\$206,570,873</u> |

By far the largest portion of the City's net position (86%) 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 (11%) represents resources that are subject to external restrictions on how they may be used either by external groups such as creditors, grantors, or laws and regulations of other governments, or by law through constitutional provisions or enabling legislation. The remaining balance is unrestricted net position of \$6,233,229 or (3%) of total net position.

The City's net position increased by \$5,615,166 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 (\$310,505). The key elements of this decrease are as follows:

- A decrease in total assets offset by a slightly smaller decrease in total liabilities.

CITY OF ENID, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014

City of Enid
Statement of Activities
Years Ended June 30, 2014 and 2013

| | Governmental Activities | | Business-Type Activities | | Totals | |
|--|-------------------------|----------------------|--------------------------|-----------------------|-----------------------|-----------------------|
| | June 30 | | June 30 | | June 30 | |
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| REVENUES | | | | | | |
| Program revenues: | | | | | | |
| Changes for services | \$ 7,079,203 | \$ 6,044,413 | \$ 33,696,822 | \$ 31,014,846 | \$ 40,776,025 | \$ 37,059,259 |
| Grants/contributions | 3,015,214 | 3,455,431 | 2,635,848 | 2,223,376 | 5,651,062 | 5,678,807 |
| General revenues | 36,900,346 | 39,156,478 | 45,694 | 3,418,664 | 36,946,040 | 42,575,142 |
| TOTAL REVENUES | 46,994,763 | 48,656,322 | 36,378,364 | 36,656,886 | 83,373,127 | 85,313,208 |
| EXPENSES | | | | | | |
| General government | 11,557,951 | 11,392,862 | - | - | 11,557,951 | 11,392,862 |
| Public safety | 20,722,811 | 18,883,649 | - | - | 20,722,811 | 18,883,649 |
| Public works | 10,663,502 | 8,175,421 | - | 822,593 | 10,663,502 | 8,998,014 |
| Culture and recreation | 2,502,572 | 2,520,650 | 5,828,799 | 3,671,404 | 8,331,371 | 6,192,054 |
| Utility operations | - | - | 20,052,969 | 16,750,258 | 20,052,969 | 16,750,258 |
| Airport | - | - | 2,597,334 | 2,523,105 | 2,597,334 | 2,523,105 |
| Economic development | - | - | 1,883,011 | 2,168,700 | 1,883,011 | 2,168,700 |
| Other | 154,402 | 108,366 | 676,897 | 881,816 | 831,299 | 990,182 |
| TOTAL EXPENSES | 45,601,238 | 41,080,948 | 31,039,010 | 26,817,876 | 76,640,248 | 67,898,824 |
| INCREASE IN NET POSITION BEFORE TRANSFERS | 1,393,525 | 7,575,374 | 5,339,354 | 9,839,010 | 6,732,879 | 17,414,384 |
| TRANSFERS, net | (762,381) | (18,838,191) | 762,381 | 18,838,191 | - | - |
| (DECREASE) INCREASE IN NET POSITION | 631,144 | (11,262,817) | 6,101,735 | 28,677,201 | 6,732,879 | 17,414,384 |
| NET POSITION, BEGINNING OF YEAR, restated | 84,931,474 | 96,194,291 | 121,639,399 | 92,962,198 | 206,570,873 | 189,156,489 |
| NET POSITION, END OF YEAR | \$ 85,562,618 | \$ 84,931,474 | \$ 127,741,134 | \$ 121,639,399 | \$ 213,303,752 | \$ 206,570,873 |

City of Enid
Governmental Activities
Years Ended June 30, 2014 and 2013

| | Program Revenues | | Cost of Services | |
|--------------------------------------|-----------------------|---------------------|-----------------------|----------------------|
| | Year Ended June 30 | | Year Ended June 30 | |
| | 2014 | 2013 | 2014 | 2013 |
| General government | \$ 4,577,663 | \$ 3,580,275 | \$ 11,557,951 | \$ 11,392,862 |
| Public safety | 4,628,721 | 4,711,643 | 20,722,811 | 18,883,649 |
| Public works | 1,083,780 | 1,052,612 | 10,663,502 | 8,175,421 |
| Culture and recreation | 227,471 | 155,314 | 2,502,572 | 2,520,650 |
| Interest on long-term debt | - | - | 154,402 | 108,366 |
| Total governmental activities | \$ 10,517,635 | \$ 9,499,844 | \$ 45,601,238 | \$ 41,080,948 |

Business-Type Activities: Business-type activities increased the City's net position by \$6,101,735. The key elements of this increase are:

- The reduction of long-term debt.

CITY OF ENID, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014

City of Enid
Business-Type Activities
Years Ended June 30, 2014 and 2013

| | Program Revenues | | Cost of Services | |
|--------------------------------|-----------------------|----------------------|-----------------------|----------------------|
| | Year Ended June 30 | | Year Ended June 30 | |
| | 2014 | 2013 | 2014 | 2013 |
| Utility operations | \$ 29,279,848 | \$ 29,051,513 | \$ 20,052,969 | \$ 16,750,258 |
| Airport | 3,702,385 | 2,443,381 | 2,597,334 | 2,523,105 |
| Golf | 340,124 | 379,549 | 656,847 | 627,414 |
| Economic development | - | - | 1,883,011 | 2,168,700 |
| Event center | 2,441,318 | 891,584 | 5,171,952 | 3,043,990 |
| Transit | 568,995 | 472,195 | 676,897 | 822,593 |
| Other | - | - | - | 881,816 |
| Total business-type activities | <u>\$ 36,332,670</u> | <u>\$ 33,238,222</u> | <u>\$ 31,039,010</u> | <u>\$ 26,817,876</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 \$28,297,594, an increase of \$606,850 during the current fiscal year. Approximately 20% of this total amount \$5,730,187 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 \$5,730,187. 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 13% of total general fund expenditures and transfers out.

The fund balance of the City's general fund decreased \$3,774,295 during the current fiscal year, due primarily to decreased sales and use taxes, increased expenditures and reduced transfers in from the Enid Municipal Authority fund.

The police fund has a total fund balance of \$4,237,832, of which \$583,267 was restricted by contractual obligations and enabling legislation, leaving the remainder of \$3,654,565 unrestricted. The net decrease in fund balance during the current year was \$133,543, due primarily to increased public safety expenditures.

CITY OF ENID, OKLAHOMA

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2014

The fire fund has a total fund balance of \$2,451,265, of which \$404,655 was restricted by contractual obligations and enabling legislation, leaving the remainder of \$2,046,610 unrestricted. The net decrease in fund balance during the current year was \$29,621, due primarily to increased public safety expenditures.

The capital improvements fund had a total fund balance of \$3,662,015, which was all unrestricted. The net increase in fund balance during the current year was \$1,645,306, due to reduced spending on infrastructure projects.

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 \$70,732,130. Unrestricted net position of the Enid Municipal Authority at the end of the year amounted to (\$18,422,764). The total increase in net position was \$3,153,899. Operating revenues showed an increase of \$1,034,716, while operating expenses increased by 3,070,951. The changes in operating revenues and expenses were due to:

- Increased event center and transit revenues.
- Large increases in operating expenses for the event, and increase in depreciation.

The Enid Event Center and Convention Hall fund showed total net position of \$35,396,105, a decrease of \$101,512, due mainly to the disposal of the old Cherokee Strip Conference Center fixed asset.

BUDGETARY HIGHLIGHTS OF MAJOR GOVERNMENTAL FUNDS

The general fund budget increased by \$694,990 for departmental expenditures and stayed the same for transfers out during the year, while estimated revenues and transfers in remained the same. Most departmental budgets increased including administration, legal, safety, accounting, records and receipts, information technology, community development, management services, fleet management, street and traffic, maintenance and technical services, library, and capital outlay, while human resources, general government, code enforcement, engineering, parks/stormwater decreased. The departmental increases were generally attributable to personnel cost increases.

Revenues received were less than budget estimates by \$499,153, and actual expenditures and transfers were less than final budget appropriations by \$992,167, resulting in an overall net change in fund balance of \$493,014. As a result, the City did not need to use a portion of its fund balance to cover expenditures and transfers.

The police fund had an increase of \$275,287 in its expenditure budget during the year, while revenues remained the same as originally estimated. Actual revenues and transfers in totaled \$9,327,527, a decrease of \$109,683 in comparison with budget estimates. Expenditures and transfers out of \$9,096,595 were less than budgeted by \$929,182 resulting in an overall net change in fund balance of \$819,499.

The fire fund showed an increase of \$183,552 in expenditures budget during the year, while revenues remained the same as originally estimated. Actual revenues and transfers in totaled \$8,141,186, a decrease of \$62,439 in comparison with budget estimates. Expenditures and transfers out of \$8,092,709, were less than budgeted by \$384,818 resulting in an overall net change in fund balance of \$322,379.

CITY OF ENID, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014

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, 2014, amounts to \$238,480,912 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, vehicles, equipment and infrastructure.

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

- Enid Trail System Phase III, IV & Cleveland Trailhead completion.
- Meadowlake Park Carousel House.
- New Water Reclamation Facility.
- Landfill Cell 10D expansion.
- Convention Hall renovation.
- Enid Event Center construction.
- Elevated Water Tower construction – Meadowlake & East Chestnut.
- Local Street Program completion.
- Champlin Park Playground Equipment.
- Champion Park Playground Equipment & Splash Pad.
- Ramp/Taxi-way replacement surrounding Series 32 Airport Hangars.
- Ten new SUVs added to the Police Department fleet.
- Three new trash trucks & a tandem dump truck.

City of Enid
Capital Assets
June 30, 2014 and 2013

| | Governmental Activities | | Business-Type Activities | | Totals | |
|--------------------------|-------------------------|---------------|--------------------------|----------------|-----------------------|----------------|
| | Year Ended June 30 | | Year Ended June 30 | | Year Ended June 30 | |
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Land | \$ 2,415,191 | \$ 2,304,132 | \$ 10,254,103 | \$ 8,768,921 | \$ 12,669,294 | \$ 11,073,053 |
| Construction in-progress | 5,525,252 | 14,493,079 | 10,235,553 | 84,159,701 | 15,760,805 | 98,652,780 |
| Buildings | 6,592,024 | 6,399,276 | 72,152,734 | 5,068,741 | 78,744,758 | 11,344,921 |
| Improvements | 40,311,804 | 32,596,496 | 71,794,248 | 63,863,514 | 112,106,052 | 93,263,149 |
| Equipment | 2,379,477 | 1,443,734 | 12,463,293 | 13,151,244 | 14,842,770 | 7,354,074 |
| Vehicles | 3,015,676 | 2,193,003 | 1,341,557 | 1,310,053 | \$ 4,357,233 | 4,198,056 |
| CAPITAL ASSETS, net | \$ 60,239,424 | \$ 59,429,720 | \$ 178,241,488 | \$ 176,322,174 | \$ 238,480,912 | \$ 225,886,033 |

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

CITY OF ENID, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014

Long-Term Debt: At the end of the current fiscal year, the City had total debt outstanding of \$81,528,416. The; bonds secured solely by specified revenue sources (i.e., revenue bonds and notes) totaling \$58,534,616 plus deferred interest of \$10,563,270; tax apportionment bonds (TIF) of \$4,996,967; other notes payable to other governmental entities of \$891,000; capital lease obligations of \$46,311; judgments against the City for \$194,834; the long-term portion of accrued compensated absences totaling \$2,245,791; net other post-employment obligations of \$5,681; worker's compensation reserve liability of \$1,550,679; and landfill closure and post-closure liability and other long-term liabilities in the amount of \$2,499,266.

City of Enid
Outstanding Debt
June 30, 2014 and 2013

| | Governmental Activities | | Business-Type Activities | | Totals | |
|--|-------------------------|---------------------|--------------------------|----------------------|----------------------|----------------------|
| | June 30 | | June 30 | | June 30 | |
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Revenue bonds | - | - | 6,930,000 | 7,010,428 | 6,930,000 | 7,010,428 |
| Tax apportionment bonds (TIF) | - | - | 4,996,967 | 5,681,738 | 4,996,967 | 5,681,738 |
| Deferred interest on bonds | - | - | 10,563,270 | 15,443,493 | 10,563,270 | 15,443,493 |
| Notes payable | - | - | 52,495,616 | 54,745,425 | 52,495,616 | 54,745,425 |
| Capital lease obligations | - | - | 46,311 | 45,613 | 46,311 | 45,613 |
| Judgments | 194,834 | 117,607 | - | - | 194,834 | 117,607 |
| Net OPEB obligation | 5,681 | 5,778 | - | - | 5,681 | 5,778 |
| Workers' compensation claims | 878,618 | 672,863 | 672,062 | 144,758 | 1,550,680 | 817,621 |
| Compensated absences | 2,025,733 | 1,625,164 | 207,899 | 217,386 | 2,233,632 | 1,842,550 |
| Landfill closure and post-closure and other long-term liabilities | - | - | 2,499,266 | 2,302,631 | 2,499,266 | 2,302,631 |
| TOTAL OUTSTANDING DEBT | \$ 3,104,866 | \$ 2,421,412 | \$ 78,411,391 | \$ 85,591,472 | \$ 81,516,257 | \$ 88,012,884 |

The City's total debt decreased \$6,496,627 during the current fiscal year. The key factor in this decrease was payment on deferred interest on the 1987A bonds.

Additional information on the City's long-term debt can be found in Note C on pages 42-48 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 2015 expenditure budget, city staff worked diligently to keep increases in expenditures to a minimum with most departments and funds having increases due to escalating personnel increases.

It is anticipated that sales and use taxes will remain flat in 2015 compared to the 2013-2014 projected amount. Additionally, most utility rates will automatically increase a minimum of 2% or more effective January 1, 2015. It is anticipated that water revenues may decrease a significant amount in 2015 due to an increase in the amount of non-potable water used by Koch Industries and a resulting loss in water revenue.

CITY OF ENID, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 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.

The City currently has three recognized unions. The City has two year agreements with the Fraternal Order of Police (FOP) and the International Association of Fire Fighters (IAFF), through June of 2015. The FOP retained the right to re-open negotiations on compensation for the 2014-2015 fiscal year but has not at this point. The current agreement with the American Federation of State, County and Municipal Employees (AFSCME) #1136 is through June of 2016.

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's Chief Financial Officer, at City of Enid, Post Office Box 1768, Enid, Oklahoma 73702-1768 or telephone (580) 616-7283. You may also visit our website at www.enid.org for more budgetary and contact information.

STATEMENT OF NET POSITION

CITY OF ENID, OKLAHOMA

June 30, 2014

| | Primary Government | | | Component Unit |
|--|-------------------------|--------------------------|-----------------------|-----------------------------|
| | Governmental Activities | Business-type Activities | Total | Enid Regional Dev. Alliance |
| ASSETS | | | | |
| CURRENT ASSETS | | | | |
| Cash and cash equivalents | \$ 888,391 | \$ 2,426,648 | \$ 3,315,039 | \$ 644,962 |
| Investments | 18,748,000 | 2,978,450 | 21,726,450 | - |
| Receivables (net of allowance for uncollectibles): | | | | |
| Accounts | 148,937 | 3,241,669 | 3,390,606 | 3,800 |
| Taxes | 5,098,798 | 148,957 | 5,247,755 | - |
| Interest | 27,993 | 16,910 | 44,903 | - |
| Due from other governments | 46,531 | 2,379,592 | 2,426,123 | - |
| Internal balances | 5,278,925 | (5,281,697) | (2,772) | - |
| Inventories | 233,590 | 129,697 | 363,287 | - |
| Prepaid expense | 100,962 | 63,131 | 164,093 | 2,400 |
| Restricted assets: | | | | |
| Cash and investments | 1,059,708 | 20,119,848 | 21,179,556 | - |
| TOTAL CURRENT ASSETS | 31,631,835 | 26,223,205 | 57,855,040 | 651,162 |
| NONCURRENT ASSETS | | | | |
| Investments | - | - | - | 250,000 |
| Notes receivable | - | - | - | 170,387 |
| Capital assets (net of accumulated depreciation) | 60,239,424 | 178,241,488 | 238,480,912 | 12,254 |
| TOTAL NONCURRENT ASSETS | 60,239,424 | 178,241,488 | 238,480,912 | 432,641 |
| TOTAL ASSETS | \$ 91,871,259 | \$ 204,464,693 | \$ 296,335,952 | \$ 1,083,803 |
| DEFERRED OUTFLOW OF RESOURCES | | | | |
| Investment in TIF District | \$ - | \$ 4,178,546 | \$ 4,178,546 | \$ - |

STATEMENT OF NET POSITION--Continued

CITY OF ENID, OKLAHOMA

June 30, 2014

| | Primary Government | | | Component |
|--|----------------------------|-----------------------------|-----------------------|--|
| | Governmental Activities | Business-type Activities | Total | Unit Enid Regional Dev. Alliance |
| LIABILITIES | | | | |
| CURRENT LIABILITIES | | | | |
| Accounts payable and accrued liabilities | \$ 3,183,376 | \$ 820,960 | \$ 4,004,336 | \$ 19,034 |
| Payable from restricted assets: | | | | |
| Accrued interest payable | - | 676,328 | 676,328 | - |
| Customer deposits | - | 993,426 | 993,426 | - |
| Unearned revenue | 20,399 | - | 20,399 | - |
| Current portion of long-term obligations | 80,350 | 12,779,051 | 12,859,401 | - |
| TOTAL CURRENT LIABILITIES | 3,284,125 | 15,269,765 | 18,553,890 | 19,034 |
| NONCURRENT LIABILITIES | | | | |
| Bonds payable, net of unamortized discount | - | 11,926,967 | 11,926,967 | - |
| Unearned interest on revenue bonds | - | 10,563,270 | 10,563,270 | - |
| Notes payable | - | 52,495,616 | 52,495,616 | - |
| Capital lease obligations | - | 46,311 | 46,311 | - |
| Accrued compensated absences | 2,025,733 | 207,899 | 2,233,632 | 12,145 |
| Other long-term liabilities | 884,299 | 3,171,328 | 4,055,627 | - |
| Judgments | 194,834 | - | 194,834 | - |
| Less: current portion of long-term obligations | (80,350) | (12,779,051) | (12,859,401) | - |
| TOTAL NONCURRENT LIABILITIES | 3,024,516 | 65,632,340 | 68,656,856 | 12,145 |
| TOTAL LIABILITIES | \$ 6,308,641 | \$ 80,902,105 | \$ 87,210,746 | \$ 31,179 |
| NET POSITION | | | | |
| Net investment in capital assets | \$ 60,239,424 | \$ 124,002,470 | \$ 184,241,894 | \$ 12,254 |
| Restricted by: | | | | |
| Enabling legislation | 546,757 | 10,568,905 | 11,115,662 | - |
| Statutes | 240,583 | - | 240,583 | - |
| Debt service | - | 9,333,478 | 9,333,478 | - |
| Contractual agreement | 1,145,380 | 993,526 | 2,138,906 | 99,000 |
| Unrestricted (deficit) | 23,390,474 | (17,157,245) | 6,233,229 | 941,370 |
| TOTAL NET POSITION | \$ 85,562,618 | \$ 127,741,134 | \$ 213,303,752 | \$ 1,052,624 |

See notes to financial statements.

STATEMENT OF ACTIVITIES
CITY OF ENID, OKLAHOMA
Year Ended June 30, 2014

| | Program Revenues | | | | Net (Expense) Revenue and Changes in Net Position | | | Component Unit Enid Regional Dev. Alliance |
|--|------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|----------------|---|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government | | | |
| | | | | | Governmental Activities | Business-type Activities | Total | |
| PRIMARY GOVERNMENT | | | | | | | | |
| GOVERNMENTAL ACTIVITIES | | | | | | | | |
| General government | \$ 11,557,951 | \$ 4,577,663 | \$ - | \$ - | \$ (6,980,288) | \$ - | \$ (6,980,288) | \$ - |
| Public safety | 20,722,811 | 2,025,272 | 2,366,515 | 236,934 | (16,094,090) | - | (16,094,090) | - |
| Public works | 10,663,502 | 375,665 | 560,762 | 147,353 | (9,579,722) | - | (9,579,722) | - |
| Culture and recreation | 2,502,572 | 100,603 | 87,937 | 38,931 | (2,275,101) | - | (2,275,101) | - |
| Interest on long-term debt | 154,402 | - | - | - | (154,402) | - | (154,402) | - |
| TOTAL GOVERNMENTAL ACTIVITIES | 45,601,238 | 7,079,203 | 3,015,214 | 423,218 | (35,083,603) | - | (35,083,603) | - |
| BUSINESS-TYPE ACTIVITIES | | | | | | | | |
| Utility operations | 20,052,969 | 28,523,770 | - | 756,078 | - | 9,226,879 | 9,226,879 | - |
| Airport | 2,597,334 | 2,193,071 | - | 1,509,314 | - | 1,105,051 | 1,105,051 | - |
| Golf | 656,847 | 340,124 | - | - | - | (316,723) | (316,723) | - |
| Economic development | 1,883,011 | - | - | - | - | (1,883,011) | (1,883,011) | - |
| Event center | 5,171,952 | 2,441,318 | - | - | - | (2,730,634) | (2,730,634) | - |
| Transit | 676,897 | 198,539 | 370,456 | - | - | (107,902) | (107,902) | - |
| Other | - | - | - | - | - | - | - | - |
| TOTAL BUSINESS-TYPE ACTIVITIES | 31,039,010 | 33,696,822 | 370,456 | 2,265,392 | - | 5,293,660 | 5,293,660 | - |
| TOTAL PRIMARY GOVERNMENT | \$ 76,640,248 | \$ 40,776,025 | \$ 3,385,670 | \$ 2,688,610 | (35,083,603) | 5,293,660 | (29,789,943) | - |
| COMPONENT UNITS | | | | | | | | |
| Enid Regional Development Alliance, Inc. | \$ 941,045 | \$ 60,905 | \$ 630,000 | \$ - | - | - | - | (250,140) |
| TOTAL COMPONENT UNITS | \$ 941,045 | \$ 60,905 | \$ 630,000 | \$ - | - | - | - | (250,140) |
| GENERAL REVENUES: | | | | | | | | |
| Taxes: | | | | | | | | |
| Sales and use | | | | | 31,997,590 | - | 31,997,590 | - |
| Property | | | | | 52,748 | 1,681,933 | 1,734,681 | - |
| Franchise | | | | | 3,102,289 | - | 3,102,289 | - |
| Other | | | | | 648,866 | 1,651,763 | 2,300,629 | - |
| Interest income | | | | | 299,996 | 111,816 | 411,812 | 3,298 |
| Miscellaneous | | | | | 534,620 | 264,911 | 799,531 | 14,319 |
| Gain (loss) on investments and disposition of capital assets | | | | | (158,981) | (2,301,433) | (2,460,414) | 8,444 |
| Payments to schools | | | | | - | (1,363,296) | (1,363,296) | - |
| Contribution of capital assets | | | | | - | - | - | - |
| Transfers - internal activity | | | | | (762,381) | 762,381 | - | - |
| TOTAL GENERAL REVENUES AND TRANSFERS | | | | | 35,714,747 | 808,075 | 36,522,822 | 26,061 |
| CHANGE IN NET POSITION | | | | | | | | |
| | | | | | 631,144 | 6,101,735 | 6,732,879 | (224,079) |
| NET POSITION, BEGINNING OF YEAR | | | | | | | | |
| Beginning of Year, as originally reported | | | | | 85,844,458 | 121,844,128 | 207,688,586 | 1,276,703 |
| Restatement | | | | | (912,984) | (204,729) | (1,117,713) | - |
| BEGINNING OF YEAR, AS RESTATED | | | | | 84,931,474 | 121,639,399 | 206,570,873 | 1,276,703 |
| NET POSITION, END OF YEAR | \$ 85,562,618 | \$ 127,741,134 | \$ 213,303,752 | \$ 1,052,624 | | | | |

See notes to financial statements.

BALANCE SHEET - GOVERNMENTAL FUNDS

CITY OF ENID, OKLAHOMA

June 30, 2014

| | General | Police Fund | Fire Fund | Capital Improvements Fund | Other Governmental Funds | Total |
|----------------------------|----------------------------|----------------------------|----------------------------|---------------------------------|--------------------------------|-----------------------------|
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ - | \$ - | \$ 349,581 | \$ 349,581 |
| Claim on pooled cash | 3,242,543 | 4,394,167 | 2,580,235 | 2,592,307 | 11,306,610 | 24,115,862 |
| Receivables: | | | | | | |
| Accounts | 148,937 | - | - | - | - | 148,937 |
| Taxes | 4,813,475 | - | - | - | 285,323 | 5,098,798 |
| Due from other governments | - | 34,091 | - | 10,000 | 2,440 | 46,531 |
| Due from other funds | - | 151,977 | 151,977 | - | - | 303,954 |
| Inventories | 233,590 | - | - | - | - | 233,590 |
| Prepaid expense | 73,590 | 17,977 | 1,758 | - | 7,637 | 100,962 |
| Restricted assets: | - | - | - | - | - | - |
| Cash and investments | - | - | - | 1,059,708 | - | 1,059,708 |
| TOTAL ASSETS | <u>\$ 8,512,135</u> | <u>\$ 4,598,212</u> | <u>\$ 2,733,970</u> | <u>\$ 3,662,015</u> | <u>\$ 11,951,591</u> | <u>\$ 31,457,923</u> |

BALANCE SHEET - GOVERNMENTAL FUNDS--Continued

CITY OF ENID, OKLAHOMA

June 30, 2014

| | General | Police Fund | Fire Fund | Capital Improvements Fund | Other Governmental Funds | Total |
|---|---------------------|---------------------|---------------------|---------------------------------|--------------------------------|----------------------|
| LIABILITIES AND FUND BALANCES | | | | | | |
| LIABILITIES | | | | | | |
| Accounts payable and accrued liabilities | 492,496 | 360,380 | 282,705 | \$ - | \$ 245,602 | \$ 1,381,183 |
| Due to other funds | 1,758,747 | - | - | - | - | 1,758,747 |
| Unearned revenue | - | - | - | - | 20,399 | 20,399 |
| TOTAL LIABILITIES | <u>2,251,243</u> | <u>360,380</u> | <u>282,705</u> | <u>-</u> | <u>266,001</u> | <u>3,160,329</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Unavailable revenue - charges for services | - | - | - | - | - | - |
| FUND BALANCES | | | | | | |
| Nonspendable: | | | | | | |
| Inventories | 228,218 | - | - | - | - | 228,218 |
| Restricted: | | | | | | |
| Contractual | - | - | - | - | 546,757 | 546,757 |
| Laws and regulations | - | - | - | - | 240,583 | 240,583 |
| Enabling legislation | - | 583,267 | 404,655 | - | 157,458 | 1,145,380 |
| Committed: | | | | | | |
| Public works | - | - | - | - | - | - |
| Public safety | - | 3,533,012 | 1,982,907 | - | 509 | 5,516,428 |
| Capital improvements | - | - | - | 1,151,363 | 8,575,513 | 9,726,876 |
| Other | 302,487 | 121,553 | 63,703 | 2,510,652 | - | 2,998,395 |
| Assigned: | | | | | | |
| Health | - | - | - | - | 2,164,770 | 2,164,770 |
| Culture and recreation | - | - | - | - | - | - |
| Unassigned | 5,730,187 | - | - | - | - | 5,730,187 |
| TOTAL FUND BALANCES | <u>6,260,892</u> | <u>4,237,832</u> | <u>2,451,265</u> | <u>3,662,015</u> | <u>11,685,590</u> | <u>28,297,594</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | <u>\$ 8,512,135</u> | <u>\$ 4,598,212</u> | <u>\$ 2,733,970</u> | <u>\$ 3,662,015</u> | <u>\$ 11,951,591</u> | <u>\$ 31,457,923</u> |

See notes to financial statements.

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

CITY OF ENID, OKLAHOMA

Year Ended June 30, 2014

| | General | Police Fund | Fire Fund | Capital Improvements Fund | Other Governmental Funds | Total |
|--|---------------------|---------------------|---------------------|---------------------------|--------------------------|----------------------|
| REVENUES | | | | | | |
| Taxes | \$ 35,204,086 | \$ - | \$ - | \$ - | \$ 52,748 | \$ 35,256,834 |
| Licenses and permits | 283,042 | - | - | - | - | 283,042 |
| Intergovernmental | 301,215 | 641,753 | 1,715,688 | 147,353 | 1,972,357 | 4,778,366 |
| Fines and forfeitures | 1,184,700 | - | - | - | - | 1,184,700 |
| Charges for services | 142,589 | 57,021 | - | - | 4,547,915 | 4,747,525 |
| Other | 585,784 | 26,546 | 20,274 | 440 | 112,364 | 745,408 |
| Interest | 45,181 | 44,674 | 27,796 | 31,213 | 113,210 | 262,074 |
| TOTAL REVENUES | 37,746,597 | 769,994 | 1,763,758 | 179,006 | 6,798,594 | 47,257,949 |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General government | 6,264,051 | - | - | - | 4,232,746 | 10,496,797 |
| Public safety | - | 8,696,370 | 9,224,462 | - | 994,706 | 18,915,538 |
| Public works | 6,025,300 | - | - | - | 993,398 | 7,018,698 |
| Culture and recreation | 2,497,346 | - | - | - | 31,154 | 2,528,500 |
| Debt service: | | | | | | |
| Principal | - | - | - | - | 77,175 | 77,175 |
| Interest | - | - | - | - | - | - |
| Capital outlay | 1,522,330 | 859,005 | 362,841 | 5,764,217 | 7,208,634 | 15,717,027 |
| TOTAL EXPENDITURES | 16,309,027 | 9,555,375 | 9,587,303 | 5,764,217 | 13,537,813 | 54,753,735 |
| Excess of revenues over (under) expenditures | 21,437,570 | (8,785,381) | (7,823,545) | (5,585,211) | (6,739,219) | (7,495,786) |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | 3,053,778 | 9,043,924 | 7,843,924 | 7,230,517 | 9,657,345 | 36,829,488 |
| Transfers out | (28,265,643) | (125,000) | (50,000) | - | (286,209) | (28,726,852) |
| TOTAL OTHER FINANCING SOURCES (USES) | (25,211,865) | 8,918,924 | 7,793,924 | 7,230,517 | 9,371,136 | 8,102,636 |
| NET CHANGE IN FUND BALANCES | (3,774,295) | 133,543 | (29,621) | 1,645,306 | 2,631,917 | 606,850 |
| FUND BALANCES | | | | | | |
| Beginning of Year, as originally reported | 10,387,233 | 4,385,109 | 2,721,852 | 2,016,709 | 9,092,825 | 28,603,728 |
| Restatement | (352,046) | (280,820) | (240,966) | - | (39,152) | (912,984) |
| BEGINNING OF YEAR, AS RESTATED | 10,035,187 | 4,104,289 | 2,480,886 | 2,016,709 | 9,053,673 | 27,690,744 |
| FUND BALANCES, END OF YEAR | \$ 6,260,892 | \$ 4,237,832 | \$ 2,451,265 | \$ 3,662,015 | \$ 11,685,590 | \$ 28,297,594 |

See notes to financial statements.

RECONCILIATION OF THE GOVERNMENTAL FUNDS
AND GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF ENID, OKLAHOMA

Year Ended June 30, 2014

| | |
|---|----------------------|
| Total fund balance - governmental funds | \$ 28,297,594 |
| 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. | 60,239,424 |
| Long-term liabilities are not due and payable in the current period and therefore are not reported in funds. | |
| Accrued compensated absences | (2,025,733) |
| Accrued liability for workers' compensation claims incurred | (878,618) |
| Judgments payable | (194,834) |
| Net Other Post-Employment Benefit Obligation | (5,681) |
| 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 | 130,466 |
| Net position of governmental activities in the Statement of Net Assets | <u>\$ 85,562,618</u> |
| Net change in fund balances – total governmental funds | \$ 606,850 |
| 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. | |
| Depreciation expense | (6,189,020) |
| Gain (loss) on capital assets | (131,066) |
| Capital outlay expenditures capitalized | 7,129,790 |
| 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. | - |
| 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. Following is the net change: | |
| Accrued compensated absences | (400,569) |
| Accrued liability for workers' compensation claims incurred | (205,755) |
| Judgments payable | (77,227) |
| Net Other Post-Employment Benefit Obligation | 98 |
| 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>2,250</u> |
| Change in net position of governmental activities | <u>\$ 631,144</u> |

See notes to financial statements.

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

CITY OF ENID, OKLAHOMA

June 30, 2014

| | Business-type Activities Enterprise Funds | | | | Governmental Activities |
|--|--|--|---------------------------------|-----------------------|---|
| | Enid Municipal Authority | Enid Event Center and Convention Hall | Nonmajor Enterprise Funds | Totals | Internal Service Pooled cash and Investments |
| ASSETS | | | | | |
| CURRENT ASSETS | | | | | |
| Cash and cash equivalents | \$ 1,707,592 | \$ 465,705 | \$ 253,351 | \$ 2,426,648 | \$ 538,810 |
| Claim on pooled cash | - | 19,690 | 966,490 | 986,180 | 7,729,890 |
| Investments | 2,978,450 | - | - | 2,978,450 | 18,748,000 |
| Receivables: | | | | | |
| Accounts (net of allowance for uncollectibles) | 2,952,470 | 174,859 | 114,340 | 3,241,669 | - |
| Taxes | - | 148,957 | - | 148,957 | - |
| Interest | 16,896 | - | 14 | 16,910 | 27,993 |
| Due from other governments | - | - | 2,379,592 | 2,379,592 | - |
| Due from other funds | 1,454,793 | - | - | 1,454,793 | - |
| Inventories | - | 29,535 | 100,162 | 129,697 | - |
| Prepaid expense | 3,350 | 59,781 | - | 63,131 | - |
| Restricted assets: | | | | | |
| Cash and investments | 18,471,344 | - | 1,648,504 | 20,119,848 | - |
| TOTAL CURRENT ASSETS | 27,584,895 | 898,527 | 5,462,453 | 33,945,875 | 27,044,693 |
| NONCURRENT ASSETS | | | | | |
| Capital assets (net of accumulated depreciation) | 124,146,507 | 35,079,323 | 19,015,658 | 178,241,488 | - |
| TOTAL NONCURRENT ASSETS | 124,146,507 | 35,079,323 | 19,015,658 | 178,241,488 | - |
| TOTAL ASSETS | \$ 151,731,402 | \$ 35,977,850 | \$ 24,478,111 | \$ 212,187,363 | \$ 27,044,693 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | |
| Unavailable assets invested in TIF | \$ - | \$ - | \$ 4,178,546 | \$ 4,178,546 | \$ - |

STATEMENT OF NET POSITION - PROPRIETARY FUNDS--Continued

CITY OF ENID, OKLAHOMA

June 30, 2014

| | Business-type Activities Enterprise Funds | | | | Governmental Activities |
|---|--|--|---------------------------------|-----------------------|---|
| | Enid Municipal Authority | Enid Event Center and Convention Hall | Nonmajor Enterprise Funds | Totals | Internal Service Pooled cash and Investments |
| LIABILITIES | | | | | |
| CURRENT LIABILITIES | | | | | |
| Accounts payable and accrued liabilities | \$ 157,141 | \$ 581,745 | \$ 82,074 | \$ 820,960 | \$ 1,802,193 |
| Due to other funds | 7,059,314 | - | 663,356 | 7,722,670 | 25,112,034 |
| Payable from restricted assets: | | | | | |
| Accrued interest payable | 366,377 | - | 309,951 | 676,328 | - |
| Customer deposits | 993,426 | - | - | 993,426 | - |
| Current portion of long-term obligations | 12,779,051 | - | 819,144 | 13,598,195 | - |
| TOTAL CURRENT LIABILITIES | 21,355,309 | 581,745 | 1,874,525 | 23,811,579 | 26,914,227 |
| NONCURRENT LIABILITIES | | | | | |
| Bonds payable (net of unamortized discount) | 6,930,000 | - | 4,996,967 | 11,926,967 | - |
| Unearned interest on revenue bonds | 10,563,270 | - | - | 10,563,270 | - |
| Notes payable | 51,604,616 | - | 891,000 | 52,495,616 | - |
| Capital lease obligations | - | - | 46,311 | 46,311 | - |
| Accrued compensated absences | 156,907 | - | 50,992 | 207,899 | - |
| Other long-term liabilities | 3,168,221 | - | 3,107 | 3,171,328 | - |
| Less: current portion | (12,779,051) | - | (819,144) | (13,598,195) | - |
| TOTAL NONCURRENT LIABILITIES | 59,643,963 | - | 5,169,233 | 64,813,196 | - |
| TOTAL LIABILITIES | \$ 80,999,272 | \$ 581,745 | \$ 7,043,758 | \$ 88,624,775 | \$ 26,914,227 |
| NET POSITION | | | | | |
| Net investment in capital assets | \$ 69,907,488 | \$ 35,079,324 | 19,015,658 | \$ 124,002,470 | \$ - |
| Restricted for: | | | | | |
| Debt service | 9,333,478 | - | - | 9,333,478 | - |
| Capital improvements | 8,920,402 | - | 1,648,503 | 10,568,905 | - |
| Other | 993,526 | - | - | 993,526 | - |
| Unrestricted (deficit) | (18,422,764) | 316,781 | 948,738 | (17,157,245) | 130,466 |
| TOTAL NET POSITION | \$ 70,732,130 | \$ 35,396,105 | \$ 21,612,899 | \$ 127,741,134 | \$ 130,466 |

See notes to financial statements.

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

CITY OF ENID, OKLAHOMA

Year Ended June 30, 2014

| | Business-type Activities Enterprise Funds | | | Totals | Governmental Activities |
|------------------------------------|--|--|---------------------------------|-------------------|-----------------------------------|
| | Enid Municipal Authority | Enid Event Center and Convention Hall | Nonmajor Enterprise Funds | | Internal Service |
| | | | | | Pooled cash and Investments |
| OPERATING REVENUES | | | | | |
| Charges for services: | | | | | |
| Water | \$ 12,302,997 | \$ - | \$ - | \$ 12,302,997 | \$ - |
| Wastewater | 9,061,615 | - | - | 9,061,615 | - |
| Stormwater | 1,565,541 | - | - | 1,565,541 | - |
| Solid waste | 4,294,749 | - | - | 4,294,749 | - |
| Landfill | 639,017 | - | - | 639,017 | - |
| Other | 659,851 | 2,441,318 | 2,731,734 | 5,832,903 | - |
| Miscellaneous revenues | 225,692 | 11,298 | 27,921 | 264,911 | - |
| Government grants | - | - | 370,456 | 370,456 | - |
| TOTAL OPERATING REVENUES | 28,749,462 | 2,452,616 | 3,130,111 | 34,332,189 | - |
| OPERATING EXPENSES | | | | | |
| Utility services | 614,739 | - | - | 614,739 | - |
| Water distribution/production | 1,866,044 | - | - | 1,866,044 | - |
| Wastewater management services | 3,378,189 | - | - | 3,378,189 | - |
| Solid waste | 3,250,309 | - | - | 3,250,309 | - |
| Landfill | 196,635 | - | - | 196,635 | - |
| Economic development | - | - | 1,134,204 | 1,134,204 | - |
| Other | 275,837 | 4,217,087 | 3,095,689 | 7,588,613 | - |
| Depreciation and amortization | 6,737,670 | 954,865 | 877,276 | 8,569,811 | - |
| TOTAL OPERATING EXPENSES | 16,319,423 | 5,171,952 | 5,107,169 | 26,598,544 | - |
| NET OPERATING INCOME (LOSS) | 12,430,039 | (2,719,336) | (1,977,058) | 7,733,645 | - |

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

CITY OF ENID, OKLAHOMA

Year Ended June 30, 2014

| | Business-type Activities Enterprise Funds | | | Activities | |
|---|--|--|---------------------------------|----------------|------------------|
| | Enid Municipal Authority | Enid Event Center and Convention Hall | Nonmajor Enterprise Funds | Totals | Internal Service |
| NONOPERATING REVENUES (EXPENSES) | | | | | |
| Taxes | - | 1,651,763 | 1,681,933 | 3,333,696 | - |
| Capital grants | 756,078 | - | 1,509,314 | 2,265,392 | - |
| Payments to schools | (1,363,296) | - | - | (1,363,296) | - |
| Gain/(loss) on disposition of assets | 22,352 | (2,265,524) | (58,261) | (2,301,433) | - |
| Interest income | 61,658 | 1,104 | 49,054 | 111,816 | 2,250 |
| Interest expense and fiscal charges | (3,733,546) | - | (706,920) | (4,440,466) | - |
| TOTAL NONOPERATING REVENUES (EXPENSES) | (4,256,754) | (612,657) | 2,475,120 | (2,394,291) | 2,250 |
| OPERATING TRANSFERS | | | | | |
| Transfers in | 15,925,817 | 3,207,206 | 2,551,286 | 21,684,309 | - |
| Transfers (out) | (20,945,203) | 23,275 | - | (20,921,928) | - |
| Capital contributions | - | - | - | - | - |
| TOTAL OPERATING TRANSFERS | (5,019,386) | 3,230,481 | 2,551,286 | 762,381 | - |
| CHANGE IN NET POSITION | 3,153,899 | (101,512) | 3,049,348 | 6,101,735 | 2,250 |
| NET POSITION, BEGINNING OF YEAR | | | | | |
| Beginning of Year, as originally reported | 67,735,376 | 35,497,617 | 18,611,135 | 121,844,128 | 128,216 |
| Restatement | (157,145) | - | (47,584) | (204,729) | - |
| BEGINNING OF YEAR, AS RESTATED | 67,578,231 | 35,497,617 | 18,563,551 | 121,639,399 | 128,216 |
| NET POSITION, END OF YEAR | \$ 70,732,130 | \$ 35,396,105 | \$ 21,612,899 | \$ 127,741,134 | \$ 130,466 |

See notes to financial statements.

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

CITY OF ENID, OKLAHOMA

Year Ended June 30, 2014

| | Business-type Activities Enterprise Funds | | | | Governmental Activities |
|--|--|--|---------------------------------|---------------|-----------------------------------|
| | Enid Municipal Authority | Enid Event Center and Convention Hall | Nonmajor Enterprise Funds | Totals | Internal Service |
| | | | | | Pooled cash and Investments |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Receipts from customers and grantors | \$ 29,125,676 | \$ 2,266,459 | \$ 2,944,794 | \$ 34,336,929 | \$ - |
| Payments to suppliers | (8,907,973) | (3,787,972) | (3,204,955) | (15,900,900) | - |
| Payments to employees | (2,988,201) | - | (946,584) | (3,934,785) | - |
| Other receipts (payments) | 225,692 | 11,298 | 27,921 | 264,911 | (4,207,740) |
| NET CASH PROVIDED BY (USED) IN OPERATING ACTIVITIES | 17,455,194 | (1,510,215) | (1,178,824) | 14,766,155 | (4,207,740) |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | |
| Taxes | - | 1,687,308 | 1,681,933 | 3,369,241 | - |
| Miscellaneous revenues/ (expenses) | (1,363,296) | - | - | (1,363,296) | - |
| Operating transfers in (out) | (5,033,239) | 3,230,481 | 1,305,574 | (497,184) | - |
| NET CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES | (6,396,535) | 4,917,789 | 2,987,507 | 1,508,761 | - |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | |
| Proceeds from long-term debt | 4,224,579 | - | 17,786 | 4,242,365 | - |
| Principal reduction on long-term debt | (11,320,040) | - | (701,858) | (12,021,898) | - |
| Interest expense and fiscal charges | (3,730,319) | - | (368,781) | (4,099,100) | - |
| Capital grants and contributions | 756,078 | - | 1,509,314 | 2,265,392 | - |
| Proceeds from sales of capital assets | 485,851 | - | 192,683 | 678,534 | - |
| Acquisition/construction of capital assets | (6,586,762) | (3,891,226) | (2,835,841) | (13,313,829) | - |
| NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES | (16,170,613) | (3,891,226) | (2,186,697) | (22,248,536) | - |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| (Increase) decrease in investments | 6,160,417 | - | (622,824) | 5,537,593 | 482,000 |
| Interest income | 51,342 | 1,104 | 49,048 | 101,494 | 6,433 |
| NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES | 6,211,759 | 1,104 | (573,776) | 5,639,087 | 488,433 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 1,099,805 | (482,548) | (951,790) | (334,533) | (3,719,307) |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | 607,787 | 967,943 | 2,171,631 | 4,674,577 | 11,994,640 |
| CASH AND CASH EQUIVALENTS, END OF YEAR | \$ 1,707,592 | \$ 485,395 | \$ 1,219,841 | \$ 3,412,828 | \$ 8,275,333 |

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS--Continued

CITY OF ENID, OKLAHOMA

Year Ended June 30, 2014

| | Business-type Activities Enterprise Funds | | | | Governmental Activities |
|--|--|--|---------------------------------|----------------------|-----------------------------------|
| | Enid Municipal Authority | Enid Event Center and Convention Hall | Nonmajor Enterprise Funds | Totals | Internal Service |
| | | | | | Pooled cash and Investments |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES: | | | | | |
| Net operating income (loss) | \$ 12,430,039 | \$ (2,719,336) | \$ (1,977,058) | \$ 7,733,645 | \$ - |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | | | |
| Depreciation and amortization | 6,737,670 | 954,865 | 877,276 | 8,569,811 | - |
| Changes in assets and liabilities: | | | | | |
| (Increase) decrease in receivables | 535,696 | (174,859) | (157,384) | 203,453 | - |
| (Increase) decrease in due from other funds | 465,443 | - | - | 465,443 | - |
| (Increase) decrease in prepaid expenses | 37,710 | (53,907) | 6,488 | (9,709) | - |
| (Increase) decrease in inventories | - | (29,535) | (26,300) | (55,835) | - |
| Increase (decrease) in accounts payable and accrued liabilities | 727,188 | 512,557 | 11,289 | 1,251,034 | (4,589,933) |
| Increase (decrease) in customer deposits | 66,210 | - | - | 66,210 | - |
| Increase (decrease) in due to other funds | (3,544,762) | - | 86,865 | (3,457,897) | 382,193 |
| | <u>5,025,155</u> | <u>1,209,121</u> | <u>798,234</u> | <u>7,032,510</u> | <u>(4,207,740)</u> |
| TOTAL ADJUSTMENTS | | | | | |
| NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES | <u>\$ 17,455,194</u> | <u>\$ (1,510,215)</u> | <u>\$ (1,178,824)</u> | <u>\$ 14,766,155</u> | <u>\$ (4,207,740)</u> |

See notes to financial statements.

STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS

CITY OF ENID, OKLAHOMA

June 30, 2014

| | Agency Funds | | Pension Trust Funds | | Totals |
|---|---------------|----------------|----------------------------------|----------------------|----------------------|
| | CLEET Fund | Court Bonds | Retirement Defined Benefit | Retirement 401(k) | |
| ASSETS | | | | | |
| Cash and cash equivalents | \$ - | \$ 34,782 | \$ 275,353 | \$ - | \$ 310,135 |
| Claim on pooled cash | 9,992 | - | - | - | 9,992 |
| Investments | - | - | 22,946,701 | 11,605,089 | 34,551,790 |
| Receivables: | | | | | |
| Accrued interest | - | - | 1,881 | - | 1,881 |
| Participant loans | - | - | - | 393,695 | 393,695 |
| TOTAL ASSETS | <u>9,992</u> | <u>34,782</u> | <u>23,223,935</u> | <u>11,998,784</u> | <u>35,267,493</u> |
| LIABILITIES | | | | | |
| Accounts payable and accrued liabilities | 9,992 | - | - | - | 9,992 |
| Due to bondholders | - | 27,562 | - | - | 27,562 |
| Due to other funds | - | 7,220 | - | - | 7,220 |
| TOTAL LIABILITIES | <u>9,992</u> | <u>34,782</u> | <u>-</u> | <u>-</u> | <u>44,774</u> |
| NET POSITION RESTRICTED FOR PENSION BENEFITS | | | | | |
| | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 23,223,935</u> | <u>\$ 11,998,784</u> | <u>\$ 35,222,719</u> |

See notes to financial statements.

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS

CITY OF ENID, OKLAHOMA

June 30, 2014

| | Pension Trust Funds | | Totals |
|---|----------------------------------|----------------------|---------------|
| | Retirement Defined Benefit | Retirement 401(k) | |
| ADDITIONS | | | |
| Contributions: | | | |
| Employer | \$ 594,880 | \$ 711,306 | \$ 1,306,186 |
| Plan members | - | 717,969 | 717,969 |
| Total contributions | 594,880 | 1,429,275 | 2,024,155 |
| Investment earnings: | | | |
| Realized gains (losses) | 795,764 | - | 795,764 |
| Net increase (decrease) in the fair value of investments | 2,626,592 | 1,762,171 | 4,388,763 |
| Interest and dividends | 388,101 | - | 388,101 |
| Total investment earnings | 3,810,457 | 1,762,171 | 5,572,628 |
| TOTAL ADDITIONS | 4,405,337 | 3,191,446 | 7,596,783 |
| DEDUCTIONS | | | |
| Benefits and withdrawals | 716,211 | 1,119,441 | 1,835,652 |
| Administrative expenses | 124,792 | 49,424 | 174,216 |
| TOTAL DEDUCTIONS | 841,003 | 1,168,865 | 2,009,868 |
| CHANGE IN NET POSITION | 3,564,334 | 2,022,581 | 5,586,915 |
| NET POSITION RESTRICTED FOR PENSIONS | | | |
| BEGINNING OF YEAR | 19,659,601 | 9,976,203 | 29,635,804 |
| NET POSITION RESTRICTED FOR PENSIONS | | | |
| END OF YEAR | \$ 23,223,935 | \$ 11,998,784 | \$ 35,222,719 |

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

CITY OF ENID, OKLAHOMA

June 30, 2014

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 includes one discretely presented component unit which is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City.

Blended Component Units: The Enid Municipal Authority (EMA) serves all the citizens of the City and is governed by a board of trustees comprised of the City's elected City Council members. 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 and Tulsa for a fee sufficient to cover costs. The City of Enid and North Enid have a combined land area of approximately 75 square miles. Estimated ridership of the EPTA is 3,400 trips per month. The type of service offered is on-demand response service.

The 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 Enid Event Center and Convention Hall (EECH) provides a cultural venue.

NOTES TO FINANCIAL STATEMENTS

CITY OF ENID, OKLAHOMA

June 30, 2014

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Discretely Presented Component Unit: The following organization is reported in a separate column in the government-wide financial statements to emphasize this organization is legally separate from the City.

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 council member 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, 2014 are available by contacting the organization at (580) 233-4232.

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 one discretely presented component unit. While Enid Regional Development Alliance is not considered to be a major component unit, it is nevertheless shown in a separate column 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.

NOTES TO FINANCIAL STATEMENTS

CITY OF ENID, OKLAHOMA

June 30, 2014

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

Fund Financial Statements - The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. Separate statements for each fund category - governmental, proprietary and fiduciary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as Non-major funds. 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 improvement 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, stormwater fund, and street improvement fund.
- The water capital improvement 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 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 City also reports five (5) proprietary funds as Non-major enterprise funds.

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.

NOTES TO FINANCIAL STATEMENTS

CITY OF ENID, OKLAHOMA

June 30, 2014

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

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

NOTES TO FINANCIAL STATEMENTS

CITY OF ENID, OKLAHOMA

June 30, 2014

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

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.

NOTES TO FINANCIAL STATEMENTS

CITY OF ENID, OKLAHOMA

June 30, 2014

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

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 service center, landfill and airport. The cost of inventory is allocated to the user departments based upon consumption.

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

Restricted Assets - Certain proceeds of the general obligation bonds, revenue bonds and sales tax notes payable, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate trustee accounts, and their use is limited by applicable 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:

| <u>Asset Class</u> | <u>Years</u> |
|--------------------|--------------|
| Buildings | 20 - 50 |
| Infrastructure | 20 - 50 |
| Equipment | 3 - 10 |
| Vehicles | 5 - 10 |

NOTES TO FINANCIAL STATEMENTS

CITY OF ENID, OKLAHOMA

June 30, 2014

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government 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 \$25 per day up to twelve accrued unused sick leave days per year, except for firemen who are paid \$50 per day up to twelve accrued unused sick leave days per year. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements.

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.

NOTES TO FINANCIAL STATEMENTS

CITY OF ENID, OKLAHOMA

June 30, 2014

B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

Fund Balances and Net Position

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

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

NOTES TO FINANCIAL STATEMENTS

CITY OF ENID, OKLAHOMA

June 30, 2014

B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

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.

Prior Year Restatement

Net Position/Fund Balances as of July 1, 2013 were restated because the City had not recorded a liability for payroll earned but not paid as of June 30, 2013. The effects of the restatements are disclosed in the financial statements of governmental activities, business-type activities, governmental funds and proprietary funds.

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

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.

NOTES TO FINANCIAL STATEMENTS

CITY OF ENID, OKLAHOMA

June 30, 2014

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

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, 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 will 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.

- *Statement No. 71, Pension transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*

GASB No. 71 amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68.

NOTES TO FINANCIAL STATEMENTS

CITY OF ENID, OKLAHOMA

June 30, 2014

NOTE C--DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

Cash Deposits with Financial Institutions: The City held the following deposits and investments at June 30, 2014:

| Type | Fair Value | Maturities in Years | | |
|---|----------------------|----------------------|---------------------|----------------------|
| | | On Demand | Less than One | More than One |
| Demand deposits | \$ 2,463,856 | \$ 2,463,856 | \$ - | \$ - |
| Petty cash and change funds | 10,400 | 10,400 | - | - |
| Time deposits | 25,171,000 | - | 4,822,000 | 20,349,000 |
| Government money market accounts | 14,651,707 | 14,651,707 | - | - |
| Money market account | 1,734,346 | 1,734,346 | - | - |
| U.S. Agency Obligations | 2,189,736 | - | 1,201,286 | 988,450 |
| Total cash and cash equivalents and investments | <u>\$ 46,221,045</u> | <u>\$ 18,860,309</u> | <u>\$ 6,023,286</u> | <u>\$ 21,337,450</u> |

Reconciliation to Statement of Net Position:

| | |
|---------------------------------|----------------------|
| Cash and cash equivalents | \$ 3,315,039 |
| Investments | 21,726,450 |
| Restricted cash and investments | 21,179,556 |
| | <u>\$ 46,221,045</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, 2014, 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.

NOTES TO FINANCIAL STATEMENTS

CITY OF ENID, OKLAHOMA

June 30, 2014

NOTE C--DETAILED NOTES ON ALL ACTIVITIES AND FUNDS--Continued

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, 2014, 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.

The following is a summary of the restricted cash and investments balances as of June 30, 2014:

| | |
|---|---------------------------|
| Cash and cash equivalents: | |
| Pooled cash restricted for capital projects | \$ 1,059,708 |
| Pooled cash restricted for other | 100 |
| | <hr/> 1,059,808 |
| Investments: | |
| Investments restricted for debt service | 9,550,843 |
| Investments restricted for capital projects | 10,568,905 |
| | <hr/> 20,119,748 |
| Total restricted cash and investments | <hr/> <hr/> \$ 21,179,556 |

NOTES TO FINANCIAL STATEMENTS

CITY OF ENID, OKLAHOMA

June 30, 2014

NOTE C--DETAILED NOTES ON ALL ACTIVITIES AND FUNDS--Continued

Receivables: Receivables as of June 30, 2014, for the City of Enid's individual major funds and non-major funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

| Investment | Receivables | | | | | |
|--|---------------------|---------------------|----------------------------------|---------------------|---------------------------------------|----------------------|
| | Taxes | Accounts | Due from Other Governments | Accrued Interest | Allowance for Doubtful Accounts | Net Receivables |
| Fund: | | | | | | |
| General | \$ 4,813,475 | \$ 169,411 | \$ - | \$ - | \$ (20,474) | \$ 4,962,412 |
| Police | - | - | 34,091 | - | - | 34,091 |
| Capital Improvement Fund | - | - | 10,000 | - | - | 10,000 |
| Non-major governmental funds | 285,323 | - | 2,440 | - | - | 287,763 |
| Enid Municipal Authority | - | 3,092,071 | - | 16,896 | (139,601) | 2,969,366 |
| Enid Event Center and Convention Hall | 148,957 | 174,859 | - | - | - | 323,816 |
| Non-major enterprise funds | - | 114,340 | 2,379,592 | 14 | - | 2,493,946 |
| Internal service funds | - | - | - | 27,993 | - | 27,993 |
| Net total receivables | <u>\$ 5,247,755</u> | <u>\$ 3,550,681</u> | <u>\$ 2,426,123</u> | <u>\$ 44,903</u> | <u>\$ (160,075)</u> | <u>\$ 11,109,387</u> |

Capital Assets: Capital asset balances and activities for the year ended June 30, 2014, were as follows:

| | Beginning Balance | Increases | Transfers | Decreases | Ending Balance |
|--|----------------------|---------------------|---------------------|---------------------|----------------------|
| Governmental activities: | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land | \$ 2,304,132 | \$ 87,514 | \$ 23,545 | \$ - | \$ 2,415,191 |
| Construction in progress | 14,493,079 | 4,717,157 | (13,628,088) | (56,896) | 5,525,252 |
| Total capital assets, not being depreciated | 16,797,211 | 4,804,671 | (13,604,543) | (56,896) | 7,940,443 |
| Capital assets, being depreciated: | | | | | |
| Buildings | 12,009,386 | - | 634,482 | (198,788) | 12,445,080 |
| Improvements | 67,790,167 | 74,011 | 10,886,373 | - | 78,750,551 |
| Equipment | 6,296,322 | 585,147 | 1,867,170 | - | 8,748,639 |
| Vehicles | 8,727,969 | 1,885,440 | (167,211) | (174,465) | 10,271,733 |
| Total capital assets, being depreciated | 94,823,844 | 2,544,598 | 13,220,814 | (373,253) | 110,216,003 |
| Less: accumulated depreciation for: | | | | | |
| Buildings | (5,610,109) | (506,005) | 215,000 | 48,058 | (5,853,056) |
| Improvements | (35,193,672) | (3,245,075) | - | - | (38,438,747) |
| Equipment | (4,852,589) | (1,481,975) | (34,598) | - | (6,369,162) |
| Vehicles | (6,534,965) | (955,965) | 70,908 | 163,965 | (7,256,057) |
| Total accumulated depreciation | (52,191,335) | (6,189,020) | 251,310 | 212,023 | (57,917,022) |
| Total capital assets, being depreciated, net | 42,632,509 | (3,644,422) | 13,472,124 | (161,230) | 52,298,981 |
| Governmental activities capital assets, net | <u>\$ 59,429,720</u> | <u>\$ 1,160,249</u> | <u>\$ (132,419)</u> | <u>\$ (218,126)</u> | <u>\$ 60,239,424</u> |

NOTES TO FINANCIAL STATEMENTS

CITY OF ENID, OKLAHOMA

June 30, 2014

NOTE C--DETAILED NOTES ON ALL ACTIVITIES AND FUNDS--Continued

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Transfers</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|---|------------------------------|---------------------|---------------------|-----------------------|---------------------------|
| Business-type activities: | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land | \$ 8,768,921 | \$ 1,429,704 | \$ 535,107 | \$ (479,629) | \$ 10,254,103 |
| Construction in progress | <u>84,159,701</u> | <u>10,957,434</u> | <u>(84,517,491)</u> | <u>(364,091)</u> | <u>10,235,553</u> |
| Total capital assets, not being depreciated | 92,928,622 | 12,387,138 | (83,982,384) | (843,720) | 20,489,656 |
| Capital assets, being depreciated: | | | | | |
| Buildings | 8,594,912 | 155,263 | 72,520,280 | (4,182,123) | 77,088,332 |
| Improvements | 115,423,875 | - | 11,632,951 | (3,775,095) | 123,281,731 |
| Equipment | 22,838,804 | 385,470 | 45,671 | (487,487) | 22,782,458 |
| Vehicles | <u>5,471,565</u> | <u>623,417</u> | <u>167,211</u> | <u>(239,292)</u> | <u>6,022,901</u> |
| Total capital assets, being depreciated | 152,329,156 | 1,164,150 | 84,366,113 | (8,683,997) | 229,175,422 |
| Less: accumulated depreciation for: | | | | | |
| Buildings | (3,526,171) | (3,119,285) | (218,926) | 1,928,784 | (4,935,598) |
| Improvements | (51,560,361) | (3,624,644) | - | 3,697,522 | (51,487,483) |
| Equipment | (9,687,560) | (1,157,616) | 38,524 | 487,487 | (10,319,165) |
| Vehicles | <u>(4,161,512)</u> | <u>(668,266)</u> | <u>(70,908)</u> | <u>219,342</u> | <u>(4,681,344)</u> |
| Total accumulated depreciation | <u>(68,935,604)</u> | <u>(8,569,811)</u> | <u>(251,310)</u> | <u>6,333,135</u> | <u>(71,423,590)</u> |
| Total capital assets, being depreciated, net | <u>83,393,552</u> | <u>(7,405,661)</u> | <u>84,114,803</u> | <u>(2,350,862)</u> | <u>157,751,832</u> |
| Total business-type activities capital assets, net | <u>\$176,322,174</u> | <u>\$ 4,981,477</u> | <u>\$ 132,419</u> | <u>\$ (3,194,582)</u> | <u>\$178,241,488</u> |

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

Governmental activities:

| | |
|--|---------------------|
| General government | \$ 976,787 |
| Public safety | 1,263,343 |
| Public works | 3,633,003 |
| Cultural and recreation | <u>315,887</u> |
| Total depreciation expense - governmental activities | <u>\$ 6,189,020</u> |

Business-type activities:

| | |
|---|---------------------|
| Administration | \$ 404,346 |
| Water | 1,442,312 |
| Wastewater/stormwater | 3,855,090 |
| Sanitation | 1,035,922 |
| Airport | 682,903 |
| Golf | 48,427 |
| Economic development | 44,675 |
| Transportation | 101,271 |
| Enid Event Center & Convention Hall | <u>954,865</u> |
| Total depreciation expense - business-type activities | <u>\$ 8,569,811</u> |

NOTES TO FINANCIAL STATEMENTS

CITY OF ENID, OKLAHOMA

June 30, 2014

NOTE C--DETAILED NOTES ON ALL ACTIVITIES AND FUNDS--Continued

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, 2014, the liability to customers was \$993,426.

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, 2014, \$34,782 was being held that was subject to refund.

Long-Term Liabilities: Long-term liabilities of the City of Enid as of June 30, 2014, are summarized as follows:

Governmental activities:

| | |
|---|---------------------|
| Compensated absences | \$ 2,025,733 |
| Other long-term liabilities: | |
| Net OPEB obligation | 5,681 |
| Workers' compensation claims | 878,618 |
| | <u>884,299</u> |
| 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. | 194,834 |
| | <u>194,834</u> |
| Total long-term liabilities for governmental activities | <u>\$ 3,104,866</u> |

Business-type activities:

| | |
|--|------------------|
| Compensated absences | \$ 207,899 |
| Other long-term liabilities: | |
| Workers' compensation claims | 672,062 |
| Landfill closure and post-closure and other long-term liabilities | 2,499,266 |
| | <u>3,379,227</u> |

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. | 3,700,000 |
|--|-----------|

NOTES TO FINANCIAL STATEMENTS

CITY OF ENID, OKLAHOMA

June 30, 2014

NOTE C--DETAILED NOTES ON ALL ACTIVITIES AND FUNDS--Continued

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. 4,996,967

\$3,230,000 Series 1987A – deferred interest, issued March 31, 1987 with final maturities in 2016 and 2017. No periodic interest is paid with the bonds increasing in value. Amount paid on redemption in 2013, 2014, 2015, 2016 and 2017 based on yields to maturity of 7.60% for the 2016 bonds to 7.80% for the 2017 bonds. 3,230,000

Unearned interest accreted on \$3,230,000 Series 1987A Revenue Bonds 10,563,270
 Total revenue bonds 22,490,237

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. 428,850

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. 384,814

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. 443,076

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. 4,433,921

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 \$0. 32,156,938

NOTES TO FINANCIAL STATEMENTS

CITY OF ENID, OKLAHOMA

June 30, 2014

NOTE C--DETAILED NOTES ON ALL ACTIVITIES AND FUNDS--Continued

| | |
|--|----------------------|
| 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. | 891,000 |
| 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. | 1,025,000 |
| 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 \$2,809,360. | 4,047,017 |
| 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. | <u>8,685,000</u> |
| Total notes payable | 52,495,616 |
| 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. | 321 |
| 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. | 15,424 |
| PNC Equipment Finance dated October 10, 2012 with 48 monthly payments of \$551 including interest at 5.99%, for the purchase of an aerator. | 13,879 |
| De Lage Landen Public Finance LLC dated August 1, 2013 with 60 monthly payments of \$377 including interest at 4.99%, for the purchase of a relief grinder. | <u>16,687</u> |
| Total capital lease obligations | <u>46,311</u> |
| Total long-term liabilities for business-type activities | <u>78,411,391</u> |
| Total long-term liabilities | <u>\$ 81,516,257</u> |

NOTES TO FINANCIAL STATEMENTS

CITY OF ENID, OKLAHOMA

June 30, 2014

NOTE C--DETAILED NOTES ON ALL ACTIVITIES AND FUNDS--Continued

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. The final payment was made in September 2013, and at June 30, 2014 the account balance was \$0.

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 \$15,967,289. Pledge revenue received in the current year totaled \$10,000,094. Debt service payments of \$6,276,159 for the current year were 63% 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 \$4,086,835. Pledged revenue received in the current year totaled \$1,364,841. Debt service payments of \$1,020,935 for the current year were 75% of pledged revenue.

NOTES TO FINANCIAL STATEMENTS

CITY OF ENID, OKLAHOMA

June 30, 2014

NOTE C--DETAILED NOTES ON ALL ACTIVITIES AND FUNDS--Continued

Long-term liabilities transactions for the year ended June 30, 2014, were as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance | Amounts Due Within One Year |
|--|----------------------|--------------|-----------------|-------------------|-----------------------------------|
| Governmental activities: | | | | | |
| Compensated absences | \$ 1,625,164 | \$ 400,569 | \$ - | \$ 2,025,733 | \$ - |
| Other long-term liabilities | | | | | |
| Net OPEB obligation | 5,778 | - | (97) | 5,681 | - |
| Workers' compensation claims | 672,863 | 392,811 | (187,056) | 878,618 | - |
| | 678,641 | 392,811 | (187,153) | 884,299 | - |
| General obligation bonds | - | - | - | - | - |
| Judgments | 117,607 | 147,815 | (70,588) | 194,834 | 80,350 |
| Total governmental activities | 2,421,412 | 941,195 | (257,741) | 3,104,866 | 80,350 |
| Business-type activities: | | | | | |
| Compensated absences | 217,386 | 38,828 | (48,315) | 207,899 | - |
| Other long-term liabilities | | | | | |
| Workers' compensation claims | 144,758 | 554,943 | (27,639) | 672,062 | - |
| Landfill closure and post-closure and other long-term liabilities | 2,302,631 | 196,635 | - | 2,499,266 | - |
| | 2,447,389 | 751,578 | (27,639) | 3,171,328 | - |
| Bonds Payable | | | | | |
| Series 2003 | 4,535,000 | - | (835,000) | 3,700,000 | 870,000 |
| Series 1987A | 2,475,428 | 1,454,547 | (699,975) | 3,230,000 | - |
| Deferred interest on 1987A bonds | 15,443,493 | 1,395,936 | (6,276,159) | 10,563,270 | 5,522,000 |
| Tax Apportionment Bonds 2005 | 5,681,738 | 684,770 | (1,369,541) | 4,996,967 | 1,348,685 |
| | 28,135,659 | 3,535,253 | (9,180,675) | 22,490,237 | 7,740,685 |
| Notes payable: | | | | | |
| OWRB 1998A | 524,150 | - | (95,300) | 428,850 | 95,300 |
| OWRB 2000A | 444,016 | - | (59,202) | 384,814 | 58,202 |
| OWRB 2002A | 498,461 | - | (55,385) | 443,076 | 55,385 |
| OWRB 2009 DWSRF | 4,633,829 | - | (199,908) | 4,433,921 | 206,508 |
| OWRB/ODFA 2010 CWSRF | 33,681,938 | - | (1,525,000) | 32,156,938 | 1,570,000 |
| OWRB 2012 DWSRF | 1,917,031 | 2,809,360 | (679,374) | 4,047,017 | 547,992 |
| OWRB 2012A sales tax note | 2,040,000 | - | (1,015,000) | 1,025,000 | 1,025,000 |
| EMA sales tax note | 10,000,000 | - | (1,315,000) | 8,685,000 | 1,340,000 |
| HUD loan | 1,006,000 | - | (115,000) | 891,000 | 123,000 |
| | 54,745,425 | 2,809,360 | (5,059,169) | 52,495,616 | 5,021,387 |
| Capital lease obligations | 45,613 | 20,072 | (19,374) | 46,311 | 16,979 |
| Total business-type activities | 85,591,472 | 7,155,091 | (14,335,172) | 78,411,391 | 12,779,051 |
| Total long-term liabilities | \$ 88,012,884 | \$ 8,096,286 | \$ (14,592,913) | \$ 81,516,257 | \$ 12,859,401 |

NOTES TO FINANCIAL STATEMENTS

CITY OF ENID, OKLAHOMA

June 30, 2014

NOTE C--DETAILED NOTES ON ALL ACTIVITIES AND FUNDS--Continued

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

| Year Ending June 30 | Governmental Activities | |
|------------------------|-------------------------|------------------|
| | Judgments | |
| | Principal | Interest |
| 2015 | \$ 80,350 | \$ 15,292 |
| 2016 | 65,212 | - |
| 2017 | 49,272 | - |
| 2018 | - | - |
| 2019 | - | - |
| Totals | <u>\$ 194,834</u> | <u>\$ 15,292</u> |

| Year Ending June 30 | Business-type Activities | | | |
|------------------------|--------------------------|-------------------|---------------------|----------------------|
| | Tax Apportionment Bonds | | Revenue Bonds | |
| | Principal | Interest | Principal | Interest |
| 2015 | \$ 1,348,685 | \$ 299,818 | \$ 870,000 | \$ 5,673,989 |
| 2016 | 806,783 | 218,897 | 3,635,000 | 2,906,030 |
| 2017 | 855,190 | 170,490 | 1,445,000 | 4,503,925 |
| 2018 | 906,501 | 119,179 | 980,000 | 40,180 |
| 2019 | 960,892 | 64,788 | - | - |
| 2020 - 2024 | 118,916 | 7,135 | - | - |
| Totals | <u>\$ 4,996,967</u> | <u>\$ 880,307</u> | <u>\$ 6,930,000</u> | <u>\$ 13,124,124</u> |

| Year Ending June 30 | Business-type Activities | | | |
|------------------------|---------------------------|-----------------|----------------------|----------------------|
| | Capital Lease Obligations | | Notes Payable | |
| | Principal | Interest | Principal | Interest |
| 2015 | \$ 16,979 | \$ 1,947 | \$ 5,021,387 | \$ 1,348,956 |
| 2016 | 17,520 | 1,082 | 4,091,445 | 1,259,518 |
| 2017 | 7,049 | 374 | 4,198,939 | 1,154,810 |
| 2018 | 4,387 | 138 | 4,304,332 | 1,049,511 |
| 2019 | 376 | 2 | 4,364,496 | 941,020 |
| 2020 - 2024 | - | - | 14,357,695 | 3,384,889 |
| 2025 - 2029 | - | - | 12,787,078 | 1,735,262 |
| 2030 - 2034 | - | - | 3,370,244 | 114,604 |
| Totals | <u>\$ 46,311</u> | <u>\$ 3,543</u> | <u>\$ 52,495,616</u> | <u>\$ 10,988,570</u> |

NOTES TO FINANCIAL STATEMENTS

CITY OF ENID, OKLAHOMA

June 30, 2014

NOTE C--DETAILED NOTES ON ALL ACTIVITIES AND FUNDS--Continued

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 | \$ 2,025,733 |
| Business-type activities | <u>207,899</u> |
| Total | <u><u>\$ 2,233,632</u></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 \$25 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, 2014, approximately 169,700 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, 2014, is as follows:

NOTES TO FINANCIAL STATEMENTS

CITY OF ENID, OKLAHOMA

June 30, 2014

NOTE C--DETAILED NOTES ON ALL ACTIVITIES AND FUNDS--Continued

Due To/Due from Other Funds:

| Receivable Fund | Payable Fund | Amount | Nature of Interfund Balances |
|---|--------------------------------------|----------------------|------------------------------|
| Police fund | General Fund | \$ 151,977 | Restricted sales tax payable |
| Fire fund | General Fund | 151,977 | Restricted sales tax payable |
| Enid municipal authority | General Fund | 1,454,793 | Restricted sales tax payable |
| | | <u>\$ 1,758,747</u> | |
| General fund | Internal service fund | \$ 3,242,543 | Claim on pooled cash |
| Police fund | Internal service fund | 4,394,167 | Claim on pooled cash |
| Fire fund | Internal service fund | 2,580,235 | Claim on pooled cash |
| Capital improvement fund | Internal service fund | 2,592,307 | Claim on pooled cash |
| Other Governmental Funds | | | |
| Special projects fund | Internal service fund | 36,131 | Claim on pooled cash |
| Water assessment fund | Internal service fund | 7,062 | Claim on pooled cash |
| Street and alley fund | Internal service fund | 1,109,582 | Claim on pooled cash |
| Community intervention center | Internal service fund | 108,371 | Claim on pooled cash |
| Health care fund | Internal service fund | 2,321,474 | Claim on pooled cash |
| CDBG fund | Internal service fund | 120,217 | Claim on pooled cash |
| Paving assessment fund | Internal service fund | 1,999 | Claim on pooled cash |
| Park board fund | Internal service fund | - | Claim on pooled cash |
| 911 fund | Internal service fund | 96,607 | Claim on pooled cash |
| Street improvement fund | Internal service fund | 1,609,894 | Claim on pooled cash |
| Capital projects escrow | Internal service fund | 773,703 | Claim on pooled cash |
| Water capital improvement fund | Internal service fund | 1,296,450 | Claim on pooled cash |
| Sanitary sewer fund | Internal service fund | 81,403 | Claim on pooled cash |
| Storm water fund | Internal service fund | 3,635,021 | Claim on pooled cash |
| Sinking fund | Internal service fund | 108,696 | Claim on pooled cash |
| Total Governmental Funds | | <u>\$ 24,115,862</u> | |
| Enid event center and conventional hall | Internal service fund | \$ 19,690 | Claim on pooled cash |
| Enid economic development authority | Internal service fund | 940,334 | Claim on pooled cash |
| Vance development authority | Internal service fund | 26,156 | Claim on pooled cash |
| Total Proprietary Funds | | <u>\$ 986,180</u> | |
| Internal service fund | Enid municipal authority | \$ 7,059,314 | Payable to pooled cash |
| Internal service fund | Enid public transportation authority | 165,316 | Payable to pooled cash |
| Internal service fund | Woodring airport | 185,814 | Payable to pooled cash |
| Internal service fund | Meadowlakes golf course | 312,226 | Payable to pooled cash |
| Total Proprietary Funds | | <u>\$ 7,722,670</u> | |
| Cleet fund | Internal service fund | \$ 9,992 | Claim on pooled cash |
| Internal Service Fund | Court bonds | \$ 7,220 | Payable to pooled cash |

| Reconciliation to Statement of Net Position: | Claim on Pooled Cash | Due From Other Funds | Due To Other Funds | Net Internal Balances |
|--|-------------------------|-------------------------|-----------------------|--------------------------|
| Governmental funds | \$ 31,852,385 | \$ 303,954 | \$ 26,863,561 | \$ 5,292,778 |
| Proprietary funds | 986,180 | 1,454,793 | 7,736,523 | (5,295,550) |
| Total | <u>\$ 32,838,565</u> | <u>\$ 1,758,747</u> | <u>\$ 34,600,084</u> | <u>\$ (2,772)</u> |

NOTES TO FINANCIAL STATEMENTS

CITY OF ENID, OKLAHOMA

June 30, 2014

NOTE C--DETAILED NOTES ON ALL ACTIVITIES AND FUNDS--Continued

Interfund Transfers:

| | Transfers Out | | | | | | Totals |
|---------------------------------------|----------------------|-------------------|------------------|---------------------|-----------------------------|--------------------------|----------------------|
| | General Fund | Police Fund | Fire Fund | Sanitary Sewer Fund | Nonmajor Governmental Funds | Enid Municipal Authority | |
| Transfer in: | | | | | | | |
| General fund | \$ - | \$ - | \$ - | \$ - | \$ 33,678 | \$ 3,020,100 | \$ 3,053,778 |
| Police fund | 9,043,924 | - | - | - | - | - | 9,043,924 |
| Fire fund | 7,843,924 | - | - | - | - | - | 7,843,924 |
| Capital improvements | - | - | - | - | - | 7,179,486 | 7,179,486 |
| Water capital improvements | - | - | - | - | - | 3,848,678 | 3,848,678 |
| Nonmajor governmental | 40,000 | 125,000 | 50,000 | - | 200,000 | 5,393,667 | 5,808,667 |
| Enid Municipal Authority | 11,388,037 | - | - | - | - | - | 11,388,037 |
| EEDA | 40,000 | - | - | - | - | 239,491 | 279,491 |
| Enid Event Center and Convention Hall | - | - | - | - | - | - | - |
| Nonmajor proprietary | 375,000 | - | - | - | - | 1,365,000 | 1,740,000 |
| Totals | <u>\$ 28,730,885</u> | <u>\$ 125,000</u> | <u>\$ 50,000</u> | <u>\$ -</u> | <u>\$ 233,678</u> | <u>\$ 21,046,422</u> | <u>\$ 50,185,985</u> |

In addition to the above transfers, \$9,384,131 capitalized as governmental activities at June 30, 2014 was contributed to the City's enterprise funds as follows:

| | |
|----------------------------|--------------------|
| Enid Municipal Authority | \$5,645,330 |
| Event Center | 3,207,206 |
| Non-major enterprise funds | <u>531,595</u> |
| | <u>\$9,384,131</u> |

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 \$2,499,266 reported as other noncurrent liabilities for the accrued landfill closure cost liability as of June 30, 2014, represents the cumulative amount of such cost reported to date based on the use of approximately 61% 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 \$1,912,135 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 2014.

NOTES TO FINANCIAL STATEMENTS

CITY OF ENID, OKLAHOMA

June 30, 2014

NOTE C--DETAILED NOTES ON ALL ACTIVITIES AND FUNDS--Continued

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, 2014, are as follows:

| | | |
|----------------------------------|----|------------------|
| Estimated closure costs | \$ | 3,163,918 |
| Estimated post-closure costs | | <u>1,247,483</u> |
| Total estimated costs | \$ | <u>4,411,401</u> |
| Accrued closure costs | \$ | <u>2,499,266</u> |
| Current costs charged to expense | \$ | <u>196,635</u> |

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

NOTE D--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.

NOTES TO FINANCIAL STATEMENTS

CITY OF ENID, OKLAHOMA

June 30, 2014

NOTE E--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 | \$ 310,249 | \$ 3,942,848 | \$ 4,096,393 | \$ 156,704 |
| Workers' compensation claims | \$ 817,620 | \$ 2,099,732 | \$ 1,366,703 | \$ 1,550,649 |

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

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

NOTES TO FINANCIAL STATEMENTS

CITY OF ENID, OKLAHOMA

June 30, 2014

NOTE E--OTHER INFORMATION--Continued

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 contained 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. In March 2014, the DEQ notified the City that it had complied with all of the terms of the consent order, and closed the consent order

Employee Retirement Systems and Pension Plans

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

| <u>Name of System</u> | <u>Type of System</u> |
|--|--|
| 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 |

NOTES TO FINANCIAL STATEMENTS

CITY OF ENID, OKLAHOMA

June 30, 2014

NOTE E--OTHER INFORMATION--Continued

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:

| | <u>Oklahoma Police Pension and Retirement System</u> | <u>Oklahoma Firefighters' Pension and Retirement System</u> |
|--|--|--|
| Obtaining separately issued financial statements | Police Pension and Retirement 1001 N.W. 63rd Street, Suite 605 Oklahoma City, OK 73116-7335 | Firefighters' Pension and Retirement 4545 N. Lincoln Blvd., Suite 265 Oklahoma City, OK 73105-3414 |
| Authority establishing contribution obligations and benefits | 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. | 9% of base salary. |
| Employer contributions | 13% of eligible salary. | 14% 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, 2014, the State of Oklahoma contributed approximately \$530,000 to the Oklahoma Police Pension and Retirement System on behalf of the City. The State of Oklahoma also contributed approximately \$1,515,000 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.

NOTES TO FINANCIAL STATEMENTS

CITY OF ENID, OKLAHOMA

June 30, 2014

NOTE E--OTHER INFORMATION--Continued

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 |
| 2012 | 577,555 | 100% | 612,735 | 100% |
| 2013 | 561,758 | 100% | 627,580 | 100% |
| 2014 | 602,343 | 100% | 688,202 | 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, 2014 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, and is not included in the report of a public employee retirement system or a report of another entity.

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

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

Method Used to Value Investments: The Plan's investments are reported at fair value. 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.

NOTES TO FINANCIAL STATEMENTS

CITY OF ENID, OKLAHOMA

June 30, 2014

NOTE E--OTHER INFORMATION--Continued

Membership Information: 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, 2014, there were 435 plan participants. Administrative costs are financed through investment earnings.

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

Benefits: Benefits vest after five years of credited service and participation. Employees, who retire at age 65 or completion of five years of service, if later, are entitled to an annual retirement benefit, payable monthly in an amount equal to .85% 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 $\frac{1}{2}$ 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.

Related Party Investments: As of June 30, 2014 the Systems held no related-party investments of the City of Enid or of its related entities.

NOTES TO FINANCIAL STATEMENTS

CITY OF ENID, OKLAHOMA

June 30, 2014

NOTE E--OTHER INFORMATION--Continued

Investments: Investments consist of the following at June 30, 2014:

| | |
|-------------------|---------------------|
| Equities | \$16,681,924 |
| Fixed Income | <u>6,264,777</u> |
| Total Investments | <u>\$22,946,701</u> |

The money weighted rate of return for the year ended June 30, 2014 was 19.35%.

Annual Pension Cost Trend Information

| Fiscal Year | Employee Retirement System of Enid, Oklahoma | | |
|----------------|--|---------------------------|---------------------------|
| | Required Contribution | Percentage Contributed | Net Pension Obligation |
| 2012 | \$ 585,722 | 100% | \$ - |
| 2013 | 619,279 | 100% | - |
| 2014 | 599,551 | 100% | - |

Net Pension Liability

| | |
|-----------------------------|---------------------|
| Total Pension Liability | \$27,278,572 |
| Plan Fiduciary Net Position | <u>23,223,935</u> |
| Net Pension Liability | <u>\$ 4,054,637</u> |

| | |
|---|--------|
| Plan Fiduciary Net Position as a percentage of the Total Pension Liability | 85.14% |
|---|--------|

Actuarial Assumptions: The total pension liability was determined by an actuarial valuation as follows:

| | |
|----------------------------|--|
| Valuation Date: | January 1, 2014 |
| Actuarial Cost Method | Entry Age Normal |
| Investment Rate of Return | 7.0% |
| Projected Salary Increases | 4.0% |
| Mortality Rates | RP2000 Fully Generational Scale BB Combined Healthy Table |

Discount Rate: A blended discount rate of 6.31% was used to measure the total pension liability. This was based on the expected rate of return on pension plan investments of 7.0% and the municipal bond rate of 3.75%. The projection of cash flows used to determine the discount rate assumed that contributions from the City would be made at the current contribution policy of 6.5%.

NOTES TO FINANCIAL STATEMENTS

CITY OF ENID, OKLAHOMA

June 30, 2014

NOTE E--OTHER INFORMATION--Continued

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The following presents the Plan's estimated net pension liability, calculated using a single discount rate of 6.0%, as well as what the Plan's net pension liability would be if it were calculated using a single discount rate that is 1.0% higher or lower:

| <u>1.0% Decrease</u> | <u>Current Discount Rate (6.31%)</u> | <u>1.0% Increase</u> |
|----------------------|--|----------------------|
| \$ 8,031,594 | \$ 4,054,637 | \$ 1,238,804 |

401(k) Supplement Plan

The City also maintains the City of Enid, Oklahoma 401(k) Supplement Plan (the Supplement), a defined contribution pension plan for other than employees covered under the OPPRS or OFPRS plans. 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. A one-time change from July 2013 until January 2014 was put in place, with the City making matching contributions to those participants' accounts at a rate of 200% of the first 2% of the employees' compensation that is contributed by the employee. Contributions to the 401(k) Plan, plus earnings, constitute retirement benefits from this plan.

| <u>Fiscal Year</u> | <u>City of Enid 401(k) Plan</u> | |
|------------------------|----------------------------------|-----------------------------------|
| | <u>Required Contribution</u> | <u>Percentage Contributed</u> |
| 2012 | 485,354 | 100% |
| 2013 | 521,071 | 100% |
| 2014 | 711,308 | 100% |

ICMA Plan

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

Post-Employment Benefits Other Than Retirement

Plan Description: The City provides postemployment healthcare benefits (OPEB) for retired employees and their dependents through the City of Enid Postretirement Medical Plan (the Plan), a single-employer defined benefit healthcare plan. The benefits, coverage levels, employee contributions, and employer contributions are governed by the City and can be amended by the City through its personnel manual and union contracts.

NOTES TO FINANCIAL STATEMENTS

CITY OF ENID, OKLAHOMA

June 30, 2014

NOTE E--OTHER INFORMATION--Continued

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

The retired employee who participates in the health insurance plan shall pay the full cost of said health insurance plan at the rates and terms established by the City. The City offers the plan to those retired employees unless the retired employee or dependent is over sixty-five years of age and qualifies for Medicare. For the year ended June 30, 2014, retirees and dependents paid the full cost of the coverage.

Membership: At July 1, 2013, membership consisted of:

| | |
|--|-----|
| Retirees and beneficiaries currently receiving benefits | 29 |
| Terminated employees entitled to benefits but not yet receiving them | - |
| Active employees | 407 |
| Total participants | 436 |

Annual OPEB cost and Net OPEB obligation: The City's annual OPEB cost, the percentage of annual OPEB contributed to the plan, and the net OPEB obligation for the year ended June 30, 2014 is as follows:

| OPEB Cost | Contributions | OPEB Cost Contributed | OPEB Obligation |
|------------|---------------|-----------------------|-----------------|
| \$ 172,554 | \$ - | 0.0% | 5,681 |

The net OPEB obligation (NOO) as of June 30, 2014, was calculated as followed:

| | |
|--|------------|
| Annual required contribution (ARC) | \$ 172,554 |
| Interest on net OPEB obligation | 231 |
| Adjustment to annual required contribution | (328) |
| Annual OPEB cost | 172,457 |
| Contributions made | - |
| OPEB benefits paid | (172,554) |
| Net OPEB Obligation, Beginning of Year | 5,778 |
| Net OPEB Obligation, End of Year | \$ 5,681 |

NOTES TO FINANCIAL STATEMENTS

CITY OF ENID, OKLAHOMA

June 30, 2014

NOTE E--OTHER INFORMATION--Continued

Funded Status and Funding Progress: The funded status of the plan as of July 1, 2013, was as follows:

| | |
|--|---------------------|
| Actuarial accrued liability (AAL) | \$ 2,073,624 |
| Actuarial value of plan assets | <u>-</u> |
| Unfunded actuarial accrued liability (UAAL) | <u>\$ 2,073,624</u> |
| Funded ratio (actuarial value of plan assets/AAL) | 0.00% |
| Covered payroll (annual payroll of active employees covered by the plan) | \$ 17,383,329 |
| UAAL as a percentage of covered payroll | 11.93% |

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

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

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 2018 and later |

NOTES TO FINANCIAL STATEMENTS

CITY OF ENID, OKLAHOMA

June 30, 2014

NOTE E--OTHER INFORMATION--Continued

Property Taxes: Property taxes levied by the City are billed and collected by the county treasurer's office and remitted to the City in the month following the collection. Property taxes are levied annually in November and are due in equal installments on December 31 and March 31. Property taxes unpaid for the fiscal year are attached by an enforceable lien on property in the following November. The City recognizes the tax in the year it is levied. For the years ended June 30, 2014 and 2013, the City's net assessed valuation of taxable real and personal property aggregated \$325,170,244 and \$315,385,563 while the property taxes levied per \$1,000 of net assessed valuation were \$0.00 and \$4.96, respectively.

Construction and Other Significant Commitments:

Construction Commitments - The City has active construction projects as of June 30, 2014. 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, 2014 totaled \$9,282,510.

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 | \$ | 302,487 |
| Police fund | | 121,553 |
| Fire fund | | 63,703 |
| Capital improvements fund | | 2,510,652 |
| Water capital improvements fund | | 1,950,591 |
| Sanitary sewer improvements | | 1,243,705 |
| Nonmajor governmental funds | | 3,600,599 |
| Enid Municipal Authority | | 115,044 |
| Enid Event Center & Conference Hall | | 15,088 |
| Woodring airport | | 165,557 |
| Nonmajor enterprise funds | | 52,020 |
| Totals | \$ | <u>10,140,999</u> |

Other Commitments - On August 1, 2006 Tiessen, Haney and Access Now sued the City in federal district court seeking affirmative injunctive relief under the Americans with Disabilities Act (ADA). The suit covers all city owned buildings, parks and sidewalks, intersections and rights of ways located in the city limits of Enid. The plaintiffs 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.

NOTES TO FINANCIAL STATEMENTS

CITY OF ENID, OKLAHOMA

June 30, 2014

NOTE E--OTHER INFORMATION--Continued

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

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

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY
 CITY OF ENID, OKLAHOMA

June 30, 2014

Employee Retirement System of Enid Oklahoma

| | <u>Year Ended June 30, 2014</u> |
|--|-------------------------------------|
| Total Pension Liability | |
| Service cost | 734,106 |
| Interest | 1,577,043 |
| Differences between expected and actual experience | 151,414 |
| Changes of assumptions | (2,970,593) |
| Benefit payments, including refunds | <u>(716,211)</u> |
| Net change in total pension liability | (1,224,241) |
| Total pension liability - beginning | <u>28,502,813</u> |
| Total pension liability - ending | <u><u>\$ 27,278,572</u></u> |
| Plan Fiduciary Net Position | |
| Contributions - employer | 594,880 |
| Contributions - member | - |
| Net investment income | 3,810,457 |
| Benefit payments, including refunds | (716,211) |
| Administrative expense | <u>(124,792)</u> |
| Net change in plan fiduciary net position | 3,564,334 |
| Plan fiduciary net position - beginning | <u>19,659,601</u> |
| Plan fiduciary net position - ending | <u><u>\$ 23,223,935</u></u> |
| Plan's Net Pension Liability - Ending | <u><u>\$ 4,054,637</u></u> |

Information for years prior to 2014 is not available.

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF NET PENSION LIABILITY AND RELATED RATIOS

CITY OF ENID, OKLAHOMA

June 30, 2014

Employee Retirement System of Enid Oklahoma

| | Year Ended <u>June 30, 2014</u> |
|---|------------------------------------|
| Total Pension Liability | \$ 27,278,572 |
| Plan Fiduciary Net Position | <u>23,223,935</u> |
| Plan's Net Pension Liability | <u>\$ 4,054,637</u> |
| Plan Fiduciary Net Position as a percentage of the Total Pension Liability | <u>85.14%</u> |
| Covered-Employee Payroll | <u>\$ 9,477,203</u> |
| Plan's Net Pension Liability as percentage of covered-employee payroll | <u>42.78%</u> |

Information for years prior to 2014 is not available.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENT RETURNS

CITY OF ENID, OKLAHOMA

June 30, 2014

Employee Retirement System of Enid Oklahoma

| | Annual Money- Weighted Rate of Return, net of Investment Expense |
|------|--|
| 2014 | <hr/> 19.35% |

Information for years prior to 2014 is not available.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS

CITY OF ENID, OKLAHOMA

June 30, 2014

| Measurement Year Ending Fiscal year June 30 | Actuarially Determined Contribution | Actual Contributions | Contribution Deficiency (excess) | (2) Annual Covered Payroll | Actual Contributions as a Percentage of Covered Payroll |
|---|---|-------------------------|--|-------------------------------------|---|
| 2014 | \$ 982,744 | \$ 594,890 | \$ 387,854 | \$ 9,602,401 | 6.20% |
| 2013 | 1,209,388 | 619,279 | (590,109) | 9,149,710 | 6.77% |
| 2012 | 838,302 | 585,722 | (252,580) | 9,067,296 | 6.46% |
| 2011 | 873,554 | 445,806 | (427,748) | 8,358,315 | 5.33% |
| 2010 | 1,013,787 | 288,448 | (725,339) | 7,069,372 | 4.08% |
| 2009 | 72,919 | 272,324 | 199,405 | 6,034,485 | 4.51% |
| 2008 | 73,713 | 256,195 | 182,482 | 5,825,779 | 4.40% |
| 2007 | 138,293 | 239,094 | 100,801 | 5,292,779 | 4.52% |
| 2006 | 98,915 | 195,319 | 96,404 | 5,089,488 | 3.84% |
| 2005 | 214,729 | 208,681 | (6,048) | 5,605,584 | 3.72% |

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

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, 2014

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 |
|--------------------------------|---------------------------------|--|---------------------------|-----------------|------------------------------|--|
| 7/1/2013 | \$ - | \$ 2,073,624 | \$ 2,073,624 | 0.00% | \$ 17,383,329 | 11.93% |
| 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, 2014

| | General Fund | | | Variance with Final Budget Positive (Negative) |
|-------------------------------------|---------------------|-------------------|---------------------|---|
| | Budget | | Actual | |
| | Original | Final | | |
| BEGINNING BUDGETARY FUND BALANCE | \$ 4,034,897 | \$ 4,034,897 | \$ 4,034,897 | \$ - |
| RESOURCES | | | | |
| Taxes | 37,405,000 | 37,405,000 | 36,680,905 | (724,095) |
| Licenses and permits | 266,900 | 266,900 | 282,742 | 15,842 |
| Intergovernmental | 131,500 | 131,500 | 210,454 | 78,954 |
| Fines and forfeitures | 1,164,000 | 1,164,000 | 1,176,813 | 12,813 |
| Charges for services | 168,550 | 168,550 | 125,982 | (42,568) |
| Miscellaneous | 265,000 | 265,000 | 550,524 | 285,524 |
| Interest | 80,000 | 80,000 | 45,699 | (34,301) |
| Operating transfers | 3,145,100 | 3,145,100 | 3,053,778 | (91,322) |
| TOTAL RESOURCES | <u>42,626,050</u> | <u>42,626,050</u> | <u>42,126,897</u> | <u>(499,153)</u> |
| Amounts available for appropriation | 46,660,947 | 46,660,947 | 46,161,794 | (499,153) |
| CHARGES TO APPROPRIATIONS | | | | |
| Administration | 907,360 | 1,224,345 | 1,162,421 | 61,924 |
| Human resources | 523,180 | 485,180 | 483,524 | 1,656 |
| Legal | 1,068,195 | 1,107,695 | 1,107,673 | 22 |
| Safety | 225,330 | 306,330 | 305,628 | 702 |
| General government | 1,114,105 | 836,105 | 820,196 | 15,909 |
| Accounting | 637,700 | 637,700 | 602,136 | 35,564 |
| Records and receipts | 336,850 | 338,727 | 329,154 | 9,573 |
| Warehouse | - | - | - | - |
| Information technology | 606,820 | 624,188 | 560,779 | 63,409 |
| Community development | 310,375 | 312,875 | 257,866 | 55,009 |
| Code enforcement | 801,490 | 704,290 | 624,079 | 80,211 |
| Engineering | 1,478,165 | 1,198,448 | 1,088,401 | 110,047 |
| Management services | 541,940 | 829,940 | 800,635 | 29,305 |
| Fleet management | 797,535 | 857,535 | 842,568 | 14,967 |
| Park/stormwater | 1,527,255 | 1,488,255 | 1,479,753 | 8,502 |
| Street and traffic | 2,118,260 | 2,129,260 | 2,119,730 | 9,530 |
| Maintenance and technical services | 946,655 | 985,655 | 983,097 | 2,558 |
| Library | 1,022,015 | 1,034,715 | 1,024,619 | 10,096 |
| Capital outlay | 1,196,000 | 1,752,977 | 1,529,729 | 223,248 |
| Operating transfers | 29,072,500 | 29,072,500 | 28,812,565 | 259,935 |
| TOTAL CHARGES TO APPROPRIATIONS | <u>45,231,730</u> | <u>45,926,720</u> | <u>44,934,553</u> | <u>992,167</u> |
| ENDING BUDGETARY FUND BALANCE | <u>\$ 1,429,217</u> | <u>\$ 734,227</u> | <u>\$ 1,227,241</u> | <u>\$ 493,014</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, 2014

| | Police Fund | | | Variance with Final Budget Positive (Negative) |
|-------------------------------------|---------------------|---------------------|---------------------|---|
| | Budget | | Actual | |
| | Original | Final | | |
| BEGINNING BUDGETARY FUND BALANCE | \$ 4,323,096 | \$ 4,323,096 | \$ 4,323,096 | \$ - |
| RESOURCES | | | | |
| Intergovernmental | 169,085 | 169,085 | 97,803 | (71,282) |
| Charges for services | 62,500 | 62,500 | 57,021 | (5,479) |
| Miscellaneous | 25,000 | 25,000 | 35,650 | 10,650 |
| Interest | 60,000 | 60,000 | 45,362 | (14,638) |
| Operating transfers | 9,120,625 | 9,120,625 | 9,091,691 | \$ (28,934) |
| TOTAL RESOURCES | <u>9,437,210</u> | <u>9,437,210</u> | <u>9,327,527</u> | <u>\$ (109,683)</u> |
| Amounts available for appropriation | 13,760,306 | 13,760,306 | 13,650,623 | (109,683) |
| CHARGES TO APPROPRIATIONS | | | | |
| Police | 8,971,490 | 8,980,474 | 8,112,590 | 867,884 |
| Capital outlay | 654,000 | 920,303 | 859,005 | 61,298 |
| Operating transfers | 125,000 | 125,000 | 125,000 | - |
| TOTAL CHARGES TO APPROPRIATIONS | <u>9,750,490</u> | <u>10,025,777</u> | <u>9,096,595</u> | <u>929,182</u> |
| ENDING BUDGETARY FUND BALANCE | <u>\$ 4,009,816</u> | <u>\$ 3,734,529</u> | <u>\$ 4,554,028</u> | <u>\$ 819,499</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, 2014

| | Fire Fund | | | Variance with Final Budget Positive (Negative) |
|-------------------------------------|---------------------|---------------------|---------------------|---|
| | Budget | | Actual | |
| | Original | Final | | |
| BEGINNING BUDGETARY FUND BALANCE | \$ 2,702,674 | \$ 2,702,674 | \$ 2,702,674 | \$ - |
| RESOURCES | | | | |
| Intergovernmental | 240,000 | 240,000 | 201,009 | (38,991) |
| Miscellaneous | 3,000 | 3,000 | 20,273 | 17,273 |
| Interest | 40,000 | 40,000 | 28,213 | (11,787) |
| Operating transfers | 7,920,625 | 7,920,625 | 7,891,691 | (28,934) |
| TOTAL RESOURCES | <u>8,203,625</u> | <u>8,203,625</u> | <u>8,141,186</u> | <u>(62,439)</u> |
| Amounts available for appropriation | 10,906,299 | 10,906,299 | 10,843,860 | (62,439) |
| CHARGES TO APPROPRIATIONS | | | | |
| Fire | 7,864,725 | 7,885,774 | 7,643,144 | 242,630 |
| Capital outlay | 379,250 | 541,753 | 399,565 | 142,188 |
| Operating transfers | 50,000 | 50,000 | 50,000 | - |
| TOTAL CHARGES TO APPROPRIATIONS | <u>8,293,975</u> | <u>8,477,527</u> | <u>8,092,709</u> | <u>384,818</u> |
| ENDING BUDGETARY FUND BALANCE | <u>\$ 2,612,324</u> | <u>\$ 2,428,772</u> | <u>\$ 2,751,151</u> | <u>\$ 322,379</u> |

See disclaimer in accompanying Independent Auditors' Report.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION -
BUDGETARY COMPARISON SCHEDULE

CITY OF ENID, OKLAHOMA

June 30, 2014

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, 2014

| | <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 | \$ 39,073,119 | \$ 235,836 | \$ 249,495 |
| Adjustments: | | | |
| <i>Budgetary</i> general fund revenues are reported on the cash basis, rather than the modified accrual basis | (1,326,522) | 3,223 | (416) |
| On-behalf pension payments made by the State | <u>-</u> | <u>530,935</u> | <u>1,514,679</u> |
| Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances—governmental funds | <u>\$ 37,746,597</u> | <u>\$ 769,994</u> | <u>\$ 1,763,758</u> |
| EXPENDITURES | | | |
| Actual amounts (budgetary basis) "expenditures" from the budgetary comparison schedules | \$ 16,121,988 | \$ 8,971,595 | \$ 8,042,709 |
| 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 | 187,039 | 52,845 | 29,915 |
| On-behalf pension payments made by the State | <u>-</u> | <u>530,935</u> | <u>1,514,679</u> |
| Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds | <u>\$ 16,309,027</u> | <u>\$ 9,555,375</u> | <u>\$ 9,587,303</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Actual amounts (budgetary basis) "other financing sources and uses" from the budgetary comparison schedules | \$ (25,758,787) | \$ 8,966,691 | \$ 7,841,691 |
| Adjustments: | | | |
| Budgetary amounts are reported on the cash basis, rather than modified accrual basis: | | | |
| Tax revenues accrued and transferred to other funds | <u>546,922</u> | <u>(47,767)</u> | <u>(47,767)</u> |
| Total other financing sources as reported on the statement of revenues, expenditures, and changes in fund balances—governmental funds | <u>\$ (25,211,865)</u> | <u>\$ 8,918,924</u> | <u>\$ 7,793,924</u> |

See disclaimer in accompanying Independent Auditors' Report.

OTHER SUPPLEMENTARY INFORMATION

COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS

CITY OF ENID, OKLAHOMA

June 30, 2014

| | 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 | \$ 355,227 | \$ - | \$ - | \$ - | \$ - | \$ (5,646) | \$ - | \$ - | \$ - |
| Claim on pooled cash | 36,131 | 7,062 | 1,109,582 | 108,371 | 2,321,474 | 120,217 | 1,999 | - | 96,607 |
| Receivables: | | | | | | | | | |
| Taxes | - | - | 117,197 | - | - | - | - | - | 167,101 |
| Due from other governments | - | - | - | - | - | 2,440 | - | - | - |
| Prepaid expense | - | - | - | - | - | - | - | - | 7,637 |
| TOTAL ASSETS | \$ 391,358 | \$ 7,062 | \$ 1,226,779 | \$ 108,371 | \$ 2,321,474 | \$ 117,011 | \$ 1,999 | \$ - | \$ 271,345 |
| LIABILITIES | | | | | | | | | |
| Accounts payable and accrued liabilities | \$ - | \$ 6,665 | \$ - | \$ 11,406 | \$ 156,704 | \$ 38,178 | \$ 1,887 | \$ - | \$ 30,762 |
| Unearned revenue | 20,399 | - | - | - | - | - | - | - | - |
| TOTAL LIABILITIES | 20,399 | 6,665 | - | 11,406 | 156,704 | 38,178 | 1,887 | - | 30,762 |
| FUND BALANCES | | | | | | | | | |
| Nonspendable: | | | | | | | | | |
| Restricted: | | | | | | | | | |
| Contractual | 370,959 | - | - | 96,965 | - | 78,833 | - | - | - |
| Laws and regulations | - | - | - | - | - | - | - | - | 240,583 |
| Enabling legislation | - | - | - | - | - | - | - | - | - |
| Committed: | | | | | | | | | |
| Public works | - | 397 | - | - | - | - | 112 | - | - |
| Capital improvements | - | - | 1,226,779 | - | - | - | - | - | - |
| Assigned: | | | | | | | | | |
| Health | - | - | - | - | 2,164,770 | - | - | - | - |
| Culture and recreation | - | - | - | - | - | - | - | - | - |
| Unassigned | - | - | - | - | - | - | - | - | - |
| TOTAL FUND BALANCES | 370,959 | 397 | 1,226,779 | 96,965 | 2,164,770 | 78,833 | 112 | - | 240,583 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 391,358 | \$ 7,062 | \$ 1,226,779 | \$ 108,371 | \$ 2,321,474 | \$ 117,011 | \$ 1,999 | \$ - | \$ 271,345 |

COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS

CITY OF ENID, OKLAHOMA

June 30, 2014

| | Capital Projects | | | | | Debt Service | Total Non-major Governmental Funds |
|--|-------------------------------|-------------------------------|--|---------------------------|------------------------|-------------------|---|
| | Street Improvement Fund | Capital Projects Escrow | Water Capital Improvements Fund | Sanitary Sewer Fund | Storm Water Fund | Sinking Fund | |
| ASSETS | | | | | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 349,581 |
| Claim on pooled cash | 1,609,894 | 773,703 | 1,296,450 | 81,403 | 3,635,021 | 108,696 | 11,306,610 |
| Receivables: | | | | | | | |
| Taxes | - | - | - | - | - | 1,025 | 285,323 |
| Due from other governments | - | - | - | - | - | - | 2,440 |
| Prepaid expense | - | - | - | - | - | - | 7,637 |
| TOTAL ASSETS | \$ 1,609,894 | \$ 773,703 | \$ 1,296,450 | \$ 81,403 | \$ 3,635,021 | \$ 109,721 | \$ 11,951,591 |
| LIABILITIES | | | | | | | |
| Accounts payable and accrued liabilities | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 245,602 |
| Unearned revenue | - | - | - | - | - | - | 20,399 |
| TOTAL LIABILITIES | - | - | - | - | - | - | 266,001 |
| FUND BALANCES | | | | | | | |
| Nonspendable: | | | | | | | |
| Restricted: | | | | | | | |
| Contractual | - | - | - | - | - | - | 546,757 |
| Laws and regulations | - | - | - | - | - | - | 240,583 |
| Enabling legislation | 47,737 | - | - | - | - | 109,721 | 157,458 |
| Committed: | | | | | | | |
| Public works | - | - | - | - | - | - | 509 |
| Capital improvements | 1,562,157 | 773,703 | 1,296,450 | 81,403 | 3,635,021 | - | 8,575,513 |
| Assigned: | | | | | | | |
| Health | - | - | - | - | - | - | 2,164,770 |
| Culture and recreation | - | - | - | - | - | - | - |
| Unassigned | - | - | - | - | - | - | - |
| TOTAL FUND BALANCES | 1,609,894 | 773,703 | 1,296,450 | 81,403 | 3,635,021 | 109,721 | 11,685,590 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 1,609,894 | \$ 773,703 | \$ 1,296,450 | \$ 81,403 | \$ 3,635,021 | \$ 109,721 | \$ 11,951,591 |

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

CITY OF ENID, OKLAHOMA

Year Ended June 30, 2014

| | | 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 | | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | | - | - | - | - | - | - | - | - | - |
| Intergovernmental | | 35,925 | - | 472,246 | 170,924 | - | 475,099 | - | - | 818,163 |
| Fines and forfeitures | | - | - | - | - | - | - | - | - | - |
| Charges for services | | - | - | - | - | 4,454,991 | - | - | - | - |
| Other | | 53,867 | - | 37,585 | - | 462 | 150 | - | - | - |
| Interest | | 1,098 | 76 | 8,968 | 1,275 | 24,982 | - | 22 | 329 | 1,874 |
| | TOTAL REVENUES | 90,890 | 76 | 518,799 | 172,199 | 4,480,435 | 475,249 | 22 | 329 | 820,037 |
| EXPENDITURES | | | | | | | | | | |
| Current: | | | | | | | | | | |
| General government | | 35,990 | - | - | - | 4,196,756 | - | - | - | - |
| Public safety | | 27,040 | - | - | - | - | - | - | - | 967,666 |
| Public works | | - | - | 214,219 | 283,734 | - | 495,445 | - | - | - |
| Culture and recreation | | - | - | - | - | - | - | - | 31,154 | - |
| Debt service: | | | | | | | | | | |
| Principal | | - | - | - | - | - | - | - | - | - |
| Interest | | - | - | - | - | - | - | - | - | - |
| Capital outlay | | - | - | 554,587 | - | - | - | - | - | - |
| | TOTAL EXPENDITURES | 63,030 | - | 768,806 | 283,734 | 4,196,756 | 495,445 | - | 31,154 | 967,666 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | | | | | | | | | | |
| | | 27,860 | 76 | (250,007) | (111,535) | 283,679 | (20,196) | 22 | (30,825) | (147,629) |
| OTHER FINANCING SOURCES (USES) | | | | | | | | | | |
| Transfers in | | - | - | 1,085,322 | 115,000 | - | - | - | - | 100,000 |
| Transfers (out) | | - | - | - | - | - | - | - | (86,209) | - |
| | TOTAL OTHER FINANCING SOURCES (USES) | - | - | 1,085,322 | 115,000 | - | - | - | (86,209) | 100,000 |
| | NET CHANGE IN FUND BALANCE | 27,860 | 76 | 835,315 | 3,465 | 283,679 | (20,196) | 22 | (117,034) | (47,629) |
| FUND BALANCES | | | | | | | | | | |
| Beginning of Year, as originally reported | | 343,099 | 321 | 391,464 | 102,670 | 1,881,091 | 101,971 | 90 | 117,034 | 315,252 |
| Restatement | | - | - | - | (9,170) | - | (2,942) | - | - | (27,040) |
| | BEGINNING OF YEAR, AS RESTATED | 343,099 | 321 | 391,464 | 93,500 | 1,881,091 | 99,029 | 90 | 117,034 | 288,212 |
| | FUND BALANCES, END OF YEAR | \$ 370,959 | \$ 397 | \$ 1,226,779 | \$ 96,965 | \$ 2,164,770 | \$ 78,833 | \$ 112 | \$ - | \$ 240,583 |

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

CITY OF ENID, OKLAHOMA

Year Ended June 30, 2014

| | Capital Projects | | | | | Debt Service | Total Non-major Governmental Funds |
|---|-------------------------------|-------------------------------|--|---------------------------|------------------------|-----------------|---|
| | Street Improvement Fund | Capital Projects Escrow | Water Capital Improvements Fund | Sanitary Sewer Fund | Storm Water Fund | Sinking Fund | |
| REVENUES | | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 52,748 | \$ 52,748 |
| Licenses and permits | - | - | - | - | - | - | - |
| Intergovernmental | - | - | - | - | - | - | 1,972,357 |
| Fines and forfeitures | - | - | - | - | - | - | - |
| Charges for services | - | 92,924 | - | - | - | - | 4,547,915 |
| Other | - | - | 20,300 | - | - | - | 112,364 |
| Interest | 12,144 | 9,769 | 15,429 | 230 | 35,306 | 1,708 | 113,210 |
| TOTAL REVENUES | 12,144 | 102,693 | 35,729 | 230 | 35,306 | 54,456 | 6,798,594 |
| EXPENDITURES | | | | | | | |
| Current: | | | | | | | |
| General government | - | - | - | - | - | - | 4,232,746 |
| Public safety | - | - | - | - | - | - | 994,706 |
| Public works | - | - | - | - | - | - | 993,398 |
| Culture and recreation | - | - | - | - | - | - | 31,154 |
| Debt service: | | | | | | | |
| Principal | - | - | - | - | - | 77,175 | 77,175 |
| Interest | - | - | - | - | - | - | - |
| Capital outlay | 347,985 | - | 3,971,286 | 1,091,403 | 1,243,373 | - | 7,208,634 |
| TOTAL EXPENDITURES | 347,985 | - | 3,971,286 | 1,091,403 | 1,243,373 | 77,175 | 13,537,813 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (335,841) | 102,693 | (3,935,557) | (1,091,173) | (1,208,067) | (22,719) | (6,739,219) |
| OTHER FINANCING SOURCES (USES) | | | | | | | |
| Transfers in | 1,578,553 | - | 3,848,678 | 1,172,505 | 1,757,287 | - | 9,657,345 |
| Transfers (out) | - | (200,000) | - | - | - | - | (286,209) |
| TOTAL OTHER FINANCING SOURCES (USES) | 1,578,553 | (200,000) | 3,848,678 | 1,172,505 | 1,757,287 | - | 9,371,136 |
| NET CHANGE IN FUND BALANCE | 1,242,712 | (97,307) | (86,879) | 81,332 | 549,220 | (22,719) | 2,631,917 |
| FUND BALANCES, BEGINNING OF YEAR | | | | | | | |
| Beginning of Year, as originally reported | 367,182 | 871,010 | 1,383,329 | 71 | 3,085,801 | 132,440 | 9,092,825 |
| Restatement | - | - | - | - | - | - | (39,152) |
| BEGINNING OF YEAR, AS RESTATED | 367,182 | 871,010 | 1,383,329 | 71 | 3,085,801 | 132,440 | 9,053,673 |
| FUND BALANCES, END OF YEAR | \$ 1,609,894 | \$ 773,703 | \$ 1,296,450 | \$ 81,403 | \$ 3,635,021 | \$ 109,721 | \$ 11,685,590 |

COMBINING STATEMENT OF NET POSITION - NON-MAJOR PROPRIETARY FUNDS/ENTERPRISE FUNDS

CITY OF ENID, OKLAHOMA

June 30, 2014

| | Enid Public Transportation Authority | Enid Economic Development Authority | Vance Development Authority | Woodring Airport | Meadowlake Golf Course | Total Non-major Enterprise Funds |
|--|---|---|-----------------------------------|----------------------|------------------------------|---|
| ASSETS | | | | | | |
| CURRENT ASSETS | | | | | | |
| Cash and cash equivalents | \$ 35,402 | \$ 27,699 | \$ - | \$ 190,250 | \$ - | \$ 253,351 |
| Claim on pooled cash | - | 940,334 | 26,156 | - | - | 966,490 |
| Investments | - | - | - | - | - | - |
| Receivables: | | | | | | |
| Accounts (net of allowance for uncollectibles) | - | - | - | 114,340 | - | 114,340 |
| Taxes | - | - | - | - | - | - |
| Interest | - | 14 | - | - | - | 14 |
| Due from other funds | - | - | - | - | - | - |
| Due from other governments | 193,678 | 891,000 | - | 1,293,314 | 1,600 | 2,379,592 |
| Inventories | - | - | - | 100,162 | - | 100,162 |
| Prepaid expense | - | - | - | - | - | - |
| Restricted assets: | | | | | | |
| Cash and investments | - | 1,648,504 | - | - | - | 1,648,504 |
| TOTAL CURRENT ASSETS | <u>229,080</u> | <u>3,507,551</u> | <u>26,156</u> | <u>1,698,066</u> | <u>1,600</u> | <u>5,462,453</u> |
| NONCURRENT ASSETS | | | | | | |
| Capital assets (net of accumulated depreciation) | <u>196,557</u> | <u>3,641,022</u> | <u>-</u> | <u>14,714,043</u> | <u>464,036</u> | <u>19,015,658</u> |
| TOTAL NONCURRENT ASSETS | <u>196,557</u> | <u>3,641,022</u> | <u>-</u> | <u>14,714,043</u> | <u>464,036</u> | <u>19,015,658</u> |
| TOTAL ASSETS | <u>\$ 425,637</u> | <u>\$ 7,148,573</u> | <u>\$ 26,156</u> | <u>\$ 16,412,109</u> | <u>\$ 465,636</u> | <u>\$ 24,478,111</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | | |
| Unavailable assets invested in TIF | <u>\$ -</u> | <u>\$ 4,178,546</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 4,178,546</u> |

COMBINING STATEMENT OF NET POSITION - NON-MAJOR PROPRIETARY FUNDS/ENTERPRISE FUNDS--Continued

CITY OF ENID, OKLAHOMA

June 30, 2014

| | Enid Public Transportation Authority | Enid Economic Development Authority | Vance Development Authority | Woodring Airport | Meadowlake Golf Course | Total Non-major Enterprise Funds |
|---|---|---|-----------------------------------|----------------------|------------------------------|---|
| LIABILITIES | | | | | | |
| CURRENT LIABILITIES | | | | | | |
| Accounts payable and accrued liabilities | \$ 16,709 | \$ 25,840 | \$ - | \$ 19,478 | \$ 20,047 | \$ 82,074 |
| Due to other funds | 165,316 | - | - | 185,814 | 312,226 | 663,356 |
| Payable from restricted assets: | | | | | | |
| Accrued interest payable | - | 309,951 | - | - | - | 309,951 |
| Customer deposits | - | - | - | - | - | - |
| Current portion of long-term obligations | - | 799,770 | - | - | 19,374 | 819,144 |
| TOTAL CURRENT LIABILITIES | <u>182,025</u> | <u>1,135,561</u> | <u>-</u> | <u>205,292</u> | <u>351,647</u> | <u>1,874,525</u> |
| NONCURRENT LIABILITIES | | | | | | |
| Unearned interest on revenue bonds | - | - | - | - | - | - |
| Capital lease obligations | - | - | - | - | 46,311 | 46,311 |
| Bonds payable (net of unamortized discount) | - | 4,996,967 | - | - | - | 4,996,967 |
| Notes payable | - | 891,000 | - | - | - | 891,000 |
| Other long-term liabilities | 1,071 | - | - | 1,961 | 75 | 3,107 |
| Accrued compensated absences | 9,665 | - | - | 25,026 | 16,301 | 50,992 |
| Less: current portion | - | (799,770) | - | - | (19,374) | (819,144) |
| TOTAL NONCURRENT LIABILITIES | <u>10,736</u> | <u>5,088,197</u> | <u>-</u> | <u>26,987</u> | <u>43,313</u> | <u>5,169,233</u> |
| TOTAL LIABILITIES | <u>\$ 192,761</u> | <u>\$ 6,223,758</u> | <u>\$ -</u> | <u>\$ 232,279</u> | <u>\$ 394,960</u> | <u>\$ 7,043,758</u> |
| NET POSITION | | | | | | |
| Net investment in capital assets | \$ 196,557 | \$ 3,641,022 | \$ - | \$ 14,714,043 | \$ 464,036 | \$ 19,015,658 |
| Restricted for: | | | | | | |
| Debt service | - | - | - | - | - | - |
| Capital improvements | - | 1,648,503 | - | - | - | 1,648,503 |
| Other | - | - | - | - | - | - |
| Unrestricted (deficit) | 36,319 | (186,164) | 26,156 | 1,465,787 | (393,360) | 948,738 |
| TOTAL NET POSITION | <u>\$ 232,876</u> | <u>\$ 5,103,361</u> | <u>\$ 26,156</u> | <u>\$ 16,179,830</u> | <u>\$ 70,676</u> | <u>\$ 21,612,899</u> |

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

CITY OF ENID, OKLAHOMA

Year Ended June 30, 2014

| | Enid Public Transportation Authority | Enid Economic Development Authority | Vance Development Authority | Woodring Airport | Meadowlake Golf Course | Total Non-major Enterprise Funds |
|---|---|---|-----------------------------------|----------------------|------------------------------|---|
| OPERATING REVENUES | | | | | | |
| Charges for services - other | \$ 198,539 | \$ - | \$ - | \$ 2,193,071 | \$ 340,124 | \$ 2,731,734 |
| Miscellaneous revenues | - | 22,539 | 245 | - | 5,137 | 27,921 |
| Government grants | 370,456 | - | - | - | - | 370,456 |
| TOTAL OPERATING REVENUES | 568,995 | 22,539 | 245 | 2,193,071 | 345,261 | 3,130,111 |
| OPERATING EXPENSES | | | | | | |
| Economic development | - | 959,882 | 174,322 | - | - | 1,134,204 |
| Other | 575,626 | - | - | 1,914,431 | 605,632 | 3,095,689 |
| Depreciation and amortization | 101,271 | 44,675 | - | 682,903 | 48,427 | 877,276 |
| TOTAL OPERATING EXPENSES | 676,897 | 1,004,557 | 174,322 | 2,597,334 | 654,059 | 5,107,169 |
| NET OPERATING INCOME (LOSS) | (107,902) | (982,018) | (174,077) | (404,263) | (308,798) | (1,977,058) |
| NONOPERATING REVENUES (EXPENSES) | | | | | | |
| Taxes | - | 1,681,933 | - | - | - | 1,681,933 |
| Capital grants | - | - | - | 1,509,314 | - | 1,509,314 |
| Payments to schools | - | - | - | - | - | - |
| Gain/(loss) on disposition of assets | (4,133) | 22,708 | - | (65,388) | (11,448) | (58,261) |
| Interest income | 89 | 39,673 | 1,108 | 8,184 | - | 49,054 |
| Interest expense and fiscal charges | - | (704,132) | - | - | (2,788) | (706,920) |
| TOTAL NONOPERATING REVENUES (EXPENSES) | (4,044) | 1,040,182 | 1,108 | 1,452,110 | (14,236) | 2,475,120 |
| OPERATING TRANSFERS | | | | | | |
| Transfers in | 120,000 | 336,038 | 35,000 | 1,754,087 | 306,161 | 2,551,286 |
| Transfers (out) | - | - | - | - | - | - |
| Capital contributions | - | - | - | - | - | - |
| TOTAL OPERATING TRANSFERS | 120,000 | 336,038 | 35,000 | 1,754,087 | 306,161 | 2,551,286 |
| CHANGE IN NET POSITION | 8,054 | 394,202 | (137,969) | 2,801,934 | (16,873) | 3,049,348 |
| NET POSITION, BEGINNING OF YEAR | | | | | | |
| Beginning of Year, as originally reported | 239,258 | 4,709,159 | 164,125 | 13,394,224 | 104,369 | 18,611,135 |
| Restatement | (14,436) | - | - | (16,328) | (16,820) | (47,584) |
| BEGINNING OF YEAR, AS RESTATED | 224,822 | 4,709,159 | 164,125 | 13,377,896 | 87,549 | 18,563,551 |
| NET POSITION, END OF YEAR | \$ 232,876 | \$ 5,103,361 | \$ 26,156 | \$ 16,179,830 | \$ 70,676 | \$ 21,612,899 |

COMBINING STATEMENT OF CASH FLOWS - NON-MAJOR PROPRIETARY FUNDS/ENTERPRISE FUNDS

CITY OF ENID, OKLAHOMA

Year Ended June 30, 2014

| | Enid Public Transportation Authority | Enid Economic Development Authority | Vance Development Authority | Woodring Airport | Meadowlake Golf Course | Total Non-major Enterprise Funds |
|--|--|---|-----------------------------------|---------------------|---------------------------|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | | |
| Receipts from customers and grantors | \$ 480,063 | \$ - | \$ - | \$ 2,122,607 | \$ 342,124 | \$ 2,944,794 |
| Payments to suppliers | (199,151) | (944,374) | (174,322) | (1,631,030) | (256,078) | (3,204,955) |
| Payments to employees | (346,109) | - | - | (311,452) | (289,023) | (946,584) |
| Other receipts (payments) | - | 22,539 | 245 | - | 5,137 | 27,921 |
| NET CASH PROVIDED BY (USED) IN OPERATING ACTIVITIES | (65,197) | (921,835) | (174,077) | 180,125 | (197,840) | (1,178,824) |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | | |
| Taxes | - | 1,681,933 | - | - | - | 1,681,933 |
| Miscellaneous revenues/ (expenses) | - | - | - | - | - | - |
| Operating transfers in (out) | 120,000 | 336,038 | 35,000 | 508,375 | 306,161 | 1,305,574 |
| NET CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES | 120,000 | 2,017,971 | 35,000 | 508,375 | 306,161 | 2,987,507 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | | |
| Proceeds from long-term debt | - | - | - | - | 17,786 | 17,786 |
| Principal reduction on long-term debt | - | (684,770) | - | - | (17,088) | (701,858) |
| Interest expense and fiscal charges | - | (365,993) | - | - | (2,788) | (368,781) |
| Capital grants and contributions | - | - | - | 1,509,314 | - | 1,509,314 |
| Proceeds from sales of capital assets | 4,369 | 188,314 | - | - | - | 192,683 |
| Acquisition/construction of capital assets | (59,172) | (464,917) | - | (2,205,521) | (106,231) | (2,835,841) |
| NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES | (54,803) | (1,327,366) | - | (696,207) | (108,321) | (2,186,697) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | |
| (Increase) decrease in investments | - | (622,824) | - | - | - | (622,824) |
| Interest income | 89 | 39,667 | 1,108 | 8,184 | - | 49,048 |
| NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES | 89 | (583,157) | 1,108 | 8,184 | - | (573,776) |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 89 | (814,387) | (137,969) | 477 | - | (951,790) |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | 35,313 | 1,782,420 | 164,125 | 189,773 | - | 2,171,631 |
| CASH AND CASH EQUIVALENTS, END OF YEAR | \$ 35,402 | \$ 968,033 | \$ 26,156 | \$ 190,250 | \$ - | \$ 1,219,841 |

COMBINING STATEMENT OF CASH FLOWS - NON-MAJOR PROPRIETARY FUNDS/ENTERPRISE FUNDS--Continued

CITY OF ENID, OKLAHOMA

Year Ended June 30, 2014

| | Enid Public Transportation Authority | Enid Economic Development Authority | Vance Development Authority | Woodring Airport | Meadowlake Golf Course | Total Non-major Enterprise Funds |
|--|--|---|-----------------------------------|---------------------|---------------------------|---|
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES: | | | | | | |
| Net operating income (loss) | \$ (107,902) | \$ (982,018) | \$ (174,077) | \$ (404,263) | \$ (308,798) | \$ (1,977,058) |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | | | | |
| Depreciation and amortization | 101,271 | 44,675 | - | 682,903 | 48,427 | 877,276 |
| Changes in assets and liabilities: | | | | | | |
| (Increase) decrease in receivables | (88,932) | 12 | - | (70,464) | 2,000 | (157,384) |
| (Increase) decrease in due from other funds | - | - | - | - | - | - |
| (Increase) decrease in prepaid expenses | 135 | - | - | 5,763 | 590 | 6,488 |
| (Increase) decrease in inventories | - | - | - | (26,300) | - | (26,300) |
| Increase (decrease) in accounts payable and accrued liabilities | 4,864 | 15,496 | - | (15,050) | 5,979 | 11,289 |
| Increase (decrease) in customer deposits | - | - | - | - | - | - |
| Increase (decrease) in due to other funds | 25,367 | - | - | 7,536 | 53,962 | 86,865 |
| TOTAL ADJUSTMENTS | 42,705 | 60,183 | - | 584,388 | 110,958 | 798,234 |
| NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES | \$ (65,197) | \$ (921,835) | \$ (174,077) | \$ 180,125 | \$ (197,840) | \$ (1,178,824) |

See notes to financial statements.

SCHEDULE OF DEBT SERVICE COVERAGE REQUIREMENTS

CITY OF ENID, OKLAHOMA

June 30, 2014

| | OWRB Notes | Sales Tax Revenue Refunding Bonds Series 2003 |
|---|-----------------------------|---|
| | <u> </u> | <u> </u> |
| GROSS REVENUE AVAILABLE FOR DEBT SERVICE | | |
| Charges for services: | | |
| Water | \$ 12,302,997 | \$ - |
| Wastewater | 9,061,614 | - |
| Stormwater | 1,565,541 | - |
| Solid waste | 4,294,749 | - |
| Landfill | 639,017 | - |
| Other | 659,851 | - |
| Sales tax collections pledged and transferred | <u>8,623,256</u> | <u>2,385,747</u> |
| TOTAL GROSS REVENUE AVAILABLE FOR DEBT SERVICE | 37,147,025 | 2,385,747 |
| OPERATING EXPENSES | | |
| Utility services | 614,738 | - |
| Water production | 1,866,045 | - |
| Wastewater management services | 3,378,189 | - |
| Solid waste | 3,250,310 | - |
| Landfill | 196,635 | - |
| Other | <u>275,837</u> | <u>-</u> |
| TOTAL OPERATING EXPENSES | 9,581,754 | - |
| OTHER EXPENSES | | |
| Required transfers to other funds | 5,407,837 | - |
| Payment to schools | <u>-</u> | <u>1,363,296</u> |
| TOTAL OTHER EXPENSES | <u>5,407,837</u> | <u>1,363,296</u> |
| NET REVENUES AVAILABLE FOR DEBT SERVICE | <u>\$ 22,157,434</u> | <u>\$ 1,022,451</u> |
| TOTAL DEBT SERVICE REQUIREMENTS | <u>\$ 10,342,480</u> | <u>\$ 1,020,935</u> |
| COMPUTED COVERAGE | 214% | 100% |
| 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.

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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 20, 2015.

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.

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 Finding 2014-001 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
March 20, 2015

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, 2014. 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, 2014.

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, 2014, and have issued our report thereon dated March 20, 2015, 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 20, 2015

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

CITY OF ENID, OKLAHOMA

Year Ended June 30, 2014

| Federal Grantor/Pass-Through Grantor/Program or Cluster Title | Federal CFDA Number | Pass-Through Entity Identifying Number | Expenditures |
|---|---------------------------|--|---|
| <u>U. S. Department of Homeland Security</u> | | | |
| Pass-Through Program From: | | | |
| Oklahoma Dept of Emergency Management - Emergency Management Performance Grants Extra Project | 97.042 | FFY-2013 2013 SLA | \$ 2,500 4,233 <hr/> 6,733 |
| Disaster Grant-Public Assistance | 97.036 | FEMA DR4109 PW 88/90 & 157 | 72,476 |
| Crossband Stack Project/IJ#5 | 97.073 | #250.071 | 199,554 <hr/> |
| Total U.S. Department of Homeland Security | | | 278,763 |
| <u>U.S. Department of Interior</u> | | | |
| Pass-Through Program From: | | | |
| Oklahoma Historical Society- Historic Preservation Fund Grants-In-Aid | 15.904 | 12-601 | 2,400 <hr/> |
| Total U.S. Department of Interior | | | 2,400 |
| <u>U.S. Department of Transportation</u> | | | |
| Direct Program: | | | |
| Airport Improvement Program | 20.106 | | 150,000 <hr/> 150,000 |
| Pass-Through Grant From: | | | |
| Oklahoma Highway Safety Office - State & Community Highway Safety | 20.600 & 20.601 | PT-14-03-06-10 | 61,870 |
| State & Community Highway Safety | 20.600 & 20.601 | K8-13-03-11-09/ PT-13-03-07-09 | 18,169 <hr/> 80,039 |
| Oklahoma Department of Transportation - Formula Grants for Other than Urbanized Areas | 20.509 | FY-2013-5311 FY-2014-5311 | 1,452 201,501 <hr/> 202,953 |
| Total U.S. Department of Transportation | | | 432,992 |
| <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 2012-DJ-BX-0761 20136-DJ-BX-0431 | 1,835 14,123 20,032 <hr/> 35,990 |
| Pass-Through Program From: | | | |
| Oklahoma State Bureau of Investigation - Internet Crimes Against Children | 16.543 | | 8,582 |
| Bulletproof Vest Partnership Program | 16.606 | | 10,496 |
| Districts Attorneys Council - S.T.O.P. Violence Against Women | 16.588 | VAWA-2012- ENID-CI-00011 | 11,701 <hr/> |
| Total U.S. Department of Justice | | | 66,768 |

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS--Continued

CITY OF ENID, OKLAHOMA

Year Ended June 30, 2014

| Federal Grantor/Pass-Through Grantor/Program or Cluster Title | Federal CFDA Number | Pass-Through Entity Identifying Number | Expenditures |
|---|---------------------------|--|--------------|
| <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-2014 | 30,931 |
| Continuing Education/Edge | | | 99 |
| Continuing Education/PLA | | | 2,282 |
| Continuing Education/OLA | | | 5,208 |
| Total National Foundation of the Arts and the Humanities | | | 38,521 |
| <u>U.S. Department of Housing and Urban Development</u> | | | |
| Direct Program - Community Development Block Grant | | | |
| Entitlement Grants | 14.218 | FFY-2011 | 84,182 |
| | | FFY-2012 | 217,966 |
| | | FFY-2013 | 174,078 |
| Total U.S. Department of Housing and Urban Development | | | 476,226 |
| FEDERAL PROGRAMS | | | |
| <u>U. S. Department of Agriculture and Forest Services</u> | | | |
| Pass-Through Program From: | | | |
| Oklahoma Dept of Agriculture and Forestry Services - | | | |
| Tree Inventory Cost-Share Grant | 10.664 | U&CF-3 | 2,585 |
| Total U. S. Department of Agriculture and Forest Services | | | 2,585 |
| <u>U. S. Environmental Protection Agency</u> | | | |
| Pass-Through Program From: | | | |
| Oklahoma Water Resources Board | | | |
| Cap Grants for State Revolving Fund | 66.458 | ORF-09-0019-CW | - |
| | 66.468 | ORF-09-0024-DW | 354,923 |
| Total U. S. Environmental Protection Agency | | | 354,923 |
| Total Expenditures of Federal Awards | | | \$ 1,653,179 |

See Notes to Schedule of Expenditures of Federal Awards.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

CITY OF ENID, OKLAHOMA

June 30, 2014

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The schedule of expenditures of federal awards includes the federal grant activity of the City of Enid, Oklahoma. The City's reporting entity is defined in Note A to the financial statements. Federal awards received directly from respective agencies and federal awards passed through other government agencies are included in the schedule.

NOTE B--BASIS OF ACCOUNTING

The accompany schedule of expenditures of federal awards is presented on the same basis of accounting as the related fund which reports the grant activity in the financial statements. This includes the modified accrual for governmental funds and accrual for proprietary funds. These bases of accounting are more fully described in Note A to the financial statements.

NOTE C--SUBRECIPIENTS

During the year ended June 30, 2014, the City provided awards to subrecipients as follows:

Booker T Washington Community Center
Enid Arts & Science Foundation d/b/a Leonardo's Discovery Warehouse
Sandbox Learning Center
4R Kids Foundation, Inc.
Community Development Support Association
Agnes House, Inc.
Christmas in Action, Inc.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

CITY OF ENID, OKLAHOMA

June 30, 2014

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> |
|--|--------------------|
| Crossband Stack Project | 97.073 |
| Community Development Block Grant | 14.218 |
| EPA - Passthrough from OWRB - Capital Grants | 66.468 |

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

Auditee qualified as low-risk auditee?

yes no

SCHEDULE OF FINDINGS AND QUESTIONED COSTS--Continued
CITY OF ENID, OKLAHOMA
June 30, 2014

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

FINDING 2014-001

Finding: The Enid Event Center and Convention Hall ("Event Center") is a blended component unit of the City. The City has outsourced the management and accounting functions of the Event Center to a third party management company. During the year ended June 30, 2014, we noted the following:

1. The management company was unable to produce timely financial statements prepared in accordance with accounting principles generally accepted in the United States of America for inclusion in the City's Annual Financial report.
2. We received subsidiary ledgers and supporting schedules for several balance sheet accounts that did not reconcile with the Event Center's financial statements.
3. The Event Center accounting personnel were also unable to provide supporting documentation for several expenses that were recorded in the City's financial statements.

In addition, the City did not adequately monitor the activity of the Event Center, by not performing timely reconciliations of all of the activity recorded in the City's Fund 60 to the financial information prepared by the Event Center management.

Cause: It is our judgment that the management company has not devoted personnel with sufficient skills, knowledge and experience to the accounting functions of the Event Center.

Criteria: Management is responsible for the design of an internal control system that ensures that transactions are processed and recorded accurately, accounts are reconciled with related subsidiary ledgers regularly, and that the business purpose of transactions can be properly supported.

Effect: There is a risk that significant unauthorized transactions could occur and not be detected. In addition, there is a risk that financial information related to the Event Center and included in the City's financial statements could contain material misstatements.

Recommendation: We recommend that the City management, working with the management company of the Event Center, establish clearly defined monthly procedures and responsibilities for both parties. The City Manager or his designee should develop a "checklist" of the procedures that are to be performed on a regular basis by both parties. The "checklist" should be reviewed by a responsible official regularly.

Views of a Responsible Official: When this material weakness was discovered jointly, it was promptly addressed with a monthly reporting process from the Event Center to the City that could be reconciled periodically. Additionally, there has been some accounting personnel turnover at the Event Center and some data cleanup issues that have caused some significant challenges to overcome. The Event Center has recently added additional accounting staff to work toward resolution of this issue. Management believes sufficient controls have been put in place to significantly reduce the risk of material misstatement in the City's financial statements in the future. The City and the Event Center staff will work together to resolve these issues going forward.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS--Continued

CITY OF ENID, OKLAHOMA

June 30, 2014

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

There are none to report for the June 30, 2014 period.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

CITY OF ENID, OKLAHOMA

June 30, 2014

FINDING 2013-01

Current Status: Auditor proposed journal entries were significantly fewer than in the prior year. The most significant auditor proposed adjustment related to errors found in the Enid Event Center and Convention Hall fund, which has been reported as a Material Weakness in Finding 2014-001.

FINDING 2013-02

Current Status: This finding was corrected in the current year, and has been cleared.

FINDING 2013-03

Current Status: This finding was corrected in the current year, and has been cleared.



City of Enid, Oklahoma
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