



CITY OF EL RENO, OKLAHOMA

**ANNUAL FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORTS**

**AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2016**

THE CITY OF EL RENO, OKLAHOMA

**ANNUAL FINANCIAL STATEMENTS AND
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**AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2016**

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As of and for the Year Ended June 30, 2016**

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Council
City of El Reno, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of El Reno, Oklahoma (the "City"), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 from material misstatement.

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension plan 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 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 other supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information, as listed in the table of contents, 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. Such information has 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 other supplementary information is 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 February 7, 2017, 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.

A handwritten signature in black ink that reads "Arledge & Associates, P.C." The signature is fluid and cursive, with "Arledge" and "Associates" connected by a flourish, and "P.C." in a smaller, separate section.

February 7, 2017

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MANAGEMENT DISCUSSION AND ANALYSIS

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Our discussion and analysis of the City of El Reno's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2016. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- For the fiscal year ended June 30, 2016, the City's total net position increased by \$4.4 million or 12% from the prior year.
- During the year, the City's expenses for governmental activities were \$16.9 million and were funded by program revenues of \$5 million and further funded with taxes and other general revenues that totaled \$15 million.
- In the City's business-type activities, such as utilities, hospital, airport, and golf program, revenues excluding transfers exceeded expenses by \$1.2 million.
- Sales and use taxes increased by approximately \$1.2 million or 10% over the prior fiscal year. This translates into an increase in taxable sales of \$30.2 million from the prior year.
- At June 30, 2016, the General Fund reported an unassigned fund balance of \$602,006, which is a decrease of \$783,933 or 57% from the prior year. This is due to the assignment of fund balance needed to balance the FY 16-17 budget.
- For budgetary reporting purposes, the General Fund reported revenues under estimates of \$847,106 or 5%, while expenditures were under the final appropriations by approximately \$570,324 or 3%.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements presented herein include all of the activities of the City of El Reno (the "City") and its component units using the integrated approach as prescribed by GASB Statements No. 14, 34, and 39 and 61. Included in this report are governmental-wide statements for each of two categories of activities – governmental and business-type, along with one discretely-presented component unit. The government-wide financial statements present the complete financial picture of the City from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business-type activities separately and combined. These statements include all assets of the City (including infrastructure capital assets) and deferred outflows, as well as all liabilities (including all long-term debt) and deferred inflows.

About the City

The City of El Reno is a municipality with a population of approximately 16,749 located in central Oklahoma. The City is a Council-Manager form of government that provides for three branches of government:

- Legislative – the City Council is the governing body elected by the citizens
- Executive – the City Manager is the Chief Executive Officer and is appointed by the City Council
- Judicial – the Municipal Judge is a practicing attorney appointed by the City Manager

The City provides typical municipal services such as public safety, street maintenance, culture, parks and recreation, airport, and certain utility services including water, wastewater, and sanitation.

(Unaudited. See accompanying auditor's report.)

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The City's Financial Reporting Entity

This annual report includes all activities for which the City of El Reno City Council is fiscally responsible. These activities, defined as the City's financial reporting entity, are operated within separate legal entities that make up the primary government.

The City's financial reporting entity includes the primary government (City of El Reno), four blended component units and one discretely presented component unit as follows:

- **The City of El Reno** – that operates the public safety, streets, culture, parks and recreation, and administrative activities
- **The El Reno Municipal Trust Authority** – that operates the water, sewer, and sanitation services of the City (blended component unit)
- **The City of El Reno Hospital Authority** – that operates the hospital which serves the citizens of El Reno and the surrounding communities (blended component unit)
- **The El Reno Airpark Authority** – that operates the local non-commercial airport activities (blended component unit)
- **The El Reno Recreation Authority** – that was established to construct and operate the municipal golf course (blended component unit)
- **The El Reno Economic Development Authority** – that promotes and subsidizes efforts to create economic development within the City (discretely presented component unit), currently inactive.

Using This Annual Report

This annual report is presented in a format that substantially meets the presentation requirements of the Governmental Accounting Standards Board (GASB) in accordance with generally accepted accounting principles. The presentation includes financial statements that communicate the City's financial condition and changes therein on the accrual basis of accounting at two distinct levels:

- **The City as a Whole** (a government-wide presentation)
- **The City's Funds** (a presentation of the City's major and aggregate non-major funds)

Reporting the City as a Whole

The Statement of Net Position and the Statement of Activities

One of the most frequently asked questions about the City's finances is, "Has the City's overall financial condition improved, declined or remained steady over the past year?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets, deferred outflows, liabilities and deferred inflows using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two government-wide statements report the City's net position and changes in it from the prior year. You can think of the City's net position – the difference between assets, deferred outflows, liabilities and deferred inflows – as one way to measure the City's financial condition, or position. Over

(Unaudited. See accompanying auditor's report.)

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time, increases or decreases in the City's net position are one indicator of whether its financial health is improving, deteriorating, or remaining steady. However, you must consider other nonfinancial factors, such as changes in the City's tax base, the condition of the City's roads, and the quality of services to assess the overall health and performance of the City.

As mentioned above, in the Statement of Net Position and the Statement of Activities, we divide the City into three kinds of activities:

- **Governmental activities** – Most of the City's basic services are reported here, including the police, fire, general administration, streets, and parks. Sales taxes, franchise fees, fines, and state and federal grants finance most of these activities.
- **Business-type activities** – The City charges a fee to customers to help cover all or most of the cost of certain services it provides. The City's water, wastewater, sanitation, hospital, airpark and recreation activities are reported here.
- **Discretely-presented component unit** – This accounts for activities of the City's reporting entity that does not meet the criteria for blending, specifically the El Reno Economic Development Authority.

Reporting the City's Most Significant Funds - Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money.

Governmental funds – Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic service it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences of results in the Governmental Fund financial statements to those in the Government-Wide financial statements are explained in a reconciliation following each Governmental Fund financial statement.

Proprietary funds – When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Fund Net Position and Statement of Cash Flows. In fact, the City's enterprise funds are essentially the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows.

(Unaudited. See accompanying auditor's report.)

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Fiduciary funds – When the City is responsible for assets that – because of a trust arrangement or other fiduciary requirement – can be used only for trust beneficiaries or others parties, these activities are reported as fiduciary funds, such as the Employee Retirement Trust Fund. The City is responsible for ensuring that the assets reported in these funds are used for their intended purpose. All of the City's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the City's government-wide financial statements because the City cannot use these assets to finance operations.

A FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the primary government, assets and deferred outflows exceeded liabilities and deferred inflows by \$42 million at the close of the most recent fiscal year.

TABLE 1
NET POSITION (In Thousands)

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2016	2015		2016	2015		2016	2015	
Current assets	\$ 13,915	\$ 12,453	12%	\$ 11,134	\$ 8,864	26%	\$ 25,049	\$ 21,317	18%
Capital assets, net	33,917	34,766	-2%	47,228	37,838	25%	81,145	72,604	12%
Total assets	47,832	47,219	1%	58,362	46,702	25%	106,194	93,920	13%
Deferred outflow of resources	1,462	749	95%	130	123	6%	1,592	872	83%
Current liabilities	3,822	3,459	10%	3,950	2,956	34%	7,772	6,415	21%
Non-current liabilities	30,874	31,605	-2%	25,874	16,966	53%	56,748	48,571	17%
Total liabilities	34,696	35,064	-1%	29,824	19,922	50%	64,520	54,986	17%
Deferred inflow of resources	755	1,682	-55%	27	41	-34%	782	1,723	-55%
Net position									
Net investment in capital assets	9,732	8,949	9%	21,012	20,583	2%	30,744	29,532	4%
Restricted	9,260	9,603	-4%	175	1,703	-90%	9,435	11,306	-17%
Unrestricted (deficit)	(5,149)	(7,330)	-30%	7,454	4,576	63%	2,305	(2,754)	-184%
Total net position	\$ 13,843	\$ 11,222	23%	\$ 28,641	\$ 26,862	7%	\$ 42,484	\$ 38,084	12%

The largest portion of the City's net position reflects its net investment in capital assets (e.g., land, buildings, machinery, and equipment). For 2016, this net investment in capital assets amounted to \$30.7 million. 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.

The increase/decrease in deferred outflows, deferred inflows and other liabilities relates to a shortfall in actual investment earnings versus projected investment earnings in all three defined benefit retirement plans.

(Unaudited. See accompanying auditor's report.)

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The increase in business-type activities non-current liabilities is due to drawing \$10 million on the 2014 OWRB CWSRF loan.

Changes in Net Position

For the year ended June 30, 2016, net position of the primary government changed as follows:

TABLE 2
CHANGES IN NET POSITION (In Thousands)

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2016	2015		2016	2015		2016	2015	
Revenues									
Charges for service	\$ 1,241	\$ 1,002	24%	\$ 7,676	\$ 7,354	4%	\$ 8,917	\$ 8,356	7%
Operating grants and contributions	3,388	807	320%	-	-	0%	3,388	807	320%
Capital grants and contributions	346	1,500	-77%	246	335	-27%	592	1,835	-68%
Taxes	14,745	13,520	9%	-	-	0%	14,745	13,520	9%
Intergovernmental revenue	223	186	20%	-	-	0%	223	186	20%
Investment income	16	26	-38%	20	26	-23%	36	52	-31%
Miscellaneous	180	265	-32%	4	13	-69%	184	278	-34%
Total revenues	20,139	17,306	16%	7,946	7,728	3%	28,085	25,034	12%
Expenses									
General government	3,880	1,483	162%	-	-	-	3,880	1,483	162%
Public safety	8,226	7,403	11%	-	-	-	8,226	7,403	11%
Streets	1,968	1,886	4%	-	-	-	1,968	1,886	4%
Culture, parks and recreation	1,813	1,842	-2%	-	-	-	1,813	1,842	-2%
Interest on long-term debt	1,034	1,063	-3%	-	-	-	1,034	1,063	-3%
Water	-	-	-	2,475	2,461	1%	2,475	2,461	1%
Wastewater	-	-	-	1,867	2,223	-16%	1,867	2,223	-16%
Sanitation	-	-	-	709	670	6%	709	670	6%
Golf	-	-	-	799	908	-12%	799	908	-12%
Airport	-	-	-	528	592	-11%	528	592	-11%
Hospital	-	-	-	386	440	-12%	386	440	-12%
Total expenses	16,921	13,677	24%	6,764	7,294	-7%	23,685	20,971	13%
Excess (deficiency) before transfers	3,218	3,629	-11%	1,182	434	172%	4,400	4,063	8%
Transfers	(597)	(26,591)	-98%	597	26,591	98%	-	-	-
Increase (decrease) in net position	\$ 2,621	\$ (22,962)	-111%	\$ 1,779	\$ 27,025	93%	\$ 4,400	\$ 4,063	8%

(Unaudited. See accompanying auditor's report.)

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The increase in operating grants and contributions revenue for governmental activities of approximately \$2.6 million or 320% is due to the money received from FEMA for the ice storm damage to pay for debris removal. This is also the result of the increase in general government expenses.

The significant change in transfers and net position in both business-type and governmental activities is a result of the prior year transfer and reclassification of revenue bond debts from the Authority to governmental activities mentioned on the previous page.

Governmental Activities

To aid in the understanding of the statement of activities some additional explanation is given. Of particular interest is the format that is significantly different than a typical statement of revenues, expenses, and changes in fund balance. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a net (expense)/revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the City's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants or contributions. All other governmental revenues are reported as general. It is important to note all taxes are classified as general revenue even if restricted for a specific purpose.

TABLE 3
Net Revenue (Expense) of Governmental Activities
(In Thousands)

	Total Expense of Services		% Inc. (Dec.)	Net Revenue (Expense) of Services		% Inc. (Dec.)
	2016	2015		2016	2015	
General government	\$ 3,880	\$ 1,483	162%	\$ (960)	\$ (1,054)	-9%
Public safety	8,226	7,403	11%	(6,838)	(6,321)	8%
Streets	1,968	1,886	4%	(1,514)	(243)	523%
Culture, parks and recreation	1,813	1,842	-2%	(1,600)	(1,688)	-5%
Interest on long-term debt	1,034	1,063	-3%	(1,034)	(1,063)	-3%
Total	\$ 16,921	\$ 13,677	24%	\$ (11,946)	\$ (10,369)	15%

For the year ended June 30, 2016, total expenses for governmental activities amounted to approximately \$17 million which is an increase of \$3,245,055 from the prior year. Some of the more significant changes are noted above.

(Unaudited. See accompanying auditor's report.)

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Business-type Activities

TABLE 4
Net Revenue (Expense) of Business-Type Activities
(In Thousands)

	Total Expense of Services			% Inc. Dec.	Net Revenue (Expense) of Services			% Inc. Dec.
	2016	2015			2016	2015		
Water	\$ 2,475	\$ 2,461	1%	\$ 717	\$ 597		20%	
Wastewater	1,867	2,223	-16%	326	(22)		-1582%	
Sanitation	709	670	6%	254	288		-12%	
Golf	799	908	-12%	(280)	(318)		-12%	
Airport	528	592	-11%	(115)	(340)		-66%	
Hospital	386	440	-12%	256	191		34%	
Total	\$ 6,764	\$ 7,294	-7%	\$ 1,158	\$ 396		192%	

The City's business-type activities include utility services for water, wastewater, and sanitation. It also includes the Hospital Authority, Airpark Authority and Recreation Authority.

In reviewing the business-type activities net (expense)/revenue, the following highlights should be noted:

- Total business-type activities reported net revenue excluding transfers of \$1.2 million for the year ended June 30, 2016.
- Water, sanitation, wastewater and hospital activities reported net revenue for the year ended June 30, 2016, and the golf and airport activities reported net expense.

A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed its 2016 fiscal year, the governmental funds reported a combined fund balance of \$11.8 million or a 3% increase from the prior year. The enterprise funds reported combined net position of \$28.6 million or a 7% increase from 2015

Other fund highlights include:

- For the year ended June 30, 2016, the 2013 Series STRN Bond Fund total fund balance decreased by \$148,811 or 5% due to the expenditures paid on the CIP project.

(Unaudited. See accompanying auditor's report.)

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General Fund Budgetary Highlights

Over the course of the year, the City Council revised the General Fund budget various times. The revised budget included an increase in overall revenue projections of 13% or \$2 million and an increase in appropriations of 11% or \$1.7 million. Actual revenues were under estimates by \$847,106 or 5%, while expenditures were under final appropriations by \$570,324 or 3%.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2016, the City had \$81 million invested in capital assets, net of depreciation, including police and fire equipment, buildings, park facilities, streets, water lines, sewer lines and the hospital assets. (See Table 5).

TABLE 5
Primary Government Capital Assets
(In Thousands)
(Net of accumulated depreciation)

	Governmental		Business-Type		Total	
	Activities	2016	Activities	2016	2015	2015
Land	\$ 1,392	\$ 1,067	\$ 825	\$ 825	\$ 2,217	\$ 1,892
Buildings	14,224	14,678	1,942	2,105	16,166	16,783
Imp. other than buildings	4,488	4,800	3,793	4,212	8,281	9,012
Machinery, furniture and equipment	1,787	1,909	1,799	2,173	3,586	4,082
Infrastructure	10,602	11,544	-	-	10,602	11,544
Intangible water rights	-	-	150	154	150	154
Utility property	-	-	19,274	19,691	19,274	19,691
Construction in progress	1,424	586	19,446	8,677	20,870	9,263
Totals	\$ 33,917	\$ 34,584	\$ 47,229	\$ 37,837	\$ 81,146	\$ 72,421

This year's more significant capital asset additions included:

Centre Theatre roof and renovation
 Water and Wastewater Improvements
 Lincoln Center Land
 YMCA land and building

See Note 6 to the financial statements for more detailed information on the City's capital assets and changes therein.

(Unaudited. See accompanying auditor's report.)

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Long- Term Debt

At year-end, the City had \$52 million in long-term debt outstanding which represents a \$7 million or 15% increase from the prior year. The City's changes in long-term debt by type of debt are as follows:

TABLE 6
Primary Government Long-Term Debt
(In Thousands)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>		<u>Total Percentage Change</u>
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	
Accrued absences	\$ 1,142	\$ 1,075	\$ 93	\$ 68	\$ 1,235	\$ 1,143	8%
Sales tax refund payable	-	271	-	-	-	271	-100%
Insurance claims liability	137	99	-	-	137	99	38%
Revenue bonds	23,626	25,385	5,874	6,505	29,500	31,890	-7%
Notes payable	419	443	20,343	10,738	20,762	11,181	86%
Refundable grant obligation	-	-	15	29	15	29	-48%
Deposits subject to refund	-	-	364	351	364	351	4%
Capital leases	141	234	12	27	153	261	-41%
Totals	\$ 25,465	\$ 27,507	\$ 26,701	\$ 17,718	\$ 52,166	\$ 45,225	15%

See Note 7 to the financial statements for more detail information on the City's long-term debt and changes therein.

The Upcoming Year

- The City is going to continue to move forward with the construction project 2013 and 2015 bond issues capital improvement projects to meet the needs of the citizens.
- The Municipal Authority will be moving forward with the construction project for the \$21,530,000 loan with Oklahoma Water Resource Board to meet DEQ requirements regarding their wastewater needs, the process has started and should take about two years to complete.

Contacting the City's Financial Management

This report is designed to provide our citizens, taxpayers, customers and creditors with an understanding of the City's finances and to demonstrate the City's accountability for the resources it receives. If you have questions about this report or need additional financial information, contact the City's Finance Director at 101 North Choctaw, El Reno, Oklahoma 73036-0700 or telephone at 405-262-4070.

(Unaudited. See accompanying auditor's report.)

**CITY OF EL RENO, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2016**

BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE

CITY OF EL RENO, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2016

Statement of Net Position— June 30, 2016

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 9,652,672	\$ 7,430,035	\$ 17,082,707
Investments	274,078	445,783	719,861
Accounts receivable, net of allowance	26,683	2,438,690	2,465,373
Franchise tax receivable	103,380	-	103,380
Court fine receivable, net of allowance	477,064	-	477,064
Internal balances	(730,055)	730,055	-
Due from other governments	4,111,373	7,717	4,119,090
Inventory	-	53,933	53,933
Restricted investments	-	28,075	28,075
Capital assets:			
Land and construction in progress	2,816,709	20,270,853	23,087,562
Other capital assets, net of depreciation	31,100,650	26,957,582	58,058,232
Total Capital Assets	<u>33,917,359</u>	<u>47,228,435</u>	<u>81,145,794</u>
Total Assets	<u>47,832,554</u>	<u>58,362,723</u>	<u>106,195,277</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amounts related to pensions	1,461,734	98,259	1,559,993
Deferred amounts related to refunding	-	31,561	31,561
Total deferred outflows of resources	<u>1,461,734</u>	<u>129,820</u>	<u>1,591,554</u>
LIABILITIES			
Accounts payable	1,024,317	2,447,638	3,471,955
Accrued payroll liabilities	301,948	55,257	357,205
Accrued interest payable	445,586	273,636	719,222
Due to other governments	3,623	-	3,623
Refundable court bonds	5,532	-	5,532
Unearned revenue	1,303	736	2,039
Long-term liabilities:			
Due within one year	2,040,242	1,172,433	3,212,675
Due in more than one year	23,424,502	25,515,072	48,939,574
Net pension liability	<u>7,449,505</u>	<u>359,399</u>	<u>7,808,904</u>
Total liabilities	<u>34,696,558</u>	<u>29,824,171</u>	<u>64,520,729</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred amounts related to pensions	754,732	27,308	782,040
Total deferred outflows of resources	<u>754,732</u>	<u>27,308</u>	<u>782,040</u>
NET POSITION			
Net investment in capital assets	9,731,553	21,012,342	30,743,895
Restricted by:			
Enabling legislation	55,434	-	55,434
External contracts and groups:			
Permanent fund - nonexpendable	182,939	-	182,939
Permanent fund - expendable	8,175	-	8,175
Other contracts/groups	9,013,637	174,686	9,188,323
Unrestricted (deficit)	(5,148,740)	7,454,036	2,305,296
Total net position	<u>\$ 13,842,998</u>	<u>\$ 28,641,064</u>	<u>\$ 42,484,062</u>

See accompanying notes to the financial statements.

CITY OF EL RENO, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2016

Statement of Activities –Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
		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	\$ 3,879,929	\$ 500,402	\$ 2,411,408	\$ 8,318	\$ (959,801)	\$ -	\$ (959,801)
Public Safety	8,226,073	588,538	779,076	20,048	(6,838,411)	-	(6,838,411)
Streets	1,968,120	-	166,318	288,014	(1,513,788)	-	(1,513,788)
Culture, parks and recreation	1,812,942	152,383	31,031	29,246	(1,600,282)	-	(1,600,282)
Interest on long-term debt	1,034,307	-	-	-	(1,034,307)	-	(1,034,307)
Total governmental activities	<u>16,921,371</u>	<u>1,241,323</u>	<u>3,387,833</u>	<u>345,626</u>	<u>(11,946,589)</u>	<u>-</u>	<u>(11,946,589)</u>
Business-type activities							
Water	2,475,017	3,191,931	-	-	716,914	716,914	716,914
Wastewater	1,867,009	2,089,070	-	104,325	-	326,386	326,386
Sanitation	709,399	963,277	-	-	-	253,878	253,878
Golf	798,589	518,856	-	-	-	(279,733)	(279,733)
Airport	527,987	270,988	-	141,655	-	(115,344)	(115,344)
Hospital	385,883	642,376	-	-	-	256,493	256,493
Total business-type activities	<u>6,763,884</u>	<u>7,676,498</u>	<u>-</u>	<u>245,980</u>	<u>-</u>	<u>1,158,594</u>	<u>1,158,594</u>
Total primary government	<u>23,685,255</u>	<u>8,917,821</u>	<u>3,387,833</u>	<u>591,606</u>	<u>(11,946,589)</u>	<u>1,158,594</u>	<u>(10,789,995)</u>
General revenues:							
Taxes:							
Sales and use taxes				13,405,770	-	13,405,770	13,405,770
Property taxes				118,646	-	118,646	118,646
Franchise and public service taxes				798,095	-	798,095	798,095
Hotel/motel taxes				422,019	-	422,019	422,019
Intergovernmental revenue not restricted to specific programs				223,317	-	223,317	223,317
Investment income				16,385	20,356	36,741	36,741
Miscellaneous				179,738	3,770	183,508	183,508
Transfers - Internal activity				(596,728)	596,728	-	-
Total general revenues and transfers				<u>14,567,242</u>	<u>620,854</u>	<u>15,188,096</u>	<u>15,188,096</u>
Change in net position				2,620,653	1,779,448	4,400,101	4,400,101
Net position - beginning				11,222,345	26,861,616	38,083,961	38,083,961
Net position - ending				<u>\$ 13,842,998</u>	<u>\$ 28,641,064</u>	<u>\$ 42,484,062</u>	<u>\$ 42,484,062</u>

See accompanying notes to the financial statements.

**CITY OF EL RENO, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2016**

BASIC FINANCIAL STATEMENTS - GOVERNMENTAL FUNDS

CITY OF EL RENO, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2016

Governmental Funds Balance Sheet - June 30, 2016

	General Fund	2013 Series	Other Governmental Funds	Total Governmental Funds
		STRN Bond Fund		
ASSETS				
Cash and cash equivalents	\$ 3,434,148	\$ 3,054,509	\$ 3,162,171	\$ 9,650,828
Investments	117,572	-	156,506	274,078
Due from other funds	33,969	-	-	33,969
Due from other governments	1,893,851	-	116,522	2,010,373
Franchise tax receivable	2,203,673	-	707	2,204,380
Court fine receivable, net	477,064	-	-	477,064
Other receivables	26,683	-	-	26,683
Total assets	8,186,960	3,054,509	3,435,906	14,677,375
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE				
Liabilities:				
Accounts payable	915,003	8,200	54,019	977,222
Accrued payroll payable	350,833	-	1,833	352,666
Due to other funds	764,024	-	-	764,024
Refundable court bonds	5,532	-	-	5,532
Total liabilities	2,035,392	8,200	55,852	2,099,444
Deferred Inflows of resources:				
Deferred revenue	761,002	-	-	761,002
Fund balances:				
Nonspendable	-	-	182,939	182,939
Restricted	3,965,564	3,046,309	2,065,373	9,077,246
Committed	-	-	78,281	78,281
Assigned	822,996	-	1,053,461	1,876,457
Unassigned	602,006	-	-	602,006
Total fund balance	5,390,566	3,046,309	3,380,054	11,816,929
Total liabilities, deferred inflows and fund balance	\$ 8,186,960	\$ 3,054,509	\$ 3,435,906	\$ 14,677,375

See accompanying notes to the financial statements.

CITY OF EL RENO, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2016

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

	<u>General Fund</u>	<u>2013 Series STRN Bond Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes	\$ 13,409,662	\$ -	\$ 1,334,861	\$ 14,744,523
Intergovernmental	3,374,767	-	10,056	3,384,823
Licenses and permits	445,074	-	-	445,074
Charges for services	83,591	-	86,197	169,788
Fines and forfeitures	409,670	-	63,067	472,737
Investment income	12,238	192	3,897	16,327
Royalties	13,598	-	-	13,598
Miscellaneous	380,080	-	287,500	667,580
Total revenues	<u>18,128,680</u>	<u>192</u>	<u>1,785,578</u>	<u>19,914,450</u>
EXPENDITURES				
Current:				
General government	3,655,054	-	373,470	4,028,524
Public safety	7,956,999	-	381,412	8,338,411
Streets	947,476	-	-	947,476
Culture, parks, and recreation	1,254,394	-	-	1,254,394
Capital outlay	200,261	22,537	1,297,142	1,519,940
Debt service:				
Principal	1,816,010	-	170,855	1,986,865
Interest	976,682	-	26,139	1,002,821
Total Expenditures	<u>16,806,876</u>	<u>22,537</u>	<u>2,249,018</u>	<u>19,078,431</u>
Excess (deficiency) of revenues over expenditures	<u>1,321,804</u>	<u>(22,345)</u>	<u>(463,440)</u>	<u>836,019</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	4,639,639	-	679,939	5,319,578
Transfers out	(5,665,037)	(126,466)	(167,841)	(5,959,344)
Proceeds from sale of property	-	-	113,161	113,161
Total other financing sources and uses	<u>(1,025,398)</u>	<u>(126,466)</u>	<u>625,259</u>	<u>(526,605)</u>
Net change in fund balance	296,406	(148,811)	161,819	309,414
Fund balance - beginning	5,094,160	3,195,120	3,218,235	11,507,515
Fund balance - ending	<u>\$ 5,390,566</u>	<u>\$ 3,046,309</u>	<u>\$ 3,380,054</u>	<u>\$ 11,816,929</u>

See accompanying notes to the financial statements.

CITY OF EL RENO, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2016

Reconciliation of Governmental Funds and Government-Wide Financial Statements:

Fund Balance - Net Position Reconciliation:	\$ 11,816,929
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds, net of accumulated depreciation of \$19,799,654	33,917,359
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Certain long-term assets are not available to pay current fund liabilities and therefore they, along with deferred outflows, are not reported in the funds:

Pension related deferred outflows	1,461,734
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Internal service funds are used by management to charge costs of certain activities that benefit multiple funds, such as self-insurance costs, to individual funds. The assets and liabilities of these internal service funds are reported in the governmental activities of the Statement of Net Position:

Internal service funds' net position	(134,783)
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Certain long-term liabilities are not due and payable from current financial resources and therefore they, along with deferred inflows, are not reported in the funds:

Deferred revenue	759,699
Net pension liability	(7,449,505)
Pension related deferred inflows	(754,732)
Accrued interest payable	(445,586)
Capital lease obligation	(140,956)
Notes Payable	(419,100)
Revenue bond obligations	(23,625,750)
Accrued compensated absences	<u>(1,142,311)</u>
	<u>(33,218,241)</u>

Net Position of Governmental Activities in the Statement of Net Position

	\$ 13,842,998
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See accompanying notes to the financial statements.

CITY OF EL RENO, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2016

Changes in Fund Balance - Changes in Net Position Reconciliation: \$ 309,414

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures while governmental activities report depreciation and amortization expense to allocate those expenditures over the life of the assets:

Capital asset purchases capitalized	3,957,031
Capital assets transferred from Enterprise Fund	43,038
Book value of disposed capital assets	(2,477,660)
Depreciation expense	(2,189,170)
	<u>(666,761)</u>

In the Statement of Activities, the net cost of pension benefits earned is calculated and reported as pension expense. The fund financial statements report pension contributions as pension expenditures. This amount represents the difference between pension contributions and calculated pension expense.

556,840

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:

Change in deferred revenue	350,461
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Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:

Principal payment on capital lease obligation	206,542
Principal payment on notes payable obligation	23,400
Principal payment on bonds payable obligation	1,759,050
Principal payment on sales tax refund payable obligation	270,863
Proceeds of long-term debt	(113,161)
	<u>2,146,694</u>

Some expenses reported in the Statement of Activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:

Change in accrued interest payable	33,601
Change in accrued compensated absences	(67,036)
	<u>(33,435)</u>

Internal service fund activity is reported as a proprietary fund in the fund financial statements, but certain net revenues are reported in governmental activities on the Statement of Activities

Change in net position for internal service funds	(42,560)
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Change in net position of governmental activities	<u>\$ 2,620,653</u>
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See accompanying notes to the financial statements.

**CITY OF EL RENO, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2016**

BASIC FINANCIAL STATEMENTS - PROPRIETARY FUNDS

CITY OF EL RENO, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2016

Proprietary Funds Statement of Net Position - June 30, 2016

ENTERPRISE FUNDS						
	<u>El Reno Municipal Trust Authority</u>	<u>The City of El Reno Hospital Authority</u>	<u>The City of El Reno Airpark Authority</u>	<u>The City of El Reno Recreational Authority</u>	<u>Totals</u>	<u>Internal Service Funds</u>
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 5,390,849	\$ 1,175,172	\$ 79,575	\$ 770	\$ 6,646,366	\$ 1,844
Restricted cash and cash equivalents	783,669	-	-	-	783,669	-
Investments	445,783	-	-	-	445,783	-
Due from other funds	764,024	-	-	-	764,024	-
Due from other governments	-	-	7,717	-	7,717	-
Inventory	8,233	-	8,335	37,365	53,933	-
Accounts receivable, net	968,257	3,689	7,160	165	979,271	-
Loan proceeds receivable	1,459,419	-	-	-	1,459,419	-
Total current assets	9,820,234	1,178,861	102,787	38,300	11,140,182	1,844
Non-current assets:						
Restricted investments	28,075	-	-	-	28,075	-
Capital assets:						
Land and construction in progress	19,377,765	685,499	207,589	-	20,270,853	-
Other capital assets, net of accumulated depreciation	21,121,511	2,046,327	2,523,174	1,266,570	26,957,582	-
Total non-current assets	40,527,351	2,731,826	2,730,763	1,266,570	47,256,510	-
Total assets	50,347,585	3,910,687	2,833,550	1,304,870	58,396,692	1,844
DEFERRED OUTFLOW OF RESOURCES:						
Deferred amounts related to pensions	82,528	-	-	15,731	98,259	-
Deferred amount on refunding	31,561	-	-	-	31,561	-
Total deferred outflow of resources	114,089	-	-	15,731	129,820	-
LIABILITIES						
Current liabilities:						
Accounts payable	2,369,876	34,546	8,883	34,091	2,447,396	-
Accrued payroll payable	41,797	-	2,168	11,534	55,499	-
Accrued interest payable	273,636	-	-	-	273,636	-
Unearned revenue	-	-	736	-	736	-
Due to other funds	-	-	-	33,969	33,969	-
Current portion of:						
Claims liability	-	-	-	-	-	12,536
Refundable grant obligation	13,873	-	-	-	13,873	-
Notes payable	360,017	-	51,942	-	411,959	-
Revenue bonds payable, net	724,790	-	-	-	724,790	-
Capital lease obligations	12,478	-	-	-	12,478	-
Accrued compensated absences	8,119	-	372	842	9,333	-
Total current liabilities	3,804,586	34,546	64,101	80,436	3,983,669	12,536
Non-current liabilities:						
Claims liability	-	-	-	-	-	124,091
Deposits subject to refund	363,422	-	-	-	363,422	-
Refundable grant obligation	791	-	-	-	791	-
Notes payable	19,441,984	-	489,422	-	19,931,406	-
Revenue bonds payable	5,135,460	-	-	-	5,135,460	-
Accrued compensated absences	73,068	-	3,347	7,578	83,993	-
Net pension liability	301,862	-	-	57,537	359,399	-
Total non-current liabilities	25,316,587	-	492,769	65,115	25,874,471	124,091
Total liabilities	29,121,173	34,546	556,870	145,551	29,858,140	136,627
DEFERRED INFLOW OF RESOURCES:						
Deferred amounts related to pension	15,062	-	-	12,246	27,308	-
NET POSITION						
Net Investment in capital assets	14,824,547	2,731,826	2,189,399	1,266,570	21,012,342	-
Restricted for debt service	174,686	-	-	-	174,686	-
Unrestricted (deficit)	6,326,206	1,144,315	87,281	(103,766)	7,454,036	(134,783)
Total net position	\$ 21,325,439	\$ 3,876,141	\$ 2,276,680	\$ 1,162,804	\$ 28,641,064	\$ (134,783)

See accompanying notes to the financial statements.

CITY OF EL RENO, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2016

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

	ENTERPRISE FUNDS				Totals	Internal Service Funds
	El Reno Municipal Trust Authority	The City of El Reno Hospital Authority	The City of El Reno Airpark Authority	The City of El Reno Recreational Authority		
	El Reno Municipal Trust Authority	The City of El Reno Hospital Authority	The City of El Reno Airpark Authority	The City of El Reno Recreational Authority		
OPERATING REVENUES						
Water charges	\$ 3,073,009	\$ -	\$ -	\$ -	\$ 3,073,009	\$ -
Sewer charges	2,006,441	- -	- -	- -	2,006,441	- -
Sanitation charges	927,249	- -	- -	- -	927,249	- -
Airport charges	- -	- -	201,448	- -	201,448	- -
Golf Course charges	- -	- -	- -	466,962	466,962	- -
Hook and Slice Restaurant charges	- -	- -	- -	48,510	48,510	- -
Water and sewer taps	28,703	- -	- -	- -	28,703	- -
Transfer fees	4,475	- -	- -	- -	4,475	- -
Returned check charges	1,325	- -	- -	- -	1,325	- -
Cut off charges	49,960	- -	- -	- -	49,960	- -
Penalties and interest	96,458	- -	- -	- -	96,458	- -
Miscellaneous	56,658	19,264	69,540	3,384	148,846	- -
Rental	- -	623,112	- -	- -	623,112	- -
Self insurance charges	- -	- -	- -	- -	- -	182,774
Total operating revenues	<u>6,244,278</u>	<u>642,376</u>	<u>270,988</u>	<u>518,856</u>	<u>7,676,498</u>	<u>182,774</u>
OPERATING EXPENSES						
Managerial	97,481	- -	- -	- -	97,481	- -
Administration	226,325	- -	- -	- -	226,325	- -
Billing	791,693	- -	- -	- -	791,693	- -
Water Plant	1,058,377	- -	- -	- -	1,058,377	- -
Wastewater	401,074	- -	- -	- -	401,074	- -
Utility Lines	591,742	- -	- -	- -	591,742	- -
Hospital	- -	113,783	- -	- -	113,783	- -
Airport	- -	- -	182,750	- -	182,750	- -
Golf	- -	- -	- -	586,574	586,574	- -
Claims Expense	- -	- -	- -	- -	- -	228,626
Hook and Slice Restaurant	- -	- -	- -	58,336	58,336	- -
Depreciation expense	1,224,913	268,207	327,614	153,679	1,974,413	- -
Total Operating Expenses	<u>4,391,605</u>	<u>381,990</u>	<u>510,364</u>	<u>798,589</u>	<u>6,082,548</u>	<u>228,626</u>
Operating income	<u>1,852,673</u>	<u>260,386</u>	<u>(239,376)</u>	<u>(279,733)</u>	<u>1,593,950</u>	<u>(45,852)</u>
NON-OPERATING REVENUES (EXPENSES)						
Investment income	18,308	1,888	60	100	20,356	58
Gain on sale of capital asset	1,410	- -	- -	- -	1,410	- -
Grant revenue	- -	- -	141,655	- -	141,655	- -
Miscellaneous revenue	- -	2,360	- -	- -	2,360	3,234
Interest expense and fiscal charges	(659,820)	(3,893)	(17,623)	- -	(681,336)	- -
Total non-operating revenue (expenses)	<u>(640,102)</u>	<u>355</u>	<u>124,092</u>	<u>100</u>	<u>(515,555)</u>	<u>3,292</u>
Income (loss) before contributions and transfers	1,212,571	260,741	(115,284)	(279,633)	1,078,395	(42,560)
Capital contributions	104,325	- -	- -	- -	104,325	- -
Transfers in	26,218,855	- -	22,460	117,454	26,358,769	- -
Transfers out	(25,762,041)	- -	- -	- -	(25,762,041)	- -
Change in net position	1,773,710	260,741	(92,824)	(162,179)	1,779,448	(42,560)
Total net position - beginning	19,551,729	3,615,400	2,369,504	1,324,983	26,861,616	(92,223)
Total net position - ending	<u>\$ 21,325,439</u>	<u>\$ 3,876,141</u>	<u>\$ 2,276,680</u>	<u>\$ 1,162,804</u>	<u>\$ 28,641,064</u>	<u>\$ (134,783)</u>

See accompanying notes to the financial statements.

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

	ENTERPRISE FUNDS					Internal Service Funds
	<u>El Reno Municipal Trust Authority</u>	<u>The City of El Reno Hospital Authority</u>	<u>The City of El Reno Airpark Authority</u>	<u>The City of El Reno Recreational Authority</u>	<u>Total</u>	
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$ 4,685,722	\$ 640,007	\$ 260,581	\$ 518,691	\$ 6,105,001	\$ -
Payments to suppliers	(1,029,409)	(179,335)	(105,066)	(318,961)	(1,632,771)	(191,336)
Payments to employees	(1,285,985)	-	(52,074)	(350,181)	(1,688,240)	-
Receipts of customer meter deposits	65,300	-	-	-	65,300	-
Refunds of customer meter deposits	(52,785)	-	-	-	(52,785)	-
Other income	-	2,360	-	-	2,360	186,008
Net cash provided by (used in) operating activities	2,382,843	463,032	103,441	(150,451)	2,798,865	(5,328)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers from other funds	26,218,855	-	22,460	117,454	26,358,769	-
Transfers to other funds	(25,762,041)	-	-	-	(25,762,041)	-
Net cash provided by noncapital financing activities	456,814	-	22,460	117,454	596,728	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchases of capital assets	(11,200,165)	(13,895)	(141,655)	(14,269)	(11,369,984)	-
Principal paid on capital debt	(994,464)	(145,069)	(51,922)	-	(1,191,455)	-
Proceeds from capital debt	10,136,808	-	-	-	10,136,808	-
Interest and fiscal agent fees paid on capital debt	(522,087)	(3,893)	(17,623)	-	(543,603)	-
Capital grants and contribution	104,325	-	141,655	-	245,980	-
Proceeds from sale of capital assets	6,200	-	-	-	6,200	-
Net cash provided by (used in) capital and related financing activities	(2,469,383)	(162,857)	(69,545)	(14,269)	(2,716,054)	-
CASH FLOWS FROM INVESTING ACTIVITIES						
Sale of investments	26	-	-	-	26	-
Interest and dividends	18,308	1,888	60	99	20,355	58
Net cash provided by investing activities	18,334	1,888	60	99	20,381	58
Net increase (decrease) in cash and cash equivalents	388,608	302,063	56,416	(47,167)	699,920	(5,270)
Balances - beginning of year	5,785,910	873,109	23,159	47,937	6,730,115	7,114
Balances - end of year	\$ 6,174,518	\$ 1,175,172	\$ 79,575	\$ 770	\$ 7,430,035	\$ 1,844
Reconciliation to Statement of Net Position:						
Cash and cash equivalents	\$ 5,390,849	\$ 1,175,172	\$ 79,575	\$ 770	\$ 6,646,366	\$ 1,844
Restricted cash and cash equivalents - current	783,669	-	-	-	783,669	-
Total cash and cash equivalents, end of year	\$ 6,174,518	\$ 1,175,172	\$ 79,575	\$ 770	\$ 7,430,035	\$ 1,844

(Continued)

See accompanying notes to the financial statements

CITY OF EL RENO, OKLAHOMA
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Proprietary Funds Statement of Cash Flows - Year Ended June 30, 2016, (continued)

	<u>El Reno Municipal Trust Authority</u>	<u>The City of El Reno Hospital Authority</u>	<u>The City of El Reno Airpark Authority</u>	<u>The City of El Reno Recreational Authority</u>	<u>Total</u>	<u>Internal Service Funds</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)						
Operating income (loss)	\$ 1,852,673	\$ 260,386	\$ (239,376)	\$ (279,733)	\$ 1,593,950	\$ (45,852)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation expense	1,224,913	268,207	327,614	153,679	1,974,413	-
Miscellaneous revenue	2,360	-	-	-	2,360	3,234
Change in assets and liabilities:						
Due from other governments	-	-	(7,717)	-	(7,717)	-
Accounts receivable	(1,558,556)	(2,369)	(2,690)	(165)	(1,563,780)	-
Inventory	(6,806)	-	13,784	(5,584)	1,394	-
Accounts payable	848,425	(65,552)	8,383	(21,177)	770,079	-
Accrued payroll payable	15,496	-	842	3,307	19,645	-
Net pension liability	(24,782)	-	-	(4,069)	(28,851)	-
Claims liability	-	-	-	-	-	37,290
Deposits subject to refund	12,515	-	-	-	12,515	-
Accrued compensated absences	18,965	-	2,601	3,291	24,857	-
Net cash provided by (used in) operating activities	\$ 2,382,843	\$ 463,032	\$ 103,441	\$ (150,451)	\$ 2,798,865	\$ (5,328)

See accompanying notes to the financial statements.

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FIDUCIARY FUND

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Fiduciary Fund Statement of Net Position – Pension Trust Fund (El Reno Employee Retirement System Reassure America Life Insurance Company) - June 30, 2016

ASSETS:

Investments at contract value:

Insurance contracts	\$ 381,903
Accrued interest receivable	<u>11,363</u>
Total Assets	<u>\$ 393,266</u>

NET POSITION:

Net position held in trust for pension benefits	<u>\$ 393,266</u>
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Fiduciary Fund Statement of Changes in Fiduciary Net Position – Pension Trust Fund (El Reno Employee Retirement System Reassure America Life Insurance Company) - Year Ended June 30, 2016

ADDITIONS:

Investment Income:	<u>\$ 22,263</u>
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Total Additions	<u>22,263</u>
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Change in net position held in trust for employees' pension benefits	22,263
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Net position--beginning	<u>371,003</u>
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Net position--ending	<u>\$ 393,266</u>
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See accompanying notes to the financial statements.

**CITY OF EL RENO, OKLAHOMA
ANNUAL FINANCIAL REPORT
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FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS

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Footnotes to the Basic Financial Statements:

1. Financial Reporting Entity

The City's financial reporting entity includes the primary government (City of El Reno), four blended component units, and one discretely presented component unit as noted below. This annual report includes all activities for which the City of El Reno City Council/Manager is fiscally responsible.

In determining the financial reporting entity, the City complies with the provisions of Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity", as amended by Statement 61 and includes all component units for which the City is financially accountable.

The City of El Reno – that provides the public safety, health and welfare, streets and highways, parks and recreation, and administrative activities.

The City of El Reno has a population of approximately 16,749 located in central Oklahoma. The City is a Council/Manager form of government that provides for three branches of government:

- Legislative – the City Council is the governing body elected by the citizens
- Executive – the City Manager is the Chief Executive Officer and is appointed by the City Council
- Judicial – the Municipal Judge is a practicing attorney appointed by the City Manager

The City provides typical municipal services such as public safety, street maintenance, culture, parks and recreation, airport, and certain utility services including water, wastewater, and sanitation.

Blended Component Units:

The El Reno Municipal Trust Authority – that operates the water, sewer, and sanitation services of the City – City Council serves as Authority trustees.

The City of El Reno Hospital Authority – that operates the hospital which serves the citizens of El Reno and the surrounding communities. City Council serves as Authority trustees.

The El Reno Airpark Authority – that operates the local non-commercial airport activities. City Council serves as Authority trustees.

The El Reno Recreation Authority – that was established to construct and operate the municipal golf course. City Council serves as Authority trustees.

Discretely Presented Component Unit:

The El Reno Economic Development Authority – that promotes and subsidizes efforts to create economic development within the City. City Council appoints trustees. There is currently no financial activity for this trust.

Each of these component units are Public Trusts established pursuant to Title 60 of Oklahoma State law. Public Trusts (Authorities) have no taxing power. The Authorities are generally created to finance City services through issuance of revenue bonds or other non-general obligation debt and to enable the City Council to delegate certain functions to the governing body (Trustees) of the Authority. The Authorities generally retain title to assets which are acquired or constructed with Authority debt or other Authority

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generated resources. In addition, the City has leased certain existing assets at the creation for the Authorities to the Trustees on a long-term basis. The City, as beneficiary of the Public Trusts, receives title to any residual assets when a Public Trust is dissolved.

2. Basis of Presentation and Accounting

Government-Wide Financial Statements:

The statements of net position and activities are reported on the accrual basis of accounting and economic resources measurement focus. Under the accrual basis of accounting, revenues are recognized when earned and expenses (including depreciation and amortization) are recorded when the liability is incurred or economic asset used.

Program revenues in the Statement of Activities, are revenues that are derived directly from each activity or from parties outside of the City's taxpayers. The City has the following program revenues in each activity:

- Public Safety – Fire, Police, Ambulance – fines and forfeitures, restricted operating grants, and restricted capital grants
- Streets – Commercial vehicle and gasoline excise tax shared by the State and other restricted operating grants.
- Culture, parks, and recreation – cemetery revenues, pool fees, operating and capital grants
- General Government – license and permits, plat and abatement fees, demolition fees, and restricted operating grants
- Water – water service charges
- Wastewater – wastewater service charges
- Sanitation – sanitation service charges
- Golf – golf course fees, restaurant services fees
- Airport – hangar rental income, fuel sales, and royalties
- Hospital – rental income

All other governmental revenues are reported as general. All taxes are classified as general revenue even if restricted for a specific purpose.

The funds of the financial reporting entity are described below.

Governmental Funds:

The City's governmental funds include:

Major Funds:

- General Fund – accounts for all activities not accounted for in other special-purpose funds. For financial statement reporting purposes the General Fund contains the following combining accounts:
 - Gift and Contribution Account (previously Park Improvement Account)
 - Sales Tax ¼ cent Account
 - Cemetery Everlasting Care Account
 - Sales Tax Reserve Account

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- 2013 Sales Tax Revenue Note Fund (reported as a capital project fund) – accounts for 2013 Sales Tax Revenue Note Construction.

Aggregated Non-Major Funds (reported as Other Governmental Funds):

Special Revenue Funds:

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

- Police Fund (Previously 911 Emergency Fund) – accounts for the following restricted revenues for public safety: 911 admin fee, police forfeitures, juvenile fee, drug and alcohol fees, impound fee, and any miscellaneous restricted fees.
- CDGB Fund – accounts for CDGB grant activity.
- Hotel Motel Occupancy Surcharge Fund – accounts for the Hotel/Motel tax collections and related expenditures; this was removed from the General Fund after the January 2008 election which restricts these funds to 40% for tourism and 60% for capital.
- Safety Sales Tax $\frac{1}{4}$ Cent Fund – accounts for the New Public Safety Sales Tax which was approved by voters in January 2008.
- Tax Increment Fund – accounts for revenues received from the two new Tax Increment Fund Districts.

Capital Project Funds:

- Drainage Improvement Fund – accounts for revenues and expenses for the purpose of creating and/or improving drainage basins.
- Capital Improvement Fund – accounts for an increase in Municipal Court fines. Funds are to be used for capital improvements in general.
- Infrastructure Fund - accounts for various construction projects funded through interfund transfers.
- Cemetery Care Fund – accounts for cemetery fees restricted for cemetery care.
- 2011 Sales Tax Revenue Note Fund – accounts for 2011 Sales Tax Revenue Note Construction.
- Radio Road North Improvements – accounts for the restricted donations from Chesapeake and Seventy Seven Energy to improve the I-40 interchange.
- Evan's Road Improvements – accounts for the restricted donations from Centurion Share and Haliburton to improve the street and waterlines on Evan's Road.

Permanent Funds:

- Library Endowment Fund – accounts for funds which are restricted for library purposes.
- Cemetery Perpetual Care Fund – accounts for funds restricted for the maintenance or improvement of graves, lots, or perpetual care of the cemetery.

The governmental funds are reported on the modified accrual basis of accounting. On the modified accrual basis of accounting revenues are recorded when earned and measurable and available to pay current financial obligations, while expenditures are recorded when incurred and payable from current financial resources. The City defines revenue availability as collected within 60 days of period end.

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The reconciliation of the governmental funds financial statements to the governmental activities presentation in the government-wide financial statements is the result of the use of the accrual basis of accounting and economic resources measurement focus at the government-wide level.

The General Fund and the 2013 Sales Tax Revenue Note Fund are considered major funds and are therefore displayed in separate columns. All other governmental funds are considered non-major funds and are aggregated under the column Other Governmental Funds. The fund balances, reported on the modified accrual basis for these aggregated non-major funds changed as follows for the year ended June 30, 2016.

Fund	Fund Balance 7/1/2015	Changes in Fund Balance	Fund Balance 6/30/2016
Special Revenue Funds:			
Police Fund	\$ 51,523	\$ 3,911	\$ 55,434
CDBG Fund	4	79,692	79,696
Cemetery Care	168,741	4,520	173,261
Hotel Motel Occupancy Surcharge	605,520	(203,669)	401,851
Safety Sales Tax 1/4 Cent	169,461	172,168	341,629
Tax Increment Fund			
Capital Project Funds:			
Infrastructure	318,979	(2,186)	316,793
Drainage Improvement	3,082	-	3,082
Capital Improvement	165,914	45,405	211,319
2011 Series STRN Bond Fund	72,988	(72,988)	-
Radio Road North Improvement	1,071,000	(50,121)	1,020,879
Evans Road Improvements	400,000	184,467	584,467
Permanent Funds:			
Library Endowment	31,601	180	31,781
Cemetery Perpetual Care	159,422	440	159,862
Total	\$ 3,218,235	\$ 161,819	\$ 3,380,054

Proprietary Funds:

The City's proprietary funds include:

Enterprise Funds

- El Reno Municipal Trust Authority Fund that accounts for the activities of the public trust in providing water, sewer, and sanitation services to the public.
- City of El Reno Hospital Authority Fund that accounts for the activities of the public trust which operates the hospital that serves the citizens of El Reno and the surrounding communities.
- El Reno Airpark Authority Fund that operates the local non-commercial airport activities.
- El Reno Recreation Authority that was established to construct and operate the municipal golf course.

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Internal Service Funds

- Self-Insurance Workers' Comp

For purposes of the statement of revenues, expenses and changes in net position, operating revenues and expenses are considered those whose cash flows are related to operating activities, while revenues and expenses related to financing, capital and investing activities are reported as non-operating or transfers and contributions.

Fiduciary Fund

The City's fiduciary fund is used to report net position and changes therein of assets held by the City in a trustee or fiduciary capacity. These funds are not available for operations of the City. The City reports one type of fiduciary fund:

- Pension Trust Fund – used to account for the net position and changes therein of the El Reno Employee Retirement System (Reassure America Life Insurance Company).

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oklahoma Firefighters Pension & Retirement System (FPRS), Oklahoma Police Pension & Retirement System (OPPRS), and Oklahoma Municipal Retirement Fund (OkMRF) and additions to/deductions from FPRS's, OPPRS's, and OkMRF's fiduciary net position have been determined on the same basis as they are reported by FPRS, OPPRS, and OkMRF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

3. Cash, Cash Equivalents, and Investments

For the purpose of the statements of net position, balance sheets, and statement of cash flows, cash and cash equivalents includes all demand and savings accounts, certificates of deposit or short-term investments with an original maturity of three months or less. Trust account investments in open-ended mutual fund shares are also considered cash equivalents for reporting purposes.

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At June 30, 2016, the reporting entity held the following deposits and investments:

Primary Government:

Type	Maturities	Credit Rating	Carrying Value
Deposits:			
Demand deposits			\$ 11,866,635
Cash on hand			3,200
Time deposits	Due within one year		747,936
			<u>12,617,771</u>
Investments:			
Trustee money market accounts		AAAm	5,212,872
			<u>5,212,872</u>
Total deposits and investments			\$ 17,830,643
Reconciliation to Statement of Net Position:			
Cash and cash equivalents			\$ 17,082,707
Investments			719,861
Restricted investments			28,075
			<u>\$ 17,830,643</u>

Custodial Credit Risk – Exposure to custodial credit risk related to deposits exists when the City holds deposits that are uninsured and uncollateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the City's name: or collateralized without a written or approved collateral agreement. Exposure to custodial credit risk related to investments exists when the City holds investments that are uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the City's name.

The City's policy as it relates to custodial credit risk is to secure its uninsured deposits with collateral, valued at no more than market value, at least at a level of 110% of the uninsured deposits and accrued interest thereon. At June 30, 2016, the City was not exposed to custodial credit risk as defined above.

Investment Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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Investment Credit Risk - The City is currently working with the City Attorney to revise the investment policy for adaptation during the new re-codification. The City has limited its investment choices to state law as follows:

- a. Direct obligations of the U. S. Government, its agencies and instrumentalities to which the full faith and credit of the U. S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
- b. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- c. With certain limitation, negotiable certificates of deposit, prime bankers acceptances, prime commercial paper and repurchase agreements with certain limitations.
- d. County, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality or school district.
- e. Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.
- f. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs a., b., c., and d.

Concentration of Investment Credit Risk – Exposure to concentration of credit risk is considered to exist when investments in any one issuer represent a significant percent of total investments of the City (any over 5% are disclosed). Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this consideration. The City places no limit on the amount it may invest in any one issuer. The City has the following concentration of credit risk: 100% (or \$5,212,872) invested in Federated Treasury Obligations money market accounts at Bancfirst.

Restricted cash and Investments – The amounts reported as restricted assets of the Statement of Net Position are comprised of amounts restricted for utility deposits, debt service, debt reserve, or construction purposes. The restricted assets as of June 30, 2016 are as follows:

	Current Cash and cash Equivalents	Noncurrent Investments
2005 Sales Tax Revenue Bond Revenue Fund	\$ 117,454	\$ -
2008 MA Sales Tax Revenue Interest Fund	125	-
2009 Revenue Bond Revenue Fund	63,608	-
2010 Drinking Water SRF Debt Service	42,864	-
2011 Sales Tax Revenue Note Fund	90,635	-
2013 Sales Tax Revenue Bond Note Fund	30,364	-
2015 Sales Tax Revenue Construction Fund	47,833	-
2015 Sales Tax Revenue Interest Fund	55,439	-
Utility Deposits	335,347	28,075
Total	\$ 783,669	\$ 28,075

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4. Accounts Receivable

Accounts receivable of the business-type activities consist of customers utilities services provided, both billed and unbilled, due at year end, reported net of allowance for uncollectible amounts. The governmental activities receivables include fines receivables.

Primary Government

	Court Fines Receivable	Utilities Receivable	Airpark Receivable	Hospital Authority	The City of El Reno The City of El Reno Recreation Authority
Accounts receivable	\$ 1,590,216	\$ 1,833,022	\$ 7,160	\$ 3,689	\$ 165
Less: allowance for uncollectible accounts	(1,113,152)	(864,765)	-	-	-
Accounts receivable, net of allowance	<u>\$ 477,064</u>	<u>\$ 968,257</u>	<u>\$ 7,160</u>	<u>\$ 3,689</u>	<u>\$ 165</u>

5. Inventories

The inventories for the blended component units – El Reno Recreation Authority and the El Reno Airpark Authority – are valued at lower of cost or market using first-in, first-out or market.

6. Capital Assets and Depreciation

Capital Assets:

Capital assets consist of land, land improvement, construction in progress, buildings and building improvements, machinery and equipment, and infrastructure. Capital assets are reported at actual or estimated historical cost. Donated capital assets are recorded at their acquisition value at the date of donation. For the year ended June 30, 2016, capital assets balances changed as follows:

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	Balance at July 1, 2015	Additions	Disposals	Transfers	Balance at June 30, 2016
<i>Governmental activities:</i>					
Capital assets not being depreciated:					
Land	\$ 1,067,465	\$ 492,908	\$ 168,028	\$ -	\$ 1,392,346
Construction in progress	585,513	1,156,988	318,137	-	1,424,363
Total capital assets not being depreciated	<u>1,652,978</u>	<u>1,649,896</u>	<u>486,165</u>	<u>-</u>	<u>2,816,709</u>
Other capital assets:					
Buildings	17,783,912	2,267,810	2,486,723	-	17,564,999
Improvements	6,623,232	40,020	7,525	-	6,655,727
Machinery, furniture and equipment	6,216,658	351,126	201,047	-	6,366,737
Infrastructure	20,303,488	9,353	-	-	20,312,841
Total other capital assets at historical cost	<u>50,927,290</u>	<u>2,668,309</u>	<u>2,695,295</u>	<u>-</u>	<u>50,900,304</u>
Less accumulated depreciation for:					
Buildings	3,105,659	458,961	223,805	-	3,340,815
Improvements	1,823,549	345,680	1,380	-	2,167,849
Machinery, furniture and equipment	4,307,651	432,983	160,478	-	4,580,156
Infrastructure	8,759,288	951,546	-	-	9,710,834
Total accumulated depreciation	<u>17,996,147</u>	<u>2,189,170</u>	<u>385,662</u>	<u>-</u>	<u>19,799,654</u>
Other capital assets, net	<u>32,931,143</u>	<u>479,139</u>	<u>2,309,633</u>	<u>-</u>	<u>31,100,650</u>
Governmental activities capital assets, net	<u><u>\$ 34,584,121</u></u>	<u><u>\$ 2,129,035</u></u>	<u><u>\$ 2,795,798</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 33,917,359</u></u>
 <i>Business-type activities:</i>					
Capital assets not being depreciated:					
Land	\$ 824,573	\$ -	\$ -	\$ -	\$ 824,573
Construction in progress	8,677,433	11,202,590	433,743	-	19,446,280
Total capital assets not being depreciated	<u>9,502,006</u>	<u>11,202,590</u>	<u>433,743</u>	<u>-</u>	<u>20,270,853</u>
Other capital assets:					
Buildings	6,619,255	-	-	-	6,619,255
Improvements	11,106,207	5,940	-	-	11,112,147
Machinery, furniture and equipment	16,558,685	44,229	222,674	-	16,380,240
Intangible water rights	207,657	-	-	-	207,657
Utility property improvements	33,719,553	550,970	-	-	34,270,523
Total other capital assets at historical cost	<u>68,211,357</u>	<u>601,139</u>	<u>222,674</u>	<u>-</u>	<u>68,589,822</u>
Less accumulated depreciation for:					
Buildings	4,514,294	163,365	-	-	4,677,659
Improvements	6,894,035	425,330	-	-	7,319,365
Machinery, furniture and equipment	14,384,955	414,283	217,881	-	14,581,357
Intangible water rights	53,397	3,909	-	-	57,306
Utility property improvements	14,029,029	967,524	-	-	14,996,553
Total accumulated depreciation	<u>39,875,710</u>	<u>1,974,411</u>	<u>217,881</u>	<u>-</u>	<u>41,632,240</u>
Other capital assets, net	<u>28,335,647</u>	<u>(1,373,272)</u>	<u>4,793</u>	<u>-</u>	<u>26,957,582</u>
Business-type activities capital assets, net	<u><u>\$ 37,837,653</u></u>	<u><u>\$ 9,829,318</u></u>	<u><u>\$ 438,536</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 47,228,435</u></u>

Depreciation:

Depreciable capital assets are depreciated on a straight-line basis over their estimated useful lives. The capitalization threshold and range of estimated useful lives by type of asset is as follows:

Category	Threshold	Lives in Years
Buildings	\$100,000	20 - 50
Improvements Other than Buildings	100,000	20 - 50
Machinery and Equipment	5,000	3 - 20
Infrastructure	500,000	20 - 50

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Depreciation of capital assets is included in total expenses and is charged or allocated to the activities primarily benefiting from the use of the specific asset. Depreciation expense has been allocated as follows:

Governmental Activities:		Business-Type Activities:	
General Government	\$ 167,335	Water	\$ 614,409
Public Safety	415,461	Wastewater	610,502
Highways and Streets	1,031,162	Hospital	268,207
Culture & Recreation	<u>575,212</u>	Airpark	327,614
	<u><u>\$ 2,189,170</u></u>	Recreation	<u><u>153,679</u></u>
			<u><u>\$ 1,974,411</u></u>

7. Long-Term Debt and Debt Service Requirements

For the year ended June 30, 2016, the reporting entity's long-term debt changed as follows:

Type of Debt	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016	Amounts Due Within One Year
Governmental Activities:					
Sales tax refund payable	\$ 270,864	\$ -	\$ 270,864	\$ -	\$ -
Notes payable	442,500	-	23,400	419,100	23,700
Revenue bonds payable	25,384,800	-	1,759,050	23,625,750	1,825,250
Insurance claims liability	99,337	177,016	139,726	136,627	12,536
Capital lease obligation	234,338	113,161	206,542	140,957	64,525
Accrued compensated absences	1,075,276	4,312,001	4,244,966	1,142,311	114,231
Total Governmental Activities	<u>\$ 27,507,115</u>	<u>\$ 4,602,178</u>	<u>\$ 6,644,548</u>	<u>\$ 25,464,745</u>	<u>\$ 2,040,242</u>
Business-Type Activities:					
Notes payable	\$ 10,738,477	\$ 10,136,808	\$ 531,919	\$ 20,343,366	\$ 411,959
Revenue bonds payable	6,505,200	-	630,950	5,874,250	724,790
Refundable grant obligation	28,537	-	13,873	14,664	13,873
Deposits subject to refund	350,907	65,300	52,785	363,422	-
Capital lease obligation	27,189	-	14,711	12,478	12,478
Accrued compensated absences	68,469	352,287	327,430	93,326	9,333
Total Business-Type Activities	<u>\$ 17,718,779</u>	<u>\$ 10,554,395</u>	<u>\$ 1,571,668</u>	<u>\$ 26,701,506</u>	<u>\$ 1,172,433</u>

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Governmental activities long-term debt:

Revenue Bonds Payable:

Series 2008 Sales Tax and Utility Revenue Bonds. Original amount of \$9,600,000 issued by the El Reno Municipal Authority, 100% of the proceeds was used in governmental activities, due in annual installments of \$435,000 to \$805,000 through 2029, interest at 4.20%.	\$ 8,245,000
Series 2009 Sales Tax and Utility Revenue Bonds. Original amount of \$4,920,000 issued by the El Reno Municipal Authority, 81% or \$3,985,200 of the proceeds was used in governmental activities, due in annual installments of \$195,000 to \$405,000 through 2029, interest at 5.10% See Business-type note below for percentage and balance.	3,487,050
Series 2010 Sales Tax and Utility Revenue Bonds. Original amount of \$8,000,000 issued by the El Reno Municipal Authority, 100% of the proceeds was used in governmental activities, due in annual installments of \$255,000 to \$395,000 through 2025, interest at 3.76%.	6,120,000
Series 2011 Sales Tax and Utility Revenue Bonds. Original amount of \$5,100,000 issued by the El Reno Municipal Authority, 62% or \$3,162,000 was used in governmental activities, due in annual installments of \$140,000 to \$455,000 through 2027, interest at 3.75%. See Business - type note below for water percentage and balance.	2,526,500
Series 2013 Sales Tax Revenue Bonds. Original amount of \$4,500,000 issued by the El Reno Municipal Authority, 88% or 3,960,000 was used in governmental activities, due in annual installments of \$200,000 to \$255,000 through 2024, interest at 2.32%	<u>3,247,200</u>
Total Revenue Bonds Payable	<u>\$ 23,625,750</u>
Current portion	\$ 1,825,250
Non-current portion	21,800,500
Total	<u>\$ 23,625,750</u>

Notes Payable:

Series 2015 Hotel/Motel Revenue Note, original amount of \$442,500, issued by the El Reno Municipal Authority, due in monthly installments, 100% was used in governmental activities, matures in June 2025, interest at 3.5%.	<u>\$ 419,100</u>
Current portion	\$ 23,700
Non-current portion	395,400
Total	<u>\$ 419,100</u>

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Capital Lease Obligations:

\$113,161 lease with BancFirst for the purchase of 24 MAS SCBA's , issued December 2015 with an interest rate of 2.95% and maturing November 2018.	\$ 113,162
\$40,162 lease with El Reno R.I.L Credit Union for the purchase of a Bobcat Loader S185 Skid-Steer, issued March 2012 with an interest rate of 2.95% and maturing March 2017.	6,341
\$121,002 lease with El Reno R.I.L Credit Union for the purchase of a John Deere Loader 444K 4-Wheel, issued April 2012 with an interest rate of 2.95% and maturing April 2017.	<u>21,454</u>
Total Capital Lease Obligations	<u>\$ 140,957</u>
Current portion	\$ 64,525
Non-current portion	<u>76,432</u>
Total	<u>\$ 140,957</u>

Business-type activities long-term debt:

Revenue Bonds Payable:

El Reno Municipal Authority:

Series 2005 Sales Tax and Utility Revenue Bonds. Original amount of \$5,220,000 issued by the El Reno Municipal Authority, due in annual installments of \$265,000 to \$455,000 through 2020, interest at 4.05%	\$ 1,705,000
Series 2009 Sales Tax and Utility Revenue Bonds. Original amount of \$4,920,000 issued by the El Reno Municipal Authority, 19% or \$934,800 of the proceeds was used for business-type activities, due in annual installments of \$195,000 to \$405,000 through 2029, interest at 5.10%	817,950
Series 2015 Sales Tax Revenue Bonds. Original amount of \$1,400,000 issued by the El Reno Municipal Authority, due in annual installments of \$110,000 to \$234,000 through 2025, interest at 2.27%	1,360,000
Series 2011 Sales Tax and Utility Revenue Bonds. Original amount of \$5,100,000 issued by the El Reno Municipal Authority, 38% or \$1,938,000 of the proceeds was used for business-type activities, due in annual installments of \$140,000 to \$455,000 through 2027, interest at 3.75%	1,548,500
Series 2013 Sales Tax Revenue Bonds. Original amount of \$4,500,000 issued by the El Reno Municipal Authority, 12% or \$540,000 of the proceeds was used for business-type activities, due in annual installments of \$200,000 to \$255,000 through 2024, interest at 2.32%	<u>442,800</u>
Total Revenue Bonds Payable	\$ 5,874,250
Less Unamortized Bond Discount	(14,000)
Net Revenue Bonds Payable	<u>\$ 5,860,250</u>
Current portion	\$ 724,790
Non-current portion	<u>5,149,460</u>
Total	<u>\$ 5,874,250</u>

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Notes Payable:

El Reno Municipal Authority:

Series 2000 OWRB Clean Water SRF Promissory Note, original amount of \$504,193, issued by the El Reno Municipal Authority, due in semi-annual installments, matures in March 2020, non-interest bearing.	\$ 103,424
Series 2002A OWRB Drinking Water SRF Promissory Note dated May 30, 2002, original amount of \$1,829,323, issued by the El Reno Municipal Authority, due in semi-annual installments each March 15 and September 15, beginning March 2003, final installment due September 15, 2021 with an administrative fee of .5% and 0% interest	515,963
Series 2002C OWRB Clean Water SRF Promissory Note, original amount of \$767,998, issued by the El Reno Municipal Authority due in semi-annual installments each March 15 and September 15, through 2022, non-interest bearing	236,307
Series 2003A OWRB SRF Promissory Note dated December 22, 2003, original amount of \$643,154, issued by the El Reno Municipal Authority due in semi-annual installments each March 15 and September 15, beginning March 2010, final installment due September 15, 2023, with an administrative fee of .5% and 0% interest	241,183
Series 2008 MA Utility System Revenue Note dated July 1, 2008, original amount of \$760,000, issued by the El Reno Municipal Authority due in monthly installments of \$2,300 to \$5,000, beginning July 2010, final installment due June 1, 2028, with a variable interest rate equal to the BBA LIBOR daily floating rate plus 125 basis points but not to exceed 14% per annum	570,600
Series 2014 OWRB Clean Water SRF Promissory Note dated August 26, 2014, original amount of \$21,530,000, issued by the El Reno Municipal Authority due in semi-annual installments each March 15 and September 15, beginning March 2015, final installment due September 15, 2039 with an administrative fee of .5% and 2.20% interest, remaining funds to be drawn down at June 30, 2016 are \$5,326,030	16,203,969
Series 2010 OWRB Drinking Water SRF Promissory Note dated February 1, 2010, original amount of \$2,405,000, issued by the El Reno Municipal Authority, due in semi-annual installments each March 15 and September 15, beginning September 2010, final installment due March 15, 2030 with an administrative fee of .5% and 3.09% interest	<u>1,930,555</u>
Total Municipal Authority	<u>\$ 19,802,001</u>
Current portion	\$ 360,017
Non-current portion	19,441,984
Total	<u>\$ 19,802,001</u>
El Reno Hospital Authority:	
Note payable to bank in monthly installments issued by the City of El Reno Hospital Authority, with interest rate of 4.99% collateralized by all inventory, equipment and fixtures.	<u>\$ -</u>
Current portion	\$ -
Non-current portion	-
Total	<u>\$ -</u>
El Reno Airpark Authority:	
Note payable to bank dated June 11, 2013 in the amount of \$684,262, due in 144 monthly principal and interest payments in the amount of \$5,795 beginning August 1, 2013, with an interest rate of 3.389%, maturing July 1, 2025. The note is secured by all assets and revenues for the Authority.	<u>\$ 541,365</u>
Current portion	\$ 51,942
Non-current portion	489,423
Total	<u>\$ 541,365</u>
Total Notes Payable:	
Current portion	\$ 411,959
Non-current portion	19,931,407
Total	<u>\$ 20,343,366</u>

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Refundable Grant Obligation:

El Reno Municipal Authority:

Oklahoma Department of Commerce obligation payable, original amount of \$277,462, issued by the El Reno Municipal Authority, due in monthly installments of \$1,154 through 2018, non-interest bearing.

Current portion	\$ 13,873
Non-current portion	<u>791</u>
Total	\$ 14,664

Capital Lease Obligations:

ERMA:

\$71,137 lease with El Reno R.I.L. Credit Union for the purchase of a International Dump Truck, issued April 2012 with an interest rate of 2.95%, maturing April 2017.

Current portion	\$ 12,478
Non-current portion	<u>-</u>
Total	\$ 12,478

Debt Service Requirements to Maturity:

GOVERNMENTAL ACTIVITY DEBT

Year Ending June 30	Capital Lease Obligations		Notes Payable		Revenue Bonds Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 64,525	\$ 3,589	\$ 23,700	\$ 14,292	\$ 1,825,250	\$ 915,773
2018	37,652	2,286	24,400	13,452	1,895,850	851,051
2019	38,780	1,160	25,200	12,584	1,958,950	783,536
2020	-	-	26,400	11,680	2,040,150	713,172
2021	-	-	27,200	10,805	2,110,400	639,651
2022-2026	-	-	292,200	32,916	10,099,200	2,002,419
2027-2030	-	-	-	-	3,695,950	304,701
Totals	\$ 140,957	\$ 7,035	\$ 419,100	\$ 95,729	\$ 23,625,750	\$ 6,210,303

BUSINESS-TYPE ACTIVITY DEBT

Year Ending June 30	Revenue		Bonds Payable		Notes Payable		Capital Lease Obligations		Refundable Grant Obligation	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 724,790	\$ 212,850	\$ 411,959	\$ 663,506	\$ 12,478	\$ 175	13,873	\$ -		
2018	719,150	189,219	419,077	656,607	-	-		791		
2019	746,050	164,445	426,068	649,523	-	-		-		
2020	774,850	138,466	433,507	642,366	-	-		-		
2021	399,600	115,948	415,332	634,818	-	-		-		
2022-2026	2,160,760	393,219	1,475,120	3,063,777	-	-		-		
2027-2031	349,050	46,732	4,808,333	2,803,510	-	-		-		
2032-2036	-	-	9,670,000	1,760,130	-	-		-		
2037-2040	-	-	7,610,000	416,610	-	-		-		
Totals	<u>\$ 5,874,250</u>	<u>\$ 1,260,879</u>	<u>\$ 25,669,396</u>	<u>\$ 11,290,847</u>	<u>\$ 12,478</u>	<u>\$ 175</u>	<u>\$ 14,664</u>	<u>\$ -</u>		
	Less principal to draw down		<u><u>\$ (5,326,030)</u></u>	<u><u>\$ 20,343,366</u></u>						

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Non-Commitment Debt:

Original Debt	Project	Remaining Principal
El Reno Municipal Authority: \$450,000	(1) Coronado Development Corporation Tax Apportionment Note dated September 1, 2007	\$234,059

(1) Crimson Creek Increment District Project Tax Apportionment Note

The Tax Apportionment Note was issued to fund the construction of the Crimson Creek North Addition. The City and Authority are not liable for this debt since payments are made solely with lease agreement proceeds from El Reno Municipal Authority primarily and Coronado Development Corporation, secondarily. In the event of default, the City or Authority only becomes liable if they are negligent in carrying out debt administration responsibilities.

Pledge of Future Revenues

Sales Tax Pledge - The City has pledged two and ½ cents (or 63%) of future sales tax revenues to repay \$29,500,000 of Series 2005, 2008, 2009, 2010, 2011, 2013 and 2015 Sales Tax Revenue Bonds. Proceeds from the bonds provided financing for utility and governmental capital assets. The bonds are payable through 2020, 2029, 2030, 2025, 2027, 2024, and 2025 respectively. The total principal and interest payable for the remainder of the life of these notes is \$36,971,184. Total pledged sales taxes received in the current fiscal year were \$7,965,154. Debt service payments for the current fiscal year of \$3,568,925 were 45% of the pledged sales taxes.

Hotel/Motel Tax Pledge - The City has pledged 60% of the amount of money generated pursuant to the hotel/motel tax ordinance (Ordinance 5024) to repay \$419,100 of Series 2015 Hotel/Motel Tax Revenue Note. Proceeds from the bond provided financing for renovation of the Centre Theatre roof and the refinancing of the 2011 Hotel/Motel Revenue Tax Revenue Note that was used for economic development and tourism capital projects. The bond is payable through 2025. The total principal and interest payable for the remainder of the life of this note is \$514,829. Total pledged hotel/motel taxes received in the current fiscal year was \$253,212. Debt service payments for the current fiscal year for the 2015 Hotel/Motel Tax Revenue Note were \$40,912 which was 16% of the pledged hotel/motel taxes.

Utility Net Revenues Pledge – The City has also pledged future water and sewer net revenues to repay \$19,231,401 of 2000, 2002A, 2002C, 2003A, 2010 and 2014 Series Oklahoma Water Resources Board Notes Payable and \$570,600 of the 2008 MA Utility System Revenue Note. Proceeds from the bonds and notes provided financing for utility system capital assets. The bonds are payable through 2020, 2022, 2022, 2024, 2030, and 2030. The total principal and interest payable for the remainder of the life of these notes is \$25,678,187. The notes are payable from the above-mentioned utility net revenues. The debt service payments on the notes this year were \$575,419 which was 20% of pledged net utility revenues of \$2,838,667.

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8. Net Position and Fund Balances

Fund Statements:

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned and unassigned. These classifications are defined as:

- a. Nonspendable – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) 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 City's highest level of decision-making authority is made by ordinance.
- d. Assigned – includes amounts that are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed. Assignments of fund balance may be made by city council action or management decision when the city council has delegated that authority. Assignments for transfers and interest income for governmental funds are made through the budgetary process.
- 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.

It is the City's policy to first use restricted fund balance prior to the use of the unrestricted fund balance when an expense is incurred for purposes for which both restricted and unrestricted fund balance are available. The City's policy for the use of unrestricted fund balance amounts require that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used. The only exception to this policy is for assigned interest income in governmental funds other than the General Fund. In those funds, interest income is used first before other revenues.

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The following tables show the fund balance classifications as shown on the Governmental Funds Balance Sheet:

	General Fund	Major Capital Project Fund		Other Governmental Funds	TOTAL
		2013 Sales Tax	Revenue Note Fund		
Fund Balances:					
Nonspendable:					
Library Endowment	\$ -	\$ -	\$ 31,050	\$ 31,050	
Cemetery Perpetual Care	-	-	151,889	151,889	
Sub-total Nonspendable	-	-	182,939	182,939	
Restricted for:					
Capital outlay	-	3,046,309	298,936	3,345,245	
Debt Service	1,710,014	-	-	1,710,014	
Watershed construction	-	-	3,082	3,082	
Radio Road North Improvements	-	-	332,707	332,707	
Evans Road Improvements	-	-	584,467	584,467	
Skateboard Park	181	-	-	181	
Police	-	-	55,434	55,434	
Library	14,499	-	202	14,701	
Cemetery	116,042	-	26,749	142,791	
Public Health and Safety	-	-	341,629	341,629	
Mercy Sidewalk	2,500	-	-	2,500	
or debt service for said capital outlay	951,657	-	-	951,657	
Emergencies	1,157,490	-	-	1,157,490	
Animal Shelter	385	-	-	385	
Fire Department	6,217	-	-	6,217	
Petree Plaza	1,000	-	-	1,000	
Legion Park Lights	5,184	-	-	5,184	
Tennis Court Improvements	95	-	-	95	
Parks/ ASHB Ballfield	300	-	-	300	
CDBG Grant	-	-	79,696	79,696	
Tourism	-	-	43,281	43,281	
Economic development and capital	-	-	299,190	299,190	
Sub-total Restricted	3,965,564	3,046,309	2,065,373	9,077,246	
Committed to:					
Cemetery capital	-	-	78,281	78,281	
Assigned to:					
Fiscal Year 17 budget	819,493	-	-	819,493	
Cemetery Capital	-	-	76,204	76,204	
Library	-	-	529	529	
Cemetery	3,503	-	-	3,503	
Tourism	-	-	59,380	59,380	
Radio Road North Improvement	-	-	688,172	688,172	
Capital outlay	-	-	229,176	229,176	
Sub-total Assigned	822,996	-	1,053,461	1,876,457	
Unassigned:					
	602,006	-	-	602,006	
TOTAL FUND BALANCES	\$ 5,390,566	\$ 3,046,309	\$ 3,380,054	\$ 11,816,929	

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Equity is classified as net position and displayed in three components:

- f. *Net investment in capital assets* - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- g. *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

The restrictions are as follows:

Governmental Activities

External Contracts and Groups:	
Cemetery Care	\$ 18,776
Cemetery Everlasting Care	116,042
Drainage Improvement	3,082
CDBG	79,696
Library Endowment	31,252
Cemetery Perpetual Care	159,862
2013 Capital Improvement	3,046,309
Radio Road North Improvement	332,707
Capital Improvement	133,712
Evans Road Improvement	584,467
Safety Sales Tax 1/4 Cent	341,629
Sales Tax 1/4 Cent	951,657
Gifts and Contributions	20,713
Infrastructure Improvement	165,224
Sales Tax Reserve	1,157,490
Hotel Motel Occupancy Surcharge	342,471
General Fund (Donations)	9,648
	<hr/> <u>\$ 7,494,737</u>
Enabling legislation:	
Police	<hr/> <u>\$ 55,434</u>
Contractual agreements:	
Cash and investments	<hr/> <u>\$ 1,710,014</u>

BTA | El Reno Municipal Authority

Contractual agreements:	
Cash and investments	\$ 448,322
Less: Accrued Interest Payable	(273,636)
	<hr/> <u>\$ 174,686</u>

- h. *Unrestricted net position* - All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

It is the City’s policy to first use restricted net position prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

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9. Internal and Interfund Balances and Transfers

The City's policy is to eliminate interfund transfers and balances in the statements of activities and net position to avoid the grossing up of balances. Only the residual balances transferred between governmental and business-type activities are reported as internal transfers and internal balances and then offset in the total column in the government-wide statements. Interfund transfers and balances between funds are not eliminated in the fund financial statements.

Transfers:

Internal transfers between funds and activities for the year ended June 30, 2016 were as follows:

Transfer From	Transfer To	Amount	Purpose of Transfer
ERMA	General Fund	\$ 1,645,256	Operating subsidy
Public Safety 1/4 Sales Tax	General Fund	50,000	Reimbursement
General Fund	ERMA Sales Tax	4,779,093	Sales tax transfer
ERMA	Cleanwater SRF	10,136,808	Loan proceeds
Cleanwater SRF	ERMA	9,767,038	Transfer of assets
General Fund	Airport Authority	22,460	Transfer of assets
Tax Increment Fund	General Fund	33,447	Advalorm
2015 STNR AMR Construction	ERMA	1,079,550	Transfer of assets
Evans Road Improvements	ERMA	6,619	Transfer of assets
2011 Series STRN Bond Fund	ERMA	63,636	Transfer of assets
CDBG	ERMA	761	Transfer of assets
Sales Tax Reserve Account	ERMA	6,100	Transfer of insurance reimbursement
ERMA Sales Tax	ERMA	3,076,635	Debt service payments
General Fund	City of El Reno Recreation Authority	105,000	Operating subsidy
ERMA Sales Tax	ERMA	13,716	Transfer of assets
Radio Road North Improvement	ERMA	11,828	Transfer of assets
2013 STRN Construction Fund	ERMA	126,466	Transfer of assets
Sales Tax 1/4 Cent Account	Radio Road North Improvement	600,000	Operating subsidy
Sales Tax 1/4 Cent Account	CDBG	79,939	Operating subsidy grant match
Sales Tax 1/4 Cent Account	ERRA	12,454	Transfer of assets
Sales Tax 1/4 Cent Account	General Fund	13,825	Proceeds from sale of asset
General Fund	ERMA	46,166	Salary reimbursement
Infrastructure Improvement	ERMA	1,350	Transfer of assets
ERMA Sales Tax	General Fund	43,038	One-sided transfer of assets to governmental activities
Total		\$ 31,721,385	

Reconciliation to Fund Financial Statements:

	Transfers In	Transfers Out	Net Transfers
Governmental Funds	\$ 5,319,578	\$ (5,959,344)	\$ (639,766)
Proprietary Funds	26,358,769	(25,762,041)	596,728
	<u>\$ 31,678,347</u>	<u>\$ (31,721,385)</u>	<u>\$ (43,038)</u>

Reconciliation to Statement of Activities:

Net Transfers	\$ 639,766
Transfer of business-type activity expenses to governmental:	
Capital assets from business type activities	(43,038)
Transfers - internal activity	<u>\$ 596,728</u>

Balances:

Interfund receivable and payables at June 30, 2016 were comprised of the following:

Payable Fund	Receivable Fund	Amount	Nature of Interfund Balance
General Fund	ERMA Sales Tax	\$ 764,024	Sales tax transfer receivable
Recreation Authority	General Fund	33,969	Loan to Recreation Authority
		<u>\$ 797,993</u>	

Reconciliation to Fund Financial Statements:

	Due to	Due From	Net Interfund Balances
Governmental Funds	\$ (764,024)	\$ 33,969	\$ (730,055)
Proprietary Funds	(33,969)	764,024	730,055
	<u>\$ (797,993)</u>	<u>\$ 797,993</u>	<u>\$ -</u>

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10. Sales Tax

Sales tax revenue represents a 4 cents tax on each dollar of taxable sales of which is recorded as follows:

- 2 cents is recorded in the General Fund. $\frac{1}{2}$ cent of the 2 cents is pledged for El Reno Recreational Authority debt service on golf course capital debt and $\frac{1}{2}$ cent is pledged for the 2005 Series Sales Tax Bonds.
- 1.5 cents is recorded in the General fund and then transferred to the El Reno Municipal Authority for debt service per debt agreement.
- .25 cents is recorded in the Sales Tax $\frac{1}{4}$ Cent Fund to be transferred to the El Reno Recreation Authority for debt service on golf course capital debt.
- .25 cents is recorded in the Safety Sales Tax $\frac{1}{4}$ Cent Fund to pay for costs pertaining to the provision of emergency services.

11. Risk Management

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

- General Liability and Physical Property – Covered through participation in Oklahoma Municipal Assurance Group risk entity pool.
- Workers' Compensation – Self-insured within limits of Oklahoma worker's compensation laws. 100% risk of loss retained.
- Employee's Group Medical – Covered through participation in Coventry.

The City's risk is transferred to the risk entity pool except for claim deductible amounts. The risk pool maintains deposits for claims reserves and other purposes for the benefit of the City. The portion of the reserves to which the City has access is reported as Deposits with Insurance Pool. Management believes the insurance coverage listed above is sufficient to preclude any significant uninsured losses to the City. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

For the internal service self-insurance funds, changes in the worker's comp claims liability for the City from July 1, 2014, to June 30, 2016, are as follows:

	<u>Workers' Compensation</u>
Claim liability, June 30, 2014	434,785
Claims and changes in estimates	(540,034)
Claims payments	<u>204,585</u>
Claim liability, June 30, 2015	99,336
Claims and changes in estimates	(139,726)
Claims payments	<u>177,017</u>
Claim liability, June 30, 2016	<u><u>\$ 136,627</u></u>
Reconciliation to Statement of Net Position:	
Current portion	\$ 12,536
Noncurrent portion	<u>124,091</u>
Total	<u><u>\$ 136,627</u></u>

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12. Commitments and Contingencies

Litigation:

The City is party to various legal proceedings which normally occur in the course of governmental operations. The financial statements do not include accruals or provisions for loss contingencies that may result from these proceedings. State statutes provide for the levy of an ad valorem tax over a three-year period by a City “Sinking Fund” for the payment of any court assessed judgment rendered against the City. These statutory provisions do not apply to the City’s public trust Authorities. While the outcome of the above noted proceedings cannot be predicted, due to the insurance coverage maintained by the City and the State statute relating to judgments, the City feels that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the City.

Federal and State Award Programs:

The City of El Reno participates in various federal or state grant/loan programs from year to year. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. Any liability for reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

Construction Commitments:

At June 30, 2016 the City had awarded construction contracts totaling approximately \$24,415,126 and of this amount, \$6,616,855 was still outstanding.

13. Pension Plan Participation

The City of El Reno participates in three pension or retirement plans:

- Oklahoma Firefighter’s Pension and Retirement System (OFPRS) – a statewide cost-sharing plan
- Oklahoma Police Pension and Retirement System (OPPRS) – a statewide cost-sharing plan
- Oklahoma Municipal Retirement Fund – an agent multiple-employer defined benefit plan

Firefighters’ Plan:

Plan description - The City of El Reno, as the employer, participates in the Firefighters Pension & retirement—a cost-sharing multiple-employer defined benefit pension plan administered by the Oklahoma Firefighters Pension & Retirement System (FPRS). Title 11 of the Oklahoma State Statutes grants the authority to establish and amend the benefit terms to the FPRS. FPRS issues a publicly available financial report that can be obtained at www.ok.gov/fprs

Benefits provided - FPRS provides retirement, disability, and death benefits to members of the plan.

Benefits for members hired prior to November 1, 2013 are determined as 2.5 percent of the employee’s final average compensation times the employee’s years of service and have reached the age of 50 or have complete 20 years of service, whichever is later. For volunteer firefighters, the monthly pension benefit for normal retirement is \$150.60 per month. Benefits vest with 10 years or more of service.

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Benefits for members hired after November 1, 2013 are determined as 2.5 percent of the employee's final average compensation times the employee's years of service and have reached the age of 50 or have complete 22 years of service, whichever is later. For volunteer firefighters, the monthly pension benefit for normal retirement is \$165.66 per month. Benefits vest with 11 years or more of service.

All firefighters are eligible for immediate disability benefits. For paid firefighters, the disability in-the-line-of-duty benefit for firefighters with less than 20 years of service is equal to 50% of final average monthly compensation, based on the most recent 30 months of service. For firefighters with over 20 years of service, a disability in-the-line-of-duty is calculated based on 2.5% of final average monthly compensation, based on the most recent 30 months, per year of service, with a maximum of 30 years of service. For disabilities not-in-the-line-of-duty, the benefit is limited to only those with less than 20 years of service and is 50% of final average monthly compensation, based on the most recent 60-month salary as opposed to 30 months. For volunteer firefighters, the not-in-line-of-duty disability is also limited to only those with less than 20 years of service and is \$7.53 per year of service. For volunteer firefighters, the in-line-of-duty pension is \$150.60 with less than 20 years of service, or \$7.53 per year of service, with a maximum of 30 years.

A \$5,000 lump sum death benefit is payable to the qualified spouse or designated recipient upon the participant's death. The \$5,000 death benefit does not apply to members electing the vested benefit.

Contributions - The contributions requirements of the Plan are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 9% percent of their annual pay. Participating cities are required to contribute 14% of the employees' annual pay. Contributions to the pension plan from the City were \$246,394. The State of Oklahoma also made on-behalf contributions to FPRS in the amount of \$650,246 during the calendar year and this is reported as both expense and revenue in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$567,324. These on-behalf payments did not meet the criteria of a special funding situation.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2016, the City reported a liability of \$6,600,066 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The City's proportion of the net pension liability was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2015. Based upon this information, the City's proportion was 0.6218214 percent.

For the year ended June 30, 2016, the City recognized pension expense of \$667,795. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ 130,397	\$ -
Net difference between projected and actual earnings on pension plan investments		491,988
Changes in proportion	579,948	-
Differences between City contributions and proportionate share of contributions	-	10,962
City contributions subsequent to the measurement date	246,394	-
Total	<u>\$ 956,739</u>	<u>\$ 502,950</u>

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\$246,394 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2017	\$	(45,518)
2018		(45,518)
2019		(45,518)
2020		196,470
2021		113,883
Thereafter		33,596
	<u><u>Total</u></u>	<u><u>\$ 207,395</u></u>

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

Inflation:	3%
Salary increases:	3.5% to 9.0% average, including inflation
Investment rate of return:	7.5% net of pension plan investment expense

Mortality rates were based on the RP2000 combined healthy with blue collar adjustment as appropriate, with adjustments for generational mortality improvement using scale AA for healthy lives and no mortality improvement for disabled lives.

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

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

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

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Discount Rate- The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, determined by State statutes. Projected cash flows also assume the State of Oklahoma will continue contributing 36% of the insurance premium, as established by statute. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate- The following presents the net pension liability of the employers calculated using the discount rate of 7.5%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Employers' net pension liability	\$ 8,569,491	\$ 6,600,066	\$ 4,948,296

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of the FPRS which can be located at www.ok.gov/FPRS .

Police Plan:

Plan description - The City of El Reno as the employer, participates in the Oklahoma Police Pension and Retirement Plan—a cost-sharing multiple-employer defined benefit pension plan administered by the Oklahoma Police Pension and Retirement System (OPPRS). Title 11 of the Oklahoma State Statutes, through the Oklahoma Legislature, grants the authority to establish and amend the benefit terms to the OPPRS. OPPRS issues a publicly available financial report that can be obtained at www.ok.gov/OPPRS

Benefits provided - OPPRS provides retirement, disability, and death benefits to members of the plan. The normal retirement date under the Plan is the date upon which the participant completes 20 years of credited service, regardless of age. Participants become vested upon completing 10 years of credited service as a contributing participant of the Plan. No vesting occurs prior to completing 10 years of credited service. Participants' contributions are refundable, without interest, upon termination prior to normal retirement. Participants who have completed 10 years of credited service may elect a vested benefit in lieu of having their accumulated contributions refunded. If the vested benefit is elected, the participant is entitled to a monthly retirement benefit commencing on the date the participant reaches 50 years of age or the date the participant would have had 20 years of credited service had employment continued uninterrupted, whichever is later.

Monthly retirement benefits are calculated at 2.5% of the final average salary (defined as the average paid base salary of the officer over the highest 30 consecutive months of the last 60 months of credited service) multiplied by the years of credited service, with a maximum of 30 years of credited service considered.

Monthly benefits for participants due to permanent disability incurred in the line of duty are 2.5% of the participants' final average salary multiplied by 20 years. This disability benefit is reduced by stated percentages for partial disability based on the percentage of impairment. After 10 years of credited service, participants who retire due to disability incurred from any cause are eligible for a monthly benefit based on 2.5% of their final average salary multiplied by the years of service. This disability benefit is also reduced by stated percentages for partial disability based on the percentage of impairment. Effective July 1, 1998, once a disability benefit is granted to a participant, that participant is no longer allowed to apply for an increase in the dollar amount of the benefit at a subsequent date.

Survivor's benefits are payable in full to the participant's beneficiary upon the death of a retired participant. The beneficiary of any active participant killed in the line of duty is entitled to a pension benefit.

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Contributions - The contributions requirements of the Plan are at an established rate determine by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 8% percent of their annual pay. Participating cities are required to contribute 13% of the employees' annual pay. Contributions to the pension plan from the City were \$228,428. The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of \$211,665 during the calendar year and this is reported as both expense and revenue in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$205,706. These on-behalf payments did not meet the criteria of a special funding situation.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

Related to Pensions - At June 30, 2016, the City reported a liability of \$23,633 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The City's proportion of the net pension liability was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2015. Based upon this information, the City's proportion was 0.5796 percent.

For the year ended June 30, 2016, the City recognized pension expense of \$93,735. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 130,684
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	90,940
Changes in proportion and differences between City contributions and proportionate share of contributions	32,932	-
City contributions during measurement date	-	8,455
City contributions subsequent to the measurement date	228,428	-
Total	\$ 261,360	\$ 230,079

\$228,428 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as an decrease of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2017	\$ (91,448)
2018	(91,448)
2019	(91,448)
2020	83,118
2021	(5,921)
	<u>\$ (197,147)</u>

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

Inflation:	3%
Salary increases:	4.5% to 17% average, including inflation
Investment rate of return:	7.5% net of pension plan investment expense
Mortality rates:	Active employees (pre-retirement) RP-2000 Blue Collar Healthy Combined table with age set back 4 years with fully generational improvement using Scale AA.
	Active employees (post-retirement) and nondisabled pensioners: RP-2000 Blue Collar Healthy Combined table with fully generational improvement using scale AA.
	Disabled pensioners: RP-2000 Blue Collar Healthy Combined table with age set forward 4 years with fully generational improvement using Scale AA.

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

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

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

The current allocation policy is that approximately 60% of assets in equity instruments, including public equity, long-short hedge, venture capital, and private equity strategies; approximately 25% of assets in fixed income to include investment grade bonds, high yield and non-dollar denominated bonds, convertible bonds, and low volatility hedge fund strategies; and 15% of assets in real assets to include real estate, commodities, and other strategies.

Discount Rate-The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, determined by State statutes. Projected cash flows also assume the State of Oklahoma will continue contributing 14% of the insurance premium, as established by statute. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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Sensitivity of the Net Pension Liability to Changes in the Discount Rate- The following presents the net pension liability of the employers calculated using the discount rate of 7.5%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Employers' net pension liability (asset)	\$ 1,420,066	\$ 23,633	\$ (1,153,657)

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

Employee Plan:

Plan Description- The City contributes to the OkMRF for all eligible employees except for those covered by the Police and Firefighter Pension Systems. The plan is an agent multiple employer - defined benefit plan administered by OkMRF. The OkMRF plan issues a separate financial report and can be obtained from OkMRF or from their website: www.okmrf.org/reports.html. Benefits are established or amended by the City Council in accordance with O.S. Title 11, Section 48-101-102.

Summary of Significant Accounting Policies- For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's plan and additions to/deductions from the City's fiduciary net position have been determined on the same basis as they are reported by OkMRF. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value based on published market prices. Detailed information about the OkMRF plans' fiduciary net position is available in the separately issued OkMRF financial report.

Eligibility Factors and Benefit Provisions

Provision	As of 07/01/15
a. Eligible to participate	<u>OkMRF Plan</u> Full-time employees except police, firefighters and other employees who are covered under an approved system.
b. Period Required to Vest	10 years of credited service
c. Eligibility for Distribution	-Normal retirement at age 65 with 10 years of service -Early retirement at age 55 with 10 years of service -Disability retirement upon disability with 10 years of service -Death benefit with 10 years of service for married employees

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d. Benefit Determination Base	Final average salary - the average of the five highest consecutive annual salaries out of the last 10 calendar years of service
e. Benefit Determination Methods:	
Normal Retirement	-2.25% of final average salary multiplied by credited years of service
Early Retirement	-Actuarially reduced benefit based upon age, final average salary, and years of service at termination
Disability Retirement	-Same as normal retirement
Death Benefit	-50% of employees accrued benefit, but terminates upon spouse re-marriage
Prior to 10 Years of Service	-No benefits
f. Benefit Authorization	-Benefits are established and amended by City Council adoption of an ordinance in accordance with O.S. Title, 11, Section 48-101-102
g. Form of Benefit Payments	Normal form is a 60 months certain and life thereafter basis. Employee may elect, with City consent, option form based on actuarial equivalent.

Employees Covered by Benefit Terms

Active Employees	70
Deferred Vested Former Employees	5
Retirees or Retiree Beneficiaries	<u>20</u>
Total	<u>95</u>

Contribution Requirements-The City Council has the authority to set and amend contribution rates by ordinance for the OkMRF defined benefit plan in accordance with O.S. Title 11, Section 48-102. The contribution rates for the current fiscal year have been made in accordance with an actuarially determined rate. The actuarially determined rate is 8.67% of covered payroll as of 7-1-15. For the year ended June 30, 2015 the City recognized \$309,771 of employer contributions to the plan which exceeds the actuarially determined amount based on covered payroll of \$3,095,346. Employees' contribution is 4.5% of covered payroll as of 7-1-15.

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Actuarial Assumptions

Date of Last Actuarial Valuation	July 1, 2015
a. Actuarial cost method	Entry age normal
b. Rate of Return on Investments and Discount Rate	7.75%
c. Projected Salary Increase	Varies between 7.42% and 4% based on age
d. Inflation Rate	3%
e. Mortality Table	UP 1994, with projected mortality improvement
f. Percent of married employees	100%
g. Spouse age difference	3 years (female spouses younger)
h. Turnover	Select and ultimate rates Ultimate rates are age-related as shown Additional rates per thousand are Added during the first 5 years: Year 1: 215 Year 2: 140 Year 3: 95 Year 4: 65 Year 5: 40
i. Date of last experience study	September 2012 for fiscal years 2007 thru 2011

Discount Rate – The discount rate used to value benefits was the long-term expected rate of return on plan investments, 7.75% since the plan's net fiduciary position is projected to be sufficient to make projected benefit payments.

The City has adopted a funding method that is designed to fund all benefits payable to participants over the course of their working careers. Any differences between actual and expected experience are funded over a fixed period to ensure all funds necessary to pay benefits have been contributed to the trust before those benefits are payable. Thus, the sufficiency of pension plan assets was made without a separate projection of cash flows.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (3.0%). Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of July 1, 2015 are summarized in the following table:

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	Target Allocation	Real Return	Weighted Return
Large cap stocks S&P 500	25%	5.40%	1.35%
Small/mid cap stocks Russell 2500	10%	7.50%	0.75%
Long/short equity MSCI ACWI	10%	6.10%	0.61%
International stocks MSCI EAFE	20%	5.10%	1.02%
Fixed income bonds Barclay's Capital Aggregate	30%	2.60%	0.78%
Real estate NCREIF	5%	4.80%	0.24%
Cash equivalents 3 month Treasury	0%	0.00%	0.00%
TOTAL	<u>100%</u>		
Average Real Return		4.75%	
Inflation		3.00%	
Long-term expected return		<u>7.75%</u>	

Changes in Net Pension Liability- The total pension liability was determined based on an actuarial valuation performed as of July 1, 2015 which is also the measurement date. There were no changes in assumptions or changes in benefit terms that affected measurement of the total pension liability. There were also no changes between the measurement date of July 1, 2015 and the City's report ending date of June 30, 2016, that would have had a significant impact on the net pension liability. The following table reports the components of changes in net pension liability:

SCHEDULE OF CHANGES IN NET PENSION LIABILITY			
Increase (Decrease)			
	Total Pension Liability (a)	Plan Net Position (b)	Net Pension Liability (a) - (b)
Balances Beginning of Year	<u>\$ 4,075,422</u>	<u>\$ 2,950,251</u>	<u>\$ 1,125,171</u>
Changes for the Year:			
Service cost	264,136	-	264,136
Interest expense	308,485	-	308,485
Difference between expected and actual experience	(36,585)		(36,585)
Changes of assumptions	-		-
Contributions--City	-	260,476	(260,476)
Contributions--members	-	135,201	(135,201)
Net investment income	-	86,611	(86,611)
Benefits paid	(193,559)	(193,559)	-
Plan administrative expenses	-	(6,286)	6,286
Net Changes	<u>342,477</u>	<u>282,443</u>	<u>60,034</u>
Balances End of Year	<u>\$ 4,417,899</u>	<u>\$ 3,232,694</u>	<u>\$ 1,185,205</u>

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Sensitivity of the net pension liability to changes in the discount rate- The following presents the net pension liability of the City, calculated using the discount rate of 7.75 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Net Pension Liability	\$ 1,781,951	\$ 1,185,205	\$ 710,127

The City reported \$169,306 in pension expense for the year ended June 30, 2016. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 31,149
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	55,464	17,862
Change in proportion	17,862	-
City contributions subsequent to the measurement date	268,568	-
Total	<u><u>\$ 341,894</u></u>	<u><u>\$ 49,011</u></u>

Amortization of Pension Deferrals-\$268,568 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Any other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2017	\$ 500	
2018	500	
2019	500	
2020	32,220	
2021	(5,436)	
Thereafter	<u><u>(3,969)</u></u>	
	<u><u>\$ 24,315</u></u>	

14. Use of Estimates

Certain estimates are made in the preparation of the financial statements, such as estimated lives for capital assets depreciation. Estimates are based on management's best judgments and may vary from actual results.

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15. New Accounting Pronouncements

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

Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68* – GASB No. 73 was issued in June 2016 and establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68 for pension plans and pensions that are within their respective scopes. The requirements of this Statement that address accounting and financial reporting by employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68 are effective for financial statements for fiscal years beginning after June 15, 2016, and the requirements of this Statement that address financial reporting for assets accumulated for purposes of providing those pensions are effective for fiscal years beginning after June 15, 2016. The requirements of this Statement is for pension plans that are within the scope of Statement 67 or for pensions that are within the scope of Statement 68 are effective for fiscal years beginning after June 15, 2016. The City has not yet determined the impact that implementation of GASB 73 will have on its net position.

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* – GASB No. 74 was issued in June 2016, and replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*. This Statement is effective for financial statements for fiscal years beginning after June 15, 2016. The City has not yet determined the impact that implementation of GASB 74 will have on its net position.

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* – GASB No. 75 was issued in June 2016, and addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For a defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. This Statement is effective for fiscal years beginning after June 15, 2017. The City has not yet determined the impact that implementation of GASB 75 will have on its net position.

GASB Statement No. 77, *Tax Abatement Disclosures* – GASB 77 was issued in August 2016, and establishes financial reporting standards for tax abatement agreements entered into by state and local governments. The disclosures required by this Statement encompass tax abatements resulting from both (a) agreements that are entered into by the reporting government and (b) agreements that are entered into by other governments and that reduce the reporting government's tax revenues. The requirements of this

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Statement are effective for financial statements for periods beginning after December 15, 2016. The City has not yet determined the impact that implementation of GASB 77 will have on its net position.

GASB Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*

GASB 78 was issued in December 2015, and amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. The statement does not affect the System's financial statements.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*

GASB 79 was issued in December 2015, and addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. Significant noncompliance prevents the external investment pool from measuring all of its investments at amortized cost for financial reporting purposes. Professional judgment is required to determine if instances of noncompliance with the criteria established by this Statement during the reporting period, individually or in the aggregate, were significant. The requirements of this Statement are effective for reporting periods beginning after June 15, 2015, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing. Those provisions are effective for reporting periods beginning after December 15, 2015. At this time, the impact to the System is unknown.

GASB Statement No. 80, *Blending Requirements for Certain Component Units*

An Amendment of GASB Statement No. 14 – GASB 80 was issued in January 2016, and amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, Determining Whether Certain Organizations Are Component Units. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. At this time, the impact to the System is unknown.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*

GASB 81 was issued in March 2016, to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The System does not believe that GASB No. 81 will have significant impact on its financial statements.

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REQUIRED SUPPLEMENTARY INFORMATION

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Budgetary Comparison Schedule – Year Ended June 30, 2016

	GENERAL FUND				Variance with Final Budget - Positive (Negative)	
	Budgeted Amounts		Actual Amounts, Budgetary Basis			
	Original	Final				
REVENUES						
Taxes	\$ 12,618,670	\$ 14,463,300	\$ 14,452,807	\$ (10,493)		
Fees and fines	300,200	407,402	407,401	(1)		
Licenses and permits	373,506	452,239	448,184	(4,055)		
Intergovernmental	416,203	448,531	447,216	(1,315)		
Charges for services	58,687	69,974	67,941	(2,033)		
Investment earnings	5,832	7,709	7,704	(5)		
Miscellaneous	249,559	343,516	333,813	(9,703)		
Transfers from Other Funds	1,907,640	1,765,714	946,213	(819,501)		
Total revenues	<u>15,930,297</u>	<u>17,958,385</u>	<u>17,111,279</u>	<u>(847,106)</u>		
EXPENDITURES						
Mayor and Council	107,150	107,150	93,028	14,122		
Administration	457,084	472,309	392,558	79,751		
Finance	836,418	795,892	678,606	117,286		
Police	3,908,032	4,107,520	4,106,350	1,170		
Fire	2,663,734	2,721,738	2,662,268	59,470		
Library	266,243	282,639	262,666	19,973		
Community Development	420,804	322,804	257,035	65,769		
Senior Citizens	39,247	39,633	32,378	7,255		
Municipal Garage	213,664	213,994	165,039	48,955		
Streets	937,620	1,013,938	1,013,110	828		
Municipal Court	197,919	197,919	189,916	8,003		
Legal	40,000	40,000	29,307	10,693		
Parks and Recreation	754,601	922,593	848,266	74,327		
Swimming Pool	86,361	94,941	64,164	30,777		
Cemetery	194,719	194,096	162,151	31,945		
Transfers to Other Funds	4,452,523	5,748,871	5,748,871	-		
Total Expenditures	<u>15,576,119</u>	<u>17,276,037</u>	<u>16,705,713</u>	<u>570,324</u>		
Excess (deficiency) of revenues over expenditures	<u>354,178</u>	<u>682,348</u>	<u>405,566</u>	<u>(276,782)</u>		
Net change in fund balances	354,178	682,348	405,566	(276,782)		
Fund balances - beginning	169,895	(248,101)	(28,987)	822,851		
Fund balances - ending	<u>\$ 524,073</u>	<u>\$ 434,247</u>	<u>\$ 376,579</u>	<u>\$ (57,668)</u>		

See accompanying footnotes to this schedule.

Footnotes to Budgetary Comparison Schedules:

1. The budgetary comparison schedule is reported on a non-GAAP budgetary basis that report revenues and expenditures on a modified cash basis. For budgetary purposes expenditures are recorded in the period the invoice is received, except for payroll expenditures that are recorded when paid.
2. The legal level of appropriation control is the department level within a fund. Transfers of appropriation within a fund require the approval of the City Manager. All supplemental appropriations require the approval of the City Council. Supplemental appropriations must be filed with the Office of the State Auditor and Inspector.

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3. The budgetary basis differs from the modified accrual basis as shown in the schedule below:

	General Fund
Total revenue- budgetary basis	\$ 17,111,279
Total expense- budgetary basis	<u>(16,705,713)</u>
Change in fund balance-budgetary basis	405,566
Revenue accruals	(962,842)
Expenditures accruals	(3,726,279)
Debt service transfers in	3,693,426
Debt service transfers out	796,152
Change in fund balance-GAAP basis	<u><u>\$ 206,023</u></u>

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Proportionate Share of the Net Pension Liability

Oklahoma Firefighters Pension & Retirement System

Last 10 Fiscal Years*

	<u>2015</u>	<u>2016</u>
City's proportion of the net pension liability	0.562385%	0.621821%
City's proportionate share of the net pension liability	\$ 5,783,577	\$ 6,600,066
City's covered-employee payroll	\$ 1,552,304	\$ 1,633,651
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	373%	404%
Plan fiduciary net position as a percentage of the total pension liability	68.12%	68.27%

*The amounts present for each fiscal year were determined as of 6/30

Notes to Schedule:

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

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Schedule of City Contributions

Oklahoma Firefighters Pension & Retirement System

Last 10 Fiscal Years*

	<u>2015</u>	<u>2016</u>
Statutorially required contribution	\$ 228,711	\$ 246,394
Contributions in relation to the statutorially required contribution	<u>228,711</u>	<u>246,394</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 1,633,651	\$ 1,759,957
Contributions as a percentage of covered-employee payroll	14.00%	14.00%

Notes to Schedule:

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

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Proportionate Share of the Net Pension Liability

Oklahoma Police Pension & Retirement System

Last 10 Fiscal Years*

	<u>2015</u>	<u>2016</u>
City's proportion of the net pension liability (asset)	0.5397%	0.5796%
City's proportionate share of the net pension liability (asset)	\$ (181,708)	\$ 23,633
City's covered-employee payroll	\$1,512,351	\$1,757,138
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	12.01%	1.34%
Plan fiduciary net position as a percentage of the total pension liability (asset)	101.53%	99.82%

*The amounts present for each fiscal year were determined as of 6/30

Notes to Schedule:

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

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Schedule of City Contributions

Oklahoma Police Pension & Retirement System

Last 10 Fiscal Years*

	<u>2015</u>	<u>2016</u>
Statutorially required contribution	\$ 205,473	\$ 228,428
Contributions in relation to the statutorially required contribution	<u>205,473</u>	<u>228,428</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 1,581,284	\$ 1,757,138
Contributions as a percentage of covered-employee payroll	13.00%	13.00%

Notes to Schedule:

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

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Oklahoma Municipal Retirement System

Required Supplementary Information
Oklahoma Municipal Retirement Fund

Schedule of Changes in Net Pension Liability and Related Ratios **Last 2 Fiscal Years**

	2015	2016
Total pension liability		
Service cost	\$ 240,404	\$ 264,136
Interest	298,636	308,485
Changes of benefit terms	-	-
Differences between expected and actual experience	-	(36,585)
Changes of assumptions	-	-
Benefit payments, including refunds of member contributions	(150,337)	(193,559)
Net change in total pension liability	<u>388,703</u>	<u>342,477</u>
Total pension liability - beginning	3,686,718	4,075,421
Total pension liability - ending (a)	<u>\$ 4,075,421</u>	<u>\$ 4,417,898</u>
 Plan fiduciary net position		
Contributions - employer	\$ 253,488	\$ 260,476
Contributions - member	131,503	135,201
Net investment income	395,694	86,611
Benefit payments, including refunds of member contributions	(150,337)	(193,559)
Administrative expense	(5,898)	(6,286)
Other	-	-
Net change in plan fiduciary net position	624,450	282,443
 Plan fiduciary net position - beginning	2,325,800	2,950,250
Plan fiduciary net position - ending (b)	<u>\$ 2,950,250</u>	<u>\$ 3,232,693</u>
 Net pension liability - ending (a) - (b)	<u>\$ 1,125,171</u>	<u>\$ 1,185,205</u>
 Plan fiduciary net position as a percentage of the total pension liability	72.39%	73.17%
 Covered employee payroll	\$ 2,924,835	\$ 3,022,811
 Net pension liability as a percentage of covered-employee payroll	38.47%	39.21%

Notes to Schedule:

Only the 2 most recent fiscal years are presented because 10-year data is not yet available.

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Oklahoma Municipal Retirement System

Required Supplementary Information
Oklahoma Municipal Retirement Fund

Schedule of Employer Contributions	Last 2 Fiscal Years	
	2015	2016
Actuarially determined contribution	\$ 256,939	\$ 268,366
Contributions in relation to the actuarially determined contribution	260,481	268,568
Contribution deficiency (excess)	<u>\$ (3,542)</u>	<u>\$ (202)</u>
Covered employee payroll	\$ 3,022,811	\$ 3,095,346
Contributions as a percentage of covered-employee payroll	8.62%	8.68%

Notes to Schedule:

1. Only the 2 most recent fiscal years are presented because 10-year data is not yet available.
2. Latest Valuation Date: July 1, 2015
3. Actuarially determined contribution rate is calculated as of July 1, 2015
 July 2015 through June 2016 contributions were at a rate of 8.67%
4. Methods and assumptions used to determine contribution rates:
 Actuarial cost method - Entry age normal
 Amortization method - Level percent of payroll, closed
 Remaining amortization period - 28 years
 Asset valuation method - Actuarial:
 Smoothing period - 5 years
 Recognition method - Non-asymptotic
 Corridor - 30% - 30%
 Salary increases - 4.00% to 7.42% (varies by attained age)
 Investment rate of return - 7.50%

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OTHER SUPPLEMENTARY INFORMATION

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Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2016

	Police Fund (204)	CDBG Fund (211)	Cemetery Care Fund (208)	Hotel Motel Occupancy Surcharge Fund	Safety Sales Tax 1/4 Cent Fund (616)	Infrastructure Fund (420)
ASSETS						
Cash and cash equivalents	\$ 54,797	\$ 79,696	\$ 173,386	\$ 404,258	\$ 228,326	\$ 219,577
Investments	-	-	-	-	-	97,216
Due from other governments	-	-	-	-	116,522	-
Franchise tax receivable	707	-	-	-	-	-
Total assets	55,504	79,696	173,386	404,258	344,848	316,793
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	70	-	125	574	3,219	-
Accrued payroll payable	-	-	-	1,833	-	-
Total liabilities	70	-	125	2,407	3,219	-
Fund balances:						
Nonspendable	-	-	-	-	-	-
Restricted	55,434	79,696	18,776	342,471	341,629	165,224
Committed	-	-	78,281	-	-	-
Assigned	-	-	76,204	59,380	-	151,569
Total fund balance	55,434	79,696	173,261	401,851	341,629	316,793
Total liabilities and fund balance	\$ 55,504	\$ 79,696	\$ 173,386	\$ 404,258	\$ 344,848	\$ 316,793

	Drainage Improvement Fund (422)	Capital Improvement Fund (425)	2011 Series STRN Bond Fund (411)	Radio Road North Improvement (426)	Evans Road Improvements (427)	Tax Increment Fund (217)	Library Endowment (215)	Cemetery Perpetual (820)	Total Governmental Funds
ASSETS									
Cash and cash equivalents	\$ 3,082	\$ 211,319	\$ -	\$ 1,062,964	\$ 589,989	\$ 2,424	\$ 301	\$ 132,052	\$ 3,162,171
Investments	-	-	-	-	-	-	31,480	27,810	156,506
Due from other governments	-	-	-	-	-	-	-	-	116,522
Franchise tax receivable	-	-	-	-	-	-	-	-	707
Total assets	3,082	211,319	\$ -	1,062,964	589,989	2,424	31,781	159,862	3,435,906
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	-	-	-	42,085	5,522	2,424	-	-	54,019
Accrued payroll payable	-	-	-	-	-	-	-	-	1,833
Total liabilities	-	-	-	42,085	5,522	2,424	-	-	55,852
Fund balances:									
Nonspendable	-	-	-	-	-	-	31,050	151,889	182,939
Restricted	3,082	133,712	-	332,707	584,467	-	202	7,973	2,065,373
Committed	-	-	-	-	-	-	-	-	78,281
Assigned	-	77,607	-	688,172	-	-	529	-	1,053,461
Total fund balance	3,082	211,319	-	1,020,879	584,467	-	31,781	159,862	3,380,054
Total liabilities and fund balance	\$ 3,082	\$ 211,319	\$ -	\$ 1,062,964	\$ 589,989	\$ 2,424	\$ 31,781	\$ 159,862	\$ 3,435,906

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**Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor
Governmental Funds – For the Year Ended June 30, 2016**

	<u>Police Fund</u> <u>(204)</u>	<u>CDBG Fund</u> <u>(211)</u>	<u>Cemetery Care Fund</u> <u>(208)</u>	<u>Hotel Motel Occupancy Surcharge (203)</u>	<u>Safety Sales Tax 1/4 Cent Fund (616)</u>	<u>Infrastructure Fund (420)</u>
REVENUES						
Taxes	\$ 8,498	\$ -	\$ -	\$ 422,019	\$ 785,698	\$ -
Intergovernmental	9,542	514	-	-	-	-
Charges for services	-	-	39,528	1,645	-	-
Fines and forfeitures	63,067	-	-	-	-	-
Investment income	127	-	381	766	582	1,039
Miscellaneous	-	-	-	-	-	-
Total revenues	<u>81,234</u>	<u>514</u>	<u>39,909</u>	<u>424,430</u>	<u>786,280</u>	<u>1,039</u>
EXPENDITURES						
Current:						
Public Safety	77,323	-	-	-	304,089	-
General government	-	-	-	288,471	-	-
Capital Outlay	-	-	35,389	298,443	217,375	1,875
Debt Service:						
Principal	-	-	-	23,400	147,455	-
Interest	-	-	-	17,785	8,354	-
Total Expenditures	<u>77,323</u>	<u>-</u>	<u>35,389</u>	<u>628,099</u>	<u>677,273</u>	<u>1,875</u>
Excess (deficiency) of revenues over expenditures	<u>3,911</u>	<u>514</u>	<u>4,520</u>	<u>(203,669)</u>	<u>109,007</u>	<u>(836)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	79,939	-	-	-	-
Transfers out	-	(761)	-	-	(50,000)	(1,350)
Proceeds from sale of property	-	-	-	-	113,161	-
Total other financing sources and uses	<u>-</u>	<u>79,178</u>	<u>-</u>	<u>-</u>	<u>63,161</u>	<u>(1,350)</u>
Net change in fund balance	<u>3,911</u>	<u>79,692</u>	<u>4,520</u>	<u>(203,669)</u>	<u>172,168</u>	<u>(2,186)</u>
Fund balance - beginning	<u>51,523</u>	<u>4</u>	<u>168,741</u>	<u>605,520</u>	<u>169,461</u>	<u>318,979</u>
Fund balance - ending	<u>\$ 55,434</u>	<u>\$ 79,696</u>	<u>\$ 173,261</u>	<u>\$ 401,851</u>	<u>\$ 341,629</u>	<u>\$ 316,793</u>
 REVENUES						
	<u>Drainage Fund (422)</u>	<u>Capital Improvement Fund (425)</u>	<u>2011 Series STRN Bond Fund (411)</u>	<u>Radio Road North Improvement (426)</u>	<u>Evans Road Improvements (427)</u>	<u>Tax Increment Fund (217)</u>
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 118,646	\$ -
Intergovernmental	-	-	-	-	-	10,056
Charges for services	-	45,024	-	-	-	86,197
Fines and forfeitures	-	-	-	-	-	63,067
Investment income	-	381	1	-	-	3,897
Miscellaneous	-	-	-	-	-	287,500
Total revenues	<u>-</u>	<u>45,405</u>	<u>1</u>	<u>-</u>	<u>287,500</u>	<u>118,646</u>
Expenditures						
Current:						
Public Safety	-	-	-	-	-	381,412
General government	-	-	-	-	84,999	-
Capital Outlay	-	-	9,353	638,293	-	1,297,142
Debt Service:						
Principal	-	-	-	-	-	170,855
Interest	-	-	-	-	-	26,139
Total Expenditures	<u>-</u>	<u>-</u>	<u>9,353</u>	<u>638,293</u>	<u>84,999</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>45,405</u>	<u>(9,352)</u>	<u>(638,293)</u>	<u>191,086</u>	<u>33,647</u>
Net change in fund balance	<u>-</u>	<u>45,405</u>	<u>(7,988)</u>	<u>(50,121)</u>	<u>184,467</u>	<u>-</u>
Fund balance - beginning	<u>3,082</u>	<u>165,914</u>	<u>72,988</u>	<u>1,071,000</u>	<u>400,000</u>	<u>-</u>
Fund balance - ending	<u>\$ 3,082</u>	<u>\$ 211,319</u>	<u>\$ -</u>	<u>\$ 1,020,879</u>	<u>\$ 584,467</u>	<u>\$ 31,781</u>
Other financing sources and uses						
Transfers in	-	-	-	600,000	-	679,939
Transfers out	-	-	(63,636)	(11,828)	(6,619)	(33,647)
Proceeds from sale of property	-	-	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>(63,636)</u>	<u>588,172</u>	<u>(6,619)</u>	<u>(33,647)</u>
Net change in fund balance	<u>-</u>	<u>45,405</u>	<u>(7,988)</u>	<u>(50,121)</u>	<u>184,467</u>	<u>-</u>
Fund balance - beginning	<u>3,082</u>	<u>165,914</u>	<u>72,988</u>	<u>1,071,000</u>	<u>400,000</u>	<u>-</u>
Fund balance - ending	<u>\$ 3,082</u>	<u>\$ 211,319</u>	<u>\$ -</u>	<u>\$ 1,020,879</u>	<u>\$ 584,467</u>	<u>\$ 31,781</u>
Expenditures						
Current:						
Library Endowment (215)					<u>180</u>	<u>440</u>
Cemetery Perpetual (620)					<u>180</u>	<u>440</u>
Total-Other Governmental Funds					<u>180</u>	<u>440</u>
Total revenues	<u>-</u>	<u>45,405</u>	<u>1</u>	<u>-</u>	<u>180</u>	<u>440</u>
Total expenditures	<u>-</u>	<u>45,405</u>	<u>1</u>	<u>-</u>	<u>180</u>	<u>440</u>
Net change in fund balance	<u>-</u>	<u>45,405</u>	<u>(7,988)</u>	<u>(50,121)</u>	<u>184,467</u>	<u>-</u>
Fund balance - beginning	<u>3,082</u>	<u>165,914</u>	<u>72,988</u>	<u>1,071,000</u>	<u>400,000</u>	<u>-</u>
Fund balance - ending	<u>\$ 3,082</u>	<u>\$ 211,319</u>	<u>\$ -</u>	<u>\$ 1,020,879</u>	<u>\$ 584,467</u>	<u>\$ 31,781</u>
Other financing sources and uses						
Transfers in	-	-	-	600,000	-	679,939
Transfers out	-	-	(63,636)	(11,828)	(6,619)	(33,647)
Proceeds from sale of property	-	-	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>(63,636)</u>	<u>588,172</u>	<u>(6,619)</u>	<u>(33,647)</u>
Net change in fund balance	<u>-</u>	<u>45,405</u>	<u>(7,988)</u>	<u>(50,121)</u>	<u>184,467</u>	<u>-</u>
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Expenditures						
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Total expenditures	<u>-</u>	<u>45,405</u>	<u>1</u>	<u>-</u>	<u>180</u>	<u>440</u>
Net change in fund balance	<u>-</u>	<u>45,405</u>	<u>(7,988)</u>	<u>(50,121)</u>	<u>184,467</u>	<u>-</u>
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Total expenditures	<u>-</u>	<u>45,405</u>	<u>1</u>	<u>-</u>	<u>180</u>	<u>440</u>
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Fund balance - beginning	<u>3,082</u>	<u>165,914</u>	<u>72,988</u>	<u>1,071,000</u>	<u>400,000</u>	<u>-</u>
Fund balance - ending	<u>\$ 3,082</u>	<u>\$ 211,319</u>	<u>\$ -</u>	<u>\$ 1,020,879</u>	<u>\$ 584,467</u>	<u>\$ 31,781</u>
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Transfers in	-	-	-	600,000	-	679,939
Transfers out	-	-	(63,636)	(11,828)	(6,619)	(33,647)
Proceeds from sale of property	-	-	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>(63,636)</u>	<u>588,172</u>	<u>(6,619)</u>	<u>(33,647)</u>
Net change in fund balance	<u>-</u>	<u>45,405</u>	<u>(7,988)</u>	<u>(50,121)</u>	<u>184,467</u>	<u>-</u>
Fund balance - beginning	<u>3,082</u>	<u>165,914</u>	<u>72,988</u>	<u>1,071,000</u>	<u>400,000</u>	<u>-</u>
Fund balance - ending	<u>\$ 3,082</u>	<u>\$ 211,319</u>	<u>\$ -</u>	<u>\$ 1,020,879</u>	<u>\$ 584,467</u>	<u>\$ 31,781</u>
Expenditures						
Current:						

CITY OF EL RENO, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2016

Combining Balance Sheet – General Fund Accounts – June 30, 2016

	<u>General Fund</u>	<u>Sales Tax 1/4 Cent Account (415)</u>	<u>Sales Tax Reserve Account (612)</u>	<u>Cemetery Everlasting Care Account (821)</u>	<u>Gifts and Contributions Account (210)</u>	<u>Total General Fund Accounts</u>
ASSETS						
Cash and cash equivalents	\$ 2,294,367	\$ 835,134	\$ 222,350	\$ 61,471	\$ 20,826	\$ 3,434,148
Investments	59,498	-	-	58,074	-	117,572
Due from other funds	33,969	-	-	-	-	33,969
Due from other governments	1,777,328	116,523	-	-	-	1,893,851
Franchise tax receivable	102,673	-	2,101,000	-	-	2,203,673
Court fine receivable, net	477,064	-	-	-	-	477,064
Other receivables	2,367	-	24,316	-	-	26,683
Total assets	4,747,266	951,657	2,347,666	119,545	20,826	8,186,960
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE						
Liabilities:						
Accounts payable	48,006	-	866,884	-	113	915,003
Accrued payroll payable	350,833	-	-	-	-	350,833
Due to other funds	764,024	-	-	-	-	764,024
Refundable court bonds	5,532	-	-	-	-	5,532
Total liabilities	1,168,395	-	866,884	-	113	2,035,392
Deferred Inflows of resources:						
Deferred revenue	437,710	-	323,292	-	-	761,002
Fund Balance:						
Restricted	1,719,662	951,657	1,157,490	116,042	20,713	3,965,564
Assigned	819,493	-	-	3,503	-	822,996
Unassigned	602,006	-	-	-	-	602,006
Total fund balance	3,141,161	951,657	1,157,490	119,545	20,713	5,390,566
Total liabilities, deferred inflows and fund balance	\$ 4,747,266	\$ 951,657	\$ 2,347,666	\$ 119,545	\$ 20,826	\$ 8,186,960

CITY OF EL RENO, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2016

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance – General Fund
Accounts – For the Year Ended June 30, 2016

		<u>Sales Tax 1/4 Cent Account</u> <u>(415)</u>	<u>Sales Tax Reserve Account (612)</u>	<u>Cemetery Everlasting Care Account (821)</u>	<u>Gifts and Contributions Account (210)</u>	<u>Total General Fund Accounts</u>
	<u>General Fund</u>					
REVENUES						
Taxes	\$ 12,623,964	\$ 785,698	\$ -	\$ -	\$ -	\$ 13,409,662
Intergovernmental	1,309,651	-	2,065,116	-	-	3,374,767
Licenses and permits	445,074	-	-	-	-	445,074
Charges for services	71,051	-	-	12,540	-	83,591
Fines and forfeitures	409,670	-	-	-	-	409,670
Investment income	7,703	1,523	2,540	441	31	12,238
Royalties	13,598	-	-	-	-	13,598
Miscellaneous	321,513	-	41,096	-	17,471	380,080
Total revenues	<u>15,202,224</u>	<u>787,221</u>	<u>2,108,752</u>	<u>12,981</u>	<u>17,502</u>	<u>18,128,680</u>
EXPENDITURES						
Current:						
General government	1,583,840	2,663	2,068,438	-	113	3,655,054
Public Safety	7,953,995	-	-	-	3,004	7,956,999
Streets	947,476	-	-	-	-	947,476
Culture, parks, and recreation	1,250,367	-	-	-	4,027	1,254,394
Capital outlay	154,751	22,010	23,500	-	-	200,261
Debt Service:						
Principal	1,816,010	-	-	-	-	1,816,010
Interest	976,682	-	-	-	-	976,682
Total Expenditures	<u>14,683,121</u>	<u>24,673</u>	<u>2,091,938</u>	<u>-</u>	<u>7,144</u>	<u>16,806,876</u>
Excess (deficiency) of revenues over expenditures	<u>519,103</u>	<u>762,548</u>	<u>16,814</u>	<u>12,981</u>	<u>10,358</u>	<u>1,321,804</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	4,639,639	-	-	-	-	4,639,639
Transfers out	(4,952,719)	(706,218)	(6,100)	-	-	(5,665,037)
Total other financing sources and uses	<u>(313,080)</u>	<u>(706,218)</u>	<u>(6,100)</u>	<u>-</u>	<u>-</u>	<u>(1,025,398)</u>
Net change in fund balances	206,023	56,330	10,714	12,981	10,358	296,406
Fund balances - beginning	2,935,138	895,327	1,146,776	106,564	10,355	5,094,160
Fund balances - ending	<u>\$ 3,141,161</u>	<u>\$ 951,657</u>	<u>\$ 1,157,490</u>	<u>\$ 119,545</u>	<u>\$ 20,713</u>	<u>\$ 5,390,566</u>

CITY OF EL RENO, OKLAHOMA
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As of and for the Year Ended June 30, 2016

Combining Schedule of Net Position – El Reno Municipal Trust Authority (ERMA) – June 30, 2016

	ERMA	ERMA Sales Tax	Utility Deposit	2015 STRN AMR		MA Cleanwater	Total
				Construction	(414)		
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 925,333	\$ 4,465,403	\$ -	\$ -	\$ 113	\$ 5,390,849	
Restricted cash and cash equivalents	427,090		308,746	47,833	-	783,669	
Investments	3	445,780		-	-	445,783	
Due from other funds	-	764,024	-	-	-	764,024	
Inventory	8,233	-	-	-	-	8,233	
Accounts receivable, net	968,257	-	-	-	-	968,257	
Loan proceeds receivable	-	-	-	-	1,459,419	1,459,419	
Total current assets	<u>2,328,916</u>	<u>5,675,207</u>	<u>308,746</u>	<u>47,833</u>	<u>1,459,532</u>	<u>9,820,234</u>	
Non-current assets:							
Restricted investments	-	-	28,075	-	-	28,075	
Capital Assets:							
Land and construction in progress	19,377,765	-	-	-	-	19,377,765	
Other capital assets, net of accumulated depreciation	21,121,511	-	-	-	-	21,121,511	
Total non-current assets	<u>40,499,276</u>	<u>5,675,207</u>	<u>336,821</u>	<u>47,833</u>	<u>1,459,532</u>	<u>40,527,351</u>	
Total assets	<u>42,828,192</u>					<u>50,347,585</u>	
DEFERRED OUTFLOW OF RESOURCES							
Deferred amounts related to pensions	82,528	-	-	-	-	82,528	
Deferred amount on refunding	31,561	-	-	-	-	31,561	
Total deferred outflow of resources	<u>114,089</u>					<u>114,089</u>	
LIABILITIES							
Current Liabilities:							
Accounts payable	117,727	24,483	-	-	2,227,666	2,369,876	
Accrued payroll payable	41,797	-	-	-	-	41,797	
Accrued interest payable	273,636	-	-	-	-	273,636	
Current portion of:							
Refundable grant obligation	13,873	-	-	-	-	13,873	
Notes payable	360,017	-	-	-	-	360,017	
Revenue bonds payable	724,790	-	-	-	-	724,790	
Capital Lease Obligations	12,478	-	-	-	-	12,478	
Accrued compensated absences	8,119	-	-	-	-	8,119	
Total current liabilities	<u>1,552,437</u>	<u>24,483</u>	<u>-</u>	<u>-</u>	<u>2,227,666</u>	<u>3,804,586</u>	
Non-current liabilities:							
Deposits subject to refund	27,459	-	335,963	-	-	363,422	
Refundable grant obligation	791	-	-	-	-	791	
Notes payable	19,441,984	-	-	-	-	19,441,984	
Revenue bonds payable, net	5,135,460	-	-	-	-	5,135,460	
Accrued compensated absences	73,068	-	-	-	-	73,068	
Net pension liability	301,862	-	-	-	-	301,862	
Total non-current liabilities	<u>24,980,624</u>	<u>-</u>	<u>335,963</u>	<u>-</u>	<u>-</u>	<u>25,316,587</u>	
Total liabilities	<u>26,533,061</u>	<u>24,483</u>	<u>335,963</u>	<u>-</u>	<u>2,227,666</u>	<u>29,121,173</u>	
DEFERRED INFLOW OF RESOURCES							
Deferred amounts related to pension	<u>15,062</u>		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,062</u>
NET POSITION							
Net investment in capital assets	14,824,547	-	-	-	-	14,824,547	
Restricted for debt service	126,853	-	-	47,833	-	174,686	
Unrestricted (deficit)	1,442,758	5,650,724	858	-	(768,134)	6,326,206	
Total net position	<u>\$ 16,394,158</u>	<u>\$ 5,650,724</u>	<u>\$ 858</u>	<u>\$ 47,833</u>	<u>\$ (768,134)</u>	<u>\$ 21,325,439</u>	

CITY OF EL RENO, OKLAHOMA
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Combining Schedule of Revenues, Expenses, and Changes in Net Position – El Reno Municipal Trust Authority - Year Ended June 30, 2016

	<u>EREF</u>	<u>ERMA Sales Tax</u>	<u>Utility Deposit</u>	<u>2015 STRN AMR</u>	<u>MA Cleanwater</u>	<u>Total</u>
				<u>Construction</u>	<u>SRF (614)</u>	
OPERATING REVENUES						
Water charges	\$ 3,073,009	\$ -	\$ -	\$ -	\$ -	\$ 3,073,009
Sewer charges	2,006,441	-	-	-	-	2,006,441
Sanitation	927,249	-	-	-	-	927,249
Water and sewer taps	28,703	-	-	-	-	28,703
Transfer fees	4,475	-	-	-	-	4,475
Returned check charges	1,325	-	-	-	-	1,325
Cut off charges	49,960	-	-	-	-	49,960
Penalties	96,458	-	-	-	-	96,458
Miscellaneous	56,649	-	-	-	9	56,658
Total operating revenues	<u>6,244,269</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9</u>	<u>6,244,278</u>
OPERATING EXPENSES						
Managerial	97,481	-	-	-	-	97,481
Administration	226,325	-	-	-	-	226,325
Billing	791,693	-	-	-	-	791,693
Water Plant	1,058,377	-	-	-	-	1,058,377
Wasterwater	401,074	-	-	-	-	401,074
Utility Lines	591,742	-	-	-	-	591,742
Depreciation expense	1,224,913	-	-	-	-	1,224,913
Total Operating Expenses	<u>4,391,605</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,391,605</u>
Operating income	<u>1,852,664</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9</u>	<u>1,852,673</u>
NON-OPERATING REVENUES (EXPENSES)						
Investment income	7,992	10,243	-	49	24	18,308
Gain on sale of capital asset	1,410	-	-	-	-	1,410
Miscellaneous revenue	-	-	-	-	-	-
Interest expense and fiscal charges	(659,820)	-	-	-	-	(659,820)
Total non-operating revenue (expenses)	<u>(650,418)</u>	<u>10,243</u>	<u>-</u>	<u>49</u>	<u>24</u>	<u>(640,102)</u>
Income before contributions and transfers	<u>1,202,246</u>	<u>10,243</u>	<u>-</u>	<u>49</u>	<u>33</u>	<u>1,212,571</u>
Capital contributions	-	104,325	-	-	-	104,325
Transfers in	11,302,954	4,779,093	-	-	10,136,808	26,218,855
Transfers out	(11,782,064)	(3,133,389)	-	(1,079,550)	(9,767,036)	(25,762,041)
Change in net position	<u>723,136</u>	<u>1,760,272</u>	<u>-</u>	<u>(1,079,501)</u>	<u>369,803</u>	<u>1,773,710</u>
Total net position - beginning	<u>15,671,022</u>	<u>3,890,452</u>	<u>858</u>	<u>1,127,334</u>	<u>(1,137,937)</u>	<u>19,551,729</u>
Total net position - ending	<u>\$ 16,394,158</u>	<u>\$ 5,650,724</u>	<u>\$ 858</u>	<u>\$ 47,833</u>	<u>\$ (768,134)</u>	<u>\$ 21,325,439</u>

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Schedule of Expenditures of State Awards – Year Ended June 30, 2016

State Grantor/Pass Thru Agency Grantor/Program Title	Project or Award Number	Award Amount	Awards Expended
STATE AWARDS:			
<u>OKLAHOMA DEPARTMENT OF EMERGENCY MANAGEMENT</u>			
Disaster recovery	N/A	\$ 8,047	\$ 8,047
Disaster recovery	N/A	4,866	4,866
Disaster recovery	N/A	28,050	28,050
Disaster recovery	N/A	3,198	3,198
Disaster recovery	N/A	257,300	257,300
Disaster recovery	N/A	14,535	14,535
Disaster recovery	N/A	7,296	7,296
Total Oklahoma Department of Emergency Management		<u>323,292</u>	<u>323,292</u>
<u>OKLAHOMA HUMANITIES COUNCIL</u>			
Library - Lets Talk About It	N/A	<u>971</u>	<u>971</u>
Total State Awards		<u>\$ 324,263</u>	<u>\$ 324,263</u>

Footnotes to Schedule of Expenditures of State Awards:

1. The Schedule of Expenditures of State Awards is prepared on the accrual basis of accounting. The expenditures are recorded when the liability is incurred regardless of when the award proceeds are received.
2. The City has not been notified of any noncompliance with state award requirements. Any liability for reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

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Schedule of Debt Service Coverage Requirements – Year Ended June 30, 2016

GROSS REVENUE AVAILABLE:

Pledged operating revenues (water and sewer systems)	\$ 5,281,001
Investment income	<u>20,356</u>
 Total Gross Revenue Available	 <u>5,301,357</u>

OPERATING EXPENDITURES:

Total Operating Expenses (water and sewer systems, excluding depreciation and amortization)	<u>2,462,689</u>
 Net Revenue Available for Debt Service	 <u>\$ 2,838,668</u>

Maximum Annual Debt Service:

Series 2000 Clean Water SRF Promissory Note	\$ 25,856
Series 2002A Drinking Water SRF Promissory Note	93,811
Series 2002C Clean Water SRF Promissory Note	39,385
Series 2003A Drinking Water SRF Promissory Note	32,158
Series 2010 Drinking Water SRF Promissory Note	161,203
Series 2014 Clean Water SRF Promissory Note	178,237
Amended Utility System Revenue Note, Taxable Series 2008 annual debt service	<u>44,779</u>
 Total Annual Debt Service on Revenues of the Systems	 <u>\$ 575,429</u>

Computed Coverage	<u>493%</u>
 Coverage Requirement	 <u>125%</u>

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