CITY OF Enid OKLAHOMA

Report on Audit of Financial Statements

June 30, 2012

City of Enid, Oklahoma
Report on Audit of Financial Statements
June 30, 2012

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Ronald C. Cottrell, CPA

Independent Auditor's Report

December 27, 2012

City Council
City of Enid
Enid, Oklahoma

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Enid, Oklahoma, as of and for the year ended June 30, 2012, which collectively comprise the City of Enid's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Enid's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Pegasus, Inc. which represent 21 percent, 22 percent, and 28 percent, respectively of the assets, net assets, and revenues of the discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it related to the amounts included for Pegasus, Inc. is based on the report of other auditors.

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

The financial statements of Enid Regional Development Alliance have not been audited, and we were not engaged to audit the Enid Regional Development Alliance financial statements as part of our audit of the City of Enid's basic financial statements. Enid Regional Development Alliance's financial activities are included in the City of Enid's basic financial statements as a discretely presented component unit and represent 79 percent, 78 percent, and 72 percent of the assets, net assets, and revenues, respectively of the City of Enid's discretely presented component units.

In our opinion, based on the report of other auditors and, except for the effects of such adjustments, if any, as might have been determined to be necessary had Enid Regional Development Alliance's financial statements been audited, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate discretely presented component units of the City of Enid, Oklahoma, as of June 30, 2012, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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In addition, in our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Enid as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note VI.H. to the financial statements, the City of Enid made adjustments to beginning nest assets for business-type activities in the government-wide financial statements, and to the Enid Municipal Authority in the proprietary fund financial statements to reflect a change in estimated costs for the landfill closure and post-closure.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2012, on our consideration of the City of Enid's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United State of America require that management's discussion and analysis, schedule of pension plan funding progress, and budgetary comparison information on pages 3–12 and 48–52, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Enid's basic financial statements. The accompanying combining and individual non-major fund financial statements, schedule of debt service coverage requirements, and the schedules of expenditures of federal and state awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements, the schedule of debt service coverage requirements, and the schedules of expenditures of federal and state awards are fairly stated in all material respects in relation to the financial statements taken as a whole.

Ronald C. Cottrell, CPA

Required Supplementary Information

City of Enid, Oklahoma
Management's Discussion and Analysis
June 30, 2012

The following discussion and analysis of the City of Enid's (the City) financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2012. Please read it in conjunction with the City's financial statements, which begin on page 13.

Financial Highlights

- The assets of the City of Enid exceeded its liabilities at the close of the most recent fiscal year by $ 191,237,949 (net assets).

- During the year, the government's total net assets increased by $ 15,742,197. This is mainly attributed to an increase in sales taxes and internal transfers. Governmental activities accounted for $ 17,525,377 of the increase, after a net transfer from the Enid Municipal Authority. Business-type activities reduced overall net assets by $ 1,783,180.

- At the close of the current fiscal year, the City of Enid's governmental funds reported combined ending fund balances of $ 33,676,218, an increase of $ 2,395,629 in comparison with the prior year. Approximately $ 16,155,645 is available for spending at the government's discretion, although $ 6,559,128 of that balance has been committed and $ 2,635,444 assigned by the governing board.

- At the end of the current fiscal year, unassigned fund balance for the general fund was $ 6,961,073, or 17 % of total general fund expenditures and transfers out.

- The City's debt increased by $ 9,395,709 during the current fiscal year because of additional wastewater debt incurred as the new wastewater reclamation facility nears completion.

Overview of the Financial Statements

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

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

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

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

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

The government-wide financial statements can be found on pages 13–14 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Enid, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Enid can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains nineteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, police fund, fire fund, capital improvements fund, and sanitary sewer fund, all of which are considered to be major funds. Data from the other fourteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

The basic governmental fund financial statements can be found on pages 15–17 of this report.

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the Enid Municipal Authority, the Enid Economic Development Authority, and the Woodring Airport, all of which are considered to be major funds of the City. The City maintains seven proprietary funds. Data from the other four proprietary funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor proprietary funds is proved in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 18–20 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reported in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The City of Enid maintains two different types of fiduciary funds. The pension trust fund is used to report resources held in trust for retirees and beneficiaries covered by the Employee Retirement System of Enid, Oklahoma. The agency fund reports sources held by the City of Enid in a custodial capacity for individuals, private organizations, and other governments.

The basic fiduciary fund financial statements can be found on pages 21–22 of this report.

Notes to the financial statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23–47 of this report.

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

Required supplementary information can be found on pages 48–52 of this report.

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

Combining statements and schedules can be found on pages 53–59 of this report.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City's governmental activities, assets exceeded liabilities by $ 97,135,940 at the close of the most recent fiscal year. The business-type activities assets exceeded liabilities by $ 94,102,009.

City of Enid
Net Assets
June 30, 2012 and 2011

	Governmental Activities		Business-Type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Current assets	$ 41,571,082	$ 39,227,223	$ 32,125,932	$ 39,854,390	$ 73,697,014	$ 79,081,613
Capital and other noncurrent assets	66,915,623	53,722,242	142,233,617	124,901,680	209,149,240	178,623,922
Total assets	108,486,705	92,949,465	174,359,549	164,756,070	282,846,254	257,705,535
Current liabilities	9,711,116	9,899,388	11,520,733	3,879,761	21,231,849	13,779,149
Long-term liabilities	1,639,649	3,439,514	68,736,807	68,324,806	70,376,456	71,764,320
Total liabilities	11,350,765	13,338,902	80,257,540	72,204,567	91,608,305	85,543,469
Net assets:						
Invested in capital assets, net of related debt	65,138,978	50,175,628	70,747,728	67,855,656	135,886,706	118,031,284
Restricted	17,520,573	20,382,807	33,863,585	34,826,632	51,384,158	55,209,439
Unrestricted	14,476,389	9,052,128	(10,509,304)	(6,797,099)	3,967,085	2,255,029
Total net assets	$ 97,135,940	$ 79,610,563	$ 94,102,009	$ 95,885,189	$ 191,237,949	$ 175,495,752

By far the largest portion of the City's net assets (71 %) reflects its investment in capital assets (e.g., land, buildings, improvements, vehicles, and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets (27 %) represents resources that are subject to external restrictions on how they may be used either by external groups such as creditors, grantors, or laws and regulations of other governments, or by law through constitutional provisions or enabling legislation. The remaining balance of unrestricted net assets – $ 3,967,085 – may be used to meet the government's ongoing obligations to citizens and creditors.

The government's net assets increased by $ 15,742,197 during the current fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

Governmental activities. Governmental activities increased the City's net assets by $ 17,525,377 The key elements of this increase are as follows:

- A significant increase in general revenues such as sales and use taxes.
- A significant increase in net transfers from business type activities to fund capital improvement projects.

City of Enid
Statement of Activities
Years Ended June 30, 2012 and 2011

	Governmental Activities		Business-Type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Program revenues:						
Charges for services	$ 3,133,146	$ 3,317,572	$ 29,484,227	$ 25,932,774	$ 32,617,373	$ 29,250,346
Grants/contributions	3,893,374	3,211,167	1,887,811	1,971,466	5,781,185	5,182,633
General revenues	36,703,333	33,543,323	3,124,396	2,685,391	39,827,729	36,228,714
Total revenues	43,729,853	40,072,062	34,496,434	30,589,631	78,226,287	70,661,693
Expenses:						
General government	7,109,218	6,193,336	-	-	7,109,218	6,193,336
Public safety	18,532,858	18,049,290	-	-	18,532,858	18,049,290
Public works	9,488,303	15,314,338	882,061	948,786	10,370,364	16,263,124
Culture and recreation	2,743,400	2,494,971	1,980,121	1,817,916	4,723,521	4,312,887
Utility operations	-	-	15,340,628	16,954,486	15,340,628	16,954,486
Airport	-	-	2,828,983	2,257,483	2,828,983	2,257,483
Economic development	-	-	2,379,937	2,159,017	2,379,937	2,159,017
Other	123,382	188,316	1,075,199	-	1,198,581	188,316
Total expenses	37,997,161	42,240,251	24,486,929	24,137,688	62,484,090	66,377,939
Increase in net assets before transfers	5,732,692	(2,168,189)	10,009,505	6,451,943	15,742,197	4,283,754
Transfers, net	11,792,685	(5,725,482)	(11,792,685)	5,725,482	-	-
Increase in net assets	17,525,377	(7,893,671)	(1,783,180)	12,177,425	15,742,197	4,283,754
Net assets, beginning, restated	79,610,563	87,504,234	95,885,189	83,707,764	175,495,752	171,211,998
Net assets, ending	$ 97,135,940	$ 79,610,563	$ 94,102,009	$ 95,885,189	$ 191,237,949	$ 175,495,752

City of Enid
Governmental Activities
Years Ended June 30, 2012 and 2011

	Program Revenues		Cost of Services	
	2012	2011	2012	2011
General government	$ 765,964	$ 722,554	$ 7,109,218	$ 6,193,336
Public safety	4,275,058	4,220,610	18,532,858	18,049,290
Public works	1,811,411	1,450,305	9,488,303	15,314,338
Culture and recreation	174,087	135,270	2,743,400	2,494,971
Interest on long-term debt	-	-	123,382	188,316
Total governmental activities	$ 7,026,520	$ 6,528,739	$ 37,997,161	$ 42,240,251

See disclaimer in accompanying Independent Auditor's Report.

Business-type activities. Business-type activities decreased the City's net assets by $ 1,783,180. The key elements in this decrease are:

- A significant increase in net transfers to governmental activities to fund capital improvement projects.

City of Enid
Business-Type Activities
Years Ended June 30, 2012 and 2011

	Program Revenues		Cost of Services	
	2012	2011	2012	2011
Utility operations	$ 27,325,152	$ 24,598,811	$ 15,340,628	$ 16,954,486
Airport	2,882,126	2,091,981	2,828,983	2,257,483
Golf	383,569	328,801	608,861	580,498
Economic development	-	-	2,379,937	2,159,017
Community center	257,499	249,532	1,371,260	1,237,418
Transit	523,692	635,115	882,061	948,786
Other	-	-	1,075,199	-
Total business-type activities	$ 31,372,038	$ 27,904,240	$ 24,486,929	$ 24,137,688

Financial Analysis of the Government's Funds

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

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $ 33,676,218, an increase of $ 2,395,629 in comparison with the prior year. Approximately 48 % of this total amount ($ 16,155,645) constitutes unrestricted fund balance, which is available for spending at the government's discretion. The remainder of fund balance is nonspendable or restricted by contractual obligations, laws and regulations, or enabling legislation as approved by a vote of the citizen's of Enid.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was $ 6,961,073. As a measure of the general fund's liquidity, it may be useful to compare fund balance to total fund expenditures. Unassigned fund balance represents 17 % of total general fund expenditures and transfers out.

The fund balance of the City's general fund increased $ 1,451,870 during the current fiscal year, primarily due to increased sales and use taxes.

The police fund has a total fund balance of $ 3,306,501, which was all restricted. The net increase in fund balance during the current year was $ 558,255, due primarily to increased sales and use taxes and utility fees which the transfer calculation is based upon.

The fire fund has a total fund balance of $ 2,203,117, which was all restricted. The net increase in fund balance during the current year was $ 430,011, due primarily to increased sales and use taxes and utility fees which the transfer calculation is based upon.

The capital improvements fund had a total fund balance of $ 3,278,394, which was all restricted. The net decrease in fund balance during the current year was $ 2,360,216, due primarily to planned deficit spending and some unreimbursed spending on the Renaissance downtown improvements from restricted funds.

The sanitary sewer fund had a total fund balance of $ 4,634,646, an increase of $ 3,594,787 for the year. This increase was primarily due to spending significantly less than planned in the budget.

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

Unrestricted net assets of the Enid Municipal Authority at the end of the year amounted to ($ 10,498,339). The total decrease in net assets was $ 5,389,262. Operating revenues showed an increase of $ 3,249,510 while operating expenses decreased by $ 739,736. The changes in operating revenues and expenses were due to:

- Increased utility fees from automatic rate increases in Jan 2012.
- Reductions in personnel expenses through efficient use of technology in several Enid Municipal Authority departments such as solid waste and wastewater management services.
- Significant reduction in landfill closure and post-closure costs through a change in accounting estimate detailed in footnote VI.H.

The Enid Economic Development Authority showed total net assets of $ 4,619,574, an increase of $ 3,565,387, mainly due to transfers from the Enid Municipal Authority to provide funding for downtown property purchases related to the Renaissance downtown renovation.

The Woodring Airport had total net assets at year-end of $ 13,465,581, an increase of $ 62,483 from the previous year, due mainly to an increase in operating revenue from fuel sales.

Budgetary Highlights of Major Governmental Funds

The general fund budget increased by $ 848,491 for departmental expenditures and $ 2,264,000 for transfers out during the year, with no increase in estimated revenues and transfers in. Several departmental budgets increased including administration, general government, accounting, information technology, management services, code enforcement, engineering, park/storm water, and capital outlay, while others such as human resources, safety, and street decreased during the year.

Revenues received were below budget estimates by $ 382,676, and actual expenditures and transfers were less than final budget appropriations by $ 1,003,173, resulting in an overall net change in fund balance of $ 620,497. As a result, the City did not need to use a portion of its fund balance to cover expenditures and transfers.

The police fund showed an increase of $ 81,658 in its budgeted expenditures during the year. Its actual revenues and transfers in totaled $ 9,001,050, which was more than budget estimates by $ 984,550. Expenditures and transfers out of $ 8,041,071 were less than budgeted by $ 307,652 resulting in an overall net change in fund balance of $ 1,292,202.

The fire fund increased its expenditure budget during the year by $ 114,533, while revenues remained the same as originally estimated. Actual revenues and transfers in totaled $ 7,664,735, an excess of $ 497,030 in comparison with budget estimates. Expenditures and transfers totaled $ 6,911,055, which was less than the final budget appropriation by $ 575,328, resulting in a net change of $ 1,072,358.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2012, amounts to $ 201,333,312 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, vehicles and equipment, and infrastructure.

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

- 2010 and 2011 local street and arterial street construction.
- Administration building roof.
- Meadowlake golf irrigation system upgrade.
- Renaissance downtown box culvert improvement.
- Renaissance downtown improvements.
- Enid trails system improvements.
- Continued work on the new wastewater reclamation facility.

City of Enid
Capital Assets
June 30, 2012 and 2011
(net of depreciation)

	Governmental Activities		Business-Type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Land	$ 2,208,662	$ 2,199,662	$ 6,735,229	$ 5,486,776	$ 8,943,891	$ 7,686,438
Construction in progress	25,234,662	15,331,596	50,994,559	34,206,714	76,229,221	49,538,310
Buildings	6,728,340	7,233,460	4,616,581	4,947,512	11,344,921	12,180,972
Improvements	28,577,739	24,460,385	64,685,410	65,682,492	93,263,149	90,142,877
Equipment	1,762,944	1,570,487	5,591,130	6,350,589	7,354,074	7,921,076
Vehicles	2,376,631	2,885,982	1,821,425	2,181,038	4,198,056	5,067,020
Capital assets, net	$ 66,888,978	$ 53,681,572	$ 134,444,334	$ 118,855,121	$ 201,333,312	$ 172,536,693

Additional information of the City's capital assets can be found in Note IV.E. on pages 35–36 of this report.

Long-term debt. At the end of the current fiscal year, the City had total debt outstanding of $ 80,356,788. This represents general obligation bonds of $ 1,750,000; bonds secured solely by specified revenue sources (i.e., revenue bonds and notes) totaling $ 50,502,835 (plus deferred interest of $ 18,521,169); tax apportionment bonds (TIF) of $ 6,446,278; other notes payable to other governmental entities of $ 1,112,000; $ 7,601 in capital lease obligations; $ 207,029 in judgments against the City; and the long-term portion of accrued compensated absences totaling $ 1,809,876.

City of Enid
Outstanding Debt
June 30, 2012 and 2011

	Governmental Activities		Business-Type Activities		Totals	
	2012	2011	2012	2011	2012	2011
General obligation bonds	$ 1,750,000	$ 3,500,000	$ -	$ -	$ 1,750,000	$ 3,500,000
Revenue bonds	-	-	8,565,000	9,330,000	8,565,000	9,330,000
Tax apportionment bonds (TIF)	-	-	6,446,278	7,004,769	6,446,278	7,004,769
Deferred interest on bonds	-	-	18,521,169	16,951,183	18,521,169	16,951,183
Notes payable	-	-	43,049,835	31,995,482	43,049,835	31,995,482
Capital lease obligations	-	5,944	7,601	34,800	7,601	40,744
Judgments	207,029	382,833	-	-	207,029	382,833
Compensated absences	1,569,865	1,527,898	240,011	228,170	1,809,876	1,756,068
Total outstanding debt	$ 3,526,894	$ 5,416,675	$ 76,829,894	$ 65,544,404	$ 80,356,788	$ 70,961,079

The City's total debt increased $ 9,395,709 during the current fiscal year. The key factor in this increase was additional wastewater debt added as the new wastewater reclamation facility nears completion.

Additional information on the City's long-term debt can be found in Note V.F. on pages 36–40 of this report.

Economic Factors and Next Year's Budgets and Rates

The City's elected and appointed officials considered many factors when setting the fiscal-year 2012–2013 revenue and expense budgets.

When setting the fiscal year 2013 expenditure budget, city staff worked diligently to keep increases in expenditures to a minimum with some departments and funds having increases due to escalating operating expenses, principally personnel increases, and some having decreases primarily due to personnel decreases through transfers, reassignments, or reductions in employees.

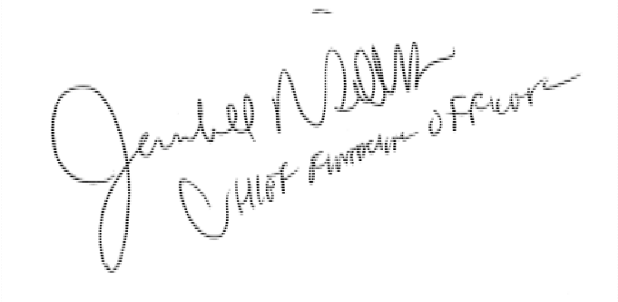
The City will be looking at using General Obligation Bonds, and Revenue Notes in the future to increase the funding available to build and repair infrastructure such as streets, water lines, sewer lines, storm water drains, parks and quality-of-life improvements, and downtown Renaissance improvements.

The City currently has two recognized unions, the Fraternal Order of Police (FOP), and the International Association of Fire Fighters (IAFF). The City completed two year agreements for 2011-2013 with both unions. The City has a third union with the American Federation of State, County, and Municipal Employees (AFSCME). However, state law allowing municipal workers to organize was repealed effective November 1, 2011. The City Council chose to honor the two

year agreement with AFSCME from 2011-2013 without formally recognizing the union. The City Council will have to decide in the future whether to recognize AFSCME or allow a vote of the people to amend the City Charter to authorize AFSCME permanently.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, and investors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact the City of Enid's Chief Financial Officer, at City of Enid, Post Office Box 1768, Enid, Oklahoma 73702–1768 or telephone (580) 616-7280. You may also visit our website at www.enid.org for more budgetary and contact information.



Jerald R. Gilbert
Chief Financial Officer

Basic Financial Statements

City of Enid, Oklahoma
Statement of Net Assets
June 30, 2012

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Current assets:			
Cash and cash equivalents	$ 652,918	$ 317,633	$ 970,551
Investments	21,467,000	5,631,768	27,098,768
Receivables (net of allowance for uncollectibles):			
Accounts	52,723	3,532,368	3,585,091
Taxes	6,308,270	142,425	6,450,695
Interest	69,187	29,023	98,210
Due from other governments	255,496	1,421,652	1,677,148
Internal balances	10,811,936	(10,820,938)	(9,002)
Inventories	661,251	78,229	739,480
Restricted assets:			
Cash and investments	1,292,301	31,793,772	33,086,073
Total current assets	41,571,082	32,125,932	73,697,014
Noncurrent assets:			
Debt issuance costs (net of accumulated amortization)	26,645	935,083	961,728
Investments	-	6,854,200	6,854,200
Notes receivable	-	-	-
Capital assets (net of accumulated depreciation)	66,888,978	134,444,334	201,333,312
Total noncurrent assets	66,915,623	142,233,617	209,149,240
Total assets	108,486,705	174,359,549	282,846,254
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	7,552,810	65,354	7,618,164
Payable from restricted assets:			
Accrued interest payable	4,303	724,532	728,835
Customer deposits	-	868,736	868,736
Deferred revenue	266,758	-	266,758
Current portion of long-term obligations	1,887,245	9,862,111	11,749,356
Total current liabilities	9,711,116	11,520,733	21,231,849
Noncurrent liabilities:			
Deferred interest on revenue bonds	-	18,521,170	18,521,170
Bonds and notes payable	1,750,000	58,061,112	59,811,112
Capital lease obligations	-	7,602	7,602
Other long-term liabilities	-	1,769,024	1,769,024
Judgments	207,029	-	207,029
Accrued compensated absences	1,569,865	240,010	1,809,875
Less: current portion of long-term obligations	(1,887,245)	(9,862,111)	(11,749,356)
Total noncurrent liabilities	1,639,649	68,736,807	70,376,456
Total liabilities	11,350,765	80,257,540	91,608,305
Net assets			
Invested in capital assets, net of related debt	65,138,978	70,747,728	135,886,706
Restricted by:			
Enabling legislation	5,877,893	21,682,158	27,560,051
Statutes	314,931	-	314,931
Debt service	520,425	9,521,614	10,042,039
Contractual agreement	10,807,324	2,659,813	13,467,137
Unrestricted	14,476,389	(10,509,304)	3,967,085
Total net assets	$ 97,135,940	$ 94,102,009	$ 191,237,949

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

Component Units	
Pegasys, Inc.	Enid Regional Dev. Alliance
$ 158,059	$ 838,383
22,000	-
34,984	20,718
-	-
-	-
-	-
-	-
-	-
-	-
215,043	859,101
-	-
122,252	413,275
-	144,903
51,306	14,744
173,558	572,922
388,601	1,432,023
889	19,055
-	-
-	-
-	-
889	19,055
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
889	19,055
-	-
-	-
-	-
-	-
-	1,271,281
387,712	141,687
$ 387,712	$ 1,412,968

City of Enid, Oklahoma
Statement of Activities
Year Ended June 30, 2012

		Program Revenues		
Primary Government	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	$ 7,109,218	$ 765,964	$ -	$ -
Public safety	18,532,858	1,891,860	2,019,371	363,827
Public works	9,488,303	425,462	571,727	814,222
Culture and recreation	2,743,400	49,860	7,686	116,541
Interest on long-term debt	123,382	-	-	-
Total governmental activities	37,997,161	3,133,146	2,598,784	1,294,590
Business-type activities:				
Utility operations	15,340,628	26,771,576	-	553,576
Airport	2,828,983	1,859,417	-	1,022,709
Golf	608,861	383,569	-	-
Economic development	2,379,937	-	-	-
Community center	1,371,260	257,499	-	-
Transit	882,061	212,166	295,565	15,961
Other	1,075,199	-	-	-
Total business-type activities	24,486,929	29,484,227	295,565	1,592,246
Total primary government	$ 62,484,090	$ 32,617,373	$ 2,894,349	$ 2,886,836
Component units:				
Pegasys, Inc.	$ 211,904	$ 6,535	$ 185,120	$ 84,154
Enid Regional Development Alliance, Inc.	662,556	51,500	632,750	-
Total component units	$ 874,460	$ 58,035	$ 817,870	$ 84,154

General revenues:
- Taxes:
  - Sales and use
  - Property
  - Franchise
  - Other
- Interest income
- Miscellaneous
- Gain (loss) on investments and disposition of capital assets
- Transfers – internal activity

Total general revenues and transfers

Change in net assets

Net assets, beginning, restated

Net assets, ending

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

Net (Expense) Revenue and Changes in Net Assets				
Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	Pegasys, Inc.	Enid Regional Dev. Alliance
$ (6,343,254)	$ -	$ (6,343,254)	$ -	$ -
(14,257,800)	-	(14,257,800)	-	-
(7,676,892)	-	(7,676,892)	-	-
(2,569,313)	-	(2,569,313)	-	-
(123,382)	-	(123,382)	-	-
(30,970,641)	-	(30,970,641)	-	-
-	11,984,524	11,984,524	-	-
-	53,143	53,143	-	-
-	(225,292)	(225,292)	-	-
-	(2,379,937)	(2,379,937)	-	-
-	(1,113,761)	(1,113,761)	-	-
-	(358,369)	(358,369)	-	-
-	(1,075,199)	(1,075,199)		
-	6,885,109	6,885,109	-	-
(30,970,641)	6,885,109	(24,085,532)	-	-
			63,905	-
			-	21,694
			63,905	21,694
30,038,426	-	30,038,426	-	-
1,778,793	1,065,056	2,843,849	-	-
3,118,196	-	3,118,196	-	-
595,744	1,404,127	1,999,871	-	-
708,415	289,112	997,527	-	11,741
456,700	422,090	878,790	577	-
7,059	(55,989)	(48,930)	(2,497)	-
11,792,685	(11,792,685)	-	-	-
48,496,018	(8,668,289)	39,827,729	(1,920)	11,741
17,525,377	(1,783,180)	15,742,197	61,985	33,435
79,610,563	95,885,189	175,495,752	325,727	1,379,533
$ 97,135,940	$ 94,102,009	$ 191,237,949	$ 387,712	$ 1,412,968

City of Enid, Oklahoma
Balance Sheet
Governmental Funds
June 30, 2012

	General	Police Fund	Fire Fund
Assets			
Cash and cash equivalents	$ -	$ -	$ -
Claim on pooled cash	3,699,038	3,091,521	2,019,397
Receivables:			
Accounts	52,723	-	-
Taxes	6,026,799	-	-
Due from other governments	4,263	26,694	2,858
Due from other funds	-	193,877	193,877
Inventories	661,251	-	-
Restricted assets:			
Cash	-	-	-
Total assets	$ 10,444,074	$ 3,312,092	$ 2,216,132
Libilities and fund balances			
Liabilities:			
Accounts payable and accrued liabilities	$ 67,150	$ 6,041	$ 13,015
Due to other funds	2,239,173	-	-
Deferred revenue	-	-	-
Total liabilities	2,306,323	6,041	13,015
Fund balances:			
Nonspendable:			
Inventories	661,251	-	-
Restricted:			
Contractual	515,427	31,128	106,336
Laws and regulations	-	-	-
Enabling legislation	-	3,274,923	2,096,781
Committed:			
Public works	-	-	-
Capital improvements	-	-	-
Assigned:			
Health	-	-	-
Culture and recreation	-	-	-
Unassigned:	6,961,073	-	-
Total fund balances	8,137,751	3,306,051	2,203,117
Total liabilities and fund balances	$ 10,444,074	$ 3,312,092	$ 2,216,132

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

Capital Improvements Fund	Sanitary Sewer Fund	Other Governmental Funds	Total Governmental Funds
$ -	$ -	$ 328,332	$ 328,332
2,035,045	4,343,646	12,112,772	27,301,419
-	-	-	52,723
-	-	281,471	6,308,270
178,595	29,100	13,986	255,496
-	261,900	-	649,654
-	-	-	661,251
1,292,301	-	-	1,292,301
$ 3,505,941	$ 4,634,646	$ 12,736,561	$ 36,849,446
$ -	$ -	$ 581,091	$ 667,297
-	-	-	2,239,173
227,547	-	39,211	266,758
227,547	-	620,302	3,173,228
-	-	-	661,251
3,278,394	2,243,611	3,971,177	10,146,073
-	-	314,931	314,931
-	-	1,026,614	6,398,318
-	-	271	271
-	2,391,035	4,167,822	6,558,857
-	-	2,546,177	2,546,177
-	-	89,267	89,267
-	-	-	6,961,073
3,278,394	4,634,646	12,116,259	33,676,218
$ 3,505,941	$ 4,634,646	$ 12,736,561	$ 36,849,446

City of Enid, Oklahoma
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2012

	General	Police Fund	Fire Fund
Revenues			
Taxes	$ 33,156,623	$ -	$ -
Licenses and permits	270,779	-	-
Intergovernmental	221,005	630,274	1,409,014
Fines and forfeitures	1,104,740	-	-
Charges for services	156,977	50,654	-
Other	354,254	20,360	9,422
Interest	86,398	81,693	53,161
Total revenues	35,350,776	782,981	1,471,597
Expenditures			
Current:			
General government	5,210,088	-	-
Public safety	-	8,158,794	8,134,727
Public works	5,448,480	-	-
Culture and recreation	2,367,413	-	-
Debt service:			
Principal	-	5,940	-
Interest	-	-	-
Capital outlay	1,263,925	254,545	67,172
Total expenditures	14,289,906	8,419,279	8,201,899
Excess of revenues over (under) expenditures	21,060,870	(7,636,298)	(6,730,302)
Other financing sources (uses)			
Transfers in	7,420,000	8,319,553	7,210,313
Transfers out	(27,029,000)	(125,000)	(50,000)
Total other financing sources (uses)	(19,609,000)	8,194,553	7,160,313
Net change in fund balances	1,451,870	558,255	430,011
Fund balances, beginning	6,685,881	2,747,796	1,773,106
Fund balances, ending	$ 8,137,751	$ 3,306,051	$ 2,203,117

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

Capital Improvements Fund	Sanitary Sewer Fund	Other Governmental Funds	Total Governmental Funds
$ -	$ -	$ 1,778,793	$ 34,935,416
-	-	-	270,779
523,222	291,000	1,998,628	5,073,143
-	-	-	1,104,740
-	-	3,566,794	3,774,425
95,915	-	139,301	619,252
88,820	13,237	385,108	708,417
707,957	304,237	7,868,624	46,486,172
-	-	4,146,849	9,356,937
-	-	913,027	17,206,548
-	-	1,047,855	6,496,335
-	-	54,810	2,422,223
-	-	1,977,161	1,983,101
-	-	119,076	119,076
15,977,482	10,014,404	7,146,936	34,724,464
15,977,482	10,014,404	15,405,714	72,308,684
(15,269,525)	(9,710,167)	(7,537,090)	(25,822,512)
12,909,309	13,304,954	6,393,012	55,557,141
-	-	(135,000)	(27,339,000)
12,909,309	13,304,954	6,258,012	28,218,141
(2,360,216)	3,594,787	(1,279,078)	2,395,629
5,638,610	1,039,859	13,395,337	31,280,589
$ 3,278,394	$ 4,634,646	$ 12,116,259	$ 33,676,218

City of Enid, Oklahoma
Reconciliation of the Governmental Funds and Government-Wide Financial Statements
Year Ended June 30, 2012

Total fund balance - governmental funds	$	33,676,218
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets and debt issuance costs used in governmental activities are not financial resources and, therefore, are not reported in the funds.		66,915,623
Long-term liabilities are not due and payable in the current period and therefore are not reported in funds.		(3,531,196)
Internal service funds are used to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.		75,295
Net assets of governmental activities in the Statement of Net Assets	$	97,135,940
Net change in fund balances – total governmental funds	$	2,395,629
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets are allocated over their estimated useful lives as a depreciation expense. This is the amount by which capital outlay expenditures exceeded depreciation in the current reporting period.		13,207,406
Governmental funds report costs incurred in the issuance of long-term debt as expenditures. However, in the statement of activities, the costs of issuance are allocated over the term of the bonds as amortization expense. This is the amount by which issuance costs exceeded amortization in the current period.		(14,024)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.		1,927,443
Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported in the governmental funds. Accrued compensated absences, net change		(41,967)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.		50,890
Change in net assets of governmental activities	$	17,525,377

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

City of Enid, Oklahoma
Statement of Net Assets
Proprietary Funds
June 30, 2012

	Business-type Activities Enterprise Funds	
	Enid Municipal Authority	Enid Economic Development Authority
Assets		
Current assets:		
Cash and cash equivalents	$ -	$ 32,195
Claim on pooled cash	(13,166,752)	(4,202)
Investments	5,631,768	-
Receivables:		
Accounts (net of allowance for uncollectibles)	3,446,248	19
Interest	28,996	27
Due from other funds	1,851,419	-
Due from other governments	-	1,112,000
Inventories	-	-
Restricted assets:		
Cash and investments	29,940,530	1,853,242
Total current assets	27,732,209	2,993,281
Noncurrent assets:		
Debt issuance costs (net of accumulated amortization)	868,334	66,749
Invested in TIF	-	4,938,280
Assets held for sale	-	1,915,920
Capital assets (net of accumulated depreciation)	113,716,588	2,650,398
Total noncurrent assets	114,584,922	9,571,347
Total assets	142,317,131	12,564,628
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	-	-
Due to other funds	261,900	-
Payable from restricted assets:		
Accrued interest payable	337,756	386,776
Customer deposits	868,736	-
Current portion of long-term obligations	8,987,799	870,777
Total current liabilities	10,456,191	1,257,553
Noncurrent liabilities:		
Deferred interest on revenue bonds	18,521,170	-
Capital lease obligations	-	-
Bonds payable (net of unamortized discount)	8,565,000	6,446,278
Notes payable	41,937,834	1,112,000
Other long-term liabilities	1,769,024	-
Accrued compensated absences	183,361	-
Less: current portion	(8,987,799)	(870,777)
Total noncurrent liabilities	61,988,590	6,687,501
Total liabilities	72,444,781	7,945,054
Net assets		
Invested in capital assets, net of related debt	50,027,584	2,650,398
Restricted for:		
Debt service	9,521,614	-
Capital improvements	19,828,917	1,853,241
Other	992,574	346,500
Unrestricted	(10,498,339)	(230,565)
Total net assets	$ 69,872,350	$ 4,619,574

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

Business-type Activities Enterprise Funds			Governmental Activities Internal Service
Woodring Airport	Nonmajor Enterprise Funds	Totals	Pooled cash and Investments
$ 189,157	$ 96,281	$ 317,633	$ 322,566
(442,127)	1,202,624	(12,410,457)	(14,897,945)
-	-	5,631,768	21,467,000
86,101	142,425	3,674,793	-
-		29,023	69,187
-	-	1,851,419	-
308,020	1,632	1,421,652	-
78,229	-	78,229	-
-	-	31,793,772	-
219,380	1,442,962	32,387,832	6,960,808
-	-	935,083	-
-	-	4,938,280	-
-	-	1,915,920	-
13,264,900	4,812,448	134,444,334	-
13,264,900	4,812,448	142,233,617	-
13,484,280	6,255,410	174,621,449	6,960,808
-	65,354	65,354	6,885,513
-	-	261,900	-
-	-	724,532	-
-	-	868,736	-
-	3,535	9,862,111	-
-	68,889	11,782,633	6,885,513
-	-	18,521,170	-
-	7,602	7,602	-
-	-	15,011,278	-
-	-	43,049,834	-
-	-	1,769,024	-
18,699	37,950	240,010	-
-	(3,535)	(9,862,111)	-
18,699	42,017	68,736,807	-
18,699	110,906	80,519,440	6,885,513
13,264,900	4,804,846	70,747,728	-
-	-	9,521,614	-
-	-	21,682,158	-
319,611	1,001,128	2,659,813	-
(118,930)	338,530	(10,509,304)	75,295
$ 13,465,581	$ 6,144,504	$ 94,102,009	$ 75,295

City of Enid, Oklahoma
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
Year Ended June 30, 2012

	Business-type Activities Enterprise Funds	
	Enid Municipal Authority	Enid Economic Development Authority
Operating revenues		
Charges for services:		
Water	$ 11,602,265	$ -
Wastewater	8,705,920	-
Storm water	1,452,333	-
Solid waste	3,900,162	-
Landfill	449,889	-
Other	661,007	-
Total operating revenues	26,771,576	-
Operating expenses		
Utility services	527,490	-
Water distribution/production	3,383,975	-
Wastewater management services	1,598,596	-
Solid waste	1,735,104	-
Landfill	1,041,468	-
Economic development	-	1,419,930
Other	25,867	-
Depreciation and amortization	4,167,558	407,722
Bad debt expense	613,576	-
Total operating expenses	13,093,634	1,827,652
Net operating income (loss)	13,677,942	(1,827,652)
Nonoperating revenues (expenses)		
Taxes	-	1,065,056
Capital grants	553,576	-
Miscellaneous revenues	292,097	126,924
Payments to schools	(1,075,199)	-
Gain/(loss) on disposition of assets	(36,210)	-
Interest income	213,485	27,726
Interest expense and fiscal charges	(2,246,994)	(402,941)
Total nonoperating revenues (expenses)	(2,299,245)	816,765
Operating transfers		
Transfers in	26,742,981	4,576,274
Transfers (out)	(43,510,940)	-
Total operating transfers	(16,767,959)	4,576,274
Net income (loss)	(5,389,262)	3,565,387
Net assets, beginning, restated	75,261,612	1,054,187
Net assets, ending	$ 69,872,350	$ 4,619,574

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

Business-type Activities Enterprise Funds			Governmental Activities Internal Service
Woodring Airport	Nonmajor Enterprise Funds	Totals	Pooled cash and Investments
$ -	$ -	$ 11,602,265	$ -
-	-	8,705,920	-
-	-	1,452,333	-
-	-	3,900,162	-
-	-	449,889	-
1,859,417	1,148,799	3,669,223	-
1,859,417	1,148,799	29,779,792	-
-	-	527,490	-
-	-	3,383,975	-
-	-	1,598,596	-
-	-	1,735,104	-
-	-	1,041,468	-
-	149,344	1,569,274	-
2,125,779	2,519,947	4,671,593	-
702,745	341,149	5,619,174	-
459	-	614,035	-
2,828,983	3,010,440	20,760,709	-
(969,566)	(1,861,641)	9,019,083	-
-	1,404,127	2,469,183	-
1,022,709	15,961	1,592,246	-
-	3,069	422,090	-
-	-	(1,075,199)	-
-	(19,779)	(55,989)	50,890
10,340	37,561	289,112	-
-	(1,086)	(2,651,021)	-
1,033,049	1,439,853	990,422	50,890
-	400,000	31,719,255	-
(1,000)	-	(43,511,940)	-
(1,000)	400,000	(11,792,685)	-
62,483	(21,788)	(1,783,180)	50,890
13,403,098	6,166,292	95,885,189	24,405
$ 13,465,581	$ 6,144,504	$ 94,102,009	$ 75,295

City of Enid, Oklahoma
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2012

	Business-type Activities Enterprise Funds	
	Enid Municipal Authority	Enid Economic Development Authority
Cash flows from operating activities		
Receipts from customers and grantors	$ 26,840,337	$ -
Payments to suppliers	(5,736,732)	(1,419,951)
Payments to employees	(2,991,140)	-
Net cash provided (used) by operating activities	18,112,465	(1,419,951)
Cash flows from noncapital financing activities		
(Increase) decrease in interfund receivables/payables	2,069	-
(Increase) decrease in restricted assets	(341,863)	109,204
Taxes	-	1,165,056
Miscellaneous revenues/ (expenses)	(783,102)	126,924
Operating transfers in (out)	(16,767,959)	4,576,274
Net cash provided (used) by noncapital financing activities	(17,890,855)	5,977,458
Cash flows from capital and related financing activities		
Proceeds from long-term debt	15,400,796	-
Debt issuance costs	(303,291)	-
Principal reduction on long-term debt	(5,011,443)	(658,491)
Interest expense and fiscal charges	(582,548)	(447,838)
Capital grants	553,576	-
Acquisition/construction of capital assets	(17,621,206)	(3,158,425)
Net cash provided (used) by capital and related financing activities	(7,564,116)	(4,264,754)
Cash flows from investing activities		
(Increase) decrease in investments	(4,464,396)	-
Interest income	228,485	27,712
Net cash provided (used) by investing activities	(4,235,911)	27,712
Net increase (decrease) in cash and cash equivalents	(11,578,417)	320,465
Cash and cash equivalents, beginning	(1,588,335)	(292,472)
Cash and cash equivalents, ending	$ (13,166,752)	$ 27,993
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Net operating income (loss)	$ 13,677,942	$ (1,827,652)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation and amortization	4,167,558	407,722
Changes in assets and liabilities:		
(Increase) decrease in receivables	68,761	(21)
(Increase) decrease in inventories	-	-
Increase (decrease) in accounts payable and accrued liabilities	86,649	-
Increase (decrease) in customer deposits	111,555	-
Total adjustments	4,434,523	407,701
Net cash provided (used) by operating activities	$ 18,112,465	$ (1,419,951)

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

Business-type Activities Enterprise Funds			Governmental Activities Internal Service
Woodring Airport	Nonmajor Enterprise Funds	Totals	Pooled cash and Investments
$ 1,884,182	$ 1,231,237	$ 29,955,756	$ -
(1,795,108)	(1,934,934)	(10,886,725)	-
(302,432)	(742,002)	(4,035,574)	-
(213,358)	(1,445,699)	15,033,457	-
-	-	2,069	-
-	-	(232,659)	-
-	1,404,127	2,569,183	
-	3,069	(653,109)	-
(1,000)	400,000	(11,792,685)	-
(1,000)	1,807,196	(10,107,201)	-
-	-	15,400,796	-
-	-	(303,291)	
-	(27,199)	(5,697,133)	-
-	(1,086)	(1,031,472)	-
731,499	15,961	1,301,036	-
(1,790,058)	(134,119)	(22,703,808)	-
(1,058,559)	(146,443)	(13,033,872)	-
-	-	(4,464,396)	-
10,340	37,561	304,098	-
10,340	37,561	(4,160,298)	-
(1,262,577)	252,615	(12,267,914)	-
1,009,607	1,046,290	175,090	723,181
$ (252,970)	$ 1,298,905	$ (12,092,824)	$ 723,181
$ (969,566)	$ (1,861,641)	$ 9,019,083	$ -
702,745	341,149	5,619,174	-
24,765	43,030	136,535	-
25,188	-	25,188	-
3,510	31,763	121,922	-
-	-	111,555	-
756,208	415,942	6,014,374	-
$ (213,358)	$ (1,445,699)	$ 15,033,457	$ -

City of Enid, Oklahoma
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2012

	Agency Funds		Pension Trust Funds		
	CLEET Fund	Court Bonds	Retirement Defined Benefit	Retirement 401(k)	Totals
Assets					
Cash and cash equivalents	$ -	$ 4,258	$ 409,769	$ -	$ 414,027
Claim on pooled cash	9,002	-	-	-	9,002
Investments	-	-	16,639,369	8,155,871	24,795,240
Receivables:					-
Accrued interest	-	-	2,032	-	2,032
Participant loans	-	-	-	328,967	328,967
Total assets	9,002	4,258	17,051,170	8,484,838	25,549,268
Liabilities					
Accounts payable and accrued liabilities	9,002	-	-	-	9,002
Due to bondholders	-	4,258	-	-	4,258
Total liabilities	9,002	4,258	-	-	13,260
Net assets	$ -	$ -	$ 17,051,170	$ 8,484,838	$ 25,536,008

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

City of Enid, Oklahoma
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
June 30, 2012

	Pension Trust Funds		
	Retirement Defined Benefit	Retirement 401(k)	Totals
Additions			
Contributions:			
Employer	$ 575,538	$ 485,354	$ 1,060,892
Plan members	-	550,087	550,087
Total contributions	575,538	1,035,441	1,610,979
Investment earnings:			
Realized gains (losses)	155,497	-	155,497
Net increase (decrease) in the fair value of investments	(923,414)	303,832	(619,582)
Interest and dividends	340,444	-	340,444
Total investment earnings	(427,473)	303,832	(123,641)
Total additions	148,065	1,339,273	1,487,338
Deductions			
Benefits and withdrawls	584,899	290,117	875,016
Administrative expenses	84,651	28,161	112,812
Total deductions	669,550	318,278	987,828
Change in net assets	(521,485)	1,020,995	499,510
Net assets, beginning	17,572,655	7,463,843	25,036,498
Net assets, ending	$ 17,051,170	$ 8,484,838	$ 25,536,008

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

City of Enid, Oklahoma
Notes to Financial Statements
June 30, 2012

I. Organization

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

II. Summary of significant accounting policies

A. Financial Reporting entity

The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations. Thus, blended component units are appropriately presented as funds of the primary government. The City's financial statements include two discretely presented component units which are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the City.

Blended component units. The Enid Municipal Authority (EMA) serves all the citizens of the City and is governed by a board comprised of the City's elected Councilors. EMA operates the water, wastewater, sanitation collection, and landfill services of the City. The rates for user charges and bond issuance authorizations are approved by the City Council and the legal liability for the general obligation portion of EMA's debt remains with the City. EMA is reported as an enterprise fund and does not issue separate financial statements.

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

The Enid Public Transportation Authority (EPTA) was established February 7, 1984. The EPTA provides public transportation within the city limits of Enid and North Enid. Transportation is also provided to and from Oklahoma City for a fee sufficient to cover costs. The City of Enid and North Enid have a combined land area of approximately 75 square miles. Estimated ridership of the EPTA is 8,700 trips per month. The type of services offered is a fixed-route bus system and paratransit for the disabled.

The Enid Economic Development Authority (EEDA) was established April 16, 1987, for economic development purposes, including industrial recruitment, and assistance to new and expanding industry with relocation assistance and infrastructure construction.

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

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

Pegasys, Inc – is a non-profit organization designed to support City of Enid individuals, organizations, and institutions in their efforts to provide, produce, and disseminate non-commercial, educational, cultural, and public interest programming on the public, educational, and governmental access channels of the Enid, Oklahoma cable television systems. Members of the organization's board of directors are appointed by various entities and governmental organizations by those organizations, including the City of Enid. The City of Enid appoints one of fourteen directors. However, the entity is financially accountable to the City of Enid because the City provides a large share of its annual revenues and the organization provides services for the benefit of the City. Separate financial statements for Pegasys, Inc. as of June 30, 2012 are available by contacting the organization at 123 W. Main Street, Enid, OK 73701; (580) 237-0099; or wquarles@pagasys.org.

Enid Regional Development Alliance – The Enid Regional Development Alliance is a non-profit entity organized to attract, develop, retain, and encourage business, industry, and quality job creation in Garfield County, Ok. Members of the organization's board of directors are appointed to represent various entities and governmental organizations by those organizations, including the City of Enid. The mayor and one city councilor appointed by the mayor serve on the nine-member board. However, the entity is financially accountable to the City of Enid because the City provides a large share of its annual revenue and the organization provides services for the benefit of the City. Separate financial statements for Enid Regional Development Alliance as of June 30, 2012 are available by contacting the organization at 580-233-4232 or kisling@growenid.com.

B. Basis of presentation

Government-wide financial statements:

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

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

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

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

Fund financial statements

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

Governmental funds:

The City reports the following major governmental funds:

The general fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

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

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

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

The sanitary sewer improvement fund accounts for revenues provided by a sewer assessment fee and other transfers committed to sanitary sewer system improvements.

Non-major funds are reported as other governmental funds.

Proprietary funds:

The City reports the following major enterprise funds:

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

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

The Woodring Airport fund accounts for the operations of the municipal airport, including federal and state grant projects.

Additionally, the City reports the following fund types:

Internal service funds – account for the City's pooled cash and investments.

The pension trust fund accounts for the activities of the Employee Retirement System of Enid, Oklahoma, which accumulates resources for pension benefit payments to qualified employees.

The agency fund accounts for the court bond and CLEET fund deposits.

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

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

C. Measurement focus and basis of accounting

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

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

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period

for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

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

D. Budgetary information

1. Budgetary basis of accounting

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

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

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

E. Assets, liabilities, and net assets/ fund balance

1. Cash and cash equivalents

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

2. Investments

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

3. Receivables

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

4. Inventories and prepaid items

Inventories are valued at average cost and consist of warehouse supplies and fuel at the airport. The cost of inventory is allocated to the user departments based upon consumption.

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

5. Restricted assets

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

6. Capital assets

Capital assets, which include property, equipment, vehicles, and infrastructure assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than $ 5,000 and an estimated useful life of more than one year. As the City acquires or constructs capital assets each year, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated fair value at the date of donation.

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

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

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

7. Compensated absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is some liability for unpaid accumulated sick leave since the City does pay full-time regular employees who have accrued 90 days of sick leave $ 15 per day up to twelve accrued, but unused sick leave days per year, except for Firemen who are paid $ 50 per day up to twelve accrued, but unused sick leave days per year. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements.

8. Long-term debt

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

9. Fund balances and net assets

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

a. *Nonspendable* – includes amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact.

b. *Restricted* – consists of fund balance with constraints placed on the use of resources either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) laws through constitutional provisions or enabling legislation.

c. *Committed* – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the city's highest level of decision-making authority. The entity's highest level of decision-making authority is made by ordinance.

d. *Assigned* – includes amounts that are constrained by the entity's intent to be used for specific purposes but are neither restricted nor committed. Assignments of fund balance may be made by board of trustees action or management decision when the city council has designated that authority.

e. *Unassigned* – represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the general fund.

It is the entity's policy to first use restricted fund balance prior to the use of unrestricted fund balance when an expense is incurred for purposes for which both restricted and unrestricted fund balance are available. The entity'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 amount in any of those unrestricted fund balance classifications could be used.

Net assets – Net assets are displayed in three components as follows:

a. *Invested in capital assets, net of related debt* – consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by outstanding balances of any debt or other borrowings that are attributable to the acquisition, construction, or improvement of these assets.

b. *Restricted net assets* – consists of net assets 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 assets* – all other net assets that do not meet the definitions of "invested in capital assets, net of related debt" or "restricted".

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

10. Use of estimates

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

F. Revenues and expenditures/expenses

1. Program revenues

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

2. Property taxes

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

3. Proprietary funds operating and nonoperating revenues and expenses

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

III. Reconciliation of government-wide and fund financial statements

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

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

One element concerns capital asset reporting. The costs of capital assets, and debt issuance costs, net of accumulated depreciation and amortization, are reported on the government-

wide statement of net assets, but not on the governmental fund financial statements since they are not financial resources. The details of this difference are as follows:

Capital assets, net of accumulated depreciation	$	66,888,978
Debt issuance costs, net of accumulated amortization		26,645
Net adjustment to increase fund balance – total governmental funds to arrive at net assets – governmental activities	$	66,915,623

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

General obligation bonds	$	1,750,000
Accrued interest		4,303
Accrued compensated absences – noncurrent		1,569,865
Judgments payable		207,029
Net adjustment to reduce fund balance – total governmental funds to arrive at net assets – governmental activities	$	3,531,197

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

These assets and liabilities are included in governmental activities in the statement of net assets. The details of this difference are as follows:

Internal service funds	$	75,295
Net adjustment to increase fund balance – total governmental funds to arrive at net assets – governmental activities	$	75,295

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

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

Capital outlay expenditures, net	$	35,043,832
Transfer of assets to enterprise fund		(16,425,455)
Dispositions, net		(43,831)
Depreciation expense		(5,367,140)
Net adjustment to increase net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	$	13,207,406

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

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

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

Debt issued or incurred:		
Judgments	$	(45,413)
Principal repayments:		
General obligation bonds		1,750,000
Capital lease obligations		5,944
Judgments		221,217
Accrued interest-net change		(4,305)
Accrued compensated absences – net change		(41,967)
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	$	1,885,476

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

Internal service funds	$	50,890
Net adjustment to decrease changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	$	50,890

IV. Detailed notes on all activities and funds

A. Cash deposits with financial institutions

The City's carrying amount of deposits was $ 3,557,007 as of June 30, 2012, and the bank balances totaled $ 6,528,974. Deposits are carried at cost.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of June 30, 2012, all of the City's bank balances of $ 6,528,974 were covered by Federal Depository Insurance or collateralized by securities pledged by the banks and held in safekeeping by another bank.

B. Investments

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

As of June 30, 2012, the City had the following investments.

Investment	Maturities	Fair Value
U.S. Treasury obligations	< 1 year	$ 36,132,148
Certificates of deposit	< 6 months	5,276,000
Certificates of deposit	6 months – 1 year	2,798,000
Certificates of deposit	1-3 years	5,847,000
Certificates of deposit	<3 years	7,546,000
Total		$ 57,599,148

Interest Rate Risk. The City does have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. State statutes limit investments to the following: a) direct obligations of the U.S. Government, its agencies or instrumentalities; b) collateralized or insured certificates of deposit within the state, and insured certificates only if out of state; c) savings accounts or savings certificates; d) fully collateralized prime banker acceptances, prime commercial paper, repurchase agreements, or SEC regulated money market funds; e) obligations to the payment of which the full faith and credit of the state is pledged; f) county, municipal, or school district and valorem tax funded debt; g) bonds, notes, or money judgments of a county, municipality, or school district; h) revenue anticipation notes of a public trust of which the municipality is beneficiary; or; i) any bond, note, or other debt of any public trust of which the municipality is sole beneficiary, or other entities whose governing boards were appointed by the municipality. The City's investment policy does not further limit its investment choices. As of June 30, 2012, the City's investments in certificates of deposit were all federally insured.

Concentration of Credit Risk. The City places no limit on the amount it may invest in anyone issuer. More than 5 percent of the City's investments are in U.S. Treasury securities and certificates of deposit. These investments are 63 % and 37 %, respectively, of the City's total investments. Investments reported in the Governmental activities are certificates of deposit, while the investments of the Enid Municipal Authority are comprised of Treasury Strips, Agency bonds and a U.S. Treasury money market account.

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

C. Receivables

Receivables as of June 30, 2012, for the City of Enid's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

	Receivables					
	Taxes	Accounts	Due from Other Governments	Accrued Interest	Allowance For Doubtful Accounts	Net Receivables
Fund:						
General	$ 6,026,799	$ 52,723	$ 4,263	$ -	$ -	$ 6,083,785
Police	-	-	26,694	-	-	26,694
Fire	-	-	2,858	-	-	2,858
Capital improvements fund	-	-	178,595	-	-	178,595
Sanitary sewer fund	-	-	29,100	-	-	29,100
Nonmajor governmental funds	281,471	-	13,986	-	-	295,457
Enid Municipal Authority	-	3,574,867	-	28,996	(128,619)	3,475,244
EEDA	-	19	1,112,000	27	-	1,112,046
Woodring Airport	-	96,721	308,020	-	(10,620)	394,121
Nonmajor enterprise funds	142,425	-	1,632	-	-	144,057
Internal service funds	-	-	-	69,187	-	69,187
Net total receivables	$ 6,450,695	$ 3,724,330	$ 1,677,148	$ 98,210	$ (139,239)	$ 11,811,144

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

D. Restricted cash and investments

Unexpended proceeds from Series 2008 general obligation bonds are set aside as restricted in the capital improvements fund.

The Enid Municipal Authority Series 1987A bonds, 2009 OWRB notes, and 2012A OWRB notes as well as the EEDA Tax Apportionment Bonds, Series 2005 include restricted cash and investments for sinking funds and reserve funds for repayment of principal and interest when due. Unexpended proceeds of the various bonds and revenue notes are also restricted in construction funds.

The following is a summary of the restricted cash and investments balances as of June 30, 2012:

	Governmental Activities	Business-Type Activities			
	Construction Fund	Sinking Fund	Reserve Fund	Construction Fund	Totals
General obligation bonds	$ 1,292,301	$ -	$ -	$ -	$ 1,292,301
1987A revenue bonds	-	-	8,796,594	743,767	9,540,361
2005 tax apportionment bonds	-	-	-	1,853,241	1,853,241
2009 OWRB notes	-	87,515	-	-	87,515
2012A OWRB notes	-	211,355	-	-	211,355
Utility revenue account	-	341,227	-	-	341,227
One cent sales tax	-	84,928	-	19,675,144	19,760,072
Total	$ 1,292,301	$ 725,025	$ 8,796,594	$ 22,272,152	$ 33,086,072

E. Capital assets

Capital asset balances and activities for the year ended June 30, 2012, were as follows:

Governmental activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 2,199,662	$ 9,000	$ -	$ 2,208,662
Construction in progress	15,331,596	18,256,900	(8,353,834)	25,234,662
Total capital assets, not being depreciated	17,531,258	18,265,900	(8,353,834)	27,443,324
Capital assets, being depreciated:				
Buildings	11,268,974	566,512	-	11,835,486
Improvements	54,135,883	6,801,730	-	60,937,613
Equipment	5,650,628	969,741	(630,511)	5,989,858
Vehicles	8,733,260	368,328	(667,329)	8,434,259
Total capital assets, being depreciated	79,788,745	8,706,311	(1,297,840)	87,197,216
Less accumulated depreciation for:				
Buildings	(4,035,514)	(1,071,632)	-	(5,107,146)
Improvements	(29,675,498)	(2,684,376)	-	(32,359,874)
Equipment	(4,080,141)	(748,703)	601,930	(4,226,914)
Vehicles	(5,847,278)	(862,429)	652,079	(6,057,628)
Total accumulated depreciation	(43,638,431)	(5,367,140)	1,254,009	(47,751,562)
Total capital assets, being depreciated, net	36,150,314	3,339,171	(43,831)	39,445,654
Governmental activities capital assets, net	$ 53,681,572	$ 21,605,071	$ (8,397,665)	$ 66,888,978
Business-type activities:				
Capital assets, not being depreciated:				
Land	$ 5,486,776	$ 1,248,453	$ -	$ 6,735,229
Construction in progress	34,206,714	18,721,748	(1,933,903)	50,994,559
Total capital assets, not being depreciated	39,693,490	19,970,201	(1,933,903)	57,729,788
Capital assets, being depreciated:				
Buildings	7,684,400	-	-	7,684,400
Improvements	110,672,899	2,333,482	-	113,006,381
Equipment	14,868,652	129,801	(470,425)	14,528,029
Vehicles	5,581,227	270,210	(26,518)	5,824,918
Total capital assets, being depreciated	138,807,178	2,733,493	(496,943)	141,043,728
Less accumulated depreciation for:				
Buildings	(2,736,888)	(330,931)	-	(3,067,819)
Improvements	(44,990,407)	(3,330,564)	-	(48,320,971)
Equipment	(8,518,063)	(884,399)	465,563	(8,936,899)
Vehicles	(3,400,189)	(596,794)	(6,510)	(4,003,493)
Total accumulated depreciation	(59,645,547)	(5,142,688)	459,053	(64,329,182)
Total capital assets, being depreciated, net	79,161,631	(2,409,195)	(37,890)	76,714,546
Total Business-type activities capital assets, net	$ 118,855,121	$ 17,561,006	$ (1,971,793)	$ 134,444,334

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

Governmental activities:	
General government	$ 421,526
Public safety	1,649,248
Public works	2,977,538
Cultural and recreation	318,828
Total depreciation expense – governmental activities	$ 5,367,140

Business-type activities:	
Administration	$ 24,733
Water	1,724,883
Wastewater/storm water	1,458,909
Sanitation	355,664
Landfill	512,817
Airport	702,745
Golf	74,674
Economic development	21,787
Transportation	128,370
Conference center	138,105
Total depreciation expense – business-type activities	$ 5,142,687

F. Deposits subject to refund

Utility customers are required to make a meter deposit which is refunded upon the customer's termination of services, or upon request after twelve months of on-time payments with no cut-offs, provided there are no outstanding bills. Monies are deposited into the pooled cash account, and a liability has been recorded to represent the amount of deposits due to customers. As of June 30, 2012, cash and investments included $ 868,736 available for refund of customer deposits, while the liability to customers was $ 868,736.

Appearance bonds and other payments made to the municipal court funds are held until final disposition by the court, at which time they are refunded to the bondholder or paid over to the City general fund as fines. As of June 30, 2012, $ 4,258 was being held that was subject to refund.

G. Long-term liabilities

Long-term liabilities of the City of Enid as of June 30, 2012, are summarized as follows:

Governmental activities	
Compensated absences	$ 1,569,865
General obligation bonds:	
$ 7,000,000 City of Enid General Obligation Bonds, Series 2008, dated June 1, 2008, due and payable in annual installments of $ 1,750,000 beginning June 1, 2010 through June 1, 2013 plus interest of 2.95% to 3.70%, to provide funding for bridge replacement and rehabilitation.	1,750,000
Judgments:	
Judgments in favor of various individuals in settlement of court cases involving workers' compensation and tort claims. Due in annual installments generally over three years with interest at statutory rates.	207,029
Total long-term debt for governmental activities	3,526,894

Business-type activities

Compensated absences	240,011
Revenue bonds:	
$ 7,780,000 Sales Tax Revenue Refunding Bonds, Series 2003, issued May 2003 by the Enid Municipal Authority, due in annual installments through June 1, 2018, with interest at 4.10%. The proceeds will be used to provide funds to three area school districts.	5,335,000
$ 3,230,000 Series 1987A – deferred interest, issued March 31, 1987 with final maturities in 2016 and 2017. No periodic interest is paid with the bonds increasing in value. Amount paid on redemption in 2013, 2014, 2015, 2016 and 2017 based on yields to maturity of 7.60% for the 2016 bonds to 7.80% for the 2017 bonds.	3,230,000
Deferred interest accreted on $ 3,230,000 Series 1987A Revenue Bonds	18,521,169
Total revenue bonds	27,086,169
Tax apportionment bonds:	
Tax Apportionment Bonds, Series 2005, dated September 22, 2005 and purchased by Advance Foods in the principal amount of $ 6,250,000. Bond matures on July 1, 2023 and bears interest at 6.00% per annum. Proceeds of the note were used to finance economic development. The bonds will be paid by the incremental increase in Ad valorem tax revenue generated by the development within Increment District No. 1, of the City of Enid.	6,446,278
Notes payable:	
Series 1998A note payable to the Oklahoma Water Resources Board, dated September 14, 1998, in the amount of $ 1,906,000 payable in semi-annual principal installments beginning February 15, 1999, with an administrative fee at the rate of 0.50% for improvements.	619,450
Series 2000A note payable to the Oklahoma Water Resources Board dated December 27, 2000, in the amount of $ 1,184,042 payable in semi-annual principal installments beginning February 15, 2001, with an administrative fee at the rate of 0.50% for sewer improvements.	503,218
Series 2002A note payable to the Oklahoma Water Resources Board dated August 14, 2002, in the amount of $ 1,080,000 payable in semi-annual principal installments beginning February 15, 2003, with an administrative fee of 0.50% for sewer improvements.	553,845
Series 2009 drinking water SRF promissory note to Oklahoma Water Resources Board, dated November 20, 2009, in the amount of $ 8,345,000, payable in semi-annual payments over twenty-years (20), each March 15 and September 15, including interest at 2.73% and an administration fee of 0.50%, for the purchase and installation of automated metering infrastructure system.	4,827,349
Series 2010 clean water SRF promissory note to Oklahoma Water Resources Board/Oklahoma Development Finance Authority, dated May 25, 2011, in the amount of $ 39,900,000, payable in semi-annual installments over twenty (20) years, each March 15 and September 15, including interest at 2.31% plus an administration fee of 0.50% , for the construction of a wastewater treatment plant. Total draw downs of funds during the year were $ 11,729,693.	32,545,123

Note payable in the amount of $ 1,910,000 with interest in semi-annual installments and principal in 20 annual installments beginning August 1, 2000, with final installment due August 31, 2019, with interest at 1.54% for economic development. Note guaranteed by the U.S. Department of Housing and Urban Development.	1,112,000
Series 2012A sales tax revenue note to Oklahoma Water Resources Board, dated April 12, 2012, in the amount of $ 2,830,000, payable in semi-annual installments over three (3) years, including interest at 1.09%, beginning September 1, 2012, to refinance the Series 2003B note payable to Oklahoma Water Resource Board.	2,830,000
Series 2012 drinking water SRF promissory note to Oklahoma Water Resources Board, dated April 10, 2012, in the amount of $ 5,435,000, payable in semi-annual installments over nine (9) years including interest at 1.75%, for the construction of a new water tower. Total draw-downs of funds during the year were $ 58,850.	58,850
Series 2012 Enid Municipal Authority Taxable Sales Tax Revenue Note to Bank of Oklahoma, dated January 3, 2012, payable in semi-annual installments, including interest at a variable rate of interest equal to the British Banker's Association LIBOR 6-month rate plus 212 basis points, initially 2.931%, to be reset each June 1 and December 1, to provide funds for construction of a new Events Center and renovation of Convention Hall. No draw downs have been made to date.	-
Total notes payable	43,049,835
Capital lease obligations:	
John Deere Credit dated August 9, 2011 with 48 monthly payments of $ 323 including interest at 5.75%, for the purchase of two turf gators.	7,601
Total business-type activities	76,829,894
Total long-term debt	$ 80,356,788

Advance refunding –

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

The Enid Municipal Authority advance refunded the Series 2003 promissory note to reduce total debt service payments by $ 1,001,195 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of $ 173,007.

Long-term liabilities transactions for the year ended June 30, 2012, and changes therein were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental activities					
Compensated absences	$ 1,527,898	$ 41,967	$ -	$ 1,569,865	$ -
General obligation bonds	3,500,000	-	(1,750,000)	1,750,000	1,750,000
Capital lease obligations	5,944	-	(5,944)	-	-
Judgments	382,833	45,413	(221,217)	207,029	137,245
Total governmental activities	5,416,675	87,380	(1,977,161)	3,526,894	1,887,245
Business-type activities					
Compensated absences	228,170	11,841	-	240,011	-
Revenue bonds:					
Series 2003	6,100,000	-	(765,000)	5,335,000	800,000
Series 1987A	3,230,000	-	-	3,230,000	684,375
Deferred interest on 1987A bonds	16,951,183	1,569,986	-	18,521,169	4,840,018
Notes payable:					
OWRB 1998A	714,750	-	(95,300)	619,450	95,300
OWRB 2000A	562,420	-	(59,202)	503,218	59,202
OWRB 2002A	609,230	-	(55,385)	553,845	55,385
OWRB 2003A/B	3,775,000	-	(3,775,000)	-	-
OWRB 2009 DWSRF	4,306,652	782,253	(261,556)	4,827,349	193,519
OWRB/ODFA 2010 CWSRF	20,815,430	11,729,693	-	32,545,123	1,470,000
OWRB 2012 DWSRF	-	58,850	-	58,850	-
OWRB 2012A sales tax note	-	2,830,000	-	2,830,000	790,000
OWRB EMA taxable sales tax note	-	-	-	-	-
HUD loan	1,212,000	-	(100,000)	1,112,000	106,000
Tax apportionment bonds:					
Tax Apportionment Bonds 2005	7,004,769	-	(558,491)	6,446,278	764,777
Capital lease obligations	34,800	-	(27,199)	7,601	3,535
Total business-type activities	65,544,404	16,982,623	(5,697,133)	76,829,894	9,862,111
Total long-term debt	$ 70,961,079	$ 17,070,003	$ (7,674,294)	$ 80,356,788	$ 11,749,356

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

	Governmental Activities			
Year Ending	Judgments		General Obligation Bonds	
June 30,	Principal	Interest	Principal	Interest
2013	$ 137,245	$ 13,222	$ 1,750,000	$ 51,625
2014	54,648	2,074	-	-
2015	15,136	-	-	-
2016	-	-	-	-
2017	-	-	-	-
Totals	$ 207,029	$ 15,296	$ 1,750,000	$ 51,625

Year Ending June 30,	Business-type Activities: Tax Apportionment Bonds Principal	Tax Apportionment Bonds Interest	Revenue Bonds Principal	Revenue Bonds Interest
2013	$ 764,777	$ 340,904	$ 1,484,375	$ 5,058,753
2014	810,414	292,265	1,519,375	5,023,127
2015	859,053	240,722	1,554,375	4,989,614
2016	910,596	186,086	1,589,375	4,951,655
2017	965,232	128,172	1,437,500	4,511,426
2018–2022	2,136,206	196,668	980,000	40,180
Totals	$ 6,446,278	$ 1,384,817	$ 8,565,000	$ 24,574,755

Year Ending June 30,	Business-type Activities: Capital Lease Obligations Principal	Capital Lease Obligations Interest	Notes Payable Principal	Notes Payable Interest
2013	$ 3,535	$ 345	$ 2,769,406	$ 1,182,866
2014	4,066	138	3,123,645	1,169,228
2015	-	-	3,134,395	1,104,654
2016	-	-	2,168,844	1,043,689
2017	-	-	2,241,244	983,211
2018–2022	-	-	11,468,621	3,980,874
2023–2027	-	-	12,029,990	2,342,315
2028–2032	-	-	6,113,690	450,031
2033–2037	-	-	-	-
Totals	$ 7,601	$ 483	$ 43,049,835	$ 12,256,868

H. Debt issuance costs

Debt issuance costs of $ 84,144 and $ 1,222,646 have been capitalized for the governmental activities and business-type activities, respectively, and are being amortized on the straight line basis over the term of the relevant debt issues. During the year ended June 30, 2012, $ 14,024 in debt issuance costs was amortized for governmental activities and $ 77,866 for business-type activities. Accumulated amortization as of June 30, 2012 was $ (57,498) for the governmental activities and $ (287,563) for the business-type activities.

I. Compensated absences

Full-time employees with at least one year of service earn vacation of eleven to twenty days per year depending on years of service completed. The maximum vacation accrual cannot exceed the amount earned in two years. In accordance with the guidelines set forth by GASB Statement No. 16, *Accounting and Financial Reporting Principles for Claims and Judgments and Compensated Absences*, a provision has been made for accumulated vacation, compensatory time as follows:

Governmental activities	$ 1,569,865
Business-type activities	240,011
Total	$ 1,809,876

Full-time employees are granted sick leave at the rate of 8 or 10 hours per month. Employees may accumulate unused sick leave up to a maximum of 90 days. Any sick leave accumulated over 720 hours will be paid to the employee at a rate not to exceed $ 15 per day for a maximum of 12 days per year, except for Firemen, which rate is $ 50 per day for a maximum of 12 days per year. As of June 30, 2012, approximately 178,000 hours of accrued sick leave time is available for use by employees.

J. Interfund receivables, payables, and transfers

The composition of interfund balances as of June 30, 2012, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
Police fund	General Fund	$ 193,877
Fire fund	General Fund	193,877
Sanitary sewer improvements	Enid Municipal Authority	261,900
Enid Municipal Authority	General Fund	1,851,419
Totals		$ 2,501,073

Interfund transfers:

	Transfers Out					
Transfer in:	General Fund	Police Fund	Capital Improvements	Nonmajor Governmental Funds	Enid Municipal Authority	Totals
General fund	$ -	$ -	$ -	$ -	$ 7,420,000	$ 7,420,000
Police fund	8,319,553	-	-	-	-	8,319,553
Fire fund	7,210,313	-	-	-		7,210,313
Capital improvements	-	-	-	-	12,909,309	12,909,309
Sewer improvements	-	-	-	-	13,304,954	13,304,954
Nonmajor governmental	320,000	125,000	50,000	60,000	5,838,011	6,393,011
Enid Municipal Authority	10,229,134	-	-	75,000	-	10,304,134
EEDA	800,000	-	-	-	3,776,274	4,576,274
Nonmajor proprietary	150,000	-	-	-	250,000	400,000
Totals	$ 27,029,000	$ 125,000	$ 50,000	$ 135,000	$ 43,498,548	$ 70,837,548

In addition to the above transfers, $ 16,438,847 expended in governmental funds for capital projects was reclassified and transferred to the Enid Municipal Authority, $ 12,392 was reclassified and transferred from EMA and $ 1,000 from the Airport fund to governmental activity capital assets for purposes of the government-wide financial statements. These amounts are included in transfers for the proprietary fund statements.

K. Landfill closure and post-closure liability

Federal and State regulations require the City to place a final cover on its landfill site when it stops accepting waste, and to perform certain maintenance and monitoring functions at the site for thirty (30) years after closure. Although closure and post-closure care costs will be paid only near or after the date the landfill stops accepting waste, the City reports a portion of those costs as an operating expense of the Enid Municipal Authority each fiscal year. The amount of the current period expense is based upon the amount of landfill capacity used as of each fiscal year-end as adjusted by actual usage and estimates.

The $ 1,960,713 reported as other noncurrent liabilities for the accrued landfill closure cost liability as of June 30, 2012, represents the cumulative amount of such cost reported to date based on the use of approximately 56 % of the estimated capacity of the landfill. The Enid Municipal Authority will recognize the remaining estimated costs of closure and post-closure care in the amount of $ 1,540,559 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care in 2012.

The City expects to close the landfill in 2039. Actual costs may be more or less at that time than are currently estimated. The estimated closure and post-closure costs and the accrued liability as of June 30, 2012, are as follows:

Estimated closure costs	$	2,484,892
Estimated post-closure costs		1,016,380
Total estimated costs		3,501,272
Accrued closure costs		1,960,713
Current estimated costs charged to expense	$	105,038

The City qualified under the State of Oklahoma Department of Environmental Quality (DEQ) financial assurance test relating to these future closure and post-closure costs, whereby the City's overall financial condition, general obligation bond rating of A2 from Moody's Investor's Service, and other submitted information serves as evidence of the City's ability to pay for the closure and post-closure care costs when the landfill is actually closed.

V. Revenues, expenditures and expenses

A. Sales tax

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

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

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

VI. Other information

A. Risk management

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

B. Contingent liabilities

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

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

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

	Action	Compliance Date	Status
A.	Submit a compliance assurance plan to the DEQ to show steps taken to comply with the copper limit in OPDES Permit No. OK0021628.	July 1, 2012	Completed
B.	Complete construction of the approved WWTP in accordance with DEQ issued Construction Permit No. ST000024090627	November 1, 2012	Completed
C.	Attain three (3) consecutive months of compliance with the OPDES Permit during the monitoring period for fecal coliform.	October 1, 2013	Pending

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

Task	Penalty per Day
A	$ 140
B	280
C	280

C. Employee retirement systems and pension plans

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

Oklahoma State Police Pension and Retirement System (OPPRS)

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

Funding Policy – Plan members are required to contribute 8.0% of their annual covered salary and the City of Enid contributes 13.0% of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by the state legislature. Contributions to the OPPRS for the year ended June 30, 2012 and 2011, for employees and employer were $ $ 355,418 and $ 354,317 and $ 577,555 and $ 583,006, respectively, on covered payroll of $ 4,444,879 and $ 4,483,125, respectively. The State of Oklahoma made on-behalf payments to OPPRS totaling $ 495,946 during the year. These on-behalf payments were recognized as revenue and expenditures in the current fiscal year.

Oklahoma State Firefighters' Pension and Retirement System (OFPRS)

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

Funding Policy – Plan members are required to contribute 8.0% of their annual covered salary and the City of Enid contributes 13.0% of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by the state legislature. Contributions to the OFPRS for the year ended June 30, 2012 and 2011, for employees and employer were $ 377,068 and $ 370,672 and $ 612,735 and $ 602,342, respectively, on covered payroll of $ 4,714,349 and $ 4,633,402, respectively. The State of Oklahoma made on-behalf payments to OFPRS totaling $ 1,159,730 during the year. These on-behalf payments were recognized as revenue and expenditures in the current fiscal year.

Employee Retirement System of Enid, Oklahoma

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

Membership in the Plan is provided for all full-time employees after one year of service except police and firemen, who are covered by their respective state retirement plans. Membership consisted of the following at January 1, 2012, the date of the last actuarial valuation:

Active participants	240
Vested terminated participants	82
Retired participants and beneficiaries	106
Total participants	428

Benefits vest after five years of credited service and participation. Employees, who retire at age 65 or completion of five years of service, if later, are entitled to an annual retirement benefit, payable monthly in an amount equal to .85% of average compensation for each year (up to 35 years) that the employee participates in the plan plus .65 % of average basic earnings in excess of $ 6,600 for each year (up to 35 years) the employee participates in the plan.

After 35 years of service, the benefit is 1.2% of average compensation. Normal retirement is at age 65, but full accrued benefits are provided at age 62 with 15 years of service, or under the Rule of 85.

An employee is eligible for an early retirement benefit once he has attained age 55 and has completed five years of service. The amount of benefit is determined based on normal retirement computation; then reduced ½ of 1 % for each month the participant is from age 65. A late retirement benefit is computed in the same manner as a normal retirement based on average salary and credited service as of the termination of employment.

Employee contributions are returned with interest if their employment is terminated prior to completion of the years of service needed for vesting. A death benefit is payable after five years of service based on 50% of the employee's accrued benefit. This benefit is payable for life or until remarriage of the surviving spouse.

Funding Policy – Benefits are entirely funded by employer contributions as determined at an actuarially determine rate. The current rate is 6.50% of annual covered payroll. The employer contribution for the year ended June 30, 2012 and 2011 was $ 575,538 and $ 582,575, respectively. For the year ended June 30, 2012 and 2011 the City's payroll for all employees eligible to participate in the plan and the City's total covered payroll were $ 15,347,680 and $ 15,535,333, respectively.

The annual required contribution for the current year was determined as part of the January 1, 2012, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included 7.0% investment rate of return and projected salary increases of 4% per annum, compounded annually. The assumptions did not include post-retirement benefit increases, which are consistent with the terms of the pension agreement.

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

The total actuarial liability exceeded the net assets available for benefits by $ 4,803,991 at January 1, 2012, as follows:

Actuarial accrued liability	$	20,861,442
Net assets available for benefits (actuarial value)		16,057,451
Unfunded actuarial accrued liability	$	4,803,991

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

Section 401(k) Plan

Plan Description – The City of Enid also maintains a 401(k) Retirement Plan (the Supplement), a defined contribution pension plan for other than employees covered under the

OPPRS or OFPRS plans. Employees are eligible to participate in the Supplement upon employment, provided they are at least 21 years of age, with vesting in employer contributions is upon contribution by the City. Participants may elect to make voluntary contributions through regular payroll deductions up to allowable IRS limits, with the City making matching contributions to those participants' accounts at a rate of 100% of the first 10% of the employees' compensation that is contributed by the employee.

Funding Policy – Contributions to the 401(k) Plan plus earnings, constitute retirement benefits from this plan. For the years ended June 30, 2012 and 2011, covered payroll for the Supplement was $ 11,508,702 and $ 11,223,360 while employee and employer contributions totaled $ 550,087 and $ 469,274 and $ 485,354 and $ 303,713, respectively, for the years ended June 30, 2012 and 2011.

ICMA Plan

The City also allows all employees to make voluntary contributions with no employer match to a Section 457 Deferred Compensation plan maintained by the ICMA Retirement Corporation. During the year ended June 30, 2012, employees contributed $ 10,838 to this plan.

D. Property taxes

Property taxes levied by the City are billed and collected by the county treasurer's office and remitted to the City in the month following the collection. Property taxes are levied annually in November and are due in equal installments on December 31 and March 31. Property taxes unpaid for the fiscal year are attached by an enforceable lien on property in the following November. The City recognizes the tax in the year it is levied. For the years ended June 30, 2012 and 2011, the City's net assessed valuation of taxable real and personal property aggregated $ 298,467,181 and $ 273,352,319 while the property taxes levied per $ 1,000 of net assessed valuation were $ 5.93 and $ 6.77, respectively.

E. Post employment benefits other than retirement

The City of Enid has established a continuation of medical coverage plan for retired employees whereby the retired employee and their dependents can continue to participate in the City's health insurance plan. The retired employee who participates in the health insurance plan shall pay the full cost of said health insurance plan at the rates and terms established by the City. The City offers the plan to those retired employees unless the retired employee or dependent is over sixty-five years of age and qualifies for Medicare. For the year ended June 30, 2012, retirees and dependents paid the full cost of the coverage.

F. Construction and other significant commitments

Construction commitments. The City has active construction projects as of June 30, 2012. The projects include construction of a new wastewater treatment plant, new downtown events center, rebuilding of roads, streets, and bridges, airport improvements, as well as other capital improvement projects. The City's commitments with contractors as of June 30, 2012 totaled $ 25,820,333.

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

At year end the amount of encumbrances were as follows:

General fund	$	515,427
Police fund		31,128
Fire fund		106,336
Capital improvements fund		16,062,102
Sanitary sewer improvements		2,243,611
Nonmajor governmental funds		7,514,620
Enid Municipal Authority		402,579
Enid Economic Development Authority		346,500
Woodring airport		319,611
Nonmajor enterprise funds		902,123
Totals	$	28,444,037

Other commitments. On August 1, 2006 Tiessen, Haney and Access Now sued the City of Enid in federal district court seeking affirmative injunctive relief under the Americans With Disabilities Act (ADA). The suit covers all city owned buildings, parks and sidewalks, intersections and rights of ways located in the city limits of Enid. The plaintiffs are not entitled to damages under the ADA but their attorney fees and costs are recoverable from the City. The City has insurance through OMAG (Oklahoma Municipal Assurance Group) and the fees and costs will be paid by OMAG.

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

G. Subsequent events

The City Commission and the Enid Economic Development Authority created and established the Oakwood Mall Tax Increment Financing (TIF) District No. 5 on November 6, 2012. The economic development project plan provides for the prospective redevelopment of the Oakwood Mall site located within the City of Enid. The purpose of the TIF is to promote economic development by facilitating the creation of new retail and commercial development that encourages commerce, increases retail opportunities, and generates a corresponding growth in the local tax base. The project will provide up to $4,660,000 to the developer for the cost of site improvements. These funds would be provided through debt financing with a note issued from the Enid Economic Development Authority and repaid with the incremental property and sales and use taxes generated by the project. The TIF provides for revenues from ad valorem taxes with 75% of the new incremental property taxes utilized for debt service and 25% directed to the taxing entities. It also provides approximately 42.857% of new incremental sales and use taxes would be utilized for debt service. It is estimated that $3.33 million would be generated by the property taxes and $7.73 million of incremental sales and use taxes during the 15 year duration of the TIF.

H. Change in accounting estimate

The accompanying government-wide and proprietary fund financial statements include an adjustment to beginning net assets due to a change in the estimated landfill closure and post-closure costs. The adjustment of $ 3,333,686 increasing net assets for the Enid Municipal Authority resulted from a change in the engineering estimate of the costs to be incurred to close the landfill and monitor it after closing.

Required Supplementary Information

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City of Enid, Oklahoma
Employee Retirement System of Enid, Oklahoma
Schedule of Pension Plan Funding Progress
June 30, 2012

Accrual Valuation Date	Value of Assets Available for Benefits	(1) Actuarial Accrued Liability	Unfunded (Overfunded) Actuarial Accrued Liability (UAAL)	Percentage Funded	(2) Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
1/1/2012	$ 16,057,451	$ 20,861,442	$ 4,803,991	76.97%	$ 9,149,710	52.50%
1/1/2011	16,761,805	18,587,756	1,825,951	90.18%	9,067,296	20.14%
1/1/2010	14,647,106	17,121,392	2,474,286	85.55%	8,358,315	29.60%
1/1/2009	11,749,202	15,838,684	4,089,483	74.18%	7,069,372	57.85%
1/1/2008	16,696,899	14,517,296	(2,179,603)	115.01%	6,034,485	-36.12%
1/1/2007	15,895,350	13,880,520	(2,014,830)	114.52%	5,825,779	-34.58%
1/1/2006	14,567,091	13,080,824	(1,486,267)	111.36%	5,292,363	-28.08%
1/1/2005	14,202,306	12,491,387	(1,710,919)	113.70%	5,089,488	-33.62%
1/1/2004	13,262,967	12,194,806	(1,068,161)	108.76%	5,605,584	-19.06%
1/1/2003	11,371,386	12,016,944	645,558	94.63%	5,944,203	10.86%

(1) Actuarial accrued liability determined under the entry age normal cost method.

(2) Covered payroll is the total annualized rate of pay as of the valuation dated based on actual pay for the preceding year and not the actual covered payroll during the fiscal year.

See disclaimer in accompanying Independent Auditor's Report.

City of Enid, Oklahoma
Budgetary Comparison Schedule
General Fund and Major Special Revenue Funds (Budgetary Basis)
Year Ended June 30, 2012

	General Fund			
	Budget			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Fund balance, beginning	$ 1,641,005	$ 1,641,005	$ 1,641,005	$ -
Resources				
Taxes	32,275,000	32,275,000	32,387,783	112,783
Licenses and permits	217,500	217,500	270,914	53,414
Intergovernmental	211,000	211,000	223,316	12,316
Fines and forfeitures	1,237,000	1,237,000	1,104,740	(132,260)
Charges for services	90,700	90,700	147,239	56,539
Miscellaneous	315,000	315,000	288,238	(26,762)
Interest	550,000	550,000	91,294	(458,706)
Operating transfers	7,420,000	7,420,000	7,420,000	-
Total resources	42,316,200	42,316,200	41,933,524	(382,676)
Amounts available for appropriation	43,957,205	43,957,205	43,574,529	(382,676)
Charges to appropriations:				
Administration	843,930	888,436	887,695	741
Human resources	564,285	548,285	485,481	62,804
Legal	638,775	638,775	612,079	26,696
Safety	557,170	462,670	405,369	57,301
General government	892,650	943,650	927,925	15,725
Treasury and budget	554,900	618,295	549,228	69,067
Records and receipts	295,280	295,280	265,840	29,440
Information technology	602,240	622,085	590,871	31,214
Management services	415,500	442,057	441,576	481
Police	-	-	-	-
Fire	-	-	-	-
Warehouse	169,565	169,565	144,212	25,353
Community development	360,065	360,065	273,426	86,639
Code enforcement	724,290	727,720	650,872	76,848
Engineering	1,199,430	1,247,269	1,105,564	141,705
Fleet management	640,175	640,175	568,856	71,319
Street	2,361,400	2,226,381	1,955,337	271,044
Maintenance and technical svcs	788,690	788,690	733,572	55,118
Park/stormwater	1,218,200	1,354,854	1,354,177	677
Library	929,170	929,170	916,469	12,701
Debt service	-	-	-	-
Capital outlay	988,000	1,688,784	1,275,581	413,203
Operating transfers	24,765,000	27,029,000	27,473,903	(444,903)
Total charges to appropriations	39,508,715	42,621,206	41,618,033	1,003,173
Fund balance, ending	$ 4,448,490	$ 1,335,999	$ 1,956,496	$ 620,497

See disclaimer in accompanying Independent Auditor's Report.

Police Fund

Budget			
Original	Final	Actual	Variance with Final Budget Positive (Negative)
$ 2,468,247	$ 2,468,247	$ 2,468,247	$ -
-	-	-	-
-	-	-	-
132,000	132,000	139,795	7,795
-	-	-	-
27,500	27,500	64,439	36,939
25,000	25,000	20,360	(4,640)
32,000	32,000	85,698	53,698
7,800,000	7,800,000	8,690,758	890,758
8,016,500	8,016,500	9,001,050	984,550
10,484,747	10,484,747	11,469,297	984,550
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
7,922,180	7,930,527	7,655,586	274,941
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
12,000	17,940	5,940	12,000
207,885	275,256	254,545	20,711
125,000	125,000	125,000	-
8,267,065	8,348,723	8,041,071	307,652
$ 2,217,682	$ 2,136,024	$ 3,428,226	$ 1,292,202

City of Enid, Oklahoma
Budgetary Comparison Schedule
General Fund and Major Special Revenue Funds (Budgetary Basis)
Year Ended June 30, 2012

	Fire Fund			
	Budget			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Fund balance, beginning	$ 1,488,322	$ 1,488,322	$ 1,488,322	$ -
Resources				
Taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	374,705	374,705	60,458	(314,247)
Fines and forfeitures	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	5,000	5,000	4,658	(342)
Interest	18,000	18,000	55,777	37,777
Operating transfers	6,770,000	6,770,000	7,543,842	773,842
Total resources	7,167,705	7,167,705	7,664,735	497,030
Amounts available for appropriation	8,656,027	8,656,027	9,153,057	497,030
Charges to appropriations:				
Administration	-	-	-	-
Human resources	-	-	-	-
Legal	-	-	-	-
Safety	-	-	-	-
General government	-	-	-	-
Accounting	-	-	-	-
Records and receipts	-	-	-	-
Information technology	-	-	-	-
Management services	-	-	-	-
Police	-	-	-	-
Fire	7,121,850	7,169,012	6,716,328	452,684
Warehouse	-	-	-	-
Community development	-	-	-	-
Community development	-	-	-	-
Engineering	-	-	-	-
Fleet management	-	-	-	-
Street and traffic	-	-	-	-
Maintenance and technical svcs	-	-	-	-
Park/stormwater	-	-	-	-
Library	-	-	-	-
Debt service	-	-	-	-
Capital outlay	200,000	267,371	144,727	122,644
Operating transfers	50,000	50,000	50,000	-
Total charges to appropriations	7,371,850	7,486,383	6,911,055	575,328
Fund balance, ending	$ 1,284,177	$ 1,169,644	$ 2,242,002	$ 1,072,358

See disclaimer in accompanying Independent Auditor's Report.

City of Enid, Oklahoma
Notes to Required Supplementary Information – Budgetary Comparison Schedule
Year Ended June 30, 2012

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

City of Enid, Oklahoma
Reconciliation of Budgetary Comparison Schedule on a Budgetary Basis With Fund Financial Statements on a GAAP Basis
Year Ended June 30, 2012

Budgetary funds	General Fund	Police Fund
Financial statement major funds		
Revenues		
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules	$ 34,513,524	$ 310,292
Adjustments:		
Budgetary general fund revenues are reported on the cash basis, rather than the modified accrual basis	837,252	(23,257)
On-behalf pension payments made by the State	-	495,946
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances–governmental funds	$ 35,350,776	$ 782,981
Expenditures		
Actual amounts (budgetary basis) "expenditures" from the budgetary comparison schedules	$ 14,144,130	$ 7,916,071
Adjustments:		
Encumbrances for goods and services ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for GAAP reporting	145,776	7,262
On-behalf pension payments made by the State	-	495,946
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	$ 14,289,906	$ 8,419,279
Other financing sources (uses)		
Actual amounts (budgetary basis) "other financing sources and uses" from the budgetary comparison schedules	$ (20,053,903)	$ 8,565,758
Adjustments:		
Budgetary amounts are reported on the cash basis, rather than modified accrual basis:		
Tax revenues accrued and transferred to other funds	444,903	(371,205)
Total other financing sources as reported on the statement of revenues, expenditures, and changes in fund balances–governmental funds	$ (19,609,000)	$ 8,194,553

See disclaimer in accompanying Independent Auditor's Report.

Fire Fund
$ 120,893
97,201
1,253,503
$ 1,471,597
$ 6,861,055
87,341
1,253,503
$ 8,201,899
$ 7,493,842
(333,529)
$ 7,160,313

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Other Supplementary Information

City of Enid, Oklahoma
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2012

	Special Revenue			
	Special Projects Fund	Water Assessment	Street and Alley Fund	Community Intervention Center
Assets				
Cash and cash equivalents	$ 326,822	$ -	$ -	$ -
Claim on pooled cash	26,478	6,876	600,695	68,436
Receivables:				
Taxes	-	-	80,928	-
Due from other governments	-	-	-	-
Total assets	$ 353,300	$ 6,876	$ 681,623	$ 68,436
Liabilities				
Accounts payable and accrued liabilities	$ -	$ 6,665	$ -	$ -
Deferred revenue	389	-	-	-
Total liabilities	389	6,665	-	-
Fund balances				
Nonspendable:				
Restricted:				
Contractual	352,911	-	681,623	68,436
Laws and regulations	-	-	-	-
Enabling legislation	-	-	-	-
Committed:				
Public works	-	211	-	-
Capital improvements	-	-	-	-
Assigned:				
Health	-	-	-	-
Culture and recreation	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	352,911	211	681,623	68,436
Total liabilities and fund balances	$ 353,300	$ 6,876	$ 681,623	$ 68,436

Special Revenue				
Health Care Fund	CDBG Fund	Paving Assessment	Park Board	911 Fund
$ -	$ 1,510	$ -	$ -	$ -
3,093,561	121,021	1,946	89,267	172,430
-				
-	-	-	-	142,651
-	13,986	-	-	-
$ 3,093,561	$ 136,517	$ 1,946	$ 89,267	$ 315,081
$ 547,384	$ 25,006	$ 1,886	$ -	$ 150
-	-	-	-	-
547,384	25,006	1,886	-	150
-	111,511	-	-	-
-	-	-	-	314,931
-	-	-	-	-
-	-	60	-	-
-	-	-	-	-
2,546,177	-	-	-	-
-	-	-	89,267	-
-	-	-	-	-
2,546,177	111,511	60	89,267	314,931
$ 3,093,561	$ 136,517	$ 1,946	$ 89,267	$ 315,081

City of Enid, Oklahoma
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2012
(continued)

	Capital Projects			
	Street Improvement Fund	Capital Projects Escrow	Storm Water Fund	Water Capital Improvements
Assets				
Cash and cash equivalents	$ -	$ -	$ -	$ -
Claim on pooled cash	805,107	842,460	3,585,527	2,197,613
Receivables:				
Taxes	-	-	-	-
Due from other governments	-	-	-	-
Total assets	$ 805,107	$ 842,460	$ 3,585,527	$ 2,197,613
Liabilities				
Accounts payable and accrued liabilities	$ -	$ -	$ -	$ -
Deferred revenue	-	-	-	-
Total liabilities	-	-	-	-
Fund balances				
Nonspendable:				
Restricted:				
Contractual	298,918	-	260,165	2,197,613
Laws and regulations	-	-	-	-
Enabling legislation	506,189	-	-	-
Committed:				
Public works	-	-	-	-
Capital improvements	-	842,460	3,325,362	-
Assigned:				
Health	-	-	-	-
Culture and recreation	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	805,107	842,460	3,585,527	2,197,613
Total liabilities and fund balances	$ 805,107	$ 842,460	$ 3,585,527	$ 2,197,613

Debt Service	
Sinking Fund	Total Nonmajor Governmental Funds
$ -	$ 328,332
501,355	12,112,772
57,892	281,471
-	13,986
$ 559,247	$ 12,736,561
$ -	$ 581,091
38,822	39,211
38,822	620,302
-	3,971,177
-	314,931
520,425	1,026,614
-	271
-	4,167,822
-	2,546,177
-	89,267
-	-
520,425	12,116,259
$ 559,247	$ 12,736,561

City of Enid, Oklahoma
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2012

	Special Revenue			
	Special Projects Fund	Water Assessment	Street and Alley Fund	Community Intervention Center
Revenues				
Taxes	$ -	$ -	$ -	$ -
Charges for services	-	-	-	-
Intergovernmental	73,988	-	434,362	168,686
Other	106,121	-	23,394	-
Interest	2,255	211	24,064	2,497
Total revenues	182,364	211	481,820	171,183
Expenditures				
Current:				
General government	67,911	-	-	-
Public safety	44,605	-	-	-
Public works	-	-	270,317	269,297
Culture and recreation	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	2,055,437	-
Total expenditures	112,516	-	2,325,754	269,297
Excess of revenues over (under) expenditures	69,848	211	(1,843,934)	(98,114)
Other financing sources (uses)				
Transfers in	-	-	1,000,000	115,000
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	1,000,000	115,000
Net change in fund balances	69,848	211	(843,934)	16,886
Fund balances, beginning	283,063	-	1,525,557	51,550
Fund balances, ending	$ 352,911	$ 211	$ 681,623	$ 68,436

Special Revenue				
Health Care Fund	CDBG Fund	Paving Assessment	Park Board	911 Fund
$ -	$ -	$ -	$ -	$ -
3,514,582	-	-	10,405	-
-	571,727	-	-	749,865
1,088	1,012	-	7,686	-
97,624	-	60	3,113	6,503
3,613,294	572,739	60	21,204	756,368
4,078,938	-	-	-	-
-	-	-	-	868,422
-	508,241	-	-	-
-	-	-	54,810	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
4,078,938	508,241	-	54,810	868,422
(465,644)	64,498	60	(33,606)	(112,054)
-	-	-	25,000	100,000
-	-	-	-	-
-	-	-	25,000	100,000
(465,644)	64,498	60	(8,606)	(12,054)
3,011,821	47,013	-	97,873	326,985
$ 2,546,177	$ 111,511	$ 60	$ 89,267	$ 314,931

City of Enid, Oklahoma
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2012
(continued)

	Capital Projects			
	Street Improvement Fund	Capital Projects Escrow	Storm Water Fund	Water Capital Improvements
Revenues				
Taxes	$ -	$ -	$ -	$ -
Charges for services	-	41,807	-	-
Intergovernmental	-	-	-	-
Other	-	-	-	-
Interest	48,164	25,427	94,924	42,417
Total revenues	48,164	67,234	94,924	42,417
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	1,391,753	-	594,162	3,105,584
Total expenditures	1,391,753	-	594,162	3,105,584
Excess of revenues over (under) expenditures	(1,343,589)	67,234	(499,238)	(3,063,167)
Other financing sources (uses)				
Transfers in	255,000	-	1,486,759	3,411,253
Transfers (out)	(75,000)	(60,000)	-	-
Total other financing sources (uses)	180,000	(60,000)	1,486,759	3,411,253
Net change in fund balances	(1,163,589)	7,234	987,521	348,086
Fund balances, beginning	1,968,696	835,226	2,598,006	1,849,527
Fund balances, ending	$ 805,107	$ 842,460	$ 3,585,527	$ 2,197,613

Debt Service	
Sinking Fund	Total Nonmajor Governmental Funds
$ 1,778,793	$ 1,778,793
-	3,566,794
-	1,998,628
-	139,301
37,849	385,108
1,816,642	7,868,624
-	4,146,849
-	913,027
-	1,047,855
-	54,810
1,977,161	1,977,161
119,076	119,076
-	7,146,936
2,096,237	15,405,714
(279,595)	(7,537,090)
-	6,393,012
-	(135,000)
-	6,258,012
(279,595)	(1,279,078)
800,020	13,395,337
$ 520,425	$ 12,116,259

City of Enid, Oklahoma
Combining Statement of Net Assets
Nonmajor Proprietary Funds/Enterprise Funds
June 30, 2012

	Enterprise	
	Cherokee Strip Conference Center	Enid Public Transportation Authority
Assets		
Current assets:		
Cash and cash equivalents	$ 61,083	$ 35,198
Claim on pooled cash	1,089,035	92,835
Taxes receivable	142,425	-
Due from other governments	-	1,632
Total current assets	1,292,543	129,665
Noncurrent assets:		
Capital assets (net of accumulated depreciation)	4,027,898	345,876
Total noncurrent assets	4,027,898	345,876
Total assets	5,320,441	475,541
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	65,350	-
Current portion of long-term obligations	-	-
Total current liabilities	65,350	-
Noncurrent liabilities:		
Capital lease obligations	-	-
Accrued compensated absences	-	26,815
Less: current portion of long-term obligations	-	-
Total noncurrent liabilities	-	26,815
Total liabilities	65,350	26,815
Net assets		
Invested in capital assets, net of related debt	4,027,898	345,876
Restricted:		
Other	629,563	102,850
Unrestricted	597,630	-
Total net assets	$ 5,255,091	$ 448,726

Enterprise		
Vance Development Authority	Meadowlake Golf Course	Total Nonmajor Enterprise Funds
$ -	$ -	$ 96,281
297,550	(276,796)	1,202,624
-	-	142,425
-	-	1,632
297,550	(276,796)	1,442,962
-	438,674	4,812,448
-	438,674	4,812,448
297,550	161,878	6,255,410
-	4	65,354
-	3,535	3,535
-	3,539	68,889
-	7,602	7,602
-	11,135	37,950
-	(3,535)	(3,535)
-	15,202	42,017
-	18,741	110,906
-	431,072	4,804,846
210,000	58,715	1,001,128
87,550	(346,650)	338,530
$ 297,550	$ 143,137	$ 6,144,504

City of Enid, Oklahoma
Combining Statement of Revenues, Expenses, and Changes in Net Assets
Nonmajor Proprietary Funds/Enterprise Funds
Year Ended June 30, 2012

	Enterprise	
	Cherokee Strip Conference Center	Enid Public Transportation Authority
Operating revenues		
Charges for services	$ 257,499	$ 212,166
Government grants	-	295,565
Total operating revenues	257,499	507,731
Operating expenses		
Conference center	1,233,155	-
Transportation	-	753,691
Golf course	-	-
Economic development	-	-
Depreciation and amortization	138,105	128,370
Total operating expenses	1,371,260	882,061
Net operating income (loss)	(1,113,761)	(374,330)
Nonoperating revenues (expenses)		
Taxes	1,404,127	-
Interest income	24,147	2,234
Capital grants	-	15,961
Miscellaneous	-	-
Gain (loss) on disposition of assets	-	(20,749)
Interest and fiscal charges	-	-
Total nonoperating revenues (expenses)	1,428,274	(2,554)
Operating transfers		
Transfers in	-	120,000
Transfers out	-	-
Total operating transfers	-	120,000
Net income (loss)	314,513	(256,884)
Net assets, beginning	4,940,578	705,610
Net assets, ending	$ 5,255,091	$ 448,726

Enterprise		
Vance Development Authority	Meadowlake Golf Course	Total Nonmajor Enterprise Funds
$ -	$ 383,569	$ 853,234
		295,565
-	383,569	1,148,799
-	-	1,233,155
-	-	753,691
-	533,101	533,101
149,344	-	149,344
-	74,674	341,149
149,344	607,775	3,010,440
(149,344)	(224,206)	(1,861,641)
-	-	1,404,127
11,180	-	37,561
-	-	15,961
-	3,069	3,069
-	970	(19,779)
-	(1,086)	(1,086)
11,180	2,953	1,439,853
30,000	250,000	400,000
-	-	-
30,000	250,000	400,000
(108,164)	28,747	(21,788)
405,714	114,390	6,166,292
$ 297,550	$ 143,137	$ 6,144,504

City of Enid, Oklahoma
Combining Statement of Cash Flows
Nonmajor Proprietary Funds/Enterprise Funds
Year Ended June 30, 2012

	Enterprise	
	Cherokee Strip Conference Center	Enid Public Transportation Authority
Cash flows from operating activities		
Receipts from customers and grantors	$ 257,499	$ 590,169
Payments to suppliers	(1,245,844)	(282,604)
Payments to employees	-	(468,638)
Net cash provided (used) by operating activities	(988,345)	(161,073)
Cash flows from noncapital financing activities		
Taxes	1,404,127	-
Miscellaneous revenues	-	-
Operating transfers in (out)	-	120,000
Net cash provided (used) by noncapital financing activities	1,404,127	120,000
Cash flows from capital and related financing activities		
Principal paid on long-term debt	-	-
Interest expense and fiscal charges	-	-
Capital grants	-	15,961
Acquisition/construction of capital assets	-	(27,843)
Net cash provided (used) by capital and related financing activities	-	(11,882)
Cash flows from investing activities		
Interest income	24,147	2,234
Net cash provided (used) by investing activities	24,147	2,234
Net increase (decrease) in cash and cash equivalents	439,929	(50,721)
Cash and cash equivalents, beginning	710,189	178,754
Cash and cash equivalents, ending	$ 1,150,118	$ 128,033
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Net operating income (loss)	$ (1,113,761)	$ (374,330)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation and amortization	138,105	128,370
Changes in assets and liabilities:		
(Increase) decrease in receivables	(39,408)	82,438
Increase (decrease) in accounts payable and accrued liabilities	26,719	2,449
Total adjustments	125,416	213,257
Net cash provided (used) by operating activities	$ (988,345)	$ (161,073)

Enterprise		
Vance Development Authority	Meadowlake Golf Course	Total Nonmajor Enterprise Funds
$ -	$ 383,569	$ 1,231,237
(149,344)	(257,142)	(1,934,934)
-	(273,364)	(742,002)
(149,344)	(146,937)	(1,445,699)
-	-	1,404,127
-	3,069	3,069
30,000	250,000	400,000
30,000	253,069	1,807,196
-	(27,199)	(27,199)
-	(1,086)	(1,086)
-	-	15,961
-	(106,276)	(134,119)
-	(134,561)	(146,443)
11,180	-	37,561
11,180	-	37,561
(108,164)	(28,429)	252,615
405,714	(248,367)	1,046,290
$ 297,550	$ (276,796)	$ 1,298,905
$ (149,344)	$ (224,206)	$ (1,861,641)
-	74,674	341,149
-	-	43,030
-	2,595	31,763
-	77,269	415,942
$ (149,344)	$ (146,937)	$ (1,445,699)

City of Enid, Oklahoma
Schedule of Debt Service Coverage Requirements
June 30, 2012

	OWRB Notes	Sales Tax Revenue Refunding Bonds Series 2003
Gross Revenue Available for Debt Service:		
Charges for services:		
Water	$ 11,602,265	$ -
Wastewater	8,705,920	-
Storm water	1,452,333	-
Solid waste	3,900,162	-
Landfill	449,889	-
Other	661,007	-
Sales tax pledged and transferred	8,088,531	2,145,602
Total gross revenue available for debt service	34,860,107	2,145,602
Operating expenses:		
Utility services	527,490	-
Water distribution/production	3,383,975	-
Wastewater management services	1,598,596	-
Solid waste	1,735,104	-
Landfill	1,041,468	-
Other	639,443	-
Total operating expenses	8,926,076	-
Other expenses:		
Required transfers to other funds	5,337,733	-
Payment to schools	-	1,075,199
Total other expenses	5,337,733	1,075,199
Net revenues available for debt service	$ 20,596,298	$ 1,070,403
Total debt service requirements	$ 5,225,984	$ 1,050,100
Computed coverage	394%	102%
Coverage requirement	125%	100%

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

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

Compliance and Internal Control

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Ronald C. Cottrell, CPA

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

December 27, 2012

City Council
City of Enid
Enid, Oklahoma

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Enid, Oklahoma, as of and for the year ended June 30, 2012, which collectively comprise the City of Enid's basic financial statements, and have issued our report thereon dated December 27, 2012, which was qualified because one discretely presented component unit was not audited. Our report was modified to include a reference to other auditors on one discretely presented component unit, and also included an explanatory paragraph concerning a change in accounting estimate. We did not audit management's discussion and analysis, the schedule of pension plan funding progress, or the budgetary comparison schedules, which are required supplementary information, and therefore expressed no opinion on them. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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reporting that we consider to be material weaknesses, as defined previously. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned cost as item 2012-1, that we consider to be a significant deficiency in internal control over financial reporting. A significant deficiency is a deficiency or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Enid's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we have reported to management of the City of Enid in a separate letter dated December 27, 2012.

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

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

Ronald C. Cottrell, CPA

Single Audit

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Ronald C. Cottrell, CPA

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

December 27, 2012

City Council
City of Enid
Enid, Oklahoma

Compliance

We have audited the of City of Enid's compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. The City of Enid's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Enid's management. Our responsibility is to express an opinion on the City of Enid's compliance based on our audit.

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

In our opinion, the City of Enid complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

Management of the City of Enid is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Enid's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing

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our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Enid's internal control over compliance.

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

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

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

Ronald C. Cottrell, CPA

City of Enid, Oklahoma
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2012

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures
Federal Programs			
U. S. Department of Homeland Security			
Pass-Through Program From:			
Oklahoma Dept of Emergency Management -			
Emergency Management			
Performance Grants	97.042	FY - 2011	$ 2,500
		FY - 2012	7,500
4th Project		2010-SLA	5,000
Assistance to Firefighters Grant	97.044	EMW-2011-FO-06313	23,872
		EMW-2011-FR-00241	31,920
		EMW-2010-FO-07819	2,858
Regional Response System/IJ#6	97.073	126.014	96,718
Citizen Corps Fire Corps	97.053	FY07-CCFC	144
Total U.S. Department of Homeland Security			170,512
U. S. Department of the Interior			
Pass-Through Program From:			
Oklahoma Historical Society-Historic Preservation Fund -			
Grants In Aid	15.904	10-601	241
Total U.S. Department of the Interior			241
U. S. Department of Transportation			
Direct Program:			
Airport Improvement Program -	20.106	AIP3-4000280252012	2,850
		AIP3-4000280232010	40,850
		AIP3-4000280242011	132,488
			176,188
Pass-Through Program From:			
Oklahoma Highway Safety Office -			
State and Community Highway Safety	20.600	PT-12-03-13-08	61,035
		PT-11-03-33-07	13,340
Transportation Enhancement Activity/			
Trails Master Plan		STP-124E (127) EN	409,425
			483,800
Oklahoma Department of Transportation -			
Formula Grants for Other			
Than Urbanized Areas	20.509	FY - 2012 - 5311	236,765
Highway Planning & Construction	20.205		89,782
			326,547
Oklahoma Department of Human Services	20.513	V8572	15,961
Total U.S. Department of Transportation			1,002,496

The accompanying notes are an integral part of this schedule.

City of Enid, Oklahoma
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2012
(continued)

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures
Federal Programs			
U. S. Department of Justice			
Direct Program:			
Bureau of Justice Assistance -			
Edward Byrne Memorial Justice			
Assistance Grant	16.738	2011-DJ-BX-2182	22,149
ARRA-Edward Byrne Memorial Justice			
Assistance Grant	16.804	2009-SB-B9-3342-ARRA	45,758
			67,907
Pass-Through Program From:			
Oklahoma State Bureau of Investigation -			
Internet Crimes Against Children	16.543		7,971
District Attorneys Council -			
S.T.O.P. Violence Against Women	16.588	V09-20	1,355
		V10-19	22,769
		V11-020	29,213
			53,337
Total U.S. Department of Justice			129,215
National Foundation of the Arts and the Humanities			
Pass-Through Program From:			
Oklahoma Department of Libraries -			
State Library Program -			
State Aid Grant	45.310	FY - 2012	31,232
Laptop computers			11,387
Total National Foundation of the Arts and the Humanities			42,619
U. S. Department of Housing and Urban Development			
Direct Program:			
Community Development Block Grant -			
Entitlement Grants	14.218	FY - 2009	10,719
		FY - 2010	425,508
		FY - 2011	136,512
Total U.S. Department of Housing and Urban Development			572,739
U. S. Department of Agriculture and Forest Service			
Pass-Through Program From:			
Oklahoma Department of Agriculture and			
Forestry Services -			
Cooperative Forestry Assistance/			
Highway Tree Grant	10.664	U&CF3	1,763
Total U.S. Department of Agriculture and Forest Service			1,763

The accompanying notes are an integral part of this schedule.

City of Enid, Oklahoma
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2012
(continued)

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures
Federal Programs			
Environmental Protecton Agency			
Direct Program:			
Congressional Mandated Projects	66.202	OOF47501	291,000
Pass-Through Program From:			
Oklahoma Water Resources Board			
Capital Grants for State Revolving Fund	66.458	ORF-09-0019-CW	975,070
Total Environmental Protection Agency			1,266,070
Total Expenditures of Federal Awards			$ 3,185,655

The accompanying notes are an integral part of this schedule.

City of Enid, Oklahoma
Schedule of Expenditures of State Awards
Year Ended June 30, 2012

State Grantor/ Pass-Through Grantor/ Program or Cluster Title	Pass-Through Entity Identifying Number	Expenditures
State Programs		
Oklahoma Office of Juvenile Accountability, Prevention, and Protection		
Community Intervention Center (CIC)	FY 2012	$ 168,686
Total Oklahoma Office of Juvenile Accountability, Prevention, and Protection		168,686
Oklahoma Department of Transportation		
Public Transit Revolving Fund	FY 2012	58,800
Total Oklahoma Department of Transportation		58,800
Oklahoma Aeronautics Commission		
Reconstruct Taxiway & Apron	WDG-12-5	292,738
Microresurfacing Airport Maintenance Project		420,783
Total Oklahoma Aeronautics Commission		713,521
Oklahoma Department of Commerce		
Oklahoma Strategic Military Planning Commission	A-1101A	306,130
	ODFA BRAC Series 2010	553,576
	G-1002	24,015
Total Oklahoma Oklahoma Department of Commerce		883,721
Total Expenditures of State Awards		$ 1,824,728

The accompanying notes are an integral part of this schedule.

City of Enid, Oklahoma
Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2012

I. Basis of Accounting

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

II. Expenditures

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

III. Noncash Awards

City of Enid, Oklahoma expended no form of noncash assistance during the year and had no loan or loan guarantees outstanding at June 30, 2012, which are required by OMB Circular A-133 to be included in the schedule of expenditures of federal awards.

IV. Subrecipients

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

City of Enid, Oklahoma
Summary Schedule of Prior Audit Findings

Financial Statement Findings

2011-1 Accrued Vacation

Condition – We noted fifteen (15) "management confidential" (MC) employees whose vacation accrual as of June 30, 2011 exceeded the amount earned in two years. The maximum two-year accrual is 336 hours. One employee had accrued 1339 hours of vacation.

Status – This condition still exists.

2011-2 Payroll

Condition – From a random sample of forty-four (44) employees and timecards we noted timesheets in one department were all prepared by one employee rather than each employee completing their own. Also, time records for one employee could not be located for the period of our test. We also noted that timecards for some supervisors were not reviewed and approved. In addition, we reviewed employees who retired, resigned, or were terminated during the year and noted 17 employees were inactivated in the payroll system within five (5) working days of termination; 63 were inactivated within 6 to 22 working days, and the last day worked for three (3) employees could not be substantiated.

Status – This condition has been resolved.

2011-3 Deposit of Golf Course Receipts

Condition – The golf course brings its collections to City Hall for deposit on a weekly basis rather than daily, as required. Based on our testing of receipts we noted collections for July 6 – 11, 2011 were received by the city clerk on July 12; collections for July 22 – 25 were received by the city clerk on July 26; collections for August 4 – 9 were received by the city clerk on August 10; and collections at the golf course for April 25 – May 1, 2012 were received on May 2.

Status – This condition has been resolved.

2011-4 Member Tracking and Reconciliation of Daily Receipts

Condition – The attendant/cashier at the golf course does not require members to scan their membership cards or otherwise verify they are members in good standing before allowing the individual to play. In addition, the check-in date report and the daily sign-in sheet are not reconciled to the daily collection report.

Status - This condition has been resolved.

Financial Statement Findings – Compliance

2011-5 Identity Theft Prevention Program

Condition – No training for new employees in the utility services department on the identity theft prevention program has been held since April 2010. Additionally, we were unable to locate any documentation of the required annual report to the city manager or city council during the audit period.

Status – This condition has been resolved.

Federal Award Findings and Questioned Costs

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

City of Enid, Oklahoma
Schedule of Findings and Questioned Costs
Year Ended June 30, 2012

Section I – Summary of Auditor's Results

Financial Statements	
Type of auditor's report issued:	Qualified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiencies identified that are not considered to be material weakness(es)?	Yes
Noncompliance material to financial statements noted?	No
Federal Awards	
Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiencies identified that are not considered to be material weakness(es)?	None reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	No

Identification of major programs:

CFDA Number(s)	*Name of Federal Program or Cluster*
14.218	Community Development Block Grants/Entitlement Grants – Cluster
20.600	State and Community Highway Safety
66.458	Capitalization Grants for Clean Water State Revolving Fund

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

Section II – Financial Statement Findings

2011-1 Accrued Vacation

Criteria – City of Enid Personnel Policies and Procedures, Section 500, *Leave Provisions and Other City Benefits* states, "Vacation time should normally be taken within a year after it is granted. To carry over vacation time into the next year requires written approval of the Department Head. The maximum accrual should never exceed the amount earned in 2 years."

Condition – We noted twelve (12) "management confidential" (MC) employees whose vacation accrual as of June 30, 2012 exceeded the amount earned in two years. The maximum two-year accrual is 336 hours. One employee had accrued 1459 hours of vacation.

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

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

Management's Response – The City's current policy of vacation accrual for management confidential employees has not been consistently enforced. While the issue still exists, progress has been made in that there are three (3) less management confidential employees exceeding the maximum two-year accrual. Management will consider policy changes and enforcement actions necessary to maintain good internal controls.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.

CONVENTION HALL

Enid Parks

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