



# CITY OF CRESCENT, OKLAHOMA

ANNUAL FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORTS

AS OF AND FOR THE FISCAL YEAR  
ENDED JUNE 30, 2015

**THE CITY OF CRESCENT, OKLAHOMA**

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

**AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**CITY OF CRESCENT, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
As of and for the Year Ended June 30, 2015

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## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council  
City of Crescent, Oklahoma

### **Report on the Financial Statements**

I 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 Crescent, Oklahoma, as of and for the year ended June 30, 2015, 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***

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

### ***Opinions***

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Crescent, Oklahoma, as of June 30, 2015, 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 and budgetary comparison information on pages 5-11 and 36-37 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

***Other Supplementary Information***

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Crescent, Oklahoma's basic financial statements. The general fund accounts combining schedules, nonmajor governmental combining statements, and the schedule of expenditures of federal and state awards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The general fund accounts combining schedules, nonmajor governmental combining statements, and the schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relate 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 my opinion, general fund accounts combining schedules, nonmajor governmental combining statements, and the schedule of expenditures of federal and state awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, I have also issued my report dated January 28, 2016, on my consideration of the City of Crescent, Oklahoma's internal control over financial reporting and on my 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 my 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 of Crescent, Oklahoma's internal control over financial reporting and compliance.

*Anne Marie Elfrink, MS, CPA*

Anne Marie Elfrink, MS, CPA

Tulsa, Oklahoma  
January 28, 2016

As Management of the City of Crescent, we offer readers this narrative overview and analysis of the financial activities of the City of Crescent for the fiscal year ended June 30, 2015. We encourage readers to use this information in conjunction with the City's financial statements, which follow this section.

## **FINANCIAL HIGHLIGHTS**

- The City's total net position increased by \$264,996 and the assets and deferred outflows of the City exceeded its liabilities and deferred inflows at June 30, 2015, by \$10.4 million (net position). Of this amount, approximately \$0.7 million (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- At June 30, 2015, the City's governmental funds reported combined ending fund balances of \$4.1 million. Of that amount \$309,922 is available for spending at the government's discretion (unassigned fund balance) of the General Fund. The Crescent Public Works Authority (CPWA) enterprise fund reported an ending net position of \$4.7 million of which approximately \$392,000 is available for spending at the government's discretion (unrestricted net position).
- At the end of fiscal year 2015, unassigned fund balance for the General Fund was 31% of General Fund total revenues. The unrestricted net position of the CPWA was 62% of total CPWA revenues.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

The financial statements presented herein include all of the activities of the City of Crescent (the "City") and the Crescent Public Work Authority (the "Authority"). Included in this report are government-wide statements for each of two categories of activities – governmental and business-type.

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. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. These statements include all assets of the City (including infrastructure) as well as all liabilities (including long-term debt), along with any inflows and outflows considered deferred.

### **Reporting the City as a Whole - Statements of Net Position and Activities**

This discussion and analysis is intended to serve as an introduction to the City of Crescent's basic financial statements. 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.

(Unaudited. See accompanying auditor's report.)

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

The Statement of Net Position and the Statement of Activities are divided into two types 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 grants finance most of these activities.
- **Business-type activities** – Activities where the City charges a fee to customers to help cover all or most of the cost of certain services it provides are reported here. The City's water, sewer, and sanitation utilities are reported as business-type activities.

### **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. The City of Crescent, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Some funds are required to be established by State law. 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. All of the funds of the City of Crescent can be divided into two categories: governmental funds and proprietary funds.

*Governmental funds* -- Most of the City's basic services are reported in governmental funds, which focus on near-term inflows and outflows of spendable resources, as well as spendable resources available at the end of the fiscal year. These funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available". 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. Enterprise funds are one type of proprietary fund and are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, sewer and sanitation services. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

(Unaudited. See accompanying auditor's report.)

**CITY OF CRESCENT, OKLAHOMA**  
**Management's Discussion and Analysis**  
**As of and for the Year Ended June 30, 2015**

**Notes to the Financial Statements**

The notes provide additional information that is essential to gain understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 24-38 of this report.

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents a Budgetary Comparison Schedule for the General Fund, combining and individual financial statements and schedules, and a schedule of federal and state awards.

**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 \$10.4 million at the close of the most recent fiscal year.

|                                       | <u>Governmental</u> |                 | <u>% Inc.</u> | <u>Business-Type</u> |                 | <u>% Inc.</u> | <u>Total</u>     |                  | <u>% Inc.</u> |
|---------------------------------------|---------------------|-----------------|---------------|----------------------|-----------------|---------------|------------------|------------------|---------------|
|                                       | <u>Activities</u>   |                 |               | <u>Activities</u>    |                 |               | <u>(Dec.)</u>    |                  |               |
|                                       | <u>2015</u>         | <u>2014</u>     | <u>(Dec.)</u> | <u>2015</u>          | <u>2014</u>     | <u>(Dec.)</u> | <u>2015</u>      | <u>2014</u>      | <u>(Dec.)</u> |
|                                       | *                   |                 |               | *                    |                 |               | *                |                  |               |
| Current assets                        | \$ 754              | \$ 845          | -11%          | \$ 442               | \$ 362          | 22%           | \$ 1,196         | \$ 1,207         | -1%           |
| Capital assets, net                   | 1,786               | 1,700           | 5%            | 4,265                | 4,060           | 5%            | 6,051            | 5,760            | 5%            |
| Other non-current assets              | 3,381               | 3,417           | -1%           | 46                   | 46              | 0%            | 3,427            | 3,463            | -1%           |
| <b>Total assets</b>                   | <u>5,921</u>        | <u>5,962</u>    | -1%           | <u>4,753</u>         | <u>4,468</u>    | 6%            | <u>10,674</u>    | <u>10,430</u>    | 2%            |
| <b>Deferred outflows of resources</b> | <u>2</u>            | <u>-</u>        | 100%          | <u>-</u>             | <u>-</u>        | 0%            | <u>2</u>         | <u>-</u>         | 100%          |
| Current liabilities                   | 48                  | 143             | -66%          | 39                   | 25              | 56%           | 87               | 168              | -48%          |
| Non-current liabilities               | 101                 | 12              | 742%          | 57                   | 54              | 6%            | 158              | 66               | 139%          |
| <b>Total liabilities</b>              | <u>149</u>          | <u>155</u>      | -4%           | <u>96</u>            | <u>79</u>       | 22%           | <u>245</u>       | <u>234</u>       | 5%            |
| <b>Deferred inflows of resources</b>  | <u>4</u>            | <u>-</u>        | 100%          | <u>-</u>             | <u>-</u>        | 0%            | <u>4</u>         | <u>-</u>         | 100%          |
| Net position                          |                     |                 |               |                      |                 |               |                  |                  |               |
| Investment in capital assets          | 1,711               | 1,700           | 1%            | 4,265                | 4,060           | 5%            | 5,976            | 5,760            | 4%            |
| Restricted                            | 3,724               | 3,706           | 0%            | -                    | -               | 0%            | 3,724            | 3,706            | 0%            |
| Unrestricted                          | 335                 | 401             | -16%          | 392                  | 329             | 19%           | 727              | 730              | 0%            |
| <b>Total net position</b>             | <u>\$ 5,770</u>     | <u>\$ 5,807</u> | -1%           | <u>\$ 4,657</u>      | <u>\$ 4,389</u> | 6%            | <u>\$ 10,427</u> | <u>\$ 10,196</u> | 2%            |

\* Prior year amounts not restated for MD&A purposes

The largest portion of the City's net position reflects its investment in capital assets, less any related debt used to acquire those assets that are still outstanding. This year the investment in capital assets amounted to \$6.0 million. Currently, the City has one capital lease for police vehicles.

A portion of the City's net position, \$3.7 million, represents resources that are subject to internal and external restrictions on how they may be used. The remaining balance of unrestricted net position, \$727,274, may be used to meet the government's ongoing obligations to citizens and creditors.

(Unaudited. See accompanying auditor's report.)

**CITY OF CRESCENT, OKLAHOMA**  
**Management's Discussion and Analysis**  
**As of and for the Year Ended June 30, 2015**

The increase in deferred outflow, deferred inflows, and non-current liabilities, and the decrease in unrestricted net position reported in the governmental and business-type activities is primarily due to the implementation of GASB Pension Statements 68 and 71 in the current year.

**Changes in Net Position**

For the year ended June 30, 2015, 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.) |
|--|-------------------------|-----------------|---------------|--------------------------|-----------------|---------------|------------------|------------------|---------------|
|  | 2015                    | 2014            |               | 2015                     | 2014            |               | 2015             | 2014             |               |
| <b>Revenues</b>                                  |                         |                 |               |                          |                 |               |                  |                  |               |
| Charges for service                              | \$ 81                   | \$ 90           | -10%          | \$ 630                   | \$ 601          | 5%            | \$ 711           | \$ 691           | 3%            |
| Operating grants and contributions               | 310                     | 121             | 156%          | -                        | -               | -             | 310              | 121              | 156%          |
| Taxes  | 696                     | 618             | 13%           | -                        | -               | -             | 696              | 618              | 13%           |
| Intergovernmental revenue                        | 20                      | 20              | 0%            | -                        | -               | -             | 20               | 20               | 0%            |
| Investment income                                | 44                      | 41              | 7%            | -                        | 1               | -             | 44               | 42               | 5%            |
| Miscellaneous                                    | 9                       | 19              | -53%          | 3                        | 4               | -25%          | 12               | 23               | -48%          |
| <b>Total revenues</b>                            | <b>1,160</b>            | <b>909</b>      | <b>28%</b>    | <b>633</b>               | <b>606</b>      | <b>4%</b>     | <b>1,793</b>     | <b>1,515</b>     | <b>18%</b>    |
| <b>Expenses</b>                                  |                         |                 |               |                          |                 |               |                  |                  |               |
| General government                               | 317                     | 295             | 7%            | -                        | -               | -             | 317              | 295              | 7%            |
| Public safety                                    | 545                     | 428             | 27%           | -                        | -               | -             | 545              | 428              | 27%           |
| Highways and streets                             | 58                      | 78              | -26%          | -                        | -               | -             | 58               | 78               | -26%          |
| Code Enforcement                                 | 5                       | 3               | 67%           | -                        | -               | -             | 5                | 3                | 67%           |
| Culture and recreation                           | 74                      | 74              | 0%            | -                        | -               | -             | 74               | 74               | 0%            |
| Water  | -                       | -               | -             | 279                      | 376             | -26%          | 279              | 376              | -26%          |
| Wastewater                                       | -                       | -               | -             | 97                       | 64              | 52%           | 97               | 64               | 52%           |
| Sanitation                                       | -                       | -               | -             | 154                      | 141             | 9%            | 154              | 141              | 9%            |
| <b>Total expenses</b>                            | <b>999</b>              | <b>878</b>      | <b>14%</b>    | <b>530</b>               | <b>581</b>      | <b>-9%</b>    | <b>1,529</b>     | <b>1,459</b>     | <b>5%</b>     |
| Excess (deficiency) before transfers             | 161                     | 31              | 419%          | 103                      | 25              | 312%          | 264              | 56               | 371%          |
| Transfers  | (165)                   | (101)           | 63%           | 165                      | 101             | 63%           | -                | -                | -             |
| <b>Change in net position</b>                    | <b>(4)</b>              | <b>(70)</b>     | <b>-94%</b>   | <b>268</b>               | <b>126</b>      | <b>113%</b>   | <b>264</b>       | <b>56</b>        | <b>371%</b>   |
| <b>Beginning net position, restated for 2015</b> | <b>5,774</b>            | <b>5,877</b>    |               | <b>4,389</b>             | <b>4,263</b>    |               | <b>10,163</b>    | <b>10,140</b>    |               |
| <b>Ending net position</b>                       | <b>\$ 5,770</b>         | <b>\$ 5,807</b> |               | <b>\$ 4,657</b>          | <b>\$ 4,389</b> |               | <b>\$ 10,427</b> | <b>\$ 10,196</b> |               |

\* Prior year amounts not restated for MD&A purposes

Overall, the City's net position increased slightly by 2.6%. However, governmental activities reported a \$3,639 decrease, or 0.06%, while the business-type activities had a \$268,635 increase, or 6.1%.

(Unaudited. See accompanying auditor's report.)

**CITY OF CRESCENT, OKLAHOMA**  
**Management's Discussion and Analysis**  
**As of and for the Year Ended June 30, 2015**

**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)**

|                        | <b>Total Expense</b> |             | <b>% Inc.</b> | <b>Net Revenue</b> |                 | <b>% Inc.</b> |
|------------------------|----------------------|-------------|---------------|--------------------|-----------------|---------------|
|                        | <b>of Services</b>   |             |               | <b>(Expense)</b>   |                 |               |
|                        | <u>2015</u>          | <u>2014</u> | <b>(Dec.)</b> | <u>2015</u>        | <u>2014</u>     | <b>(Dec.)</b> |
|                        | *                    |             |               | *                  |                 |               |
| General government     | \$ 317               | \$ 295      | 7%            | \$ (28)            | \$ (200)        | -86%          |
| Public safety          | 545                  | 428         | 27%           | (469)              | (349)           | 34%           |
| Highways and streets   | 58                   | 78          | -26%          | (44)               | (64)            | -31%          |
| Code enforcement       | 5                    | 3           | 67%           | (2)                | 8               | -125%         |
| Culture and recreation | 74                   | 74          | 0%            | (65)               | (63)            | 3%            |
| <b>Total</b>           | <b>999</b>           | <b>878</b>  | <b>14%</b>    | <b>\$ (608)</b>    | <b>\$ (668)</b> | <b>-9%</b>    |

\* Prior year not restated for MD&A purposes

**Business-type Activities**

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

|              | <b>Total Expense</b> |               | <b>% Inc.</b> | <b>Net Revenue</b> |              | <b>% Inc.</b> |
|--------------|----------------------|---------------|---------------|--------------------|--------------|---------------|
|              | <b>of Services</b>   |               |               | <b>(Expense)</b>   |              |               |
|              | <u>2015</u>          | <u>2014</u>   | <b>(Dec.)</b> | <u>2015</u>        | <u>2014</u>  | <b>(Dec.)</b> |
| Water        | \$ 279               | \$ 376        | -26%          | \$ (29)            | \$ (153)     | -81%          |
| Sewer        | 97                   | 64            | 52%           | 115                | 133          | -14%          |
| Sanitation   | 154                  | 141           | 9%            | 13                 | 40           | -68%          |
| <b>Total</b> | <b>\$ 530</b>        | <b>\$ 581</b> | <b>-9%</b>    | <b>\$ 99</b>       | <b>\$ 20</b> | <b>395%</b>   |

The above table shows that the sewer and sanitation activities had sufficient revenues to cover their costs while the water activity reported more expenses than revenue and did not cover its costs of operations.

(Unaudited. See accompanying auditor's report.)

**CITY OF CRESCENT, OKLAHOMA**  
**Management's Discussion and Analysis**  
**As of and for the Year Ended June 30, 2015**

**A FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

As the City completed its 2015 fiscal year, the governmental funds reported a combined fund balance of \$4.1 million, a 0.6% decrease from the prior year. The enterprise fund reported net position of \$4.7 million, a 6.1% increase from the prior year.

**Other fund highlights include:**

- For the year ended June 30, 2015, the General Fund's total fund balance increased by \$100,354, or 2.6%, and the Street Capital Improvement Fund's total fund balance decreased by \$154,923 or 89%.
- The Crescent Municipal Authority reported an increase in net position, after transfers, of \$268,635, or 6.1 %, for the year.

**General Fund Budgetary Highlights**

For the year ended June 30, 2015, the General Fund reported actual revenues over final estimates by \$15,594, a 2% positive variance. General Fund actual expenditures were under final appropriations by \$127,501, a 13% positive variance.

**CAPITAL ASSETS & DEBT ADMINISTRATION**

**Capital Assets**

At the end of June 30, 2015, the City had approximately \$5.8 million invested in capital assets including land, buildings, machinery and equipment, park facilities, water, and sewer systems, roads and bridges. This represents a net increase of \$290,881 from last year.

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

|                                    | <b>Governmental</b> |                 | <b>Business-Type</b> |                 | <b>Total</b>    |                 |
|------------------------------------|---------------------|-----------------|----------------------|-----------------|-----------------|-----------------|
|                                    | <b>Activities</b>   |                 | <b>Activities</b>    |                 |                 |                 |
|                                    | <u>2015</u>         | <u>2014</u>     | <u>2015</u>          | <u>2014</u>     | <u>2015</u>     | <u>2014</u>     |
| Land                               | \$ 69               | \$ 69           | \$ 380               | \$ 380          | \$ 449          | \$ 449          |
| Buildings and Improvements         | 318                 | 318             | 66                   | 69              | 384             | 387             |
| Machinery, furniture and equipment | 788                 | 652             | 131                  | 149             | 919             | 801             |
| Infrastructure                     | 611                 | 661             | 3,642                | 3,268           | 4,253           | 3,929           |
| Construction in progress           | -                   | -               | 46                   | 194             | 46              | 194             |
| <b>Totals</b>                      | <u>\$ 1,786</u>     | <u>\$ 1,700</u> | <u>\$ 4,265</u>      | <u>\$ 4,060</u> | <u>\$ 6,051</u> | <u>\$ 5,760</u> |

(Unaudited. See accompanying auditor's report.)

**CITY OF CRESCENT, OKLAHOMA**  
**Management's Discussion and Analysis**  
**As of and for the Year Ended June 30, 2015**

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**Long-Term Debt**

At year-end, the City had \$173,140 in long-term debt outstanding, which represents a \$79,547 increase from the prior year.

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

|                  | <b>Governmental</b> |                     | <b>Business-Type</b> |                     | <b>Total</b>         |                     |
|------------------|---------------------|---------------------|----------------------|---------------------|----------------------|---------------------|
|                  | <b>Activities</b>   |                     | <b>Activities</b>    |                     |                      |                     |
|                  | <u>2015</u>         | <u>2014</u>         | <u>2015</u>          | <u>2014</u>         | <u>2015</u>          | <u>2014</u>         |
| Accrued absences | \$ 20               | \$ 22               | \$ 18                | \$ 14               | \$ 38                | \$ 36               |
| Capital leases   | 75                  | -                   | -                    | -                   | 75                   | -                   |
| Meter deposits   | -                   | -                   | 59                   | 58                  | 59                   | 58                  |
| <b>Totals</b>    | <b><u>\$ 95</u></b> | <b><u>\$ 22</u></b> | <b><u>\$ 77</u></b>  | <b><u>\$ 72</u></b> | <b><u>\$ 172</u></b> | <b><u>\$ 94</u></b> |

**The Upcoming Year**

The City has begun a water line project in FY 2015 and will be continuing this project through the fiscal year 2015-2016 and beyond.

**Contacting the City's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Clerk's Office at 205 N Grand, Crescent, Oklahoma 73028 or phone at (405) 969-2538.

(Unaudited. See accompanying auditor's report.)

**CITY OF CRESCENT, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2015**

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**BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE**

**CITY OF CRESCENT, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
As of and for the Year Ended June 30, 2015

**Statement of Net Position– June 30, 2015**

|   | <b>Governmental<br/>Activities</b> | <b>Business-type<br/>Activities</b> | <b>Total</b>         |
|---|------------------------------------|-------------------------------------|----------------------|
| <b>ASSETS</b>                                   |                                    |                                     |                      |
| Cash and cash equivalents                       | \$ 385,611                         | \$ 347,512                          | \$ 733,123           |
| Restricted cash and equivalents                 | 237,936                            | 13,588                              | 251,524              |
| Receivables:                                    |                                    |                                     |                      |
| Accounts receivable, net of allowance           | -                                  | 81,051                              | 81,051               |
| Due from other governments                      | 96,121                             | -                                   | 96,121               |
| Court fine receivable, net                      | 14,323                             | -                                   | 14,323               |
| Other receivables                               | 20,034                             | -                                   | 20,034               |
| Noncurrent restricted investments               | 3,381,274                          | 46,000                              | 3,427,274            |
| Capital Assets:                                 |                                    |                                     |                      |
| Land, improvements and construction in progress | 69,253                             | 426,483                             | 495,736              |
| Other Capital Assets, net of depreciation       | 1,716,884                          | 3,838,829                           | 5,555,713            |
| Total assets                                    | <u>5,921,436</u>                   | <u>4,753,463</u>                    | <u>10,674,899</u>    |
| <b>DEFERRED OUTFLOW OF RESOURCES</b>            |                                    |                                     |                      |
| Deferred amounts related to pensions            | <u>1,908</u>                       | <u>-</u>                            | <u>1,908</u>         |
| <b>LIABILITIES</b>                              |                                    |                                     |                      |
| Accounts payable and accrued expenses           | 23,444                             | 18,604                              | 42,048               |
| Long-term liabilities:                          |                                    |                                     |                      |
| Due within one year                             | 24,375                             | 19,922                              | 44,297               |
| Due in more than one year                       | 71,391                             | 57,452                              | 128,843              |
| Net pension liability                           | 29,716                             | -                                   | 29,716               |
| Total liabilities                               | <u>148,926</u>                     | <u>95,978</u>                       | <u>244,904</u>       |
| <b>DEFERRED INFLOW OF RESOURCES</b>             |                                    |                                     |                      |
| Deferred amounts related to pensions            | <u>4,498</u>                       | <u>-</u>                            | <u>4,498</u>         |
| <b>NET POSITION</b>                             |                                    |                                     |                      |
| Investment in capital assets                    | 1,710,713                          | 4,265,312                           | 5,976,025            |
| Restricted for:                                 |                                    |                                     |                      |
| Permanent - trust corpus                        | 3,639,244                          | -                                   | 3,639,244            |
| Street  | 83,499                             | -                                   | 83,499               |
| Police  | 1,363                              | -                                   | 1,363                |
| Unrestricted                                    | 335,101                            | 392,173                             | 727,274              |
| Total net position                              | <u>\$ 5,769,920</u>                | <u>\$ 4,657,485</u>                 | <u>\$ 10,427,405</u> |

See accompanying notes to the financial statements.

**CITY OF CRESCENT, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
As of and for the Year Ended June 30, 2015

**Statement of Activities – For the Year Ended June 30, 2015**

| 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       |                      |
| Primary government                   |                     |                      |                                    |   |                          |                      |
|                                      |                     |                      |                                    | Governmental Activities                           | Business-type Activities | Total                |
| Governmental activities              |                     |                      |                                    |   |                          |                      |
| General Government                   | \$ 317,345          | \$ -                 | \$ 289,503                         | \$ -  | \$ -                     | \$ (27,842)          |
| Public Safety                        | 544,715             | 72,838               | 2,799                              | (469,078)   | -                        | (469,078)            |
| Highways and Streets                 | 58,424              | -                    | 14,050                             | (44,374)  | -                        | (44,374)             |
| Code Enforcement                     | 5,408               | 3,425                | -                                  | (1,983)   | -                        | (1,983)              |
| Culture and Recreation               | 73,469              | 4,701                | 3,412                              | (65,356)  | -                        | (65,356)             |
| Total governmental activities        | <u>999,361</u>      | <u>80,964</u>        | <u>309,764</u>                     | <u>(608,633)</u>                                  | <u>-</u>                 | <u>(608,633)</u>     |
| Business-type activities:            |                     |                      |                                    |   |                          |                      |
| Water                                | 279,167             | 250,635              | -                                  | -   | (28,532)                 | (28,532)             |
| Sewer                                | 96,549              | 211,467              | -                                  | -   | 114,918                  | 114,918              |
| Sanitation                           | 154,508             | 167,442              | -                                  | -   | 12,934                   | 12,934               |
| Total business-type activities       | <u>530,224</u>      | <u>629,544</u>       | <u>-</u>                           | <u>-</u>  | <u>99,320</u>            | <u>99,320</u>        |
| Total primary government             | <u>\$ 1,529,585</u> | <u>\$ 710,508</u>    | <u>\$ 309,764</u>                  | <u>\$ (608,633)</u>                               | <u>\$ 99,320</u>         | <u>\$ (509,313)</u>  |
| <b>General revenues:</b>             |                     |                      |                                    |   |                          |                      |
| Taxes:                               |                     |                      |                                    |   |                          |                      |
| Sales and use taxes                  |                     |                      |                                    | \$ 646,606  | \$ -                     | \$ 646,606           |
| Franchise taxes                      |                     |                      |                                    | 49,441  | -                        | 49,441               |
| Intergovernmental, unrestricted      |                     |                      |                                    | 20,474  | -                        | 20,474               |
| Unrestricted investment earnings     |                     |                      |                                    | 44,230  | 463                      | 44,693               |
| Miscellaneous                        |                     |                      |                                    | 9,642   | 3,453                    | 13,095               |
| Transfers                            |                     |                      |                                    | (165,399)   | 165,399                  | -                    |
| Total general revenues and transfers |                     |                      |                                    | <u>604,994</u>                                    | <u>169,315</u>           | <u>774,309</u>       |
| Change in net position               |                     |                      |                                    | (3,639)   | 268,635                  | 264,996              |
| Net position - beginning, restated   |                     |                      |                                    | 5,773,559   | 4,388,850                | 10,162,409           |
| Net position - ending                |                     |                      |                                    | <u>\$ 5,769,920</u>                               | <u>\$ 4,657,485</u>      | <u>\$ 10,427,405</u> |

See accompanying notes to the financial statements.

**CITY OF CRESCENT, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2015**

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**BASIC FINANCIAL STATEMENTS - GOVERNMENTAL FUNDS**

**CITY OF CRESCENT, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2015**

**Governmental Funds Balance Sheet – June 30, 2015**

|   | <u>General Fund</u> | <u>Street Capital<br/>Improvement<br/>Fund</u> | <u>Grant Fund</u> | <u>Other<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|---|---------------------|--|-------------------|---|---|
| <b>ASSETS</b>   |                     |  |                   |   |   |
| Cash and cash equivalents                               | \$ 494,382          | \$ 19,111                                      | 7,690             | \$ 102,364                              | \$ 623,547                              |
| Investments   | 3,381,274           | -  | -                 | -                                       | 3,381,274                               |
| Court fines receivable                                  | 14,323              | -  | -                 | -                                       | 14,323                                  |
| Due from other governments                              | 94,923              | -  | -                 | 1,198                                   | 96,121                                  |
| Other receivables                                       | 20,034              | -  | -                 | -                                       | 20,034                                  |
| Total assets  | <u>4,004,936</u>    | <u>19,111</u>                                  | <u>7,690</u>      | <u>103,562</u>                          | <u>4,135,299</u>                        |
| <b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b> |                     |  |                   |   |   |
| Liabilities:  |                     |  |                   |   |   |
| Accounts payable  | 23,444              | -  | -                 | -                                       | 23,444                                  |
| Total liabilities                                       | <u>23,444</u>       | <u>-</u>                                       | <u>-</u>          | <u>-</u>                                | <u>23,444</u>                           |
| Deferred inflows:                                       |                     |  |                   |   |   |
| Deferred revenue  | 13,462              | -  | -                 | -                                       | 13,462                                  |
| Fund balances:  |                     |  |                   |   |   |
| Nonspendable  | 3,636,957           | -  | -                 | -                                       | 3,636,957                               |
| Restricted  | 1,363               | -  | -                 | 64,388                                  | 65,751                                  |
| Assigned  | 19,788              | 19,111   | -                 | 39,174                                  | 78,073                                  |
| Unassigned  | 309,922             | -  | 7,690             | -                                       | 317,612                                 |
| Total fund balances                                     | <u>3,968,030</u>    | <u>19,111</u>                                  | <u>7,690</u>      | <u>103,562</u>                          | <u>4,098,393</u>                        |
| Total liabilities, deferred inflows, and fund balances  | <u>\$ 4,004,936</u> | <u>\$ 19,111</u>                               | <u>\$ 7,690</u>   | <u>\$ 103,562</u>                       | <u>\$ 4,135,299</u>                     |

See accompanying notes to the financial statements

**CITY OF CRESCENT, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
As of and for the Year Ended June 30, 2015

**Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances – Year Ended June 30, 2015**

|  | General Fund        | Street Capital<br>Improvement<br>Fund | Grant Fund       | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|---------------------|---------------------------------------|------------------|--------------------------------|--------------------------------|
| <b>REVENUES</b>                        |                     |                                       |                  |                                |                                |
| Taxes                                  | \$ 696,047          | \$ -                                  | \$ -             | \$ -                           | \$ 696,047                     |
| Fines and forfeitures                  | 60,452              | -                                     | -                | -                              | 60,452                         |
| Licenses and permits                   | 2,550               | -                                     | -                | -                              | 2,550                          |
| Intergovernmental                      | 168,268             | -                                     | 145,121          | 14,550                         | 327,939                        |
| Charges for services                   | 6,201               | -                                     | -                | 4,440                          | 10,641                         |
| Investment earnings                    | 44,230              | -                                     | -                | -                              | 44,230                         |
| Miscellaneous                          | 10,142              | -                                     | -                | -                              | 10,142                         |
| Total revenues                         | <u>987,890</u>      | <u>-</u>                              | <u>145,121</u>   | <u>18,990</u>                  | <u>1,152,001</u>               |
| <b>EXPENDITURES</b>                    |                     |                                       |                  |                                |                                |
| Current:                               |                     |                                       |                  |                                |                                |
| General government                     | 245,790             | -                                     | -                | -                              | 245,790                        |
| City clerk                             | 54,656              | -                                     | -                | -                              | 54,656                         |
| Police                                 | 417,472             | -                                     | -                | -                              | 417,472                        |
| Municipal court                        | 7,679               | -                                     | -                | -                              | 7,679                          |
| Treasurer                              | 2,525               | -                                     | -                | -                              | 2,525                          |
| Community Center                       | 6,796               | -                                     | -                | -                              | 6,796                          |
| Fire                                   | 52,645              | -                                     | -                | -                              | 52,645                         |
| Library                                | 38,935              | -                                     | -                | -                              | 38,935                         |
| Street                                 | 150                 | 2,146                                 | -                | 1,712                          | 4,008                          |
| Parks                                  | 6,592               | -                                     | -                | -                              | 6,592                          |
| City attorney                          | 5,648               | -                                     | -                | -                              | 5,648                          |
| Swimming pool                          | 1,151               | -                                     | -                | -                              | 1,151                          |
| Code enforcement                       | 5,408               | -                                     | -                | -                              | 5,408                          |
| Capital Outlay                         | 237,513             | 14,120                                | 271,279          | -                              | 522,912                        |
| Total Expenditures                     | <u>1,082,960</u>    | <u>16,266</u>                         | <u>271,279</u>   | <u>1,712</u>                   | <u>1,372,217</u>               |
| Revenues over (under) expenditures     | <u>(95,070)</u>     | <u>(16,266)</u>                       | <u>(126,158)</u> | <u>17,278</u>                  | <u>(220,216)</u>               |
| <b>OTHER FINANCING SOURCES (USES)</b>  |                     |                                       |                  |                                |                                |
| Proceeds from capital leases           | 75,424              | -                                     | -                | -                              | 75,424                         |
| Transfers in                           | 120,000             | -                                     | 138,657          | -                              | 258,657                        |
| Transfers out                          | -                   | (138,657)                             | -                | -                              | (138,657)                      |
| Total other financing sources and uses | <u>195,424</u>      | <u>(138,657)</u>                      | <u>138,657</u>   | <u>-</u>                       | <u>195,424</u>                 |
| Net change in fund balances            | 100,354             | (154,923)                             | 12,499           | 17,278                         | (24,792)                       |
| Fund balances - beginning              | 3,867,676           | 174,034                               | (4,809)          | 86,284                         | 4,123,185                      |
| Fund balances - ending                 | <u>\$ 3,968,030</u> | <u>\$ 19,111</u>                      | <u>\$ 7,690</u>  | <u>\$ 103,562</u>              | <u>\$ 4,098,393</u>            |

See accompanying notes to the financial statements

**CITY OF CRESCENT, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
As of and for the Year Ended June 30, 2015

**Reconciliation of Governmental Fund and Government-Wide Financial Statements:**

**Fund Balance – Net Position Reconciliation:**

|  |                  |                         |
|--|------------------|-------------------------|
| <b>Total fund balance, governmental funds</b>  | <b>\$</b>        | <b>4,098,393</b>        |
| Amounts reported for governmental activities in the Statement of Net Position are different because:   |                  |                         |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$2,006,180 |                  | 1,786,137               |
| Certain long-term assets are not available to pay for current fund liabilities and, therefore, are deferred or not reported in the funds:                                |                  |                         |
| Deferred revenue   |                  | 13,462                  |
| Pension related deferred outflows  |                  | 1,908                   |
| Certain long-term liabilities are not due and payable from current financial resources and, they along with deferred inflows, are not reported in the funds:             |                  |                         |
| Capital lease payable  |                  | (75,424)                |
| Accrued compensated absences   |                  | (20,342)                |
| Net pension liability  |                  | (29,716)                |
| Pension related deferred inflows   |                  | (4,498)                 |
| Net Position of Governmental Activities in the Statement of Net Position   | <u><u>\$</u></u> | <u><u>5,769,920</u></u> |

**Changes in Fund Balances – Changes in Net Position Reconciliation:**

|   |                  |                       |
|---|------------------|-----------------------|
| <b>Net change in fund balances - total governmental funds:</b>  | <b>\$</b>        | <b>(24,792)</b>       |
| Amounts reported for governmental activities in the Statement of Activities are different because:  |                  |                       |
| Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets  |                  |                       |
| Capital asset purchases capitalized   |                  | 237,512               |
| Book value of disposed capital assets   |                  | (4,340)               |
| Depreciation expense  |                  | <u>(147,412)</u>      |
|   |                  | <u>85,760</u>         |
| In the Statement of Activities, the net cost of pension benefits earned is calculated and is 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. |                  | <u>793</u>            |
| 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  |                  | <u>8,821</u>          |
| Some revenues and expenses reported in the Statement of Activities do not require the acquisition or use of current financial resources and, therefore, are not reported as revenues or expenditures in governmental funds:   |                  |                       |
| Proceeds of long-term debt  |                  | (75,424)              |
| Change in accrued compensated absences  |                  | <u>1,203</u>          |
|   |                  | <u>(74,221)</u>       |
| Change in net position of governmental activities   | <u><u>\$</u></u> | <u><u>(3,639)</u></u> |

See accompanying notes to the financial statements

**CITY OF CRESCENT, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2015**

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**BASIC FINANCIAL STATEMENTS - PROPRIETARY FUND**

**CITY OF CRESCENT, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
As of and for the Year Ended June 30, 2015

**Proprietary Fund Statement of Net Position – June 30, 2015**

|                                      | <b><u>Crescent Public<br/>Works Authority</u></b> |
|--------------------------------------|---|
| <b>ASSETS</b>                        |   |
| Current assets:                      |   |
| Cash and cash equivalents            | \$ 347,512  |
| Restricted cash and cash equivalents | 13,588  |
| Accounts receivable, net             | 81,051  |
| Total current assets                 | 442,151   |
| Noncurrent assets:                   |   |
| Restricted investments               | 46,000  |
| Capital assets:                      |   |
| Land and improvements                | 426,483   |
| Infrastructure                       | 3,838,829   |
| Total non-current assets             | 4,311,312   |
| Total assets                         | 4,753,463   |
| <br><b>LIABILITIES</b>               |   |
| Current liabilities:                 |   |
| Accounts payable                     | 18,604  |
| Due to depositors                    | 11,918  |
| Compensated absences                 | 8,004   |
| Total current liabilities            | 38,526  |
| Noncurrent liabilities:              |   |
| Due to depositors                    | 47,670  |
| Compensated absences                 | 9,782   |
| Total non-current liabilities        | 57,452  |
| Total liabilities                    | 95,978  |
| <br><b>NET POSITION</b>              |   |
| Investment in capital assets         | 4,265,312   |
| Unrestricted                         | 392,173   |
| Total net position                   | \$ 4,657,485                                      |

See accompanying notes to the financial statements

**CITY OF CRESCENT, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
As of and for the Year Ended June 30, 2015

**Proprietary Fund Statement of Revenues, Expenses and Changes in Net Position – Year Ended June 30, 2015**

|   | <b>Crescent Public<br/>Works Authority</b> |
|---|--|
| <b>REVENUES</b>                                   |  |
| Charges for services:                             |  |
| Water charges                                     | \$ 231,176                                 |
| Sewer charges                                     | 211,584                                    |
| Sanitation charges                                | 167,442                                    |
| Penalties   | 19,459                                     |
| Total operating revenues                          | 629,661                                    |
| <b>OPERATING EXPENSES</b>                         |  |
| Administration                                    | 122,924                                    |
| Sanitation  | 117,297                                    |
| Utilities   | 169,459                                    |
| Repairs and maintenance                           | 8,266                                      |
| Depreciation                                      | 112,278                                    |
| Total operating expenses                          | 530,224                                    |
| Operating income                                  | 99,437                                     |
| <b>NON-OPERATING REVENUES</b>                     |  |
| Interest and investment revenue                   | 463  |
| Miscellaneous revenue                             | 3,336                                      |
| Total non-operating revenue                       | 3,799                                      |
| Income before transfers and capital contributions | 103,236                                    |
| Capital contributions                             | 285,399                                    |
| Transfers out                                     | (120,000)                                  |
| Change in net position                            | 268,635                                    |
| Total net position - beginning                    | 4,388,850                                  |
| Total net position - ending                       | \$ 4,657,485                               |

See accompanying notes to the financial statements

**CITY OF CRESCENT, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
As of and for the Year Ended June 30, 2015

**Proprietary Fund Statement of Cash Flows – Year Ended June 30, 2015**

|   | <u><b>Crescent<br/>Public Works<br/>Authority</b></u> |
|---|---|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |   |
| Receipts from customers   | \$ 632,282  |
| Payments to suppliers   | (229,544)   |
| Payments to employees   | (168,253)   |
| Receipt of customer deposits  | 13,060  |
| Customer meter deposits refunded or applied   | (11,825)  |
| Net Cash Provided by Operating Activities   | <u>235,720</u>  |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>                                  |   |
| Transfers to other funds  | (120,000)   |
| Net Cash Provided by (Used in) Noncapital Financing Activities                          | <u>(120,000)</u>                                      |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>                         |   |
| Purchases of capital assets   | (32,000)  |
| Net Cash Provided by (Used in) Capital and Related Financing Activities                 | <u>(32,000)</u>                                       |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |   |
| Interest and dividends  | 463   |
| Net Cash Provided by Investing Activities   | <u>463</u>  |
| <b>Net Increase in Cash and Cash Equivalents</b>  | <u>84,183</u>   |
| <b>Balances - beginning of the year</b>   | <u>276,917</u>  |
| <b>Balances - end of the year</b>   | <u>\$ 361,100</u>                                     |
| <b>Reconciliation to Statement of Net Position:</b>                                     |   |
| Cash and cash equivalents   | \$ 347,512  |
| Current restricted cash and cash equivalents  | 13,588  |
| Total cash and cash equivalents   | <u>\$ 361,100</u>                                     |
| <b>Reconciliation of operating income to net cash provided by operating activities:</b> |   |
| Operating income  | \$ 99,437   |
| Adjustments to reconcile operating income to net cash provided by operating activities: |   |
| Depreciation expense  | 112,278   |
| Miscellaneous income  | 3,336   |
| Change in assets and liabilities:   |   |
| Receivables   | (715)   |
| Accounts payable and accrued liabilities  | 16,058  |
| Meter deposit liability   | 1,235   |
| Accrued compensated absences  | 4,091   |
| Net Cash Provided by Operating Activities   | <u>\$ 235,720</u>                                     |
| <b>Noncash investing, capital, and financing activities:</b>                            |   |
| Transfer of construction in progress from governmental activities                       | <u>\$ 285,399</u>                                     |

See accompanying notes to the financial statements

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**FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS**

**Footnotes to the Basic Financial Statements:**

**1. Financial Reporting Entity**

The City's financial reporting entity includes the primary government (City of Crescent) and blended component units as noted below. This annual report includes all activities for which the City of Crescent City Council is fiscally responsible.

**The City of Crescent** – that operates the public safety, health and welfare, streets and highways, parks and recreation and administrative activities.

The City of Crescent has a population of 1,411 located in central Oklahoma in Canadian County. The City is a Council/Manager form of government and operates under a charter that provides for three branches of government.

- Legislative – the City Council is a five-member governing body with the mayor elected by the council and five council members elected by each ward.
- 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 Council.

The City provides typical municipal services such as a public safety, health and welfare, street and alley maintenance, parks and recreation.

**Blended Component Units:**

**Crescent Public Works Authority (CPWA)** – public trust created under 60 O.S. 162 with City as beneficiary that operates the water, sewer and sanitation services of the City. The component unit (Authority) has the City Council as their governing body (trustees) and the City is able to impose its will on the Authority through required approval of all debt obligations issued by these entities. The Authority is reported as a blended component unit.

**Crescent Economic Development Authority** - Created March 31, 1981, to stimulate economic growth and development, to promote, stimulate, encourage and finance the growth and development of the agricultural, commerce, and industry of the City of Crescent. The City council appoints the trustees with one current member of the City council serving as a trustee. Any issuances of debt would require a two-thirds approval of the City Council. The City of Crescent is the beneficiary of the trust. The CEDA is currently inactive.

**2. Basis of Presentation and Accounting**

*Government-Wide Financial Statements:*

The statement of net position and activities are reported on the accrual basis of accounting and economic resource focus. Under the economic resource focus, all assets and liabilities, including current and non-current are reported along with any inflows and outflows that are deferred. 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 within the statement of activities that are derived directly from each activity or from parties outside the City's taxpayers are reported as program revenues. The City has the following program revenues in each activity:

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- General Government: CDBG operating grants
- Public Safety: Fine revenue, animal fees, fire runs, on-behalf pension payments and rural fire operating grant
- Highways and Streets: Commercial vehicle and gasoline excise tax shared by the State
- Code Enforcement: permits and licenses
- Culture and Recreation: Pool fees, community center rentals, library donations, and library state operating grant

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

*Governmental Funds:*

The City's governmental funds include:

Major Funds:

General Fund – accounts for all activities not accounted for in other special-purpose funds; included within the General Fund for reporting purposes are the following accounts:

- Electric sale trust account – accounts for funds permanently restricted that can only be spent upon approval by a vote of the citizens; 75% of the investment income is transferred to the General Fund as allowed by an election.
- Drug enforcement account – accounts for funds restricted for police drug enforcement activities
- CLEET account – accounts for a portion of fines collected pursuant to state law and remitted to the state
- Police equipment account-accounts for funds assigned for police equipment.

Capital Project Fund:

- Street Capital Improvement Fund – accounts for contributions and specific revenues and transfers from other city funds and expenditures for various street capital projects.
- Grant Fund – accounts for grants and transfers from other city funds expended for capital projects.

Nonmajor Funds:

Special Revenue Fund:

- Street and Alley Fund – accounts for revenues from gasoline and vehicle taxes restricted for street repairs and maintenance

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Capital Project Fund:

- Fire Department Capital Improvement Fund – Accounts for contributions and specific revenues and transfers from other city funds and expenditures for various capital projects, and the fees from fire runs.

The governmental funds are reported on a modified accrual basis of accounting and current financial resources measurement focus. Revenues are recorded on the modified accrual basis when earned and collected within 60 days of period end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred.

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 economic resources measurement focus and accrual basis of accounting at the government-wide level.

*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) and additions to/deductions from FPRS's fiduciary net position have been determined on the same basis as they are reported by FPRS. 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.

*Proprietary Fund:*

The City's proprietary fund includes:

Major Enterprise Fund:

- Crescent Public Works Authority – accounts for the operation of the water, sewer, and sanitation activities.

The proprietary fund is reported on the accrual basis of accounting and economic resources measurement focus. For purposes of the statement of revenues, expenses and changes in fund 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.

### **3. Cash, Cash Equivalents, and Investments**

For the purposes 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, and short-term investments with an original maturity of three months or less.

At June 30, 2015, the reporting entity held the following deposits and investments:

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| <u>Type</u>   | <u>Fair Value</u>   | <u>On Demand</u>  | <u>Less than One</u> | <u>1 -5</u>         | <u>6 - 10</u>     | <u>More than 10</u> |
|---|---------------------|-------------------|----------------------|---------------------|-------------------|---------------------|
| <b>Deposits:</b>                                    |                     |                   |                      |                     |                   |                     |
| Demand deposits                                     | \$ 984,647          | 984,647           | -                    | -                   | -                 | -                   |
| Time deposits                                       | 2,546,000           | -                 | -                    | 2,246,000           | 300,000           | -                   |
| <b>Investments:</b>                                 |                     |                   |                      |                     |                   |                     |
| U.S. Obligations                                    | 881,274             | -                 | -                    | -                   | -                 | 881,274             |
| <b>Total deposits</b>                               | <u>\$ 4,411,921</u> | <u>\$ 984,647</u> | <u>\$ -</u>          | <u>\$ 2,246,000</u> | <u>\$ 300,000</u> | <u>\$ 881,274</u>   |
| <b>Reconciliation to Statement of Net Position:</b> |                     |                   |                      |                     |                   |                     |
| Cash and cash equivalents                           | \$ 733,123          |                   |                      |                     |                   |                     |
| Restricted cash and cash equivalents                | 251,524             |                   |                      |                     |                   |                     |
| Noncurrent restricted investments                   | 3,427,274           |                   |                      |                     |                   |                     |
|   | <u>\$ 4,411,921</u> |                   |                      |                     |                   |                     |

*Custodial Credit Risk* – Exposure to custodial credit risk related to deposits exists when the City holds deposits that are uninsured and uncollateralized; collateralized 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 100% of the uninsured deposits and accrued interest thereon. At June 30, 2015, the City was not exposed to custodial credit as defined above.

*Investment Interest Rate Risk* – the City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The City was not exposed to investment interest rate risk.

*Investment Credit Risk* – the city has no investment policy that limits its investment choices other than the limitation of 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.
- 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.

The City was not exposed to investment credit rate risk.

*Concentration of Investment Credit Risk* - the City places no limit on the amount it may invest in any one issuer.

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The City was not exposed to concentration of credit risk as defined above.

*Restricted Cash and Investments* - The amounts reported as restricted assets of the statement of net position are comprised of amounts held by the Municipal Authority for utility deposits (refunded upon termination of service or applied to final bill), and trust corpus amounts held in the Electric Sale Trust account to be used for purposes as voted on by the citizens. The restricted assets as of June 30, 2015 are as follows:

|                           | Cash and<br>Cash<br>Equivalents | Noncurrent<br>Investments | Total               |
|---------------------------|---------------------------------|---------------------------|---------------------|
| Governmental Activities:  |                                 |                           |                     |
| Electric Sale Trust       | \$ 237,936                      | \$ 3,381,274              | \$ 3,619,210        |
| Business-type Activities: |                                 |                           |                     |
| Utility Meter Deposit     | 13,588                          | 46,000                    | 59,588              |
| Total Restricted Assets   | <u>\$ 251,524</u>               | <u>\$ 3,427,274</u>       | <u>\$ 3,678,798</u> |

#### 4. 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 fair value at the date of donation.

For the year ended June 30, 2015, capital assets balances changed as follows:

|   | Balance at<br>July 1, 2014 | Additions      | Disposals      | Balance at<br>June 30, 2015 |
|---|----------------------------|----------------|----------------|-----------------------------|
| Governmental activities:                        |                            |                |                |                             |
| Non-depreciable:                                |                            |                |                |                             |
| Land  | \$ 69,253                  | \$ -           | \$ -           | \$ 69,253                   |
| Total non-depreciable assets at historical cost | <u>69,253</u>              | <u>-</u>       | <u>-</u>       | <u>69,253</u>               |
| Depreciable:                                    |                            |                |                |                             |
| Buildings                                       | 630,934                    | -              | -              | 630,934                     |
| Improvements                                    | 63,950                     | 16,260         | -              | 80,210                      |
| Machinery and equipment                         | 1,542,434                  | 221,252        | (8,780)        | 1,754,906                   |
| Infrastructure                                  | 1,257,014                  | -              | -              | 1,257,014                   |
| Total depreciable assets at historical cost     | <u>3,494,332</u>           | <u>237,512</u> | <u>(8,780)</u> | <u>3,723,064</u>            |
| Less accumulated depreciation                   |                            |                |                |                             |
| Buildings                                       | 318,827                    | 12,112         | -              | 330,939                     |
| Improvements                                    | 58,733                     | 3,374          | -              | 62,107                      |
| Machinery and equipment                         | 889,656                    | 82,301         | (4,440)        | 967,517                     |
| Infrastructure                                  | 595,992                    | 49,625         | -              | 645,617                     |
| Total accumulated depreciation                  | <u>1,863,208</u>           | <u>147,412</u> | <u>(4,440)</u> | <u>2,006,180</u>            |
| Net depreciable assets                          | <u>1,631,124</u>           | <u>90,100</u>  | <u>(4,340)</u> | <u>1,716,884</u>            |
| Governmental activities capital assets, net     | <u>1,700,377</u>           | <u>90,100</u>  | <u>(4,340)</u> | <u>1,786,137</u>            |

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|   | Balance at<br>July 1, 2014 | Additions         | Disposals           | Balance at<br>June 30, 2015 |
|---|----------------------------|-------------------|---------------------|-----------------------------|
| Business-type activities                        |                            |                   |                     |                             |
| Non-depreciable:                                |                            |                   |                     |                             |
| Land  | 380,363                    | -                 | -                   | 380,363                     |
| Construction-in-progress                        | 194,092                    | 317,399           | (465,371)           | 46,120                      |
| Total non-depreciable assets at historical cost | <u>574,455</u>             | <u>317,399</u>    | <u>(465,371)</u>    | <u>426,483</u>              |
| Depreciable:                                    |                            |                   |                     |                             |
| Buildings                                       | 120,713                    | -                 | -                   | 120,713                     |
| Machinery and equipment                         | 339,042                    | -                 | -                   | 339,042                     |
| Infrastructure                                  | 5,638,828                  | 465,371           | -                   | 6,104,199                   |
| Totals depreciable assets at historical cost    | <u>6,098,583</u>           | <u>465,371</u>    | <u>-</u>            | <u>6,563,954</u>            |
| Less accumulated depreciation                   |                            |                   |                     |                             |
| Buildings                                       | 52,191                     | 2,492             | -                   | 54,683                      |
| Machinery and equipment                         | 190,144                    | 18,031            | -                   | 208,175                     |
| Infrastructure                                  | 2,370,512                  | 91,755            | -                   | 2,462,267                   |
| Total accumulated depreciation                  | <u>2,612,847</u>           | <u>112,278</u>    | <u>-</u>            | <u>2,725,125</u>            |
| Net depreciable assets                          | <u>3,485,736</u>           | <u>353,093</u>    | <u>-</u>            | <u>3,838,829</u>            |
| Business-type capital assets, net               | <u>\$ 4,060,191</u>        | <u>\$ 670,492</u> | <u>\$ (465,371)</u> | <u>\$ 4,265,312</u>         |

*Depreciation:*

Depreciable capital assets are depreciated on a straight-line basis over their estimated useful lives. A capitalization threshold of \$2,500 is used to report capital assets. The range of estimated useful lives by type of asset is as follows: Buildings 25 years, Vehicles 4-5 years, Machinery, furniture and equipment 5-15 years, and Utility property and improvements and infrastructure 30 years.

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:**

|                        |                   |
|------------------------|-------------------|
| General government     | 8,301             |
| Public safety          | 64,700            |
| Highways and streets   | 54,416            |
| Culture and recreation | 19,995            |
| Total depreciation     | <u>\$ 147,412</u> |

**Business-Type Activities:**

|                    |                   |
|--------------------|-------------------|
| Water              | 54,032            |
| Wastewater         | 41,280            |
| Administration     | 16,966 *          |
| Total depreciation | <u>\$ 112,278</u> |

\* Administration depreciation is allocated between water, wastewater, and sanitation activities based on proportionate share of revenues.

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**5. Long-Term Debt and Debt Service Requirements**

For the year ended June 30, 2015, the reporting entity's long-term debt changed as follows:

| <u>Type of Debt</u>               | <u>Balance<br/>July 1, 2014</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance<br/>June 30, 2015</u> | <u>Amounts<br/>Due Within<br/>One Year</u> |
|-----------------------------------|---------------------------------|------------------|-------------------|----------------------------------|--|
| <b>Governmental Activities:</b>   |                                 |                  |                   |                                  |  |
| Accrued Compensated Absences      | \$ 21,545                       | \$ 10,773        | \$ 11,976         | \$ 20,342                        | \$ 9,154                                   |
| Capital lease                     | -                               | 75,424           | -                 | 75,424                           | 15,221                                     |
| Total Governmental Long-Term Debt | <u>\$ 21,545</u>                | <u>\$ 86,197</u> | <u>\$ 11,976</u>  | <u>\$ 95,766</u>                 | <u>\$ 24,375</u>                           |
| <b>Business-Type Activities:</b>  |                                 |                  |                   |                                  |  |
| Meter deposits                    | \$ 58,353                       | \$ 11,361        | \$ 10,126         | \$ 59,588                        | \$ 11,918                                  |
| Accrued Compensated Absences      | 13,695                          | 6,848            | 2,757             | 17,786                           | 8,004                                      |
| Total BTA Long-Term Debt          | <u>\$ 72,048</u>                | <u>\$ 18,209</u> | <u>\$ 12,883</u>  | <u>\$ 77,374</u>                 | <u>\$ 19,922</u>                           |

Governmental debt will be paid with General Fund revenues.

*Governmental activities long-term debt:*

Capital Lease Payable:

|  |                  |
|--|------------------|
| Capital lease for 2 police cars signed June 26, 2015 to be paid annually in payments of \$16,213.74 beginning December 2015 with final payment due December 2019 | <u>\$ 75,424</u> |
| Current portion  | 15,221           |
| Non-current portion  | 60,203           |
| Total  | <u>\$ 75,424</u> |

Accrued Compensated Absences:

|                     |                  |
|---------------------|------------------|
| Current portion     | 9,154            |
| Non-current portion | 11,188           |
| Total               | <u>\$ 20,342</u> |

*Business-type activities long-term debt:*

Meter Deposit Liability:

|                     |                  |
|---------------------|------------------|
| Current portion     | 11,918           |
| Non-current portion | 47,670           |
| Total               | <u>\$ 59,588</u> |

Accrued Compensated Absences:

|                     |                  |
|---------------------|------------------|
| Current portion     | 8,004            |
| Non-current portion | 9,782            |
| Total               | <u>\$ 17,786</u> |

## 6. Net Position and Fund Balances

Net position is displayed in three components:

- a. *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, if any, that are attributable to the acquisition, construction, or improvements of those assets.
- b. *Restricted net position* - Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net position that does not meet the definition of “restricted” or “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.

### *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.

The following schedule shows the detail of fund balance classifications as reported on the governmental balance sheet:

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|   | Major Capital Improvement Funds |                            |                        | Other Governmental Funds | TOTAL                      |
|---|---------------------------------|----------------------------|------------------------|--------------------------|----------------------------|
|   | General Fund                    | Street Capital Improvement | Grant                  |                          |                            |
| Fund Balances:                          |                                 |                            |                        |                          |                            |
| Nonspendable:                           |                                 |                            |                        |                          |                            |
| Electric Sale Trust Corpus              | \$ 3,636,957                    | \$ -                       | \$ -                   | \$ -                     | \$ 3,636,957               |
| Restricted for:                         |                                 |                            |                        |                          |                            |
| Police drug enforcement                 | 940                             |                            |                        |                          | 940                        |
| CLEET fees                              | 423                             | -                          | -                      | -                        | 423                        |
| Street and alley operations and capital | -                               | -                          | -                      | 64,388                   | 64,388                     |
| Sub-total Restricted                    | <u>1,363</u>                    | <u>-</u>                   | <u>-</u>               | <u>64,388</u>            | <u>65,751</u>              |
| Assigned to:                            |                                 |                            |                        |                          |                            |
| Capital projects                        | -                               | 19,111                     | -                      | -                        | 19,111                     |
| Police                                  | 19,788                          | -                          | -                      | -                        | 19,788                     |
| Fire operations                         | -                               | -                          | -                      | 39,174                   | 39,174                     |
| Sub-total Assigned                      | <u>19,788</u>                   | <u>19,111</u>              | <u>-</u>               | <u>39,174</u>            | <u>78,073</u>              |
| Unassigned:                             | 309,922                         | -                          | 7,690                  | -                        | 317,612                    |
| <b>TOTAL FUND BALANCES</b>              | <u><u>\$ 3,968,030</u></u>      | <u><u>\$ 19,111</u></u>    | <u><u>\$ 7,690</u></u> | <u><u>\$ 103,562</u></u> | <u><u>\$ 4,098,393</u></u> |

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.

**Prior Period Adjustment**

|   | Government-<br>Wide        |
|---|----------------------------|
|   | Governmental<br>Activities |
| Beginning net position, as previously reported  | \$ 5,806,659               |
| Implementation of GASB Pension Statements 68 & 71, recognition of net pension liability, deferred inflows and deferred outflows | (33,100)                   |
| Beginning net position, restated  | <u><u>\$ 5,773,559</u></u> |

**7. 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, 2015 were as follows:

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| <u>Transfer from</u>            | <u>Transfer to</u> | <u>Amount</u>     | <u>Purpose of Transfer</u> |
|---------------------------------|--------------------|-------------------|----------------------------|
| CPWA                            | General Fund       | \$ 120,000        | Operating                  |
| Street Capital Improvement Fund | Grant Fund         | 138,657           | Operating                  |
|                                 |                    | <u>\$ 258,657</u> |                            |

**Reconciliation to Fund Financial Statements and Statement of Activities:**

|                    | <u>Transfers In</u> | <u>Transfers Out</u> | <u>Net Transfers</u> |
|--------------------|---------------------|----------------------|----------------------|
| Governmental Funds | \$ 258,657          | \$ (138,657)         | \$ 120,000           |
| Proprietary Funds  | -                   | (120,000)            | (120,000)            |
| Total              | <u>\$ 258,657</u>   | <u>\$ (258,657)</u>  | <u>\$ -</u>          |

**Reconciliation to Statement of Activities:**

|  |                     |
|--|---------------------|
| Net Transfers at Fund Level  | \$ 120,000          |
| Transfer capital asset from governmental to business-type activities | (285,399)           |
| Net Transfers on Statement of Activities                             | <u>\$ (165,399)</u> |

## 8. Sales Tax Revenues

The City levies a three cent sales tax on taxable sales within the city limits in accordance with Ordinance No. 433. The City records three cents in the General Fund for general municipal operations.

## 9. Electric Sale Trust

On June 16, 1989, the City sold all the property comprising the City's electric distribution system. In accordance with a vote of the citizens, approximately, \$2,268,500 of the proceeds were designated as restricted for investment purposes and were invested in U.S. Treasury Bonds (with a \$2,000,000 par value) held in safekeeping by the Federal Reserve Bank in a Treasury Direct account. Of the interest earned on the investments, the City Council has earmarked, pursuant to an election, 75% to be transferred to the General Fund to be used to meet normal operating needs. The remaining 25% must be maintained in the Electric Sale Trust account.

## 10. 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 purchased commercial insurance with a deductible of \$1,000.
- Workers' Compensation – Workers' compensation is covered through purchased commercial insurance with a deductible of \$1,000.
- Employee's Group Medical –City participates in Blue Cross Blue Shield insurance with a deductible of \$1,000 for each individual.

Management believes such insurance coverage 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.

## **11. Contingencies**

The City is a party to other 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. 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 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. The City has not been notified of any noncompliance with federal or 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.

## **12. Pension Plan Participation**

The City of Crescent participates in three pension or retirement plans:

- Oklahoma Firefighter's Pension and Retirement System (OFPRS) – a statewide cost-sharing plan
- Oklahoma Municipal Retirement System Master Defined Contribution Plan and Trust (OkMRF-DCP) – an agent multi-employer defined contribution plan
- Oklahoma Municipal Retirement System City Manager Retirement Plan and Trust (OkMRF-CMO) – an agent multi-employer defined contribution plan

### *OFPRS:*

**Plan description** -The City of Crescent, 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](http://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.

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.

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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 determine 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 \$1,200. The State of Oklahoma also made on-behalf contributions to FPRS in the amount of \$2,299; these on-behalf payments did not meet the criteria of a special funding situation.

**Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** - At June 30, 2015, the City reported a liability of \$3,763,941 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. 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, 2014. Based upon this information, the City's proportion was 0.0029%.

For the year ended June 30, 2015, the City recognized pension expense of \$2,706. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | Deferred Outflows<br>of Resources | Deferred Inflows of<br>Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected and actual experience                               | \$ 708                            | \$ -                             |
| Net difference between projected and actual earnings on pension plan investments |                                   | 4,498                            |
| City contributions subsequent to the measurement date                            | 1,200                             | -                                |
| Total  | \$ 1,908                          | \$ 4,498                         |

\$1,200 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, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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|                     |    |       |
|---------------------|----|-------|
| Year ended June 30: |    |       |
| 2016                | \$ | (993) |
| 2017                |    | (993) |
| 2018                |    | (993) |
| 2019                |    | (993) |
| 2020                |    | 132   |
| Thereafter          |    | 50    |

**Actuarial Assumptions**-The total pension liability was determined by an actuarial valuation as of July 1, 2014, 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, 2014, 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, 2014, are summarized in the following table:

| <u>Asset Class</u>   | <u>Target<br/>Allocation</u> | <u>Long-Term Expected<br/>Real Rate of Return</u> |
|----------------------|------------------------------|---|
| Fixed income         | 20%                          | 5.48%   |
| Domestic equity      | 37%                          | 9.61%   |
| International equity | 20%                          | 9.24%   |
| Real estate          | 10%                          | 7.76%   |
| Other assets         | 13%                          | 6.88%   |

**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

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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<br>(6.5%) | Current Discount<br>Rate (7.5%) | 1% Increase<br>(8.5%) |
|----------------------------------|-----------------------|---------------------------------|-----------------------|
| Employers' net pension liability | \$ 38,802             | \$ 29,716                       | \$ 22,097             |

***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](http://www.ok.gov/fprs).

*OkMRF Defined Contribution Plan:*

The City contributes to the Employee Retirement System of Crescent, Oklahoma in the form of The Oklahoma Municipal Retirement System Master Contribution Plan and Trust, an agent multiple employer - defined contribution plan, for all eligible employees except for those covered by the Firefighter Pension System. Administration of the City's individual plan rests with the City Council. The overall operations of OMRF are supervised by a nine-member Council of Trustees elected by the participating municipalities. Bank One Trust Company of Oklahoma City acts as administrator and securities custodian.

For the year ended June 30, 2015, the total contributions were 6 percent of covered payroll, of which 3 percent were contributed by both the employer and employee. For the year ended June 30, 2015, city contributions to the plan amounted to \$11,156 which was equal to the required contribution.

*OkMRF CMO Plan:*

Effective July 1, 2001, the City has also provided a defined contribution plan and trust known as the City of Crescent City Manager Retirement Plan and Trust (CMO Plan). The plan is administered by JP Morgan Chase Bank of Oklahoma City, Oklahoma. According to state law, the authority for establishing or amending the plan's provisions and contribution requirements rests with the city council. The plan is available only to the City Manager. The employee contributed 5% to the plan in the current fiscal year and the employer contributes 5% to the fund.

For the year ended June 30, 2015, the employer contribution rate was 5%. Contributions to the plan for the year ended June 30, 2015 were \$5,528 on a covered payroll of \$85,000.

OkMRF issues separate plan financial statements which may be obtained by contacting the Oklahoma Municipal Retirement Fund, 525 Central Park Drive, Suite 320, Oklahoma City, Oklahoma, 73105.

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*Summary of Contributions:*

| <u>Fiscal<br/>Year</u> | <u>Oklahoma Municipal<br/>Retirement Fund</u> |                                   | <u>Oklahoma Municipal Retirement<br/>Fund – (CMO Plan)</u> |                                   |
|------------------------|---|-----------------------------------|--|-----------------------------------|
|                        | <u>Required<br/>Contribution</u>              | <u>Percentage<br/>Contributed</u> | <u>Required<br/>Contribution</u>                           | <u>Percentage<br/>Contributed</u> |
| 2012                   | 10,741  | 100%                              | 2,481  | 100%                              |
| 2013                   | 11,018  | 100%                              | 3,830  | 100%                              |
| 2014                   | 11,156  | 100%                              | 5,528  | 100%                              |

**13. 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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**REQUIRED SUPPLEMENTARY INFORMATION**

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**Budgetary Comparison Schedule (Budgetary Basis) – General Fund – Year Ended June 30, 2015**

|  | GENERAL FUND      |                   |                   |  |
|--|-------------------|-------------------|-------------------|--|
|  | Budgeted Amounts  |                   | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive (Negative) |
|  | Original          | Final             |                   |  |
| <b>Beginning Budgetary Fund Balance:</b>     | \$ 194,424        | \$ 194,424        | \$ 124,071        | \$ (70,353)  |
| <b>Resources (Inflows):</b>                  |                   |                   |                   |  |
| Alcoholic beverage tax                       | 10,000            | 10,000            | 13,469            | 3,469  |
| Community park and building                  | 3,520             | 3,520             | 6,201             | 2,681  |
| Franchise fees                               | 49,913            | 49,913            | 50,485            | 572  |
| Miscellaneous                                | 1,000             | 1,000             | 9,127             | 8,127  |
| Police fines                                 | 46,200            | 46,200            | 55,640            | 9,440  |
| Permits and licenses                         | 2,000             | 2,000             | 2,550             | 550  |
| Sales tax                                    | 538,264           | 618,264           | 608,526           | (9,738)  |
| Use tax                                      | 21,370            | 21,370            | 27,449            | 6,079  |
| Tobacco tax                                  | 6,000             | 6,000             | 7,067             | 1,067  |
| Grants                                       | 7,600             | 7,600             | 7,896             | 296  |
| Transfer in                                  | 65,246            | 185,246           | 178,297           | (6,949)  |
| <b>Total Resources (Inflows)</b>             | <u>751,113</u>    | <u>951,113</u>    | <u>966,707</u>    | <u>15,594</u>  |
| <b>Amounts available for appropriation</b>   | <u>945,537</u>    | <u>1,145,537</u>  | <u>1,090,778</u>  | <u>(54,759)</u>                                      |
| <b>Charges to Appropriations (Outflows):</b> |                   |                   |                   |  |
| General government                           | 190,022           | 282,522           | 284,181           | (1,659)  |
| City treasurer                               | 4,380             | 4,380             | 2,525             | 1,855  |
| City attorney                                | 8,000             | 8,000             | 5,648             | 2,352  |
| Library                                      | 37,558            | 38,558            | 39,543            | (985)  |
| City clerk                                   | 46,054            | 54,054            | 54,327            | (273)  |
| Municipal court                              | 7,778             | 7,778             | 7,679             | 99   |
| Parks and recreation                         | 5,500             | 5,500             | 7,020             | (1,520)  |
| Swimming pool                                | 1,200             | 1,700             | 1,270             | 430  |
| Community center                             | 7,000             | 7,000             | 7,156             | (156)  |
| Police                                       | 339,767           | 429,767           | 419,090           | 10,677   |
| Code enforcement                             | -                 | -                 | 5,408             | (5,408)  |
| Streets and alleys                           | -                 | -                 | 308               | (308)  |
| Fire department                              | 41,600            | 50,100            | 47,703            | 2,397  |
| Transfer out                                 | -                 | 120,000           | -                 | 120,000  |
| <b>Total Charges to Appropriations</b>       | <u>688,859</u>    | <u>1,009,359</u>  | <u>881,858</u>    | <u>127,501</u>                                       |
| <b>Ending Budgetary Fund Balance</b>         | <u>\$ 256,678</u> | <u>\$ 136,178</u> | <u>\$ 208,920</u> | <u>\$ 72,742</u>                                     |

**Footnotes to Budgetary Comparison Schedules:**

1. The budgetary comparison schedules are 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.

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|   | <b>General Fund</b> |
|---|---------------------|
| <b>Sources/inflows of resources</b>   |                     |
| Actual amounts "Total Resources" from the budgetary comparison schedule   | \$966,707           |
| Reconciliation to Statement of Revenues, Expenditures and Changes in Fund Balance:  |                     |
| Revenues of General Fund Accounts not included in General Fund Budget:  |                     |
| Electric Sale Trust   | 44,230              |
| Police Equipment Account  | 8,449               |
| CLEET Account   | 6,422               |
| Revenue accruals  | 141,379             |
| Transfers In  | (179,297)           |
| <i>Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds</i>     | \$987,890           |
| <br><b>Uses/outflows of resources</b>   |                     |
| Actual amounts "Total Charges to Appropriations" from the budgetary comparison schedule   | \$881,858           |
| Reconciliation to Statement of Revenues, Expenditures and Changes in Fund Balance:  |                     |
| Expenditures of General Fund Accounts not included in General Fund Budget:  |                     |
| CLEET Account   | 6,915               |
| Police Equipment Account  | 2,246               |
| Expenditures accruals   | 191,941             |
| <i>Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds</i> | \$1,082,960         |

2. The legal level of appropriation control is the department level within a fund. The City Manager has the authority to make line item transfers but any overall increases or decreases are to be approved by the City Council.

The following departments exceeded appropriations:

|                      |         |
|----------------------|---------|
| <b>General Fund:</b> |         |
| General government   | (1,659) |
| Library              | (985)   |
| City clerk           | (273)   |
| Parks and recreation | (1,520) |
| Community center     | (156)   |
| Code enforcement     | (5,408) |
| Street and alleys    | (308)   |

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SCHEDULE OF THE CITY OF CRESCENT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
OKLAHOMA FIREFIGHTERS PENSION & RETIREMENT SYSTEM  
Last 10 Fiscal Years\*

|   | <u>2015</u> |
|---|-------------|
| City's proportion of the net pension liability  | 0.002890%   |
| City's proportionate share of the net pension liability   | \$ 29,716   |
| City's covered-employee payroll   | \$ -        |
| City's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 0%          |
| Plan fiduciary net position as a percentage of the total pension liability                              | 68.12%      |

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

**Notes to Schedule:**

Only the current fiscal year is presented because 10-year data is not yet available.

The cities participating members, consist of volunteer's; therefore, the city has no covered-employee payroll.

**OKLAHOMA FIREFIGHTERS PENSION & RETIREMENT SYSTEM  
Last 10 Fiscal Years**

|  | <u>2015</u>  |
|--|--------------|
| Statutorially required contribution                                  | \$ 1,200     |
| Contributions in relation to the statutorially required contribution | <u>1,200</u> |
| Contribution deficiency (excess)                                     | <u>\$ -</u>  |
| City's covered-employee payroll                                      | \$ -         |
| Contributions as a percentage of covered-employee payroll            | 0.00%        |

**Notes to Schedule:**

Only the current fiscal year is presented because 10-year data is not yet available.

The cities participating members, consist of volunteer's; therefore, the city has no covered-employee payroll.

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**OTHER SUPPLEMENTARY INFORMATION**

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**General Fund Accounts Combining Balance Sheet – City of Crescent - June 30, 2015**

|   | General Fund      | Electric Sale<br>Trust Account | Drug<br>Enforcement<br>Account | CLEET<br>Account | Police<br>Equipment<br>Account | Total General<br>Fund |
|---|-------------------|--------------------------------|--------------------------------|------------------|--------------------------------|-----------------------|
| <b>ASSETS</b>   |                   |                                |                                |                  |                                |                       |
| Cash and cash equivalents                               | \$ 234,464        | \$ 237,936                     | \$ 940                         | \$ 869           | \$ 20,173                      | \$ 494,382            |
| Investments   | -                 | 3,381,274                      | -                              | -                | -                              | 3,381,274             |
| Court fines receivable                                  | 14,323            | -                              | -                              | -                | -                              | 14,323                |
| Due from other governments                              | 94,923            | -                              | -                              | -                | -                              | 94,923                |
| Other receivables                                       | -                 | 20,034                         | -                              | -                | -                              | 20,034                |
| Total assets  | <u>343,710</u>    | <u>3,639,244</u>               | <u>940</u>                     | <u>869</u>       | <u>20,173</u>                  | <u>4,004,936</u>      |
| <b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b> |                   |                                |                                |                  |                                |                       |
| Liabilities:  |                   |                                |                                |                  |                                |                       |
| Accounts payable  | 22,613            | -                              | -                              | 446              | 385                            | 23,444                |
| Total liabilities                                       | <u>22,613</u>     | <u>-</u>                       | <u>-</u>                       | <u>446</u>       | <u>385</u>                     | <u>23,444</u>         |
| Deferred inflows:                                       |                   |                                |                                |                  |                                |                       |
| Unavailable revenue                                     | 11,175            | 2,287                          | -                              | -                | -                              | 13,462                |
| Fund balances:  |                   |                                |                                |                  |                                |                       |
| Nonspendable  | -                 | 3,636,957                      | -                              | -                | -                              | 3,636,957             |
| Restricted  | -                 | -                              | 940                            | 423              | -                              | 1,363                 |
| Assigned  | -                 | -                              | -                              | -                | 19,788                         | 19,788                |
| Unassigned  | 309,922           | -                              | -                              | -                | -                              | 309,922               |
| Total fund balances                                     | <u>309,922</u>    | <u>3,636,957</u>               | <u>940</u>                     | <u>423</u>       | <u>19,788</u>                  | <u>3,968,030</u>      |
| Total liabilities, deferred inflows, and fund balances  | <u>\$ 343,710</u> | <u>\$ 3,639,244</u>            | <u>\$ 940</u>                  | <u>\$ 869</u>    | <u>\$ 20,173</u>               | <u>\$ 4,004,936</u>   |

**General Fund Accounts Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – City of Crescent – Year Ended June 30, 2015**

|   | General Fund      | Electric Sale<br>Trust Account | Drug<br>Enforcement<br>Account | CLEET<br>Account | Police<br>Equipment<br>Account | Total General<br>Fund |
|---|-------------------|--------------------------------|--------------------------------|------------------|--------------------------------|-----------------------|
| <b>REVENUES</b>                                   |                   |                                |                                |                  |                                |                       |
| Taxes   | \$ 696,047        | \$ -                           | \$ -                           | \$ -             | \$ -                           | \$ 696,047            |
| Fines and forfeitures                             | 45,581            | -                              | -                              | 6,422            | 8,449                          | 60,452                |
| Licenses and permits                              | 2,550             | -                              | -                              | -                | -                              | 2,550                 |
| Intergovernmental                                 | 168,268           | -                              | -                              | -                | -                              | 168,268               |
| Charges for services                              | 6,201             | -                              | -                              | -                | -                              | 6,201                 |
| Investment earnings                               | -                 | 44,230                         | -                              | -                | -                              | 44,230                |
| Miscellaneous                                     | 10,142            | -                              | -                              | -                | -                              | 10,142                |
| Total revenues                                    | <u>928,789</u>    | <u>44,230</u>                  | <u>-</u>                       | <u>6,422</u>     | <u>8,449</u>                   | <u>987,890</u>        |
| <b>EXPENDITURES</b>                               |                   |                                |                                |                  |                                |                       |
| Current:  |                   |                                |                                |                  |                                |                       |
| General government                                | 245,790           | -                              | -                              | -                | -                              | 245,790               |
| City clerk  | 54,656            | -                              | -                              | -                | -                              | 54,656                |
| Police  | 408,311           | -                              | -                              | 6,915            | 2,246                          | 417,472               |
| Municipal court                                   | 7,679             | -                              | -                              | -                | -                              | 7,679                 |
| Treasurer   | 2,525             | -                              | -                              | -                | -                              | 2,525                 |
| Community Center                                  | 6,796             | -                              | -                              | -                | -                              | 6,796                 |
| Fire  | 52,645            | -                              | -                              | -                | -                              | 52,645                |
| Library   | 38,935            | -                              | -                              | -                | -                              | 38,935                |
| Street  | 150               | -                              | -                              | -                | -                              | 150                   |
| Parks   | 6,592             | -                              | -                              | -                | -                              | 6,592                 |
| City attorney                                     | 5,648             | -                              | -                              | -                | -                              | 5,648                 |
| Swimming pool                                     | 1,151             | -                              | -                              | -                | -                              | 1,151                 |
| Code enforcement                                  | 5,408             | -                              | -                              | -                | -                              | 5,408                 |
| Capital Outlay                                    | 237,513           | -                              | -                              | -                | -                              | 237,513               |
| Total Expenditures                                | <u>1,073,799</u>  | <u>-</u>                       | <u>-</u>                       | <u>6,915</u>     | <u>2,246</u>                   | <u>1,082,960</u>      |
| Excess (deficiency) of revenues over expenditures | <u>(145,010)</u>  | <u>44,230</u>                  | <u>-</u>                       | <u>(493)</u>     | <u>6,203</u>                   | <u>(95,070)</u>       |
| <b>OTHER FINANCING SOURCES (USES)</b>             |                   |                                |                                |                  |                                |                       |
| Proceeds from capital leases                      | 75,424            | -                              | -                              | -                | -                              | 75,424                |
| Transfers in                                      | 120,000           | -                              | -                              | -                | -                              | 120,000               |
| Interaccount Transfers in                         | 58,297            | -                              | -                              | -                | -                              | 58,297                |
| Interaccount Transfers out                        | -                 | (58,297)                       | -                              | -                | -                              | (58,297)              |
| Total other financing sources and uses            | <u>253,721</u>    | <u>(58,297)</u>                | <u>-</u>                       | <u>-</u>         | <u>-</u>                       | <u>195,424</u>        |
| Net change in fund balances                       | 108,711           | (14,067)                       | -                              | (493)            | 6,203                          | 100,354               |
| Fund balances - beginning                         | 201,211           | 3,651,024                      | 940                            | 916              | 13,585                         | 3,867,676             |
| Fund balances - ending                            | <u>\$ 309,922</u> | <u>\$ 3,636,957</u>            | <u>\$ 940</u>                  | <u>\$ 423</u>    | <u>\$ 19,788</u>               | <u>\$ 3,968,030</u>   |

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**Combining Balance Sheet – Nonmajor Governmental Funds – City of Crescent – June 30, 2015**

|                                      | <u>Special Revenue<br/>Fund</u>  | <u>Capital Project Fund</u>                                 |   |
|--------------------------------------|----------------------------------|---|---|
|                                      |                                  | <u>Fire Department<br/>Capital<br/>Improvement<br/>Fund</u> | <u>Total Other<br/>Governmental<br/>Funds</u> |
|                                      | <u>Street and Alley<br/>Fund</u> |   |   |
| <b>ASSETS</b>                        |                                  |   |   |
| Cash and cash equivalents            | \$ 63,190                        | \$ 39,174   | \$ 102,364                                    |
| Receivable from other governments    | 1,198                            | -   | 1,198   |
| Total assets                         | <u>64,388</u>                    | <u>39,174</u>   | <u>103,562</u>                                |
| <b>LIABILITIES AND FUND BALANCES</b> |                                  |   |   |
| Liabilities:                         |                                  |   |   |
| Accounts payable                     | -                                | -   | -   |
| Total liabilities                    | <u>-</u>                         | <u>-</u>  | <u>-</u>                                      |
| Fund balances:                       |                                  |   |   |
| Restricted                           | 64,388                           | -   | 64,388  |
| Assigned                             | -                                | 39,174  | 39,174  |
| Total fund balances                  | <u>64,388</u>                    | <u>39,174</u>   | <u>103,562</u>                                |
| Total liabilities and fund balances  | <u>\$ 64,388</u>                 | <u>\$ 39,174</u>  | <u>\$ 103,562</u>                             |

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds - City of Crescent - Year Ended June 30, 2015**

|   | <u>Special Revenue<br/>Fund</u>  | <u>Capital Project Fund</u>                                 |   |
|---|----------------------------------|---|---|
|   |                                  | <u>Fire Department<br/>Capital<br/>Improvement<br/>Fund</u> | <u>Total Other<br/>Governmental<br/>Funds</u> |
|   | <u>Street and Alley<br/>Fund</u> |   |   |
| <b>REVENUES</b>                                   |                                  |   |   |
| Intergovernmental                                 | \$ 14,050                        | 500   | \$ 14,550                                     |
| Charges for services                              | -                                | 4,440   | 4,440   |
| Total revenues                                    | <u>14,050</u>                    | <u>4,940</u>  | <u>18,990</u>                                 |
| <b>EXPENDITURES</b>                               |                                  |   |   |
| Current:  |                                  |   |   |
| Streets   | 1,712                            | -   | 1,712   |
| Total Expenditures                                | <u>1,712</u>                     | <u>-</u>  | <u>1,712</u>                                  |
| Excess (deficiency) of revenues over expenditures | <u>12,338</u>                    | <u>4,940</u>  | <u>17,278</u>                                 |
| Net change in fund balances                       | 12,338                           | 4,940   | 17,278  |
| Fund balances - beginning                         | <u>52,050</u>                    | <u>34,234</u>   | <u>86,284</u>                                 |
| Fund balances - ending                            | <u>\$ 64,388</u>                 | <u>\$ 39,174</u>  | <u>\$ 103,562</u>                             |

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**Schedule of Expenditures of Federal and State Awards – Year Ended June 30, 2015**

| <b>Federal/State Grantor/Pass Through Agency<br/>Grantor/Program Title</b> | <b>CFDA<br/>or Award<br/>Number</b> | <b>Award<br/>Amount</b> | <b>Awards<br/>Expended</b> |
|--|-------------------------------------|-------------------------|----------------------------|
| <b>FEDERAL AWARDS:</b>   |                                     |                         |                            |
| DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:                               |                                     |                         |                            |
| CDBG   | 14.228                              | \$ 249,999              | \$ 145,121                 |
| <b>TOTAL FEDERAL AWARDS</b>  |                                     | <b>\$ 249,999</b>       | <b>\$ 145,121</b>          |
| <b>STATE AWARDS:</b>   |                                     |                         |                            |
| Department of Agriculture:   |                                     |                         |                            |
| Rural Fire Grant   | N/A                                 | \$ 4,484                | \$ 4,484                   |
| Oklahoma Department of Libraries.  |                                     |                         |                            |
| State Aid 15   | N/A                                 | 3,412                   | 3,412                      |
| <b>TOTAL STATE AWARDS</b>  |                                     | <b>\$ 7,896</b>         | <b>\$ 7,896</b>            |

**Footnotes to Schedule of Expenditures of Federal and State Awards:**

1. The Schedule of Revenue, Expenditures and Changes in Program Balances of State Awards is prepared on an accrual basis of accounting. The expenditures are recorded when the liability is incurred regardless of when the award proceeds are received.

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**INTERNAL CONTROL AND COMPLIANCE INFORMATION**

**CITY OF CRESCENT, OKLAHOMA**  
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## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Mayor and City Council  
City of Crescent, Oklahoma

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Crescent, Oklahoma, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Crescent, Oklahoma's basic financial statements and have issued my report thereon dated January 28, 2016.

### **Internal Control Over Financial Reporting**

In planning and performing my audit of the financial statements, I considered the City of Crescent, Oklahoma's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Crescent, Oklahoma's internal control. Accordingly, I do not express an opinion on the effectiveness of the City of Crescent, Oklahoma's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. Given these limitations, I did not identify any deficiencies I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Crescent, Oklahoma's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a

direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instance of noncompliance or other matter that is required to be reported under *Government Auditing*.

### **City of Crescent, Oklahoma's Response to Findings**

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

### **Purpose of this Report**

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



Anne Marie Elfrink, MS, CPA

Tulsa, Oklahoma  
January 28, 2016