

**THE CITY OF MIDWEST CITY, OKLAHOMA**

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

**AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2018**

**CITY OF MIDWEST CITY, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2018**

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**Independent Auditors' Report**

RSM US LLP

Honorable Mayor and City Council  
The City of Midwest City  
Midwest City, Oklahoma

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Midwest City, Oklahoma, (the City) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Midwest City, Oklahoma, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matters**

As explained in Note 7 to the financial statements, the City adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, which restated beginning net position and other postemployment benefits liability of the governmental activities, business-type activities and the Midwest City Municipal Authority. Our opinions are not modified with respect to this matter.

### **Other Matters**

#### *Required Supplementary Information*

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

#### *Other Information*

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

The accompanying statistical section, as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued (under separate cover) our report dated December 21, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely 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 effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*RSM US LLP*

Oklahoma City, Oklahoma  
December 21, 2018

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**MANAGEMENT DISCUSSION AND ANALYSIS**

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The City of Midwest City's Management's Discussion and Analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the City's financial activity, (c) identify changes in the City's financial position (its ability to address the next and subsequent years' challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the City's financial statements beginning on page 20.

**FINANCIAL HIGHLIGHTS**

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the fiscal year ended June 30, 2018, by \$506,373,292 (net position). Of this amount, unrestricted net position of the governmental activities was a deficit of \$48,409,654, with the business type activities reporting a positive unrestricted net position of \$10,629,478. The unrestricted net position, when not in a deficit position, may be used to meet the government's ongoing obligations to citizens and creditors.
- The Primary Government's total net position increased by \$1,150,146 or .23% from the prior year. This was a result of a decrease of \$1,916,773 in the governmental activities while the business-type activities had an increase of \$3,066,919. Expenses increased over the prior year. The detailed changes made from the Governmental Fund Statements to the Statement of Net Position can be found on page 24.
- The City's total deferred inflows increased by \$4,286,229 or, 530%. This is mainly due to increases of police and fire pension related deferred inflows and deferred inflows related to total OPEB liability, which resulted from the implementation of the new GASB standard.
- Sales tax is the major source of revenue for governmental activities. Sales and use tax collections for fiscal year 2018 totaled \$36,830,105 compared to FY 2017 which totaled \$32,765,177. The total increase in sales and use tax collections was \$4,064,928. The City passed a .75% sales and use tax increase effective January 1, 2018 (total rate increased from 3.85% to 4.6%). The .75% sales and use tax is dedicated to the following: .32% - police department; .22% - fire department; and .21% general operations (a special revenue fund). The City began collecting the sales and use tax increase in March 2018. A historical review of governmental activity revenues can be found in the statistical information section of the report.
- The City's total deferred outflows decreased by \$236,788 or, 2.15%. This is mainly due to decreases of police and fire pension related deferred outflows.
- At the end of the fiscal year 2018, the unassigned fund balance of the General Fund was \$2,445,261 or 8.4% of General Fund revenues.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The Management's Discussion and Analysis is intended to serve as an introduction to the City of Midwest City's basic financial statements. The City's basic financial statements comprise of three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the



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financial statements. This report also contains supplementary information in addition to the basic financial statements.

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

The Statement of Net Position presents information on all of the City's assets, deferred outflows, liabilities, and deferred inflows with the difference between the four elements reported as net position. Over time, increases or decreases in net position serve as a useful indicator on whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and fines and earned but not used vacation and sick leave as stated in City policy and union contracts). Both the Statement of Net Position and the Statement of Activities are prepared using the accrual basis of accounting as opposed to the modified accrual basis used for Fund Financial Statements of the governmental funds.

In the Statement of Net Position and the Statement of Activities, the City is divided between two types of activities:

- **Governmental activities.** Most of the City's basic services are reported here, including general government, public safety, streets, culture and recreation, health and welfare and economic development. Sales taxes and franchise taxes finance most of these activities as reflected on page 20.
- **Business-type activities.** The City charges a fee to customers to cover the cost of services it provides. The City's utility system (water, sewer, sanitation, and drainage), conference center/hotel, golf, trailer park and industrial park activities are reported here.

**Fund Financial Statements.** A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. Fund financial statements provide detailed information about the most significant funds, but not the City as a whole. Some funds are required to be established by state law or bond covenants. However, the City Council establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other monies. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

- **Governmental funds.** The majority of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method identified as the modified accrual basis of accounting which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general governmental operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can

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be spent in the near future to finance the City's programs. By comparing information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements, readers may better understand the long-term impact of the government's near-term financing decisions. The relationship or differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds are detailed in a reconciliation following the fund financial statements on page 24 and 26 of this report.

The City of Midwest City maintains individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General, Police, Fire, Hospital Authority, Sooner Rose TIF, and Economic Development Authority funds. Data from the debt service fund, 15 special revenue funds, and 5 capital project funds, all of which are considered to be governmental, are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements starting on page 84 of this report.

- **Proprietary funds.** The City charges customers for certain services it provides, whether to outside customers or to other units within the City. These services are generally reported in proprietary funds. Proprietary funds are reported in the same manner that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are similar to the business-type activities that are reported in the Government-wide statements but provide more detail and additional information, such as cash flows. The internal service funds (the other component of proprietary funds) are utilized to report activities that provide supplies and services for the City's other programs and activities, such as the risk management functions, health self-insurance fund, fleet services, surplus property activities and public works function. Because these services benefit both governmental and business-type functions, they have been included in both the governmental and business-type activities in the government-wide financial statements.

The City of Midwest City maintains one major enterprise fund. The City uses this fund to account for its water, sewer, sanitation, conference center/hotel, debt service, utility services, utility capital, customer deposits, golf and drainage operations. The fund provides the same type of information as the government-wide financial statements, only in more detail and includes some of the internal service fund-type activity. The City considers this enterprise fund activity to be a major fund. Data from 2 non-major enterprise funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major enterprise funds is provided in the form of combining statements starting on page 93 of this report.

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As of June 30, 2018, the City's combined net position is \$506,373,292, of which \$388,265,366 can be attributed to governmental activities and \$118,107,926 is attributed to business-type activities. This analysis focuses on the net position (Table 1) and changes in net position (Table 2) of the City's governmental and business-type activities.

The largest portion of the City's net position, 81.7%, reflects its net investment in capital assets (e.g., land, water rights, building, machinery 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. The net change in capital assets can be reviewed in Table 1 with key element changes shown in Table 3.

**TABLE 1**  
**NET POSITION**  
(In Thousands)

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total Primary Government		% Inc. (Dec.)
	2018	Restated, 2017		2018	Restated, 2017		2018	Restated, 2017	
Current and other assets	\$ 230,165	\$ 156,720	47%	\$ 24,695	\$ 21,675	14%	\$ 254,860	\$ 178,395	43%
Capital assets	310,564	318,064	-2%	155,810	160,373	-3%	466,374	478,437	-3%
<b>Total assets</b>	<b>540,729</b>	<b>474,784</b>	14%	<b>180,505</b>	<b>182,048</b>	-1%	<b>721,234</b>	<b>656,832</b>	10%
<b>Deferred outflow of resources</b>	<b>9,712</b>	<b>10,759</b>	-10%	<b>1,059</b>	<b>1,111</b>	-5%	<b>10,771</b>	<b>11,870</b>	-9%
Long-term obligations outstanding	144,664	23,719	510%	60,500	65,566	-8%	205,164	89,285	130%
Other liabilities	13,000	70,835	-82%	2,375	2,552	-7%	15,375	73,387	-79%
<b>Total liabilities</b>	<b>157,664</b>	<b>94,554</b>	67%	<b>62,875</b>	<b>68,118</b>	-8%	<b>220,539</b>	<b>162,672</b>	36%
<b>Deferred inflow of resources</b>	<b>4,512</b>	<b>807</b>	459%	<b>581</b>	<b>-</b>	100%	<b>5,093</b>	<b>807</b>	531%
Net position:									
Net investment in capital assets	308,253	316,764	-3%	105,459	105,420	0%	413,712	422,184	-2%
Restricted	128,422	104,189	23%	2,020	1,938	4%	130,442	106,127	23%
Unrestricted (deficit)	(48,410)	(30,771)	57%	10,629	7,683	38%	(37,781)	(23,088)	64%
<b>Total net position</b>	<b>\$ 388,265</b>	<b>\$ 390,182</b>	0%	<b>\$ 118,108</b>	<b>\$ 115,041</b>	3%	<b>\$ 506,373</b>	<b>\$ 505,223</b>	0%

Governmental activities decreased the City's net position by \$1,916,773 or .49%. The business type activities increased the City's net position by \$3,066,919 or 2.66% for a net increase of \$1,150,146, or .23%. The key elements of these changes are contained in Table 2.

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**TABLE 2  
CHANGES IN NET POSITION  
(In Thousands)**

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total Primary Government		% Inc. (Dec.)
	2018	2017		2018	2017		2018	2017	
Revenues:									
Program revenues:									
Charges for services	\$ 8,688	\$ 7,709	13%	\$ 29,161	\$ 28,977	1%	\$ 37,849	\$ 36,686	3%
Operating grants and contributions	4,460	4,960	-10%	2	-	100%	4,462	4,960	-10%
Capital grants and contributions	2,525	2,604	-3%	-	-	0%	2,525	2,604	-3%
General revenues:									
Sales and use taxes	36,830	32,765	12%	-	-	0%	36,830	32,765	12%
Other taxes	5,307	5,004	6%	-	-	0%	5,307	5,004	6%
Other general revenue	13,375	14,227	-6%	109	(32)	-441%	13,484	14,195	-5%
Total revenues	<u>71,185</u>	<u>67,269</u>	6%	<u>29,272</u>	<u>28,945</u>	1%	<u>100,457</u>	<u>96,214</u>	4%
Program expenses:									
General government	7,653	7,449	3%	-	-	-	7,653	7,449	3%
Public safety	29,070	29,356	-1%	-	-	-	29,070	29,356	-1%
Streets	15,082	15,169	-1%	-	-	-	15,082	15,169	-1%
Cultural, parks and recreation	1,928	1,887	2%	-	-	-	1,928	1,887	2%
Health and welfare	416	405	3%	-	-	-	416	405	3%
Economic development	13,829	6,773	104%	-	-	-	13,829	6,773	104%
Interest expense	2,379	1,347	77%	-	-	-	2,379	1,347	77%
Water	-	-	-	6,648	6,717	-1%	6,648	6,717	-1%
Sewer	-	-	-	8,098	8,077	0%	8,098	8,077	0%
Sanitation	-	-	-	4,579	4,439	3%	4,579	4,439	3%
Drainage	-	-	-	662	657	1%	662	657	1%
Conference center	-	-	-	7,749	8,053	-4%	7,749	8,053	-4%
Other activities	-	-	-	1,214	1,228	-1%	1,214	1,228	-1%
Total expenses	<u>70,357</u>	<u>62,386</u>	13%	<u>28,950</u>	<u>29,171</u>	-1%	<u>99,307</u>	<u>91,557</u>	8%
Excess (deficiency) before transfers	828	4,883	-83%	322	(226)	-242%	1,150	4,657	-75%
Transfers	<u>(2,745)</u>	<u>(3,963)</u>	-31%	<u>2,745</u>	<u>3,963</u>	-31%	<u>-</u>	<u>-</u>	
<b>Increase (decrease) in net position</b>	<b>\$ (1,917)</b>	<b>\$ 920</b>	<b>-308%</b>	<b>\$ 3,067</b>	<b>\$ 3,737</b>	<b>-18%</b>	<b>\$ 1,150</b>	<b>\$ 4,657</b>	<b>-75%</b>

**Governmental Activities.** The revenues reflect an increase over last year of \$3,918,496. This increase is primarily the result of an increase in the sales and use tax rate from 3.85% to 4.6% effective January 1, 2018. The City starting collecting the increased sales and use tax in March 2018. Sales and use tax collections increased \$4,064,928 in FY 2018.

The most significant governmental activities expense was providing public safety with a cost of \$29,069,958. These expenses were funded by revenue collected from a variety of sources with the largest being a transfer from General Fund to the Police and Fire Special Revenue Funds in the amount of \$18,883,771 and dedicated sales tax of \$7,676,485 for the fiscal year ended June 30, 2018. The most significant portion of public safety expense is the cost of personnel. Salaries and benefits totaled \$25,659,761. Other significant governmental expenses are for the streets in the amount of \$15,082,019 of which \$12,041,992 is depreciation expense, economic development which increased by \$7,057,627 in FY 2018 because the City started construction on a new Tax Incentive Financing District, and interest expense which increased by \$1,031,969 in FY 2018 because the City had two new bond issuances.

**Business-type Activities.** Business-type revenue increased by \$324,417 or 1.12% from the prior year. The sanitation income increased from \$6,039,417 to \$6,342,135 due to a rate increase effective June 22, 2017.

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**Budgetary Highlights.** For fiscal year 2017-2018, General Fund revenue (including transfers) budget was amended by \$1,124,843 or 3% of the original budget of \$37,506,461. The actual revenue (including transfers) was more than the final budget projection by \$422,513, or 1.09%. The revenue increase is attributed to sales tax coming in above projections for the year. The actual expenditures (including transfers) on a budgetary basis were \$38,760,527 compared to the final budget of \$40,154,176. General Fund actual expenditures (including transfers) on a budgetary basis were \$1,393,649 or 3.47% below final budget projections. See page 76 of the report for more detail.

The Police Fund revenue (including transfers) budget was increased by \$148,999, or 1.16%, of the original budget of \$12,860,817. The actual revenue (including transfers) was more than the final budget projection by \$1,080,115 or 8.30%. The City passed a .75% sales tax increase effective January 1, 2018 with .32% going to the Police Fund. The City began collecting the increased sales tax in March 2018. The sales tax increase was not in the budget. The City plans to hire six additional police officers with the additional sales tax revenue dedicated to the police department. The additional police officers will be hired over a three year period starting July 1, 2018. The actual expenditures (including transfers) on a budgetary basis were \$13,347,447 compared to the final budget of \$13,977,302. Actual expenditures (including transfers) were \$629,855 or 4.51% below final budget projections.

The Fire Fund revenues (including transfers) budget was amended by \$104,672 or .99%. The actual revenue (including transfers) was more than the final budget projection by \$720,009 or 6.76%. The City passed a .75% sales tax increase effective January 1, 2018 with .22% going to the Fire Fund. The City began collecting the increased sales tax in March 2018. The sales tax increase was not in the budget. The City plans to use the additional sales tax revenue dedicated to the fire department to implement the recommendations outlined in the ESCI Fire Department Study and to hire three additional firemen in fiscal year 2019-2020. The actual expenditures (including transfers) on a budgetary basis were \$10,763,683 compared to the final budget of \$11,386,204. Actual expenditures (including transfers) were \$622,521 or 5.47% below projections.

The budget to actual comparisons for these funds can be found on pages 76-79 of the report.

**Capital Assets** At the end of fiscal year 2018, the City had \$466,374,252 invested in a broad range of capital assets, including police and fire equipment, buildings, conference center and hotel, park facilities, roads, bridges, water and sewer facilities and distribution systems. This amount represents a net decrease (including additions and deductions) of \$7,500,041 for the governmental activities. Although the City had land additions of \$1,610,727, building additions of \$157,173, equipment additions of \$1,034,360, vehicle additions of \$456,682, construction in progress additions of \$2,117,027 and infrastructure additions of \$3,661,007; the depreciation expense of \$14,461,725 caused the current year reduction, with street depreciation for the year amounting to of \$12,041,992.

The business-type activities had a net decrease of \$4,563,492. Table 3 reflects the net key elements that make up the capital assets by type and source.

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**TABLE 3  
Capital Assets  
(In Thousands)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	2018	2017	2018	2017	2018	2017
Land	\$ 34,302	\$ 32,767	\$ 7,572	\$ 7,572	\$ 41,874	\$ 40,339
Water rights	-	-	4,673	4,673	4,673	4,673
Construction in progress	6,162	5,947	1,738	2,693	7,900	8,640
Buildings	29,776	29,619	32,474	32,111	62,250	61,730
Machinery and equipment	21,297	20,535	13,999	13,774	35,296	34,309
Vehicles	9,561	9,400	9,152	8,765	18,713	18,165
Infrastructure	449,904	446,307	181,234	179,949	631,138	626,256
	551,002	544,575	250,842	249,537	801,844	794,112
Less: Depreciation	(240,437)	(226,510)	(95,032)	(89,164)	(335,469)	(315,674)
<b>Totals</b>	<b>\$ 310,565</b>	<b>\$ 318,065</b>	<b>\$ 155,810</b>	<b>\$ 160,373</b>	<b>\$ 466,375</b>	<b>\$ 478,438</b>

Additional information on the City's capital assets can be found on pages 49-50 of this report.

**Debt Administration.** At year end, the City had \$149,817,429 in long term debt outstanding compared to \$86,959,222 at the end of the prior fiscal year, an increase of 72.28% as shown in Table 4. The City had two new bond issuances in FY 2018. Economic Development Revenue Bonds in the amount of \$49,155,000 and Tax Apportionment Refunding Bonds in the amount of \$19,250,000 for a Tax Incentive Financing district to be repaid 50% by property taxes and 50% by sales and use taxes generated within the district. See pages 53-56 for a more in depth review of long-term debt.

**TABLE 4  
Long-Term Debt  
(In Thousands)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	2018	2017	2018	2017	2018	2017
General obligation bonds	\$ 975	\$ 1,300	\$ -	\$ -	\$ 975	\$ 1,300
Notes payable	20,652	21,336	49,350	53,675	70,002	75,011
Accrued compensated absences	5,565	5,517	1,821	2,087	7,386	7,604
Revenue bonds	68,405	-	1,522	1,482	69,927	1,482
Revenue bonds premium	-	-	1,475	1,492	1,475	1,492
Refundable deposits	52	70	-	-	52	70
<b>Totals</b>	<b>\$ 95,649</b>	<b>\$ 28,223</b>	<b>\$ 54,168</b>	<b>\$ 58,736</b>	<b>\$ 149,817</b>	<b>\$ 86,959</b>

**FACTORS AFFECTING FINANCIAL CONDITION**

**Economic Outlook.** Tests on the Boeing KC-46A Pegasus aero-tanker continue to go well, and the first few aircraft may be delivered as early as early 2019. This is great news for Tinker Air Force Base (TAFB), which is the top employer for Midwest City, as it will be responsible for the Pegasus' maintenance. Servicing the plane will require a workforce of approximately 1321 at an average annual income of \$62,000. This translates to a yearly economic impact of \$1 billion for the state. These jobs will

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further enhance employment opportunities at TAFB where an estimated 31,030 Oklahomans already work.

As of October 2018, U.S. unemployment was at approximately 3.7%, an 18-year low. State unemployment was equally low (3.4%) with the highest employment rates found in Central and Western Oklahoma.

We offer the following additional forecasts by sector:

- **Retail.**

At the time of this report, the Midwest City Memorial Hospital Authority was under contract to sell 13.28 acres of prime real estate in the vicinity of S Douglas BLVD and Interstate 40. The buyer, Franklin Land Associates, is an arm of GBT Realty Corporation, a major developer of retail and mixed-use properties. Redevelopment of this comparatively small parcel looks very promising due to enormous daily traffic counts.

One of the country's strongest retailers, Burlington Stores, held its grand opening on September 14, 2018. This 40,000 square foot store is the latest edition to the Sooner Rose Shopping & Entertainment Center where it joins fellow retailers Academy Sports + Outdoors and Hobby Lobby.

Only one leasable tenant space remains available in the Town Center Plaza ("TCP") at the time of this report.

The strip centers at 2301 and 2601 S Douglas BLVD are nearly 100% occupied and are doing well. The center at 1011 S Air Depot BLVD is mostly full, and our market has shown it can easily support new, Class B retail space.

A tremendous amount of Class C retail space remains vacant, most of which is in the Air Depot corridor. Heritage Plaza, 351 N Air Depot BLVD, is over 30% vacant and the 142,772 ft.<sup>2</sup> former Sears building remains empty with few lookers. Conditions at Heritage Park Mall continue to deteriorate.

- **Hospitality.**

Midwest City is not only the economic center of eastern Oklahoma County, it is also the culinary hub as well. Employees from TAFB frequent our restaurants for lunch and the 100,000+ citizens from the East Metro frequently enjoy dinner here. These trends are reflected in the multitude of restaurant projects underway in the community, which includes Feast (buffet) and Meiji (hibachi-style) eateries in the Sooner Rose Shopping & Entertainment Center. Both are projected to begin operations sometime in early 2019.

In the 2133 block of S Air Depot BLVD, a the Hibachi Sushi & Seafood Buffet restaurant opened in November 2018. Work also continues on the Open Flame Coffee Company Roastery, 307 S Air Depot BLVD, with an opening promised this winter.

The OKC Metro's second Blaze Pizza will opened in September 2018 at 7199 SE 29<sup>th</sup> ST in Town Center Plaza's ("TCP") Downtown area, and the Wedge Pizzeria, 2320 S Air Depot

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BLVD, opened in November 2018. Joining Wedge in the same vicinity is the Metro area's second Drum Room, a trendy favorite amongst the millennial crowd.

A new McDonald's is slated to be built at 7551 E Reno AVE and another Del Rancho is in the works for 9201 SE 29<sup>th</sup> ST. Another quick service restaurant, Taco Bell, has filed a permit application to build on the last remaining lot in TCP.

Lastly, Johnnie's Charcoal Broiler Express, 6825 SE 29<sup>th</sup> ST, is opening in December 2018.

At least four other real estate scouts are currently searching Midwest City for new sites at the time of this report and we feel the restaurant sector will remain strong into the near future.

The Hampton Inn, 1833 Center Drive, completed a major renovation. However, the hotel industry remains sluggish due to overdevelopment in all price points throughout the OKC metro.

- **Industrial.** The final plat of the Soldier Creek Industrial Park ("SCIP") was recently approved, thereby opening up approximately 40 acres for industrial development with over 100 undeveloped acres remaining in reserve. We currently have a couple of prospects eyeing SCIP but interest in the park has been sporadic.

Tomcat Aviation moved into the former Chromalloy Gas Turbine building earlier this year bringing about four dozen employees along. This building, which had been vacant for years, promises to create 30 – 50 additional aerospace jobs in the forthcoming years.

- **Office and Professional.** The Mid-Town Office Park seems to be filling space as quickly as it is built out. There are other small, free-standing office buildings under construction and even more being proposed east of S Douglas BLVD. We have fielded inquiries about office space in the Medical District and along SE 29<sup>th</sup> ST as well.

A Texas-based call center operator, the Heller Group, is in the process of remodeling the former Furr's Cafeteria space in the Holiday Square Shopping Center, 1110 S Air Depot BLVD. Heller may create up to 250 positions by the end of 2018.

**FY 2018-2019 Budgets and Rates** - The fiscal year 2018-2019 expenditure budgets presented to the Council and Board of Trustees was \$96,905,009, which is net of \$47,144,215 inter/intra-fund transfers.



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The three major governmental funds reflect the following budgets adopted for FY 18-19:

	<u>Revenues</u>	<u>Transfers In</u>	<u>Expenditures</u>	<u>Transfer Out</u>	<u>(Use) of Fund Balance</u>
General	\$25,996,068	\$10,533,263	\$10,995,221	\$25,325,744	\$208,366
Police	\$ 5,605,434	\$ 9,402,609	\$13,326,707	\$ 650,000	\$1,031,336
Fire	\$ 4,173,303	\$ 7,522,644	\$10,690,303	\$ 250,000	\$755,644

Personal services were budgeted with merit steps included for all pay plans; non-represented, police and fire. A 2.9% cost of living (COLA) was included for non-represented employees. The non-represented employees participate in a defined contribution plan; the contribution by the City is 14%.

In November 2018, the City reached a labor agreement with the Police union for fiscal years 2019 and 2020. Currently, the statutory contribution requirement for the police defined benefit pension plan is 21%, with the City paying 13% and the employee paying 8%. The agreement includes the following for fiscal year 2019:

- 2.5% across the board wage increase;
- a \$25 increase to the longevity table making the yearly amount payable \$125 beginning in the fifth year of service instead of the sixth year of service;
- adding \$11.75 to the current education incentive per pay period (estimated cost of \$28,400 per year);
- addition \$10 per shift for the field officer training incentive (estimated cost of \$5,000 annually);

The agreement includes the following for fiscal year 2020:

- 2.25% across the board wage increase if the Police Fund revenues for fiscal year 2019 exceed budget by at least 3% on July 15, 2019 minus other revenues (grants, donations, etc.); or
- 2.5% across the board wage increase if the Police Fund revenues for fiscal year 2019 exceed budget by at least 3.5% on July 15, 2019 minus other revenues (grants, donations, etc.); or
- 3.0% across the board wage increase if the Police Fund revenues for fiscal year 2019 exceed budget by at least 4.25% on July 15, 2019 minus other revenues (grants, donations, etc.); or
- If none of the above revenue thresholds are met, the contract will be reopened for negotiations

The Fire union has not reached a labor agreement with the City for a fiscal year 2019 labor contract. Currently, the statutory contribution requirement for fire defined benefit pension plan is 23%, with the City paying 18% and the employee paying 5%.

The City through self-insurance sponsors medical, prescription and dental insurance to full time employees and qualifying retirees and their families. Annual health insurance premium amounts are established by the City Council. The “Affordable Care Act” (ACA) has certain costs that are not to be passed on to the employee or retiree. For FY 2018-2019, the budgeted amount is \$153,897.

The City is currently offering one medical insurance plan. The Blue Preferred Plan has a lower premium and reduced provider network compared to the Blue Option Plan which was previously provided as an option to City employees.

**Emergency reserves** are contained in the operational fund budgets of the City. The General fund is required to maintain a 10% reserve while all others are required to maintain a 5% reserve. The reserves are equal to the annual operating budget less transfer outs and capital outlay. The reserves are only accessible if a significant event should occur such as a downturn in the economy greatly affecting the funding of the City’s operations, uses for natural disasters or one-time non-recurring emergency that

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disrupts the cash receipts of the City. With this resolution in place for maintaining a reserve, the City becomes more financially stable and better equipped to handle any unforeseen emergencies or major loss of revenues.

**Request for Information.** This financial report is designed to provide a general overview of the City's finances, comply with finance-related laws, regulations and demonstrate the City's commitment to public accountability. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City of Midwest City, Finance Department, 100 N. Midwest Boulevard, Midwest City, Oklahoma 73110.

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**BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE**

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**Statement of Net Position– June 30, 2018**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 24,885,522	\$ 4,372,425	\$ 29,257,947
Cash and cash equivalents, restricted	13,616,757	2,990,013	16,606,770
Investments	114,365,122	12,918,037	127,283,159
Land held for economic development	3,439,804	-	3,439,804
Accounts receivable, net	1,916,274	3,335,264	5,251,538
Interest receivable	54,427	22,833	77,260
Other receivable	229,788	91,138	320,926
Inventory	2,364,402	276,343	2,640,745
Internal balances	418,650	(418,650)	-
Prepaid items	4,612	6,278	10,890
Due from other governments	6,186,323	-	6,186,323
Lease receivable	62,677,553	-	62,677,553
Deposits held by others	5,566	-	5,566
Investments, non- current, restricted	-	1,101,582	1,101,582
Capital assets:			
Land, water rights, and construction in progress	40,463,649	13,983,418	54,447,067
Other capital assets, net of depreciation	270,100,695	141,826,490	411,927,185
Total assets	<u>540,729,144</u>	<u>180,505,171</u>	<u>721,234,315</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred amount on refunding	-	819,874	819,874
Deferred amount related to pensions	9,080,969	-	9,080,969
Deferred amount related to OPEB	630,939	238,722	869,661
Total deferred outflows	<u>9,711,908</u>	<u>1,058,596</u>	<u>10,770,504</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	1,280,805	1,236,490	2,517,295
Wages payable	1,590,621	463,003	2,053,624
Claims payable	2,310,403	-	2,310,403
Due to other governments	8,569	-	8,569
Accrued interest payable	708,626	675,054	1,383,680
Unearned revenue	7,100,725	-	7,100,725
Long-term liabilities:			
Due within one year	3,732,243	5,218,320	8,950,563
Due in more than one year	140,931,600	55,281,567	196,213,167
Total liabilities	<u>157,663,592</u>	<u>62,874,434</u>	<u>220,538,026</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred amount related to pensions	2,652,752	-	2,652,752
Deferred amount related to property taxes	322,688	-	322,688
Deferred amount related to OPEB	1,536,654	581,407	2,118,061
Total deferred inflows	<u>4,512,094</u>	<u>581,407</u>	<u>5,093,501</u>
<b>NET POSITION</b>			
Net investment in capital assets	308,252,543	105,458,542	413,711,085
Restricted for:			
Debt service	149,038	2,019,906	2,168,944
Hospital	94,580,194	-	94,580,194
Capital improvements	6,987,796	-	6,987,796
Public Safety	10,319,736	-	10,319,736
Street operations	2,341,418	-	2,341,418
Culture and recreation	1,319,154	-	1,319,154
Economic Development	10,043,482	-	10,043,482
Other	2,681,659	-	2,681,659
Unrestricted (deficit)	(48,409,654)	10,629,478	(37,780,176)
Total net position	<u>\$ 388,265,366</u>	<u>\$ 118,107,926</u>	<u>\$ 506,373,292</u>

See accompanying notes to the basic financial statements.

**CITY OF MIDWEST CITY, OKLAHOMA  
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**Statement of Activities –Year Ended June 30, 2018**

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Primary government</b>							
Governmental activities							
General government	\$ 7,653,254	\$ 3,728,037	\$ 84,067	\$ 270,388	\$ (3,570,762)	\$ -	\$ (3,570,762)
Public safety	29,069,958	2,063,875	3,245,101	-	(23,760,982)	-	(23,760,982)
Streets	15,082,019	568,008	503,666	2,254,850	(11,755,495)	-	(11,755,495)
Culture and recreation	1,928,455	466,061	113,308	-	(1,349,086)	-	(1,349,086)
Health and welfare	416,456	-	-	-	(416,456)	-	(416,456)
Economic development	13,829,278	1,861,753	514,069	-	(11,453,456)	-	(11,453,456)
Interest expense	2,378,801	-	-	-	(2,378,801)	-	(2,378,801)
Total governmental activities	<u>70,358,221</u>	<u>8,687,734</u>	<u>4,460,211</u>	<u>2,525,238</u>	<u>(54,685,038)</u>	<u>-</u>	<u>(54,685,038)</u>
Business-type activities:							
Water	6,647,472	7,998,054	-	2,080	-	1,352,662	1,352,662
Wastewater	8,098,410	8,107,156	-	-	-	8,746	8,746
Sanitation	4,579,243	6,342,135	-	-	-	1,762,892	1,762,892
Drainage	661,479	484,385	-	-	-	(177,094)	(177,094)
Conference center	7,749,424	5,157,031	-	-	-	(2,592,393)	(2,592,393)
Golf	1,153,318	1,072,355	-	-	-	(80,963)	(80,963)
Mobile home park	4,104	160	-	-	-	(3,944)	(3,944)
Industrial park	57,073	-	-	-	-	(57,073)	(57,073)
Total business-type activities	<u>28,950,523</u>	<u>29,161,276</u>	<u>-</u>	<u>2,080</u>	<u>-</u>	<u>212,833</u>	<u>212,833</u>
Total primary government	<u>\$ 99,308,744</u>	<u>\$ 37,849,010</u>	<u>\$ 4,460,211</u>	<u>\$ 2,527,318</u>	<u>(54,685,038)</u>	<u>212,833</u>	<u>(54,472,205)</u>
<b>General revenues:</b>							
Taxes:							
Sales and use taxes					36,830,105	-	36,830,105
Property tax					300,987	-	300,987
Payment in lieu of taxes					1,004,282	-	1,004,282
Franchise and public service taxes					2,910,373	-	2,910,373
Hotel/motel taxes					598,486	-	598,486
Intergovernmental revenue not restricted to specific programs					494,009	-	494,009
Investment income					12,571,687	8,724	12,580,411
Miscellaneous					803,457	100,241	903,698
Transfers - internal activity					(2,745,121)	2,745,121	-
Total general revenues and transfers					<u>52,768,265</u>	<u>2,854,086</u>	<u>55,622,351</u>
Change in net position					(1,916,773)	3,066,919	1,150,146
Net position - beginning, restated					390,182,139	115,041,007	505,223,146
Net position - ending					<u>\$ 388,265,366</u>	<u>\$ 118,107,926</u>	<u>\$ 506,373,292</u>

See accompanying notes to the basic financial statements.

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**BASIC FINANCIAL STATEMENTS - GOVERNMENTAL FUNDS**

**CITY OF MIDWEST CITY, OKLAHOMA**  
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**Governmental Funds Balance Sheet - June 30, 2018**

	<u>General Fund</u>	<u>Police Fund</u>	<u>Fire Fund</u>	<u>Midwest City</u>		<u>Economic</u>	<u>Other</u>	<u>Total</u>
				<u>Hospital Authority</u>	<u>Sooner Rose TIF</u>	<u>Development</u>	<u>Governmental</u>	<u>Governmental</u>
						<u>Authority</u>	<u>Funds</u>	<u>Funds</u>
<b>ASSETS</b>								
Cash and cash equivalents	\$ 1,670,610	\$ 712,877	\$ 448,579	\$ 13,604,928	\$ 7,578,565	\$ 6,336,064	\$ 3,717,262	\$ 34,068,885
Investments	4,733,836	2,176,144	1,626,021	91,401,970	739,460	269,871	11,263,173	112,210,475
Land held for economic development	-	-	-	5,684,054	-	-	-	5,684,054
Receivables:								
Accounts receivable	1,343,248	85,906	2,784	20,726	20,556	149,261	425,167	2,047,648
Accrued interest receivable	9,164	4,407	2,726	6,901	-	-	20,115	43,313
Due from other funds	103,791	2,217,372	1,746,982	2,689	-	-	92,387	4,163,221
Deposits held by others	-	-	-	-	-	-	5,566	5,566
Prepaid items	4,612	-	-	-	-	-	-	4,612
Other receivable	18,941	4,439	874	-	-	-	-	24,254
Due from other governments	3,048,973	736,553	580,338	-	-	-	1,820,459	6,186,323
Inventory	-	-	-	-	-	-	60,000	60,000
Advance to other funds	885,203	-	-	-	-	-	49,530	934,733
Total assets	<u>\$ 11,818,378</u>	<u>\$ 5,937,698</u>	<u>\$ 4,408,304</u>	<u>\$ 110,721,268</u>	<u>\$ 8,338,581</u>	<u>\$ 6,755,196</u>	<u>\$ 17,453,659</u>	<u>\$ 165,433,084</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>								
<b>Liabilities:</b>								
Accounts payable and accrued liabilities	\$ 301,638	\$ 38,340	\$ 18,184	\$ 312,882	\$ 143,780	\$ -	\$ 211,969	\$ 1,026,793
Wages payable	432,294	579,726	436,970	8,826	-	-	73,705	1,531,521
Unearned revenue	-	-	-	7,100,724	-	-	-	7,100,724
Refundable deposits - court	52,230	-	-	-	-	-	-	52,230
Due to other funds	3,881,783	-	-	-	-	-	828,611	4,710,394
Due to other governments	8,569	-	-	-	-	-	-	8,569
Advance from other funds	49,530	-	885,203	-	-	-	-	934,733
Total liabilities	<u>4,726,044</u>	<u>618,066</u>	<u>1,340,357</u>	<u>7,422,432</u>	<u>143,780</u>	<u>-</u>	<u>1,114,285</u>	<u>15,364,964</u>
<b>Deferred inflows of resources:</b>								
Unavailable revenue	1,061,884	71,650	-	689,532	-	-	590,839	2,413,905
<b>Fund balances:</b>								
Nonspendable	889,815	-	-	5,684,054	-	-	115,096	6,688,965
Restricted	1,595,346	5,247,982	3,067,947	95,501,195	8,194,801	6,755,196	14,473,465	134,835,932
Committed	-	-	-	1,424,055	-	-	-	1,424,055
Assigned	1,100,028	-	-	-	-	-	1,159,974	2,260,002
Unassigned	2,445,261	-	-	-	-	-	-	2,445,261
Total fund balances	<u>6,030,450</u>	<u>5,247,982</u>	<u>3,067,947</u>	<u>102,609,304</u>	<u>8,194,801</u>	<u>6,755,196</u>	<u>15,748,535</u>	<u>147,654,215</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 11,818,378</u>	<u>\$ 5,937,698</u>	<u>\$ 4,408,304</u>	<u>\$ 110,721,268</u>	<u>\$ 8,338,581</u>	<u>\$ 6,755,196</u>	<u>\$ 17,453,659</u>	<u>\$ 165,433,084</u>

See accompanying notes to the basic financial statements.

**CITY OF MIDWEST CITY, OKLAHOMA**  
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**Reconciliation of Governmental Funds and Government-Wide Financial Statements:**

**Fund Balance – Net Position Reconciliation – June 30, 2018:**

**Fund balances of governmental funds** \$ 147,654,215

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$239,258,155 309,704,528

Certain long-term assets are not available to pay for current fund liabilities and, therefore, along with deferred outflows, are either reported as deferred outflows of resources in the funds or not reported in the funds at all:

Due from other governments	68,310
Other receivable, net of allowance	2,022,906
HMA hospital receivable	<u>62,677,553</u>
	<u>64,768,769</u>

The net pension liability and the total OPEB liability and the pension and OPEB related deferred outflows and deferred inflows are not due and payable from current financial resources, and therefore, are not reported in these fund financial statements, but are reported in the governmental activities of the Statement of Net Position.

Pension related deferred outflows	9,080,969
Net pension liability	(32,280,170)
Pension related deferred inflows	(2,652,752)
OPEB related deferred outflows	604,153
Total OPEB liability	(16,024,043)
OPEB related deferred inflows	<u>(1,471,417)</u>
	<u>(42,743,260)</u>

Internal service funds are used by management to charge the cost of certain activities to individual funds. An allocation of the assets and liabilities of the internal service funds are included in governmental activities in the statement of net position, net of amount allocated to business-type activities. 5,029,938

Certain other long-term liabilities are not due and payable from current financial resources and, therefore, along with deferred inflows, are not reported in the funds:

General obligation bonds payable	(975,000)
Notes payable	(20,652,140)
Bonds payable	(68,405,000)
Accrued compensated absences	(5,408,058)
Accrued interest payable	<u>(708,626)</u>
	<u>(96,148,824)</u>

**Net position of governmental activities** \$ 388,265,366

See accompanying notes to the basic financial statements.



**CITY OF MIDWEST CITY, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**For the Year Ended June 30, 2018**

**Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances – Year Ended June 30, 2018**

	<u>General Fund</u>	<u>Police Fund</u>	<u>Fire Fund</u>	<u>Midwest City Hospital Authority</u>	<u>Sooner Rose TIF</u>	<u>Economic Development Authority</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>								
Taxes	\$ 23,630,293	\$ 4,200,304	\$ 3,476,181	\$ 1,004,282	\$ 20,556	\$ -	\$ 9,327,991	\$ 41,659,607
Intergovernmental	698,259	801,553	3,355,239	-	-	-	1,160,794	6,015,845
Charges for services	2,306,506	98,790	5,408	-	-	1,503,861	1,498,039	5,412,604
Fines and forfeitures	1,248,027	68,666	-	-	-	-	112,030	1,428,723
Licenses and permits	452,608	2,900	8,300	-	-	-	125,456	589,264
Investment income	17,896	(32,984)	(36,451)	13,150,764	47,008	-	(25,474)	13,120,759
Miscellaneous	657,889	12,028	9,348	1,236,928	-	-	261,770	2,177,963
Total revenues	<u>29,011,478</u>	<u>5,151,257</u>	<u>6,818,025</u>	<u>15,391,974</u>	<u>67,564</u>	<u>1,503,861</u>	<u>12,460,606</u>	<u>70,404,765</u>
<b>EXPENDITURES</b>								
Current:								
General government	5,396,446	-	-	1,408,240	-	-	526,983	7,331,669
Public safety	998,372	13,435,411	13,619,975	-	-	-	629,899	28,683,657
Streets	2,753,935	-	-	-	-	-	131,570	2,885,505
Culture and recreation	942,952	-	-	-	-	-	621,416	1,564,368
Health and welfare	366,339	-	-	-	-	-	-	366,339
Economic development	2,912,973	-	-	-	9,365,622	43,903,665	1,208,915	57,391,175
Capital outlay	295,606	731,334	99,638	122,293	1,336,801	-	2,591,975	5,177,647
Debt service:								
Principal retirement	-	-	-	683,969	16,475,000	-	325,000	17,483,969
Interest and fiscal charges	3,762	-	37,218	1,169,425	420,340	-	51,750	1,682,495
Total expenditures	<u>13,670,385</u>	<u>14,166,745</u>	<u>13,756,831</u>	<u>3,383,927</u>	<u>27,597,763</u>	<u>43,903,665</u>	<u>6,087,508</u>	<u>122,566,824</u>
Excess (deficiency) of revenues over expenditures	<u>15,341,093</u>	<u>(9,015,488)</u>	<u>(6,938,806)</u>	<u>12,008,047</u>	<u>(27,530,199)</u>	<u>(42,399,804)</u>	<u>6,373,098</u>	<u>(52,162,059)</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Proceeds from issuance of debt	-	-	-	-	35,725,000	49,155,000	-	84,880,000
Transfers in	11,723,187	10,598,482	8,568,242	325,357	-	-	613,619	31,828,887
Transfers out	(27,380,741)	-	(166,000)	(424,638)	-	-	(6,735,537)	(34,706,916)
Total other financing sources and uses	<u>(15,657,554)</u>	<u>10,598,482</u>	<u>8,402,242</u>	<u>(99,281)</u>	<u>35,725,000</u>	<u>49,155,000</u>	<u>(6,121,918)</u>	<u>82,001,971</u>
Net change in fund balances	(316,461)	1,582,994	1,463,436	11,908,766	8,194,801	6,755,196	251,180	29,839,912
Fund balances - beginning	6,346,911	3,664,988	1,604,511	90,700,538	-	-	15,497,355	117,814,303
Fund balances - ending	<u>\$ 6,030,450</u>	<u>\$ 5,247,982</u>	<u>\$ 3,067,947</u>	<u>\$ 102,609,304</u>	<u>\$ 8,194,801</u>	<u>\$ 6,755,196</u>	<u>\$ 15,748,535</u>	<u>\$ 147,654,215</u>

See accompanying notes to the basic financial statements.

**CITY OF MIDWEST CITY, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**For the Year Ended June 30, 2018**

**Changes in Fund Balances – Changes in Net Position Reconciliation – Year Ended June 30, 2018:**

Net change in fund balances - total governmental funds: \$ 29,839,912

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

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

Capital asset purchases capitalized	4,594,546
Capital asset donated	2,525,238
Gain (loss) on disposal of capital assets	(173,690)
Depreciation expense	(14,392,483)
	(7,446,389)

Repayment of debt principal is an expenditure and collections of leasehold receivables are a revenue in the governmental funds. However, the repayments reduce long-term liabilities or the long-term assets in the Statement of Net Position:

Leasehold receivable receipts	(863,485)
Loan to leasehold	43,903,665
Debt proceeds	(84,880,000)
Note payable principal payments	17,158,969
General obligation bond principal payments	325,000
	(24,355,851)

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

Change in unavailable revenue	266,520
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:

Other poste employment benefits	(206,050)
Interest expense	(700,068)
Pension expense	98,572
Accrued compensated absences	(54,798)
	(862,344)

Internal service fund activity is reported as a proprietary fund in fund financial statements, but certain net revenues/expenses are reported in governmental activities on the Statement of Activities, net of amount allocated to business-type activities

Total change in net position for internal service funds	641,379
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Change in net position of governmental activities	\$ (1,916,773)
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See accompanying notes to the basic financial statements.

**CITY OF MIDWEST CITY, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
For the Year Ended June 30, 2018**

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**BASIC FINANCIAL STATEMENTS - PROPRIETARY FUNDS**

**CITY OF MIDWEST CITY, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**For the Year Ended June 30, 2018**

**Proprietary Funds Statement of Net Position - June 30, 2018**

	<u>Midwest City Municipal Authority</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>	<u>Internal Service Funds</u>
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 4,089,812	\$ 208,967	\$ 4,298,779	\$ 1,477,477
Cash and cash equivalents, restricted	2,990,013	-	2,990,013	-
Investments	11,960,894	707,594	12,668,488	5,433,759
Accounts receivable, net	3,335,264	-	3,335,264	74,160
Other receivable	91,138	-	91,138	-
Accrued interest receivable	22,833	-	22,833	11,114
Prepaid items	6,278	-	6,278	-
Inventory	276,343	-	276,343	60,152
Due from other funds	814,420	-	814,420	202
Total current assets	<u>23,586,995</u>	<u>916,561</u>	<u>24,503,556</u>	<u>7,056,864</u>
Non-current assets:				
Investments, restricted	1,101,582	-	1,101,582	-
Land, construction in progress, and water rights	7,806,389	6,177,029	13,983,418	-
Other capital assets, net	139,003,682	2,693,997	141,697,679	988,627
Total non-current assets	<u>147,911,653</u>	<u>8,871,026</u>	<u>156,782,679</u>	<u>988,627</u>
Total assets	<u>171,498,648</u>	<u>9,787,587</u>	<u>181,286,235</u>	<u>8,045,491</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>				
Deferred amount on refunding	819,874	-	819,874	-
Deferred amount related to OPEB	221,676	-	221,676	43,832
	<u>1,041,550</u>	<u>-</u>	<u>1,041,550</u>	<u>43,832</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable and accrued liabilities	1,236,573	-	1,236,573	264,703
Claims liability	-	-	-	784,403
Wages payable	424,628	-	424,628	86,701
Due to other funds	-	-	-	267,449
Accrued interest payable	675,054	-	675,054	-
Accrued compensated absences	463,750	-	463,750	109,437
Refundable deposits	202,387	-	202,387	-
Revenue bonds payable	4,495,000	-	4,495,000	-
Total current liabilities	<u>7,497,392</u>	<u>-</u>	<u>7,497,392</u>	<u>1,512,693</u>
Non-current liabilities:				
Accrued compensated absences	840,071	-	840,071	218,879
Claims liability	-	-	-	1,526,000
Total OPEB liability	5,879,556	-	5,879,556	1,162,532
Refundable deposits	1,319,237	-	1,319,237	-
Revenue bonds payable, net	46,676,240	-	46,676,240	-
Total non-current liabilities	<u>54,715,104</u>	<u>-</u>	<u>54,715,104</u>	<u>2,907,411</u>
Total liabilities	<u>62,212,496</u>	<u>-</u>	<u>62,212,496</u>	<u>4,420,104</u>
<b>DEFERRED INFLOW OF RESOURCES</b>				
Deferred amount related to OPEB	539,893	-	539,893	106,751
<b>NET POSITION</b>				
Net investment in capital assets	96,458,705	8,871,026	105,329,731	988,627
Restricted for debt service	2,019,906	-	2,019,906	-
Restricted for other purposes	100,883	216,134	317,017	-
Unrestricted	11,208,315	700,427	11,908,742	2,573,841
Total net position	<u>\$ 109,787,809</u>	<u>\$ 9,787,587</u>	<u>\$ 119,575,396</u>	<u>\$ 3,562,468</u>

Some amounts reported for business-type activities in the Statement of Net Position are different because certain internal service fund balances are included with business-type activities and reported as interfund balances

(1,467,470)

Total net position per Government-Wide financial statements

\$ 118,107,926

See accompanying notes to the basic financial statements.

**CITY OF MIDWEST CITY, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**For the Year Ended June 30, 2018**

**Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Position - Year Ended June 30, 2018**

	<b>Midwest City Municipal Authority</b>	<b>Nonmajor Enterprise Funds</b>	<b>Total</b>	<b>Internal Service Funds</b>
<b>OPERATING REVENUES</b>				
Charges for services	\$ 28,928,927	\$ 145	\$ 28,929,072	\$ 10,751,710
Fees, licenses and permits	88,420	-	88,420	-
Miscellaneous	140,001	-	140,001	181,999
Total operating revenues	<u>29,157,348</u>	<u>145</u>	<u>29,157,493</u>	<u>10,933,709</u>
<b>OPERATING EXPENSES</b>				
Personal services	10,451,525	-	10,451,525	1,856,796
Materials and supplies	3,748,406	-	3,748,406	1,389,170
Other services and charges	7,064,863	4,104	7,068,967	951,160
Insurance claims and expense	-	-	-	5,915,695
Depreciation and amortization	5,858,416	57,073	5,915,489	83,165
Total operating expenses	<u>27,123,210</u>	<u>61,177</u>	<u>27,184,387</u>	<u>10,195,986</u>
Operating income (loss)	<u>2,034,138</u>	<u>(61,032)</u>	<u>1,973,106</u>	<u>737,723</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Investment income (loss)	78,662	14,474	93,136	(25,111)
Interest expense and fiscal charges	(1,967,261)	-	(1,967,261)	-
Gain on asset retirement	16,596	-	16,596	-
Total non-operating revenue (expenses)	<u>(1,872,003)</u>	<u>14,474</u>	<u>(1,857,529)</u>	<u>(25,111)</u>
Income (loss) before contributions and transfers	<u>162,135</u>	<u>(46,558)</u>	<u>115,577</u>	<u>712,612</u>
Capital contributions	89,266	-	89,266	-
Transfers in	13,651,407	69,166	13,720,573	135,636
Transfers out	<u>(11,065,366)</u>	<u>-</u>	<u>(11,065,366)</u>	<u>-</u>
Change in net position	2,837,442	22,608	2,860,050	848,248
Total net position - beginning, restated	106,950,367	9,764,979	116,715,346	2,714,220
Total net position - ending	<u>\$ 109,787,809</u>	<u>\$ 9,787,587</u>	<u>\$ 119,575,396</u>	<u>\$ 3,562,468</u>
Change in net position per above			\$ 2,860,050	
Some amounts reported for business-type activities in the Statement of Activities are different because the net revenue (expense) of certain internal service funds is reported with business-type activities			206,869	
Change in Business-Type Activities in Net Position per Government-Wide Financial Statements			<u>\$ 3,066,919</u>	

See accompanying notes to the basic financial statements.

**CITY OF MIDWEST CITY, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**For the Year Ended June 30, 2018**

**Proprietary Funds Statement of Cash Flows - Year Ended June 30, 2018**

	Midwest City Municipal Authority	Nonmajor Enterprise Funds	Total	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 29,499,302	\$ 145	\$ 29,499,447	\$ 10,896,149
Payments to suppliers	(10,911,529)	(21,698)	(10,933,227)	(1,663,386)
Payments to employees	(10,421,269)	-	(10,421,269)	(1,845,126)
Receipts (payments) from interfund loans	(47,687)	-	(47,687)	(16,897)
Receipt of customer deposits	499,379	-	499,379	-
Return of customer deposits	(466,176)	-	(466,176)	-
Claims and benefits paid	-	-	-	(6,499,427)
<b>Net cash provided by (used in) operating activities</b>	<b>8,152,020</b>	<b>(21,553)</b>	<b>8,130,467</b>	<b>871,313</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers from other funds	13,651,407	69,166	13,720,573	-
Transfers to other funds	(11,065,366)	-	(11,065,366)	135,636
<b>Net cash provided by noncapital financing activities</b>	<b>2,586,041</b>	<b>69,166</b>	<b>2,655,207</b>	<b>135,636</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Capital assets purchased	(1,324,763)	-	(1,324,763)	(15,591)
Principal paid on capital debt	(4,325,000)	-	(4,325,000)	-
Payments of interfund loan for capital purchases	-	(65,063)	(65,063)	-
Interest and fiscal charges paid on capital debt	(2,235,062)	-	(2,235,062)	-
Proceeds from sale of capital assets	34,609	-	34,609	-
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>(7,850,216)</b>	<b>(65,063)</b>	<b>(7,915,279)</b>	<b>(15,591)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Sale (Purchase) of investments	(2,653,939)	(3,359)	(2,657,298)	(2,809,741)
Interest and dividends	421,701	14,474	436,175	118,999
<b>Net cash provided by (used in) investing activities</b>	<b>(2,232,238)</b>	<b>11,115</b>	<b>(2,221,123)</b>	<b>(2,690,742)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>655,607</b>	<b>(6,335)</b>	<b>649,272</b>	<b>(1,699,384)</b>
<b>Balances - beginning of year</b>	<b>6,424,218</b>	<b>215,302</b>	<b>6,639,520</b>	<b>3,176,861</b>
<b>Balances - end of year</b>	<b>\$ 7,079,825</b>	<b>\$ 208,967</b>	<b>\$ 7,288,792</b>	<b>\$ 1,477,477</b>
<b>Reconciliation to Statement of Net Position:</b>				
Cash and cash equivalents	\$ 4,089,812	\$ 208,967	\$ 4,298,779	\$ 1,477,477
Restricted cash and cash equivalents	2,990,013	-	2,990,013	-
<b>Total cash and cash equivalents</b>	<b>\$ 7,079,825</b>	<b>\$ 208,967</b>	<b>\$ 7,288,792</b>	<b>\$ 1,477,477</b>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>				
Operating income (loss)	\$ 2,034,138	\$ (61,032)	\$ 1,973,106	\$ 737,723
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	5,858,416	57,073	5,915,489	83,165
Change in assets and liabilities:				
Receivables, net	281,364	-	281,364	(37,560)
Other receivable	54,026	-	54,026	-
Due from other funds	(21,970)	-	(21,970)	(196)
Prepaid items	(6,278)	-	(6,278)	-
Inventory	(15,128)	-	(15,128)	(9,855)
Deferred outflows OPEB	(1,388)	-	(1,388)	(292)
Accounts payable	(76,854)	(17,594)	(94,448)	69,060
Claims liability	-	-	-	34,007
Due to other funds	(25,717)	-	(25,717)	(16,701)
Accrued payroll and related liabilities	(24,840)	-	(24,840)	(824)
Refundable deposits	39,767	-	39,767	-
OPEB liability	(462,527)	-	(462,527)	(91,454)
Accrued compensated absences	(20,882)	-	(20,882)	(2,511)
Deferred inflows OPEB	539,893	-	539,893	106,751
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 8,152,020</b>	<b>\$ (21,553)</b>	<b>\$ 8,130,467</b>	<b>\$ 871,313</b>
<b>Noncash activities:</b>				
Contributed capital assets - from governmental funds	\$ 89,266	\$ -	\$ 89,266	\$ -

See accompanying notes to the basic financial statements.

**FOOTNOTES TO BASIC FINANCIAL STATEMENTS**

## **Note 1. Summary of Significant Accounting Policies**

The City of Midwest City's (the "City") accounting and financial reporting policies conform to accounting principles generally accepted in the United State of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

### **1.A. Financial Reporting Entity**

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

The City of Midwest City is an incorporated municipality located in central Oklahoma. The City operates under a council-manager form of government with a charter that provides for three branches of government:

- Legislative – the governing body includes an elected seven-member City Council and Mayor
- Executive – the City Manager is the Chief Executive Officer and is appointed by the City Council
- Judicial – the Municipal Judges are practicing attorneys appointed by the City Council

In determining the financial reporting entity, the City of Midwest City complies with the provisions of Governmental Accounting Standards Board and includes all component units for which the City is financially accountable. The City's financial reporting entity primary government presentation includes the City of Midwest City and certain component units as follows:

**Blended Component Units:** Separate legal entities for which the City Council members also serve as the trustees/governing body of the Authorities and /or the City is able to impose its will on the Authorities through required approval of all debt obligations issued by these entities. These component units funds are blended into the City's by appropriate fund type to comprise part of the primary government presentation.

**Midwest City Utilities Authority** –created for industrial development.

**Midwest City Municipal Authority** – created to operate the water, wastewater, sanitation and conference center/hotel.

**Midwest City Hospital Authority** – created to operate the hospital, however, in 1996 the hospital was leased for a 30 year term. In March 2009, this lease was extended to May 2048. The Trustees manage activities related to the hospital lease. Economic development is also a principal mission of the Authority.

**Urban Renewal Authority** – created for economic development.

**Economic Development Authority** – created for economic development.

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



assets at the creation for the Authorities to the Trustees on a long-term basis. The City, as beneficiary of the Public Trusts, receives title to any residual assets when a Public Trust is dissolved.

In accordance with state law, the City Council must approve, by two-thirds vote, all debt obligations of these public trusts prior to incurring the obligation. This is considered sufficient imposition of will to demonstrate financial accountability and to include the trusts within the City's financial reporting entity. The public trusts do not issue separate annual financial statements.

### **1.B. Basis of Presentation and Accounting**

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

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

#### **Government-Wide Financial Statements:**

The Government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. In the Statement of Net Position and the Statement of Activities, the City presents two kinds of activities:

*Governmental activities* - Most of the City's basic services are reported here, including the police, fire, general administration, streets, parks and recreation. Sales taxes, franchise fees, fines, and state and federal grants finance most of these activities.

*Business-type activities* – Services where the City charges a fee to customers to help cover all or most of the cost of the services it provides. The City's water, sewer, sanitation systems and the hotel/conference center activities are reported here.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are 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. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

**Fund Financial Statements:**

***Governmental Funds:***

Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances remaining at year-end. Governmental funds report their activities on the modified accrual basis of accounting and current financial resources measurement focus that is different from other funds. For example, these funds report the acquisition of capital assets and payments for debt principal as expenditures and not as changes to asset and debt balances. 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 City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period except for reimbursement type grants that are recorded as revenues when the related expenditures are recognized and available within 120 days of year end. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims, judgments, and net pension liabilities are recorded only when payment is due.

Sales and use taxes, property taxes, franchise taxes, licenses, court fines 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. All other revenue items are considered to be measurable and available only when cash is received by the City.

The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps one determine (through a review of changes to fund balance) whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The City's governmental funds include:

**Major Funds:**

- General Fund – accounts for all activities not accounted for in other special-purpose funds. For reporting purposes the General Fund also includes the activities of the Reimbursed Projects Account, Employee Activity Account, Activity Account, Animals Best Friend Account, Disaster Relief Account, and Retiree Health Claims Account.
- Police Fund – is a special revenue fund that accounts for police services funded by a restricted sales tax, a transfer of 34.21% of General Fund revenues per ordinance legally restricted for police operations, and fines and fees restricted for traffic enforcement operations. For reporting purposes, the Police Fund includes the Jail Fund.
- Fire Fund — is a special revenue fund that accounts for fire protection services funded by sales tax legally restricted for fire and a transfer of 27.66% of General Fund revenues per ordinance legally restricted for fire operations.
- Midwest City Hospital Authority – is a special revenue fund that manages activities related to the hospital lease, funded by interest income and in lieu of taxes. The Hospital Authority also makes investments and expenditures in economic development activities.
- Economic Development Authority – is a special revenue fund that manages activities related to economic development, funded by lease income.
- Sooner Rose TIF– is a special revue fund that manages the activities related to the Sooner Rose development district, funded by sales and use tax, interest income and property taxes.

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

Special Revenue Funds include Grants, Juvenile, Parks and Recreation, Emergency Operations, Technology, Welcome Center, Police Impound Fees, Street and Alley, Police Special Projects, Police Lab Fee, Convention/Visitors Bureau, Urban Renewal Authority Funds, Tax Increment Financing, Street Light Fee, and General Government Sales Tax.

Debt Service Fund – accounts for ad-valorem taxes levied by the City for use in retiring general obligation bonds, and their related interest expenses.

Capital Project Funds:

- Capital Improvement Fund – accounts for assessed fees that help fund capital projects for various functions of the City.
- Downtown Redevelopment Authority – accounts for the lease proceeds from the 29<sup>th</sup> street redevelopment. Proceeds are used to fund various needs of the City.
- 2002 Street Project Fund – accounts for the proceeds from the 2002 General Obligation Street Bonds which funds capital street projects.
- Dedicated Tax 2012 Fund – accounts for the sales tax restricted for street, parks, trails, sidewalks and public transportation projects.
- Sales Tax Capital Improvement Fund – accounts for sales tax restricted by a vote of the citizens for capital improvements, including debt retirements.
- Capital Outlay Reserve Fund – accounts for funds set aside to fund the five year capital needs projects.

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

***Proprietary Funds:***

When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds include enterprise funds and internal service funds. Enterprise funds are used to account for business-like activities provided to the general public. Internal service funds are used to account for business-like activities provided to other funds or departments of the City. Proprietary funds are reported on the accrual basis of accounting and economic resources measurement focus. For example, proprietary fund capital assets are capitalized and depreciated and principal payments on long-term debt are recorded as a reduction to the liability.

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 Midwest City Municipal Authority (Municipal Authority), non major enterprise funds and of the City's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The City's proprietary funds include the following:

### **Enterprise Funds**

Major:

The Municipal Authority includes the following accounts:

- Water Account (includes the Water Operating Account and the Water Capital Projects Account) accounts for the activities providing water services to the public.
- Sewer Account (includes the Sewer Operating Account and the Sewer Capital Projects Account) accounts for the activities providing sewer services to the public.
- Sanitation Account (includes the Sanitation Operating Account) accounts for the activities providing sanitation services to the public.
- Conference Center/Hotel Account (includes the Conference and Hotel Operating Account) accounts for the activities related to the Conference Center and Hotel.
- Drainage Account (includes the Drainage Operating Fund and the Capital Projects Account) accounts for the activities providing drainage services to the public.
- Debt Service Account accounts for the debt activities related to the 2011 and 2011A Revenue Bonds.
- Utility Services Fund – accounts for activities related to billing for water, sewer, sanitation, storm water, and drainage.
- Utilities Capital Fund – accounts for capital purchases for the water, sewer, and sanitation systems.
- Customer Deposit Fund –accounts for utility customer deposits.
- Golf Course Fund –accounts for activities of the John Conrad and the Hidden Creek golf courses.

Non-Major:

- Utilities Authority Fund –accounts for industrial development activities.
- 29<sup>th</sup> and Douglas –accounts for activities of the trailer park at 29<sup>th</sup> and Douglas.

### **Internal Service Funds** (aggregated in a single column for reporting purposes)

- Risk Management Fund - accounts for the cost of providing various insurance services (i.e, general liability, vehicle and property) to other funds and departments of the City
- Public Works Administration Fund - accounts for the cost of centralization of administrative resources to various departments of the City. This fund primarily serves the business-type activities.
- Fleet Services Fund - accounts for fuel, maintenance and repairs for the City's fleet.
- Surplus Property Fund - accounts for the disposal of surplus property on behalf of all departments.
- L&H Benefits Fund - accounts for health and life benefits to employees.
- Workers Compensation Fund – accounts for the cost of providing workers compensation insurance services to the other funds and departments of the city

**1.C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

**Deposits and Investments:**

Cash and cash equivalents includes all demand and savings accounts, certificates of deposit or short-term investments with an original maturity of three months or less, and money market investments. Trust account investments in open-ended mutual fund shares are also considered cash equivalents.

Investments, other than Hospital Authority investments, consist of long-term certificates of deposit, U.S. Treasury bonds and notes, and U.S. agency securities. Certificates of deposit are reported at cost, while the U.S. Treasury and agency securities are reported at fair value. Hospital investment consist of mutual funds, equities, and foreign equities. Investments are reported at fair value.

Except where otherwise required, cash resources have been pooled in order to maximize investment opportunities. Income from investments purchased with pooled cash is allocated to individual funds based on the funds' average cash balance and legal requirements.

**Restricted Assets:**

Certain proceeds of the enterprise funds' promissory notes, as well as certain resources set aside for their repayment, are classified as restricted assets on the Statement of Net Position because they are maintained in separate bank accounts, and their use is limited by applicable loan covenants. The debt service fund accounts are used to segregate resources accumulated for debt service payments over the next 12 months. In addition, amounts held for meter deposit refunds are considered restricted.

**Receivables**

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include sales and use taxes, franchise taxes, grants and court fines. Business-type activities report utilities as its major receivable.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise tax, and grants and other similar intergovernmental revenues. Non-exchange transactions collectible but not available are reported as a deferred inflow of resources in the fund financial statements in accordance with the modified accrual basis of accounting, but not reported as a deferred inflow of resources in the government-wide financial statements in accordance with the accrual basis. Interest on investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Utility accounts receivable and interest earnings comprise the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

**Inventories:**

Inventories are valued at average cost. Governmental fund inventory is related to parts of vehicle and equipment maintenance. Proprietary fund inventory is related to material on hand for repairs and improvements to the utility system. The cost of inventories are recorded as expenditures when consumed rather than when purchased.

**Land Held for Economic Development:**

The Hospital Authority owns land that is being held for future economic development. This land is carried at the lower of cost or market.

**Capital Assets:**

Capital assets, which include property, plant, equipment, and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

The City early implemented GAS Statement 89, *Accounting for Interest Cost Incurred before the End of the Construction Period*, and no longer capitalizes interest costs, in proprietary funds or business-type activities.

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

- Buildings/improvements 25-60 years
- Utility systems 25-99 years
- Infrastructure 25-99 years
- Machinery and equipment 5-20 years
- Vehicles 5-25 years

Depreciation of capital assets is included in total expenses and is charged or allocated to the activities primarily benefiting from the use of the specific asset.

**Unearned Revenue**

In 1996, the Hospital Authority entered into a long-term lease agreement with a third party to lease the Midwest City Municipal Hospital for a 30 year period. The lessee prepaid the entire amount of the rent for the 30 years, a total of \$26.9 million. This amount is being recognized in income over the 30 year period.

**Long-term obligations:**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statements of Net Position. Bond premiums and discounts are amortized over the life of the bonds using the straight line method. Bonds payable are reported net of bond premium or discount. Deferred amount on refundings are amortized over the shorter of the life of the new debt or the remaining life of the refunded debt using the straight line method. Deferred amounts are shown as deferred inflows or outflows.

Long-term obligations of governmental funds are not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures.

The City's long term debt consists of general obligation bonds, revenue bonds and notes, accrued compensated absences, contracts payable, net pension liability, net OPEB obligation, and refundable deposits.

**Compensated Absences:**

Under the terms of union contracts and City personnel policies, City employees are granted vacation and sick leave in varying amounts. Regular full-time civilian employees earn vacation leave per pay period in varying amounts from 80.08 hours per year to 204.10 hours per year based upon years of service. Upon separation from the city, a civilian employee is paid for accrued vacation up to a maximum of 192 hours plus current year accrual earned to date of separation. Civilian employees earn sick leave per pay period of 3.7 hours, for a total of 96.20 hours per year with the exception of Fire Rookies working 24 hour shifts who earn 5.54 hours per pay period for an annual total of 144.04 hours per year. Civilian employees who separate from employment with the city will be compensated for all accrued but unused sick leave as follows: Upon separation from the city after 10 years of service, a civilian employee is paid for accrued sick leave up to a maximum of 960 hours plus current year accrual earned to date of separation at 1/2 his/her hourly rate of pay. Civilian employees who separate from employment prior to 10 years of service shall receive no compensation for accrued sick leave benefits.

Police union employees earn vacation leave per pay period in varying amounts from 80.08 hours per year to 204.10 hours per year based upon years of service. Upon separation from the city, a police union employee is paid for accrued vacation up to a maximum of 216 hours plus current year accrual earned to date of separation. Police union employees earn sick leave per pay period of 4.6 hours for an annual total of 119.60 hours. Police union employees who separate from employment with the city will be compensated for all accrued but unused sick leave as follows: Upon separation from the city after 10 years or more of service, a police union employee is paid for accrued sick leave up to a maximum of 11,000 hours plus current year accrual earned to date of separation at 1/2 his/her hourly rate of pay. Police union employees who separate from employment prior to 10 years of service shall receive no compensation for accrued sick leave benefits. 100% of the sick leave balance shall be paid to the police union employee's named beneficiary in the event an employee is killed in the line of duty.

Fire union employees earn vacation leave per pay period in varying amounts from 80.08 hours per year to 301.34 hours per year based upon shift worked and years of service. Upon separation from the city, a fire union employee is paid for accrued vacation up to a maximum of 300 hours plus current year accrual earned to date of separation for 24 hour workers; up to a maximum of 216 hours plus current

year accrual earned to date of separation for 8 hour workers. Fire union employees earn sick leave per pay period of 5.54 for a total of 144.04 hours per year for 24 hour workers and 96.20 hours per year for 8 hour workers. Fire union employees who separate from employment with the city will be compensated for all accrued but unused sick leave as follows: Upon separation from the city after 10 years or more of service or with an on-the-job injury, a fire union employee is paid for accrued sick leave up to a maximum of 1,314 hours for 24 hour workers; up to a maximum of 939 hours for 8 hour workers at 1/3 his/her hourly rate of pay. Hours accumulated over the maximum are paid at the rate of 1/2 his/her hourly rate of pay each bi-weekly pay period. Employees, regardless of years of service, will be paid out at 1/2 for separation due to on the job injury. Fire union employees who separate from employment prior to 10 years of service and without an on-the-job injury shall receive no compensation for accrued sick leave benefits.

**Deferred Outflow/Inflows of Resources:**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources until then. The City has three items that qualify for reporting in this category. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The city also reports deferred outflows for pension and OPEB-related amounts.

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenues) until that time. The governmental funds report unavailable revenues from court fines and property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In the City's government-wide statements the property tax revenues remain as a deferred inflow under the full accrual basis of accounting and will become an inflow in the year for which they are levied. The government-wide Statement of Net Position also reports deferred inflows for pension and OPEB-related amounts.

**Fund Equity:**

*Government-Wide and Proprietary Fund Financial Statements:*

Net position is displayed in three components:

- a. *Net investment in capital assets* - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets, plus the remaining construction proceeds of debt issued for capital improvements.
- b. *Restricted net position* - Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- c. *Unrestricted net position* - All other net position that does not meet the definition of "restricted" or "net investment in capital assets."



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

*Governmental Fund Financial Statements:*

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

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

It is the City's policy to first use unrestricted fund balance prior to the use of the restricted fund balance when an expenditure is incurred for purposes for which both restricted and unrestricted resources are available. The City's policy for the use of fund balance amounts require that unassigned amounts would be reduced first followed by assigned amounts and then committed amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

#### **1.D. Revenues, Expenditures and Expenses**

##### **Program Revenues:**

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

- Public Safety – Fire, Police, 911 – fines and forfeitures, restricted operating grants, 911 revenue, and restricted capital grants, property seizure, donations, state on-behalf pension contributions
- Streets – commercial vehicle and gasoline excise tax shared by the State.
- Culture and recreation – pool fees, rental of community center and senior center, programming fees, park fees, softball fees, operating and capital grants

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- Health and Welfare – FEMA grants
- Economic Development – rental income and operating grants
- General Government – license and permits, technology and false alarm fees, impact fees, and operating grants

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

**Sales Tax Revenue:**

Sales tax revenue represents a 3.85 cents tax on each dollar of taxable sales which is collected by the Oklahoma Tax Commission and remitted to the City. Upon final allocation the sales tax is broken down as follows:

	<b>July 1 to December 31, 2017</b>		<b>Starting January 2018</b>	
General Government	1.04	27.01%	1.25	27.17%
Police	1.10	28.57%	1.42	30.87%
Fire	.92	23.90%	1.14	24.78%
911	.04	1.04%	.04	.87%
Capital Improvements	.25	6.49%	.25	5.43%
Parks and Recreation	.05	1.30%	.05	1.09%
Sewer Plant	.40	10.39%	.40	8.70%
Streets/Parks/Sidewalks/Trails/and Public Transportation	.05	1.30%	.05	1.09%
<b>Totals</b>	<b>3.85</b>	<b>100%</b>	<b>4.6</b>	<b>100%</b>

In November 2017, voters approved an increase in the City’s sales tax rate from 3.85% to 4.6%, effective January 1, 2018.

**Property Tax Revenue:**

In accordance with state law, a municipality may only levy a property tax to retire general obligation debt approved by the voters and to pay judgments rendered against the City. 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 collection. Property tax is levied each October 1st on the assessed valuation of non-exempt real property located in the City as of the preceding January 1st, the lien date. Property taxes are due on November 1st following the levy date, although they may be paid in two equal installments (if the first installment is paid prior to January 1st, the second installment is not delinquent until April 1st). Property taxes are collected by the County Treasurer and are remitted to the City. Property tax receivables are recorded on the lien date, although the related revenue is reported as a deferred inflow of resources and will not be recognized as revenue until the year for which it is levied. Property taxes unpaid for the fiscal year are attached by an enforceable lien on property in the following October. For the year ended June 30, 2018, the City's net assessed valuation of taxable property was \$330,156,570. The taxes levied by the City per \$1,000 of net assessed valuation for the year ended June 30, 2018 was \$0.92.

Property tax accrued on the lien date of January 1, 2018 and recorded as a deferred inflow of resources was \$322,688.

**Expenditures and Expenses:**

In the government-wide financial statements, expenses, including depreciation of capital assets, are reported by function or activity. In the governmental fund financial statements, expenditures are reported by class as current (further reported by function), capital outlay and debt service. In the proprietary fund financial statements, expenses are reported by object or activity.

**1.E. Internal and Interfund Balances and Activities**

In the process of aggregating the financial information for the government-wide statement of net position and statement of activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

*Government-Wide Financial Statements:*

Interfund activity, if any, are eliminated or reclassified in the government-wide financial statements as follows:

1. *Internal balances* – amounts reported in the fund financial statements as interfund receivable and payables are eliminated in the governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are reported as Internal Balances.
2. *Internal activities* - amounts reported in the fund financial statements as interfund transfers are eliminated in the government-wide statement of activities except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers - Internal Activities. The effect of interfund services between funds is not eliminated in the statement of activities.

*Fund Financial Statements:*

Interfund activity, if any, within and among the governmental and proprietary fund categories is reported as follows in the fund financial statements:

1. Interfund loans - amounts provided with a requirement for repayment are reported as interfund receivables and payables.
2. Interfund services - sales or purchases of goods and services between funds are reported as revenues and expenditures/expenses.
3. Interfund reimbursements - repayments from funds responsible for certain expenditures/expenses to the funds that initially paid for them are not reported as reimbursements but as adjustments to expenditures/expenses in the respective funds.
4. Interfund transfers - flow of assets from one fund to another where repayment is not expected are reported as transfers in and out.

**1.F. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in

the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

### **1.G. New Accounting Pronouncements**

The City implemented the following new accounting standards during the year ended June 30, 2018.

The City implemented Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* – GASB No. 75 was issued in June 2015, and addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For a defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. This Statement resulted in a restatement of net position by decreasing net position by \$14,225,371.

The City implemented GASB Statement No. 81, *Irrevocable Split-Interest Agreements* – GASB 81 was issued in March 2016, to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. Implementation of GASB 81 did not significantly affect the City's financial statements.

The City implemented GASB Statement 85, *Omnibus 2017*, This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits. Implementation of GASB 85 did not significantly affect the City's financial statements.

The City implemented GASB Statement 86, *Certain Debt Extinguishment Issues* - The primary objective of this Statement is to improve the consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. Implementation of GASB 86 did not significantly affect the City's financial statements.

The City early implemented GASB 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period* – This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or proprietary type funds. Implementation of GASB 89 did not significantly affect the City's financial statements.

## **2. Cash and Cash Equivalents, Deposits and Investments**

### **Deposits and Investments Risks**

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Fair value is the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
US agency securities	\$ -	\$ 34,723,247	\$ -	\$ 34,723,247
Real Estate	-	-	566,668	566,668
Mutual Fund - equities	28,185,127	-	-	28,185,127
Mutual Fund - Fixed Income	5,573,304	-	-	5,573,304
	<u>\$ 33,758,431</u>	<u>\$ 34,723,247</u>	<u>\$ 566,668</u>	<u>\$ 69,048,346</u>

As of June 30, 2018, the City's investments in U.S. agency securities are valued using Level 2 inputs. The value is determined using quoted prices for similar assets or liabilities in active markets.

Real estate investments classified in Level 3 are valued using the change in assessed property tax land values for similar properties from the county assessor.

Certain investments that do not have a readily determinable fair value are measured at net asset value (NAV), or its equivalent. NAV per share is calculated as of the City's year-end in a manner consistent with the Governmental Accounting Standards Board's measurement principles. The valuation method for investments measured at the NAV per share (or its equivalent) is presented on the following table.

Investments Measured at Net Asset Value	Fair Value	Redemption Frequency	Redemption Notice Period
US equity index funds <sup>(1)</sup>	\$ 42,531,012	Daily	2 days
US fixed income debt funds <sup>(2)</sup>	8,437,211	Daily	2 days
	<u>\$ 50,968,223</u>		

- (1) **US equity index funds** – The Fund is an index fund that seeks investment results that correspond generally to the S&P 500 Index. The Fund is invested and reinvested in a portfolio of equity securities with the objective of approximating as closely as practicable the capitalization weighted total rate of return of that segment of the U.S. market for publicly traded equity securities represented by the larger capitalized companies. The investment is valued at the net asset value of units held at the end of the period based upon the fair value of the underlying investments.
- (2) **US fixed income debt funds** – The US fixed income debt fund is an index fund that establishes an objective of delivering investment performance approximating as closely as practicable the total rate of return of the market for debt securities as defined by the Barclays U.S. Aggregate Bond Index. The Fund uses a "passive" or indexing approach to try to achieve the Fund's investment objective. The investment is valued at the net asset value of units held at the end of the period based upon the fair value of the underlying investments.

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The City of Midwest City primary government and blended component units are governed by the deposit and investment limitations of state law and trust indentures. The deposits and investments held at June 30, 2018 by these entities are as follows:

Type	Carrying Value	Credit Rating	Maturities in Years				
			On Demand	Less Than One	1 - 5	6 - 10	More than 10
Demand deposits	\$ 31,123,668	n/a	\$ 31,123,668	\$ -	\$ -	\$ -	\$ -
Time deposits	11,452,962	n/a	-	6,500,000	4,952,962	-	-
Government Money Market Accounts	11,656,259	AAAm	11,656,259	-	-	-	-
U.S. Agencies Obligations	34,723,247	n/a	-	-	7,952,421	148,765	26,622,061
Sub-total	88,956,136		<u>\$ 42,779,927</u>	<u>\$ 6,500,000</u>	<u>\$ 12,905,383</u>	<u>\$ 148,765</u>	<u>\$ 26,622,061</u>
Real Estate	566,668						
Mutual Funds - equities	70,716,140						
Fixed Income	14,010,514						
Sub-total	85,293,322						
Total Deposits and Investments	<u>\$ 174,249,458</u>						
Reconciliation to Financial Statements:							
Cash and cash equivalents	\$ 29,257,947						
Cash and cash equivalents, restricted	16,606,770						
Investments	127,283,159						
Investments, restricted	1,101,582						
	<u>\$ 174,249,458</u>						

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

The City’s policy as it relates to custodial credit risk is to secure its uninsured deposits with collateral, valued at no more than market value, at a minimum level of 110% of the uninsured deposits and accrued interest thereon. The City’s policy limits acceptable collateral to U.S. Treasury securities, federally insured obligations, or direct debt obligations of municipalities, counties, and school districts in Oklahoma. Also, as required by Federal 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the City must have a written collateral agreement

At June 30, 2018, the City had no exposure to custodial credit risk as defined above.

*Investment Credit Risk* – The City’s investment policy limits investments, excluding the Hospital Authority and Municipal Authority, to the following:

- a. Obligations of the U. S. Government, its agencies and instrumentalities;
- b. Collateralized or insured non-negotiable certificates of deposit or other evidences of deposit that are either insured or secured with acceptable collateral with an in-state financial institution, and fully insured deposits in out-of-state institutions;
- c. Insured or fully collateralized negotiable certificates of deposit;
- d. Repurchase agreements that have underlying collateral consisting of those items specified in paragraph a above; and
- e. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraph a.

Investment credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City has no formal policy limiting investments based on credit rating, but discloses any such credit risk associated with their investments by reporting the credit quality ratings of investments in debt securities as determined by nationally recognized statistical rating organizations—rating agencies—as of the year end. Unless there is information to the contrary, obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

*Investment Interest Rate Risk* – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City’s investment policy indicates that the investment portfolio, shall remain sufficiently liquid to enable the City to meet all operating requirements as anticipated. The City discloses its exposure to interest rate risk by disclosing the maturity dates of its various investments by date range.

As noted in the preceding schedule of deposits and investments, at June 30, 2018, the investments held by the City mature between 2018 through 2030.

*Concentration of Investment Credit Risk* - Exposure to concentration of credit risk is considered to exist when investments in any one issuer represent a significant percent of total investments of the City (any over 5% are disclosed). Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this consideration. The City’s investments in Blackrock (classified as mutual funds – equities) and Vanguard mutual funds each exceed 5%.

### **Hospital Authority Investments:**

The Hospital Authority policy provides that assets be invested to preserve its principal, produce a proscribed level of income, and provide for growth of principal with no outside additions to the fund being anticipated. Assets are to be invested in a diversified portfolio to achieve attractive real rates of return. The investment policy of the Hospital Authority allows for the investment of funds in domestic and international common stocks, government and corporate bonds, short-term fixed income securities maturing in one year or less (cash equivalents); by utilizing primarily index funds, mutual funds, or collective trust funds. In addition, the Hospital Authority may invest portions of the fund corpus, or income, in real estate. Such real estate investments would typically include developed or undeveloped real property located in Midwest City, Oklahoma or its environs, or commingled funds which invest in various kinds of property located throughout the United States. The overall rate of return objective of the portfolio is a highest possible rate of return consistent with the risk levels established by the Board.

The acceptable long-term rate of return is expected to provide equal or superior results, using a three to five year moving average, relative to the following benchmarks:

1. An absolute return objective of the Consumer Price Index plus 4% compounded annually.
2. An income return sufficient to meet any disbursement requirement as stipulated by the Board.
3. A return exceeding the 90 Day U.S. Treasury Bill rate (risk-free rate).
4. Domestic equity fund returns which exceed the S&P 500 Stock index return by 1% (100 basis points), per year and fixed income return which exceed the Barclays Capital Aggregate Bond Index by ½% per year (50 basis points).

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5. Stock and bond returns which fall into the top 25% of the Consultant's Universe (or other representative universe approved by The Board) of common stock and bond funds (referred to as equity and fixed income), with some consistency.
6. Passive domestic returns which replicate the return of the Standard and Poor's 500 Stock Index, passive fixed returns which replicate the return of the Barclays Capital Aggregate Bond Index, and passive international returns which replicate the return of the MSCI EAFE International Index.

Asset allocation guidelines for the Hospital Authority are as follows:

Class	Target	Maximum	June 2018 Percent
Equities - Domestic	20%-70%	85%	73.3%
Fixed Income	2.5%-30%	80%	14.6%
Cash Equivalents	0%	20%	12.1%

**Restricted Cash and Investments**

The amounts reported as restricted assets on the Statement of Net Position are comprised of amounts held for Debt Service accounts by the trustee bank for revenue bond retirement and revenue bond construction funds, and the Customer Deposit Account for refundable deposits held by others. The restricted assets as of June 30, 2018 are as follows:

Cash and Cash Equivalents:	
Restricted for Debt Service	\$ 16,311,717
Restricted for Refundable Deposits	295,053
	<u>\$ 16,606,770</u>
Investments:	
Investments Restricted for Refundable Deposits	\$ 1,101,582
	<u>\$ 1,101,582</u>

**3. Leases Receivable**

The Hospital Authority entered into an agreement with the Midwest Regional Medical Center (now known as Alliance Health Midwest) to provide funds up to \$25,000,000 to construction two additional floors onto the existing six floor patient tower. The loan is amortized over a 25 year period with an interest rate of 7.5%, will be repaid within 9 years from December 2010, with a balloon payment in November 2019. The loan is secured with a lease receivable for future rental of the facility. At the end of the fiscal year, the City reflects a \$19.1 million receivable in the governmental activities.

The Economic Development Authority entered into an agreement with Sooner Town Center, LLC to provide funds up to \$49,155,000 for the Town Center Plaza Project. The loan is amortized over a 30 year period with interest rates of 2.40% to 4.70%. The loan is secured with a lease receivable for future rental of the facility. At the end of the fiscal year, the City reflects a \$43.6 million receivable in the



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governmental activities. At the end of the fiscal year, the borrower had not drawn \$5.2 million of the available loan proceeds.

**4. Capital Assets and Depreciation**

**Capital Assets:**

For the year ended June 30, 2018, capital assets balances changed as follows:

	Balance at July 1, 2017	Additions	Disposals	Balance at June 30, 2018
<b>PRIMARY GOVERNMENT:</b>				
<i>Governmental activities:</i>				
Capital assets not being depreciated:				
Land	\$ 32,766,690	\$ 1,610,727	\$ 75,720	\$ 34,301,697
Construction in progress	5,946,526	2,117,027	1,901,601	6,161,952
Total capital assets not being depreciated	<u>38,713,216</u>	<u>3,727,754</u>	<u>1,977,321</u>	<u>40,463,649</u>
Capital assets being depreciated:				
Buildings	29,619,008	157,173	-	29,776,181
Machinery and equipment	20,534,768	1,034,360	272,586	21,296,542
Vehicles	9,400,303	456,682	296,425	9,560,560
Infrastructure	446,306,606	3,661,007	63,500	449,904,113
Total other capital assets	<u>505,860,685</u>	<u>5,309,222</u>	<u>632,511</u>	<u>510,537,396</u>
Less accumulated depreciation for:				
Buildings	12,354,697	659,623	-	13,014,320
Machinery and equipment	15,123,996	974,458	238,723	15,859,731
Vehicles	5,141,463	600,895	278,658	5,463,700
Infrastructure	193,889,360	12,226,749	17,159	206,098,950
Total accumulated depreciation	<u>226,509,516</u>	<u>14,461,725</u>	<u>534,540</u>	<u>240,436,701</u>
Capital assets being depreciated, net	<u>279,351,169</u>	<u>(9,152,503)</u>	<u>97,971</u>	<u>270,100,695</u>
Governmental activities capital assets, net	<u>\$ 318,064,385</u>	<u>\$ (5,424,749)</u>	<u>\$ 2,075,292</u>	<u>\$ 310,564,344</u>

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	Balance at July 1, 2017	Additions	Disposals	Balance at June 30, 2018
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 7,572,449	\$ -	\$ -	\$ 7,572,449
Water rights	4,672,610	-	-	4,672,610
Construction in progress	2,693,397	78,000	1,033,038	1,738,359
Total capital assets not being depreciated	<u>14,938,456</u>	<u>78,000</u>	<u>1,033,038</u>	<u>13,983,418</u>
Capital assets being depreciated:				
Buildings	32,111,141	362,957	-	32,474,098
Machinery and equipment	13,773,839	266,283	41,295	13,998,827
Vehicles	8,765,073	422,276	35,791	9,151,558
Utility systems	179,948,561	1,322,672	37,296	181,233,937
Total other capital assets	<u>234,598,614</u>	<u>2,374,188</u>	<u>114,382</u>	<u>236,858,420</u>
Less accumulated depreciation for:				
Buildings	10,631,012	732,664	-	11,363,676
Machinery and equipment	9,131,108	628,114	23,992	9,735,230
Vehicles	4,767,000	487,160	35,791	5,218,369
Utility systems	64,634,550	4,081,474	1,369	68,714,655
Total accumulated depreciation	<u>89,163,670</u>	<u>5,929,412</u>	<u>61,152</u>	<u>95,031,930</u>
Capital assets being depreciated, net	<u>145,434,944</u>	<u>(3,555,224)</u>	<u>53,230</u>	<u>141,826,490</u>
Business-type activities capital assets, net	<u>\$ 160,373,400</u>	<u>\$ (3,477,224)</u>	<u>\$ 1,086,268</u>	<u>\$ 155,809,908</u>

**Depreciation:**

Depreciation expense has been allocated as follows:

**Governmental Activities:**

General government	\$ 434,040
Public safety	1,223,632
Streets	12,041,992
Culture and recreation	347,304
Health and welfare	31,258
Economic development	314,257
Sub-total governmental funds depreciation	<u>14,392,483</u>

Depreciation on capital assets held by the City's internal service funds is charged to the various functions based upon usage

69,242
<u>\$ 14,461,725</u>

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**Business-Type Activities:**

Water	\$ 1,142,275
Sewer	2,916,708
Sanitation	495,141
Drainage	278,351
Conference center/hotel	909,561
Golf	116,380
Industrial park	<u>57,073</u>
Total Business Type Activities	<u>5,915,489</u>

Depreciation on capital assets held by the City's internal service funds is charged to the various functions based upon usage	13,923
Total	<u>\$ 5,929,412</u>

**5. Internal and Interfund Balances and Transfers**

**Internal and Interfund Balances:**

Interfund receivables and payables at June 30, 2018 were as follows:

Receivable Fund	Payable Fund	Amount	Nature of Interfund Balance			
General Gov. Sales Tax	Surplus Property	\$ 60,581	Surplus properties sales proceeds to be distributed			
General Fund	Comm Dev Block Grant	75,905	To cover negative balance in pooled cash			
General Fund	Housing Grant	27,886	To cover negative balance in pooled cash			
General Fund	Fire Fund	885,203	Long-term loan for capital improvements			
Police Fund	General Fund	2,146,368	Restricted sales tax payable			
Police Fund	Surplus Property	71,004	Surplus properties sales proceeds to be distributed			
Juvenile Fund	Surplus Property	780	Surplus properties sales proceeds to be distributed			
Fire Fund	General Fund	1,735,415	Restricted sales tax payable			
Fire Fund	Surplus Property	11,567	Surplus properties sales proceeds to be distributed			
Welcome Center	Surplus Property	350	Surplus properties sales proceeds to be distributed			
Convention & Visitor Bureau	Surplus Property	148	Surplus properties sales proceeds to be distributed			
Emergency Operating Fund	Surplus Property	287	Surplus properties sales proceeds to be distributed			
Grant Fund	Surplus Property	1,222	Surplus properties sales proceeds to be distributed			
Grant Fund	Police Impound Fee	403	Revenue accrued to be transferred			
Downtown Redevelopment	Reimbursed Project	49,530	Long-term loan for capital improvements			
Hospital Authority	Surplus Property	2,689	Surplus properties sales proceeds to be distributed			
Capital Improvements Fund	Debt Service	28,616	Revenue accrued to be transferred			
Public Works Administration	Surplus Property	3	Surplus properties sales proceeds to be distributed			
Fleet Services Fund	Surplus Property	199	Surplus properties sales proceeds to be distributed			
Storm Water Quality	Surplus Property	54	Surplus properties sales proceeds to be distributed			
Sanitation Fund	Surplus Property	72,398	Surplus properties sales proceeds to be distributed			
Water Fund	Surplus Property	17,760	Surplus properties sales proceeds to be distributed			
Sewer	Surplus Property	13,213	Surplus properties sales proceeds to be distributed			
Hotel	Surplus Property	12,680	Surplus properties sales proceeds to be distributed			
Golf	Surplus Property	2,514	Surplus properties sales proceeds to be distributed			
Debt Service	Sales Tax Capital Improvement	695,801	Revenue accrued to be transferred			
		<u>\$ 5,912,576</u>				
		<b>Due From Other Funds</b>	<b>Advance From Other Funds</b>	<b>Due To Other Funds</b>	<b>Advance To Other Funds</b>	<b>Net Internal Balances</b>
<b>Reconciliation to Fund Financial Statements:</b>						
Governmental Funds		\$ 4,163,221	\$ 934,733	\$ 4,710,394	\$ 934,733	\$ (547,173)
Proprietary Funds		814,420	-	-	-	814,420
Internal Service Funds		202	-	267,449	-	(267,247)
Total		<u>\$ 4,977,843</u>	<u>\$ 934,733</u>	<u>\$ 4,977,843</u>	<u>\$ 934,733</u>	<u>\$ -</u>
<b>Reconciliation to Statement of Net Position:</b>						
Net Internal Balances		\$ 814,420				
Internal Service Fund Activity reported in Business-Type Activities		(1,233,070)				
Net Internal Balances		<u>\$ (418,650)</u>				

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**Internal and Interfund Transfers:**

The City's policy is to eliminate interfund transfers between funds in the Statement of Activities to avoid the grossing up of balances. Only the residual balances transferred between governmental and business-type activities are reported as internal transfers and then offset in the total column. Internal activities between funds and activities for the year ended June 30, 2018 were as follows:

Transfer In	Transfer Out	Amount	Nature of Transfer
General Fund	Fire Fund	\$ 166,000	Code Enforcement Allocation
General Fund	Storm Water Quality Fund	66,908	Indirect Cost Allocation
General Fund	Sanitation Fund	913,936	Indirect Cost Allocation
General Fund	Water Fund	848,460	Indirect Cost Allocation
General Fund	Sewer Fund	922,099	Indirect Cost Allocation
General Fund	Capital Improvement Revenue Bond Fund	8,275,056	Debt Service Subsidy
General Fund	Downtown Redevelopment Authority	15,364	Retired Employee Insurance Subsidy
General Fund	Hospital Authority	515,364	Retired Employee Insurance Subsidy
General Gov Sales Tax	General Fund	27,667	Capital Outlay Subsidy
General Gov Sales Tax	G.O.Debt Services	3,084	Capital Outlay Subsidy
Street and Alley Fund	Water Fund	38,907	Capital Outlay Subsidy
Technology Fund	Emergency Operations Fund	50,354	Contract Cost Allocation
Police Fund	General Fund	10,485,539	Ordinance Obligation
Police Fund	Downtown Redevelopment Authority	56,472	Retired Employee Insurance Subsidy
Police Fund	Hospital Authority	56,471	Retired Employee Insurance Subsidy
Juvenile Fund	General Fund	37,000	Operating Subsidy
Fire Fund	Grants Fund	8,398,232	Ordinance Obligation
Fire Fund	Downtown Redevelopment Authority	85,005	Retired Employee Insurance Subsidy
Fire Fund	Hospital Authority	85,005	Retired Employee Insurance Subsidy
Emergency Management Fund	Grants Fund	11,250	Grant Subsidy
Community Development Block Grant	General Fund	157,247	City Match of CDBG Program
Community Development Block Grant	Downtown Redevelopment Authority	1,797	Retired Employee Insurance Subsidy
Community Development Block Grant	Hospital Authority	1,797	Retired Employee Insurance Subsidy
Grants Fund	Police Impound Fee	4,469	Grant Subsidy
Downtown Redevelopment	Hospital Authority	359	Retired Employee Insurance Subsidy
Hospital Authority	Downtown Redevelopment Authority	325,357	Return on owners investment
Capital Improvement Fund	Grants Fund	28,000	Grant Subsidy
Capital Improvement Fund	Revenue Bond Sinking Fund	251,688	Capital Outlay Subsidy
Public Works Administration	Downtown Redevelopment Authority	1,364	Retired Employee Insurance Subsidy
Public Works Administration	Hospital Authority	1,364	Retired Employee Insurance Subsidy
Interservice fund	Downtown Redevelopment Authority	2,745	Retired Employee Insurance Subsidy
Interservice fund	Hospital Authority	2,745	Retired Employee Insurance Subsidy
Risk Management	General Gov Sales Tax	599	Reimbursement of cost
Risk Management	Downtown Redevelopment Authority	598	Retired Employee Insurance Subsidy
Risk Management	Hospital Authority	597	Retired Employee Insurance Subsidy
L&H Benefit	Downtown Redevelopment Authority	125,312	Operating Subsidy
L&H Benefit	Hospital Authority	312	Retired Employee Insurance Subsidy
29th & Douglas Fund	Downtown Redevelopment Authority	69,166	Debt Service Subsidy
Utility Services	Downtown Redevelopment Authority	527	Retired Employee Insurance Subsidy
Utility Services	Hospital Authority	526	Retired Employee Insurance Subsidy
Sanitation	Downtown Redevelopment Authority	1,891	Retired Employee Insurance Subsidy
Sanitation	Hospital Authority	1,891	Retired Employee Insurance Subsidy
Water Fund	Downtown Redevelopment Authority	4,215	Retired Employee Insurance Subsidy
Water Fund	Hospital Authority	4,214	Retired Employee Insurance Subsidy
Sewer Fund	Downtown Redevelopment Authority	3,993	Retired Employee Insur
Sewer Fund	Hospital Authority	3,993	Retired Employee Insurance Subsidy
Capital Improvement Revenue Bond Fund	Revenue Bond Sinking Fund	5,355,101	Debt Service Subsidy
Capital Improvement Revenue Bond Fund	General Fund	8,275,056	Debt Service Subsidy
		<u>\$ 45,685,096</u>	

**Reconciliation to Fund Financial Statements:**

	Transfers From Other Funds	Transfers To Other Funds	Net Transfers
Governmental Funds	\$ 31,828,887	\$ (34,706,916)	\$ (2,878,029)
Proprietary Funds	13,720,573	(11,065,366)	2,655,207
Internal Service Funds	135,636	-	135,636
Total	<u>\$ 45,685,096</u>	<u>\$ (45,772,282)</u>	<u>\$ (87,186)</u>

**Reconciliation to Statement of Activities:**

Net Transfers	\$ 2,655,207
Capital Contributions to Enterprise Fund	89,914
Transfers - Internal Activity	<u>\$ 2,745,121</u>

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**6. Long-Term Liabilities and Obligations**

The City's long term obligations consist of general obligation bonds, notes payable, revenue bonds payable accrued compensated absences, total OPEB liability and net pension liabilities. For the year ended June 30, 2018, the City's long-term debt balances changed as follows:

**Primary Government:**

<u>Type of Debt</u>	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2018</u>	<u>Due Within</u> <u>One Year</u>
<b>Governmental Activities:</b>					
General Obligation Bonds	\$ 1,300,000	\$ -	\$ 325,000	\$ 975,000	\$ 325,000
Notes Payable	21,336,110	-	683,969	20,652,141	723,100
Revenue Bonds Payable	-	68,405,000	-	68,405,000	795,000
Accrued Compensated Absences	5,517,182	2,953,028	2,905,387	5,564,823	1,836,913
Refundable Deposits	70,333	218,818	236,921	52,230	52,230
Total Governmental Activities	<u>\$ 28,223,625</u>	<u>\$ 71,576,846</u>	<u>\$ 4,151,277</u>	<u>95,649,194</u>	<u>3,732,243</u>
<b>Reconciliation to Statement of Net Position:</b>					
Plus: Total OPEB Liability				16,734,479	-
Net Pension Liability				32,280,170	-
				<u>\$ 144,663,843</u>	<u>\$ 3,732,243</u>
<b>Business-Type Activities:</b>					
Revenue Bonds Payable	\$ 53,675,000	\$ -	\$ 4,325,000	\$ 49,350,000	\$ 4,495,000
Revenue Bonds Premium	2,087,133	-	265,891	1,821,242	-
Refundable Deposits	1,481,856	499,349	459,582	1,521,623	202,387
Accrued Compensated Absences	<u>1,491,608</u>	<u>747,970</u>	<u>764,208</u>	<u>1,475,370</u>	<u>520,933</u>
Total Business-Type Activities	<u>\$ 58,735,597</u>	<u>\$ 1,247,319</u>	<u>\$ 5,814,681</u>	<u>\$ 54,168,235</u>	<u>\$ 5,218,320</u>
<b>Reconciliation to Statement of Net Position:</b>					
Plus: Total OPEB Liability				6,331,652	-
				<u>\$ 60,499,887</u>	<u>\$ 5,218,320</u>

Accrued compensated absences liability of the governmental activities is liquidated by the General Fund, Police Fund, the Fire Fund, Juvenile Fund, Grant Fund, Welcome Center Fund, Convention and Visitors Bureau Fund, Technology Fund, Park and Recreation Fund, Downtown Redevelopment Fund, Hospital Authority, and the Emergency Operations Fund. Net pension liability and total OPEB liability are paid from the General Fund, Police Fund and Fire Fund.

*Governmental activities* long-term debt payable from property tax levies or other governmental revenues includes the following:

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**General Obligation Bonds:**

\$4,500,000 general obligation bonds dated May 1, 2006 for public safety, payable in annual installments of \$275,000 the first year and \$325,000, thereafter, with interest rates of 3.75% to 3.95%, repaid by property tax levies. Final maturity in May 2021.	<u>\$ 975,000</u>
Total general obligation bonds	<u>\$ 975,000</u>
Current	\$ 325,000
Non-current	<u>650,000</u>
Total	<u>\$ 975,000</u>

**Notes Payable:**

\$25,000,000 construction loan for hospital addition, payable in monthly installments beginning December 2010 of \$154,710; final payment due November 2019 of \$19,773,124; interest rate equal to the variable rate equal to the "Prime Rate," as quoted in the Money Rates Section of The Wall Street Journal, adjusted daily, with a minimum interest rate of five and one-half percent (5.50%) per annum and a maximum interest rate of eleven percent (11%) per annum with payments adjusted annually; current rate is 5.5%; construction interest rate of 5.5%. Secured by a first mortgage lien on the property.	<u>\$ 20,652,141</u>
Total notes payable	<u>\$ 20,652,141</u>
Current	\$ 723,100
Non-current	<u>19,929,041</u>
Total	<u>\$ 20,652,141</u>

**Revenue Bonds Payable:**

\$49,155,000 Economic Development Revenue Bonds due in annual principal installments of \$795,000 to \$4,265,000 through February 1, 2048; interest rate ranges from 2.40% to 4.70%. Secured by mortgage lien on the property.	<u>\$ 49,155,000</u>
Total Revenue Bonds, Net	<u>\$ 49,155,000</u>
Current	\$ 795,000
Non-current	<u>48,360,000</u>
Total	<u>\$ 49,155,000</u>

\$19,250,000 Tax Apportionment Refunding Bonds due in annual principal installments of \$795,000 to \$1,810,000 starting July 1, 2021 through July 1, 2037; interest rate ranges from 3.45% to 4.75%. Repaid by property tax levies and sales/use tax apportioned.	<u>\$ 19,250,000</u>
Total Revenue Bonds, Net	<u>\$ 19,250,000</u>
Current	\$ -
Non-current	<u>19,250,000</u>
Total	<u>\$ 19,250,000</u>

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*Business-type activities* long-term debt payable from net revenues generated and taxes pledged to the City's business-type activities include the following:

**Revenue Bonds Payable:**

\$26,630,000 Series 2011 Capital Improvement Revenue Bonds, due in annual principal installments of \$855,000 to \$1,740,000 through September 1, 2033; interest rate from 0.4% to 5.0%.		\$ 21,205,000
	Unamortized Revenue Bond Premium	86,773
	<b>Total Revenue Bonds, Net</b>	<b><u>\$ 21,291,773</u></b>
	Current	\$ 985,000
	Non-current	<u>20,220,000</u>
	<b>Total</b>	<b><u>\$ 21,205,000</u></b>

\$46,550,000 Series 2011A Capital Improvement Revenue Bonds, due in annual principal installments of \$2,605,000 to \$4,530,000 through June 30, 2025; interest rate from 0.5% to 5.0%.		\$ 28,145,000
	Unamortized Revenue Bond Premium	1,734,466
	<b>Total Revenue Bonds, Net</b>	<b><u>\$ 29,879,466</u></b>
	Current	\$ 3,510,000
	Non-current	<u>24,635,000</u>
	<b>Total</b>	<b><u>\$ 28,145,000</u></b>

**Long-term debt service requirements to maturity are as follows:**

Governmental-Type Activities							
Year Ending June 30,	G.O. Bonds Payable		Notes Payable		Revenue Bonds Payable		
	Principal	Interest	Principal	Interest	Principal	Interest	
2019	\$ 325,000	\$ 38,513	\$ 723,100	\$ 1,133,429	\$ 795,000	\$ 2,768,805	
2020	325,000	25,675	19,929,041	462,927	910,000	2,900,430	
2021	325,000	12,837	-	-	1,730,000	2,876,315	
2022	-	-	-	-	1,790,000	2,822,240	
2023	-	-	-	-	1,850,000	2,762,555	
2024-2028	-	-	-	-	10,290,000	12,764,060	
2029-2033	-	-	-	-	12,555,000	10,488,830	
2034-2038	-	-	-	-	14,235,000	7,422,700	
2039-2043	-	-	-	-	10,105,000	4,728,750	
2044-2048	-	-	-	-	14,145,000	2,190,200	
	<u>\$ 975,000</u>	<u>\$ 77,025</u>	<u>\$ 20,652,141</u>	<u>\$ 1,596,356</u>	<u>\$ 68,405,000</u>	<u>\$ 51,724,885</u>	

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Business-Type Activities		
Year Ending June 30,	Revenue Bonds Payable	
	Principal	Interest
2019	\$ 4,495,000	\$ 2,000,538
2020	4,715,000	1,774,662
2021	4,925,000	1,575,288
2022	5,130,000	1,366,350
2023	5,365,000	1,132,338
2024-2028	15,280,000	3,068,313
2029-2033	7,700,000	1,178,306
2034	1,740,000	35,888
	\$ 49,350,000	\$ 12,131,683

**Short-term Debt**

The Midwest City Memorial Hospital Authority issued the \$16,475,000 Bond Anticipation Note, Series 2017 in July 2017 and paid off the note on June 29, 2018. The note provided funds for project cost related to the Sooner Rose Project and to fund capitalized interest on the note.

<u>Type of Debt</u>	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2018</u>
<b>Governmental Activities:</b>				
Bond Anticipation Note	\$ -	\$ 16,475,000	\$ 16,475,000	\$ -

**Pledge of Future Revenues**

Sales Tax Pledge - The City has pledged one-fourth of one percent (or .25%) of future sales tax revenues to repay the 2011 Revenue Bonds which are payable through 2033. Proceeds from the bond provided financing to advance refund the 2003 Revenue Bonds which were originally used for construction and equipping the Sheraton Hotel and the Reed Conference Center. The total principal and interest payable for the remainder of the life of the bond is \$28,516,594. Pledged sales taxes transferred in the current year was \$13,630,157. Debt service payments on 2011 Revenue Bonds of \$1,803,425 for the current fiscal year were 13.2% of pledged sales tax. Other sources of revenues such as water and sewer are also pledged. Total net revenues including utilities and sales tax pledged was \$18,993,249.

Sales Tax Pledge - The City has pledged one-fourth of one percent (or .25%) of future sales tax revenues to repay the 2011A Revenue Bonds which are payable through 2025. Proceeds from the bond provided financing for construction and improvements to the wastewater treatment plant. The total principal and interest payable for the remainder of the life of the bond is \$32,965,088. Pledged sales taxes transferred in the current year was \$13,630,157. Debt service payments on the bonds were \$4,707,363 for the current fiscal year or 34.5% of pledged sales tax. Other sources of revenues such as water and sewer are also pledged. Total net revenues including utilities and sales tax pledged was \$18,993,249.



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**7. Net Position and Fund Balances**

The following table shows the net position that is restricted:

Fund	Restricted By	Amount
Hospital Authority	Enabling legislation	\$ 94,580,194
Technology Fund	Enabling legislation	260,312
Police Impound Fund	Enabling legislation	208,040
Urban Renewal Authority	Enabling legislation	3,804
Capital Outlay Reserve Fund	Enabling legislation	746,651
Street Lighting Fund	Enabling legislation	1,113,954
Economic Development Authority	Enabling legislation	1,214,770
		<u>98,127,725</u>
Street and Alley Fund	Statutory requirements	1,227,464
Juvenile Fund	Statutory requirements	59,656
Police Special Projects	Statutory requirements	210,166
Police Lab Fee	Statutory requirements	17,864
		<u>1,515,150</u>
Grant Fund	External contracts	152,600
General Fund	External contracts	1,595,346
Police Fund	External contracts	5,247,982
Fire Fund	External contracts	3,067,947
Park and Recreation Fund	External contracts	602,464
Emergency Operation Fund	External contracts	684,098
Welcome Center	External contracts	356,499
Convention and Visitors Bureau	External contracts	193,492
GO Debt Service Fund	External contracts	149,038
2002 GO Street Bond	External contracts	457,727
Downtown Redevelopment	External contracts	1,818,804
Dedicated Tax Fund	External contracts	1,294,801
Capital Improvement Fund	External contracts	2,409,501
General Government Sales Tax Fund	External contracts	2,554,502
Sooner Rose TIF	External contracts	8,194,801
		<u>28,779,602</u>
Total Restricted Net Position		<u>\$ 128,422,477</u>
Restricted for:		
Debt service		\$ 149,038
Hospital		94,580,194
Capital improvements		6,987,796
Public Safety		10,319,736
Street operations		2,341,418
Culture and recreation		1,319,154
Economic Development		10,043,482
Other		2,681,659
		<u>\$ 128,422,477</u>

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The following table shows the fund balance classifications as shown on the Governmental Funds Balance Sheet:

	Major Special Revenue Funds						Other		Total
	General Fund	Police Fund	Fire Fund	Hospital Authority	Sooner Rose TIF	Economic Development Authority	Governmental Fund		
Fund Balance:									
Nonspendable:									
Inventory	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 60,000	\$ 60,000	
Deposits held by others	885,203	-	-	5,684,054	-	-	5,566	6,574,823	
Advance from other funds	-	-	-	-	-	-	49,530	49,530	
Prepaid expenses	4,612	-	-	-	-	-	-	4,612	
	889,815	-	-	5,684,054	-	-	115,096	6,688,965	
Restricted:									
Public safety	823,983	5,247,982	3,067,947	-	-	-	1,179,824	10,319,736	
Hospital	-	-	-	95,501,195	-	-	-	95,501,195	
General obligation debt service	-	-	-	-	-	-	131,132	131,132	
Capital improvements	-	-	-	-	-	-	6,220,227	6,220,227	
Street improvements	-	-	-	-	-	-	457,727	457,727	
Street operations	-	-	-	-	-	-	2,341,418	2,341,418	
Technology improvements	-	-	-	-	-	-	260,312	260,312	
Culture and rec programs	360,191	-	-	-	-	-	958,963	1,319,154	
Economic development	284,015	-	-	-	8,194,801	6,755,196	369,360	15,603,372	
Public works	82,751	-	-	-	-	-	-	82,751	
Health and welfare programs	32,406	-	-	-	-	-	-	32,406	
General government	12,000	-	-	-	-	-	2,554,502	2,566,502	
Sub-total restricted	1,595,346	5,247,982	3,067,947	95,501,195	8,194,801	6,755,196	14,473,465	134,835,932	
Committed to:									
Economic development	-	-	-	1,424,055	-	-	-	1,424,055	
Assigned to:									
Culture and rec programs	41,846	-	-	-	-	-	-	41,846	
Health and welfare programs	47,373	-	-	-	-	-	-	47,373	
Capital improvements	-	-	-	-	-	-	1,108,944	1,108,944	
Public safety	426,522	-	-	-	-	-	-	426,522	
Economic development	-	-	-	-	-	-	51,030	51,030	
General government	14,254	-	-	-	-	-	-	14,254	
Public works	94,219	-	-	-	-	-	-	94,219	
General government - encumbrances	34,063	-	-	-	-	-	-	34,063	
Public safety - encumbrances	435	-	-	-	-	-	-	435	
Public works - encumbrances	68,920	-	-	-	-	-	-	68,920	
Culture and rec - encumbrances	5,895	-	-	-	-	-	-	5,895	
Economic development - encumbrances	86,776	-	-	-	-	-	-	86,776	
Health and welfare - encumbrances	279,725	-	-	-	-	-	-	279,725	
Sub-total assigned	1,100,028	-	-	-	-	-	1,159,974	2,260,002	
Unassigned:	2,445,261	-	-	-	-	-	-	2,445,261	
<b>TOTAL FUND BALANCE</b>	<b>\$ 6,030,450</b>	<b>\$ 5,247,982</b>	<b>\$ 3,067,947</b>	<b>\$ 102,609,304</b>	<b>\$ 8,194,801</b>	<b>\$ 6,755,196</b>	<b>\$ 15,748,535</b>	<b>\$ 147,654,215</b>	

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The following is a breakdown of encumbrances at June 30, 2018:

Fund	Balance
<b>Major Funds:</b>	
General Fund	\$ 300,802
Police Fund	44,695
Fire Fund	13,211
Hospital Authority	679,001
Sooner Rose TIF	4,889,466
	\$ 5,927,175
<b>Non Major Fund:</b>	
General Govt Sales Tax	\$ 148,057
Street and Alley Fund	160,096
Technology Fund	12,585
Street Lighting	3,275
Police Lab Fund	432
Welcome Center Fund	150
Convention and Visitor Bureau	12,836
Street Tax Fund	80,756
Emergency Operations Fund	8,959
Park and Recreation Fund	12,460
Grant Fund	55,658
Capital Improvement Fund	89,270
Downtown Redevelopment Fund	308,071
Urban Renewal Authority	16,000
	\$ 908,605

Per resolution, the City Council has established a minimum fund balance policy for the General Fund equal to ten percent (10%) of the fund's budgetary operating expenditures each fiscal year. In addition, a reserve equal to five percent (5%) of the budgetary operating expenditures for each fund has been established for the following funds: Police Fund, Fire Fund, Welcome Center Fund, Convention and Visitors Bureau Fund and the Juvenile Fund. The reserves are to ensure the fiscal solvency of the City as a safeguard and all or a portion of the reserves may be appropriated by the city council as necessary in the event of a natural disaster or other catastrophic circumstances, or in the event of significant accounting errors.

The City restated beginning net position of the governmental activities, business-type activities, the major enterprise fund and internal service funds as follows:

	Governmental Activities	Business Type Activities	Major Enterprise Fund	Internal Service Funds
Beginning net position, as previously reported	\$ 400,575,924	\$ 118,872,593	\$ 120,245,170	\$ 3,418,929
Change in accounting principal related to implementation of GASB 75				
Total OPEB liability	(18,050,928)	(6,829,744)	(6,342,083)	(1,253,986)
Deferred outflows related to OPEB	625,918	236,822	219,912	43,481
Removal of net OPEB obligation	7,031,225	2,761,336	2,592,347	505,796
Beginning net position, restated	\$ 390,182,139	\$ 115,041,007	\$ 116,715,346	\$ 2,714,220

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The net position was restated due to adoption of a new accounting principle related to the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension*. This restatement decreased beginning total net position by \$14,225,371.

**8. Risk Management**

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

- General Liability – Covered through self-insurance with stop-loss for individual claims in excess of \$250,000 and aggregate stop loss of \$1,000,000.
- Physical Property – Covered through purchased insurance with deductibles, by coverage as follows:

Wind/hail	\$100,000
All other losses	25,000
EDP	1,000
Inland marine	5,000
Fine arts deductible	1,000
Automobile physical damage	2,500

- Workers' Compensation – Workers' compensation is covered through self-insurance with the a third party administering the claims process. The City carry's stop-loss insurance for individual claims in excess of \$450,000 for non-uniform employees and \$500,000 for uniform employees with an aggregate stop loss of \$1,000,000.
- Employee's Group Medical –Covered through self-insurance using a third party administrator to process medical claims. The City uses the third party processor's estimates to record group insurance claims payable. The City also has a stop-loss policy which covers individual claims in excess of \$150,000 during any year with aggregate stop loss of \$7,591,989.

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

Claims Liability Analysis

The claims liabilities related to the above noted risks of loss that are retained are determined in accordance with the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. For the internal service self-insurance funds, changes in the claims liability for the City from June 30, 2015, to June 30, 2018, are as follows:

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	<u>Workers Comp</u>	<u>Health Care</u>	<u>Total</u>
Claims liability, June 30, 2015	2,205,000	539,571	2,744,571
Claims and changes in estimates	597,468	5,761,091	6,358,559
Claims payments	<u>(998,468)</u>	<u>(5,751,574)</u>	<u>(6,750,042)</u>
Claims liability, June 30, 2016	1,804,000	549,088	2,353,088
Claims and changes in estimates	1,307,827	4,848,703	6,156,530
Claims payments	<u>(1,213,827)</u>	<u>(5,019,395)</u>	<u>(6,233,222)</u>
Claims liability, June 30, 2017	1,898,000	378,396	2,276,396
Claims and changes in estimates	1,498,024	5,069,940	6,567,964
Claims payments	<u>(1,354,024)</u>	<u>(5,179,933)</u>	<u>(6,533,957)</u>
Claims liability, June 30, 2018	<u>\$ 2,042,000</u>	<u>\$ 268,403</u>	<u>\$ 2,310,403</u>

**9. Retirement Plan Participation**

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

1. Oklahoma Police Pension and Retirement System (OPPRS) - a statewide cost-sharing plan
2. Oklahoma Firefighter's Pension and Retirement System (OFPRS) – a statewide cost-sharing plan
3. Oklahoma Municipal Retirement Fund (OMRF-DCP) – an agent multiple-employer defined contribution plan

**Summary Defined Benefit Plans Balances:**

	<u>Governmental Activities</u>
Net Pension Liability	
Police Pension System	\$ 155,991
Firefighter's Pension System	<u>32,124,179</u>
Total Net Pension Liability	<u>\$ 32,280,170</u>
Deferred Outflows of Resources	
Police Pension System	\$ 2,081,780
Firefighter's Pension System	<u>6,999,189</u>
Total Deferred Outflows of Resources	<u>\$ 9,080,969</u>
Deferred Inflows of Resources	
Police Pension System	\$ 1,028,983
Firefighter's Pension System	<u>1,623,769</u>
Total Deferred Inflows of Resources	<u>\$ 2,652,752</u>

**Oklahoma Police Pension and Retirement Systems**

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

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

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

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

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

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

**Contributions** - The contributions requirements of the Plan are at an established rate determine by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 8% of their annual pay. Participating cities are required to contribute 13% of the employees' annual pay.

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Contributions to the pension plan from the City were \$813,621. The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of \$691,229 that is reported as both revenue and expenditure in the Police Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$695,246. These on-behalf payments do not meet the criteria of a special funding situation.

The City's contract with the union provides that member contributions will be 3% and employer contributions will be 18%.

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*** - At June 30, 2018, the City reported a liability of \$155,991 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. The City's proportion of the net pension liability was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2017. Based upon this information, the City's proportion was 2.028% at June 30, 2018, which was a decrease of .251% compared to its proportion at June 30, 2017.

For the year ended June 30, 2018, the City recognized pension expense of \$967,720. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 7,834	\$ 943,078
Net difference between projected and actual earnings on pension plan investments	1,161,861	-
Changes in proportion and differences between City contributions and proportionate share of contributions	15,296	59,626
City Contributions during measurement date	83,168	26,279
City contributions subsequent to the measurement date	813,621	-
Total	\$ 2,081,780	\$ 1,028,983

The \$813,621 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other deferred outflows and deferred inflows of resources related to pensions are being amortized over a closed period equal to the average of the expected service lives of all employees as of the beginning of the measurement period. The net deferred outflows related to the difference between expected and actual investment earnings and is being amortized over a closed 5-year period as of the beginning of each measurement period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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Year ended June 30:			
	2019	\$	(22,315)
	2020		588,458
	2021		272,838
	2022		(485,444)
	2023		(114,361)
	Thereafter		-
		\$	239,176

**Actuarial Assumptions**-The total pension liability was determined by an actuarial valuation as of June 30, 2017, using the following actuarial assumptions, applied to all prior periods included in the measurement:

- Inflation: 3%
- Salary increases: 4.5% to 17% average, including inflation
- Investment rate of return: 7.5% net of pension plan investment expense
- Mortality rates:
  - Active employees (pre-retirement) RP-2000 Blue Collar Healthy Combined table with age set back 4 years with fully generational improvement using Scale AA.
  - Active employees (post-retirement) and nondisabled pensioners: RP-2000 Blue Collar Healthy Combined table with fully generational improvement using scale AA.
  - Disabled pensioners: RP-2000 Blue Collar Healthy Combined table with age set forward 4 years with fully generational improvement using Scale AA.
- Cost-of-living Adjustment: Police officers eligible to receive increased benefits according to repealed Section 50-150 of Title 11 of the Oklahoma Statutes pursuant to a court order receive and adjustment of 1/3 to 1/2 of the increase or decrease of any adjustment to the base salary of a regular police officer, based on an increase in base salary.

The actuarial assumptions used in the July 1, 2017, valuation were based on the results of an actuarial experience study for the period July 1, 2007 to June 30, 2012.

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



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estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2017, are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	4.51%
Domestic equity	6.62%
International equity	9.70%
Real estate	6.96%
Private equity/debt	9.86%
Commodities	5.18%

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

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

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

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Employers' net pension liability (asset)	\$ 5,272,074	\$ 155,991	\$ (4,165,313)

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

**Oklahoma Fire Pension and Retirement Systems**

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

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

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

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

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

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

**Contributions** - The contributions requirements of the Plan are at an established rate determine by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 9% percent of their annual pay. Participating cities are required to contribute 14% of the employees' annual pay. Contributions to the pension plan from the City were \$1,164,029. The State of Oklahoma also made on-behalf contributions to FPRS in the amount of \$2,257,611 that is reported as both a revenue and an expenditure in the General Fund Statement of Revenues, Expenditures, and Changes in

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Fund Balance. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$2,251,068. These on-behalf payments did not meet the criteria of a special funding situation.

The City's contract with the union provides that member contributions will be 5% and employer contributions will be 18%.

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*** - At June 30, 2017, the City reported a liability of \$32,124,179 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. The City's proportion of the net pension liability was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2017. Based upon this information, the City's proportion was 2.554%, at June 30, 2018, which was a decrease of .073% compared to its proportion at June 30, 2017.

For the year ended June 30, 2018, the City recognized pension expense of \$3,857,672. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,291,237	\$ -
Net difference between projected and actual earnings on pension plan investments	-	895,191
Changes in proportion and differences between City contributions and proportionate share of contributions	1,447,622	677,674
City contributions during the measurement period	96,301	50,904
City contributions subsequent to the measurement date	1,164,029	-
Total	\$ 6,999,189	\$ 1,623,769

The \$1,164,029 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other deferred outflows of resources related to pensions are being amortized over a closed period equal to the average of the expected service lives of all employees as of the beginning of the measurement period. The net deferred outflows of resources related to the difference between expected and actual investment earnings and is being amortized over a closed 5-year period as of the beginning of each measurement period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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Year ended June 30:

	2019	\$	557,529
	2020		1,551,501
	2021		1,237,816
	2022		117,179
	2023		612,131
	Thereafter		135,235
		<u>\$</u>	<u>4,211,391</u>

**Actuarial Assumptions**-The total pension liability was determined by an actuarial valuation as of June 30, 2017, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation:	3%
Salary increases:	3.5% to 9.0% average, including inflation
Investment rate of return:	7.5% net of pension plan investment expense
Mortality rates:	Active employees (pre-retirement) RP-2000 Blue Collar Healthy Combined table with generational mortality improvement using scale AA.
	Active employees (post-retirement) and nondisabled pensioners: RP-2000 Blue Collar Healthy Combined table with generational improvement using scale AA.
	Disabled pensioners: RP-2000 Blue Collar Healthy Combined table.

The actuarial assumptions used in the July 1, 2017, valuation were based on the results of an actuarial experience study for the period July 1, 2007 to June 30, 2012.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2017, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	20%	4.38%
Domestic equity	47%	7.72%
International equity	15%	9.70%
Real estate	10%	6.96%
Other assets	8%	5.75%

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

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

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Employers' net pension liability	\$ 42,142,224	\$ 32,124,179	\$ 23,634,119

**Pension plan fiduciary net position** - Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of the FPRS; which can be located at [www.ok.gov/fprs](http://www.ok.gov/fprs).

**OMRF Defined Contribution Plan:**

The City has provided a defined contribution plan and trust known as the City of Midwest City Plan and Trust (the "Plan") in the form of the Oklahoma Municipal Retirement System Master Defined Contribution Plan an agent multiple employer defined contribution plan. OMRF operations are supervised by a nine-member Council of Trustees elected by the participating municipalities. The Plan is administered by JPMorgan Chase of Oklahoma City. The defined contribution plan is available to all full-time employees on a voluntary basis who are not participating in a state sponsored plan. According to City Ordinance, the employee and employer are required to contribute amounts equal to 0.0% and 14%, respectively, of the employee's salary each month. The employer's contributions for each employee are 50% vested after five years, with 10% vesting for each subsequent year thereafter. If an employee terminates before becoming fully vested, the employer's contributions that are forfeited are allocated to the remaining fund participants based on percentage of contribution. The authority to establish and amend the provisions of the plan rests with the City Council. For the year ended June 30, 2018, the City contributed \$2,101,868 to the plan, while the employee contributions totaled \$9,302.

OMRF issues separate plan financial statements which may be obtained by contacting the Oklahoma Municipal Retirement Fund, 525 Central Park Drive, Suite 320, Oklahoma City, Oklahoma, 73105, by calling (405) 606-7880, or at [www.okmrf.org](http://www.okmrf.org).

**10. Postemployment Healthcare Plan**

*Plan Description.* The City offers post-employment benefit (OPEB) options Medical, Rx, and Dental insurance to qualifying retirees and their dependents. Coverage is provided through self-insurance that collectively operates as a substantive single-employer defined benefit plan. A substantive plan is one in which the plan terms are understood by the employer and the plan members. This understanding is based on communications between the employer and plan member and the historical pattern of practice with regard to the sharing of benefit costs. Qualifying retirees are those employees who are eligible for immediate disability or retirement benefits under the Oklahoma Police Pension and Retirement System, Oklahoma Firefighter’s Pension and Retirement System, or the City of Midwest City Retirement Plan. Retirees may continue coverage with the City by paying the determined rate. Coverage is available for each of the lifetimes of retirees and their spouses. Authority to establish and amend benefit provisions rest with the City Council. Retirees may continue coverage with the City by paying 50% of the premium rate. Benefits are paid from general operating assets of the City as assessed by the self-insurance fund. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75. The plan does not issue separate financial statements.

*Benefits provided* - The Plan covers all current retirees of the City who elected postretirement medical coverage through the City Health Plan and future retired employees of the City fully self-insured health plan. In accordance with administrative policy, the benefit levels are the same as those afforded to active employees; this creates an implicit rate subsidy. The benefits offered by the City to retirees include health, RX, and dental benefits. The retiree retains coverage with the City, by making an election within 30 days of termination of service and have 10+ years of creditable service in with the City and are at least 55 years old at the time of termination.

The amount of benefit payments during fiscal year June 30, 2018 were \$862,742.

*Employees Covered by Benefit Terms*

Active Employees	463
Inactive not yet receiving benefits	147
Inactive or beneficiaries receiving benefits	<u>112</u>
Total	<u>722</u>

*Total OPEB Liability* – The total OPEB liability was determined based on actuarial valuation performed as of June 30, 2017 which is also the measurement date.

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*Actuarial Assumptions-* The total OPEB liability in the June 30, 2017 valuation, was determined using the following actuarial assumptions:

- Actuarial Cost Method - Entry Age
- Discount Rate – 3.58% based on the 20 year municipal bond yield
- Retirement Age – Civilians - 55 with 10 years of service, Police and Fire 20 years of service
- Medical Trend Rates

<u>Year</u>	<u>Rate</u>
2017	6.09%
2018	6.05%
2019	6.02%
2020	5.99%
2030	5.99%
2035	5.87%
2040	5.33%
2045	5.15%
2050	5.03%
2060	4.87%

*Changes in Total OPEB Liability –*

	<b>Total OPEB Liability</b>
<b>Balances at Beginning of Year</b>	\$ 24,880,674
<b>Changes for the Year:</b>	
Service cost	948,827
Interest expense	671,955
Change in assumptions	(2,572,581)
Benefits paid	(862,742)
<b>Net Changes</b>	(1,814,541)
<b>Balances End of Year</b>	\$ 23,066,133

*OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB -* For the year ended June 30, 2018, the City recognized a negative OPEB expense of (\$857). At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ -	\$ 2,118,061
City Contributions subsequent to the measurement date	869,661	-
Total	\$ 869,661	\$ 2,118,061

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The \$869,661 reported as deferred outflows of resources related to OPEB resulting from City benefit payments subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2019. Any other amounts reported as deferred outflows or resources and deferred inflows of resources related to OPEB will be recognized in pension expense as follows:

<b>Year Ended June 30:</b>	
2019	\$ (454,520)
2020	(454,520)
2021	(454,520)
2022	(454,520)
2023	(299,981)
	\$ (2,118,061)

*Sensitivity of the City's total OPEB liability to changes in the discount rate-* The following presents the City's total net OPEB liability, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58 percent) or 1-percentage-point higher (4.58 percent) than the current discount rate:

	1% Decrease ( 2.58%)	Current Discount Rate ( 3.58%)	1% Increase ( 4.58%)
Employers' total OPEB liability	\$ 28,385,251	\$ 23,066,133	\$ 19,071,491

*Sensitivity of the City's total OPEB liability to changes in the healthcare cost trend rates -* The following presents the City's total OPEB liability, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.09 percent decreasing to 3.876 percent) or 1-percentage-point higher (7.09 percent decreasing to 5.87 percent) than the current healthcare cost trend rates:

	1% Decrease (5.09 % decreasing to 3.87%)	Current Discount Rate (6.09 % decreasing to 4.87%)	1% Increase ( 7.09% decreasing to 5.87%)
Employers' total OPEB liability	\$ 19,191,295	\$ 23,066,133	\$ 28,087,783

## 11. Commitments and Contingencies

### Litigation

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



## **Grant Programs**

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

## **12. Subsequent Events**

In August 2018, the citizens approved the issuance of General Obligation Bonds. The bonds will fund the following projects: \$15,965,000 for streets, \$5,560,000 for a water booster station, \$21,635,000 park and recreation improvements, and \$10,490,000 public safety improvements. The bonds will be issued in 2019.

## **13. Future Accounting Pronouncements**

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

GASB Statement No. 83, *Certain Asset Retirement Obligations*, issued December 2016, will be effective for the City beginning with its fiscal year ending June 30, 2019. Under Statement No. 83, a government that has legal obligations to perform future asset retirement activities related to its tangible capital assets is required to recognize a liability and a corresponding deferred outflow of resources. The Statement identifies the circumstances that trigger the recognition of these transactions. The Statement also requires the measurement of an asset retirement obligation to be based on the best estimate of the current value of outlays expected to be incurred while the deferred outflow of resources associated with the asset retirement obligation will be measured at the amount of the corresponding liability upon initial measurement and generally recognized as an expense during the reporting periods that the asset provides service. The Statement requires disclosures including a general description of the asset retirement obligation and associated tangible capital assets; the source of the obligation to retire the assets; the methods and assumptions used to measure the liability; and other relevant information. The City has not yet determined the impact that implementation of GASB 83 will have on its net position.

GASB Statement 84, *Fiduciary Activities*, issued January 2017, will be effective for the City for the City beginning with its fiscal year ending June 30, 2019. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The City has not yet determined the impact that implementation of GASB 84 will have on its net position.

GASB Statement 87, *Leases*, issued June 2017, will be effective for the City beginning with its fiscal year ending June 30, 2021. The primary objective of this Statement is to increase the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for

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leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The City has not yet determined the impact that implementation of GASB 87 will have on its net position.

GASB Statement 88, *Certain Disclosures Related to Debt* - GASB No. 87 was issued April 2018, the primary objective of this Statement is to improve the information that is disclosed in the notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. It defines debt for purposes of disclosure in the notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date of the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. This Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

GASB Statement 90, *Majority Equity Interests (An amendment of GASB Statement 14 and 61)* –issued August 2018, will be effective for the City beginning with its fiscal year ending June 30, 2020. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. The City has not yet determined the impact that implementation of GASB 90 will have on its net position.

**REQUIRED SUPPLEMENTARY INFORMATION**

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**Budgetary Comparison Schedules – Year Ended June 30, 2018**

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
<b>Beginning Budgetary Fund Balance:</b>	\$ 1,882,037	\$ 1,882,037	\$ 4,284,487	\$ 2,402,450
<b>Resources (Inflows):</b>				
Taxes	22,985,448	22,985,448	23,493,172	507,724
Charges for services	468,669	683,246	669,038	(14,208)
Fines and forfeitures	1,364,728	1,386,801	1,230,313	(156,488)
Licenses and permits	360,851	360,851	452,607	91,756
Investment income	88,470	126,679	124,997	(1,682)
Intergovernmental	461,937	808,808	811,737	2,929
Miscellaneous	202,046	409,472	540,225	130,753
<b>Total Resources (Inflows)</b>	<u>25,932,149</u>	<u>26,761,305</u>	<u>27,322,089</u>	<u>560,784</u>
<b>Amounts available for appropriation</b>	<u>27,814,186</u>	<u>28,643,342</u>	<u>31,606,576</u>	<u>2,963,234</u>
<b>Charges to Appropriations (Outflows):</b>				
City Manager	477,202	478,243	461,445	16,798
City Clerk	94,014	94,015	90,829	3,186
Human Resources	443,787	443,787	424,813	18,974
City Attorney	54,201	54,201	51,160	3,041
Community Development	1,906,877	2,190,662	2,241,091	(50,429)
Park & Recreation	845,350	937,579	786,346	151,233
Finance	677,772	680,847	647,937	32,910
Animal Welfare	459,241	510,334	423,822	86,512
Municipal Court	493,402	493,922	438,251	55,671
Streets	2,948,686	3,057,667	2,755,698	301,969
General Government	1,230,035	1,262,834	1,000,845	261,989
Neighborhood Services	1,543,080	1,612,900	1,306,560	306,340
Information Technology	553,497	565,802	533,202	32,600
Emergency Response	994,479	1,193,061	1,055,023	138,038
Swimming Pools	292,598	294,998	240,453	54,545
<b>Total Charges to Appropriations</b>	<u>13,014,221</u>	<u>13,870,852</u>	<u>12,457,475</u>	<u>1,413,377</u>
<b>Other financing sources (uses)</b>				
Transfers from other funds	11,574,312	11,869,999	11,731,728	(138,271)
Transfers to other funds	(25,793,324)	(26,283,324)	(26,303,052)	(19,728)
<b>Total other financing sources (uses)</b>	<u>(14,219,012)</u>	<u>(14,413,325)</u>	<u>(14,571,324)</u>	<u>(157,999)</u>
<b>Ending Budgetary Fund Balance</b>	<u>\$ 580,953</u>	<u>\$ 359,165</u>	<u>\$ 4,577,777</u>	<u>\$ 4,218,612</u>

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	<b>POLICE FUND</b>			
	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>(Budget Basis)</b>	<b>Final Budget Positive (Negative)</b>
<b>Beginning Budgetary Fund Balance:</b>	\$ 1,045,203	\$ 1,045,203	\$ 1,917,030	\$ 871,827
<b>Resources (Inflows):</b>				
Taxes	2,835,087	2,835,087	3,822,365	987,278
Intergovernmental	-	-	4,205	4,205
Charges for services	45,705	45,705	98,790	53,085
License and permits	-	2,717	2,900	183
Investment income	40,904	40,903	40,505	(398)
Fines and forfeitures	122,277	122,277	68,716	(53,561)
Miscellaneous	2,717	24,000	38,707	14,707
<b>Total Resources (Inflows)</b>	<b>3,046,690</b>	<b>3,070,689</b>	<b>4,076,188</b>	<b>1,005,499</b>
<b>Amounts available for appropriation</b>	<b>4,091,893</b>	<b>4,115,892</b>	<b>5,993,218</b>	<b>1,877,326</b>
<b>Charges to Appropriations (Outflows):</b>				
Public Safety	13,486,028	13,977,302	13,347,447	629,855
<b>Total Charges to Appropriations</b>	<b>13,486,028</b>	<b>13,977,302</b>	<b>13,347,447</b>	<b>629,855</b>
<b>Other financing sources (uses)</b>				
Transfers from other funds	9,814,127	9,939,127	10,013,743	74,616
<b>Total other financing sources (uses)</b>	<b>9,814,127</b>	<b>9,939,127</b>	<b>10,013,743</b>	<b>74,616</b>
<b>Ending Budgetary Fund Balance</b>	<b>\$ 419,992</b>	<b>\$ 77,717</b>	<b>\$ 2,659,514</b>	<b>\$ 2,581,797</b>

	<b>FIRE FUND</b>			
	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>(Budget Basis)</b>	<b>Final Budget Positive (Negative)</b>
<b>Beginning Budgetary Fund Balance:</b>	\$ 867,211	\$ 867,211	\$ 1,542,193	\$ 674,982
<b>Resources (Inflows):</b>				
Taxes	2,533,769	2,533,769	3,216,367	682,598
Charges for services	22,304	22,304	5,408	(16,896)
Investment income	31,037	31,037	28,787	(2,250)
Licenses and permits	10,001	10,001	8,300	(1,701)
Miscellaneous	11,857	16,530	13,392	(3,138)
<b>Total Resources (Inflows)</b>	<b>2,608,968</b>	<b>2,613,641</b>	<b>3,272,254</b>	<b>658,613</b>
<b>Amounts available for appropriation</b>	<b>3,476,179</b>	<b>3,480,852</b>	<b>4,814,447</b>	<b>1,333,595</b>
<b>Charges to Appropriations (Outflows):</b>				
Public Safety	10,716,922	11,220,204	10,597,683	622,521
<b>Total Charges to Appropriations</b>	<b>10,716,922</b>	<b>11,220,204</b>	<b>10,597,683</b>	<b>622,521</b>
<b>Other financing sources (uses)</b>				
Transfers from other funds	934,063	8,034,063	8,095,459	61,396
Transfers to other funds	(166,000)	(166,000)	(166,000)	-
<b>Total other financing sources (uses)</b>	<b>768,063</b>	<b>7,868,063</b>	<b>7,929,459</b>	<b>61,396</b>
<b>Ending Budgetary Fund Balance</b>	<b>\$ (6,472,680)</b>	<b>\$ 128,711</b>	<b>\$ 2,146,223</b>	<b>\$ 2,017,512</b>

**Footnotes to Budgetary Comparison Schedule:**

1. The budgetary comparison schedules and budgetary fund balance amounts are reported on the modified cash basis of accounting. In addition, obligations that are required to be funded from ending budgetary fund balances are subtracted from total ending budgetary fund balances to arrive at the

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unreserved budgetary fund balance. This presentation of unreserved fund balances on a budgetary basis is used to demonstrate compliance with Article 10, § 26 of the Oklahoma State Constitution.

2. The legal level of appropriation control is the department level within a fund. Transfers of appropriation between departments and object categories require the approval of the City Manager. All supplemental appropriations require the approval of the City Council. Supplemental appropriations must be filed with the Office of the State Auditor and Inspector.

3. The Hospital Authority does not present a budget to actual comparison because it is a Title 60 Public Trust. Title 60 Trust are only required to prepare a budget and submit to the beneficiary, but there are no requirements related to form, content or monitoring.

4. The budgetary basis differs from the modified accrual (GAAP) basis as shown in the schedules below:

GENERAL FUND	<u>Fund Balance June 30, 2017</u>	<u>Net Change in Fund Balance</u>	<u>Fund Balance June 30, 2018</u>
<b>Budget to GAAP Reconciliation:</b>			
<b>Fund Balance - GAAP Basis</b>	\$ 6,346,911	\$ (316,461)	\$ 6,030,450
Increases (Decreases):			
Revenues:			
Receivable	(3,948,692)	(377,904)	(4,326,596)
Change in fair value of investments	(2,640)	7,104	4,464
Other misc items	72,066	(282,425)	(210,359)
Expenditures:			
Payables	4,231,526	1,253,398	5,484,924
Encumbrances	(104,795)	(91,241)	(196,036)
Impact of combining accounts:			
Reimbursed Projects Account	(660,304)	6,586	(653,718)
Employee Activity Account	(19,606)	(796)	(20,402)
Activity Account	(333,476)	(3,584)	(337,060)
Animals Best Friend Account	(100,227)	22,553	(77,674)
Disaster Relief Account	(1,196,270)	76,054	(1,120,216)
<b>Fund Balance - Budgetary Basis</b>	<u>\$ 4,284,493</u>	<u>\$ 293,284</u>	<u>\$ 4,577,777</u>

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<b>POLICE FUND</b>	<u>Fund Balance June 30, 2017</u>	<u>Net Change in Fund Balance</u>	<u>Fund Balance June 30, 2018</u>
<b>Budget to GAAP Reconciliation:</b>			
<b>Fund Balance - GAAP Basis</b>	\$ 3,664,988	\$ 1,582,994	\$ 5,247,982
Increases (Decreases):			
Revenues:			
Receivable	(2,089,011)	(959,666)	(3,048,677)
Change in fair value of investments	(1,036)	3,800	2,764
Other misc items	(309,161)	76,890	(232,271)
Expenditures:			
Payables	651,250	38,466	689,716
<b>Fund Balance - Budgetary Basis</b>	<u>\$ 1,917,030</u>	<u>\$ 742,484</u>	<u>\$ 2,659,514</u>
<b>FIRE FUND</b>	<u>Fund Balance June 30, 2017</u>	<u>Net Change in Fund Balance</u>	<u>Fund Balance June 30, 2018</u>
<b>Budget to GAAP Reconciliation:</b>			
<b>Fund Balance - GAAP Basis</b>	\$ 1,604,511	\$ 1,463,436	\$ 3,067,947
Increases (Decreases):			
Revenues:			
Receivable	(1,598,768)	(734,936)	(2,333,704)
Change in fair value of investments	-	1,710	1,710
Other misc items	-	69,913	69,913
Expenditures:			
Payables	1,536,450	(196,093)	1,340,357
<b>Fund Balance - Budgetary Basis</b>	<u>\$ 1,542,193</u>	<u>\$ 604,030</u>	<u>\$ 2,146,223</u>

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***Required Supplementary Information – Pensions***

**Schedules of Required Supplementary Information**  
**SCHEDULE OF THE CITY OF MIDWEST CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**OKLAHOMA FIREFIGHTERS PENSION & RETIREMENT SYSTEM**  
**Last 10 Fiscal Years\***

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Measurement date	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017
City's proportion of the net pension liability	2.392%	2.613%	2.627%	2.554%
City's proportionate share of the net pension liability	\$ 24,598,661	\$ 27,733,504	\$ 32,089,584	\$ 32,124,179
City's covered payroll	\$ 6,734,825	\$ 7,151,904	\$ 6,922,999	\$ 7,259,523
City's proportionate share of the net pension liability as a percentage of its covered payroll	365%	388%	464%	443%
Plan fiduciary net position as a percentage of the total pension liability	68.12%	68.27%	64.87%	66.61%

**Notes to Schedule:**

Only four previous fiscal years are presented because 10-year data is not yet available.

**Schedules of Required Supplementary Information**  
**SCHEDULE OF THE CITY OF MIDWEST CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)**  
**OKLAHOMA POLICE PENSION & RETIREMENT SYSTEM**  
**Last 10 Fiscal Years\***

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Measurement date	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017
City's proportion of the net pension liability (asset)	2.2929%	2.3249%	2.2789%	2.0280%
City's proportionate share of the net pension liability (asset)	\$ (772,001)	\$ 94,795	\$ 3,490,072	\$ 155,991
City's covered payroll	\$ 6,171,257	\$ 6,571,604	\$ 6,720,857	\$ 6,047,423
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	12.51%	1.44%	51.93%	2.58%
Plan fiduciary net position as a percentage of the total pension liability (asset)	101.53%	99.82%	93.50%	99.68%

**Notes to Schedule:**

Only four previous fiscal years are presented because 10-year data is not yet available.



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**SCHEDULE OF CITY CONTRIBUTIONS**  
**OKLAHOMA FIREFIGHTERS PENSION & RETIREMENT SYSTEM**  
**Last 10 Fiscal Years**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Measurement date	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017
Statutorily required contribution	\$ 1,001,267	\$ 969,220	\$ 1,016,333	\$ 1,164,029
Contributions in relation to the statutorily required contribution	<u>1,064,424</u>	<u>969,270</u>	<u>1,016,378</u>	<u>1,164,029</u>
Contribution deficiency (excess)	<u>\$ (63,157)</u>	<u>\$ (50)</u>	<u>\$ (45)</u>	<u>\$ -</u>
City's covered payroll	\$ 7,151,904	\$ 6,922,999	\$ 7,259,523	\$ 7,458,084
Contributions as a percentage of covered payroll	14.88%	14.00%	14.00%	15.61%

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

**Notes to Schedule:**

Only four previous fiscal years are presented because 10-year data is not yet available.

The City's contract with the union provides that member contributions will be 5% and employer contributions will be 18%.

**SCHEDULE OF CITY CONTRIBUTIONS**  
**OKLAHOMA POLICE PENSION & RETIREMENT SYSTEM**  
**Last 10 Fiscal Years**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Statutorily required contribution	\$ 854,309	\$ 873,711	\$ 786,165	\$ 813,621
Contributions in relation to the statutorily required contribution	<u>1,021,780</u>	<u>873,705</u>	<u>786,167</u>	<u>813,621</u>
Contribution deficiency (excess)	<u>\$ (167,471)</u>	<u>\$ 6</u>	<u>\$ (2)</u>	<u>\$ -</u>
City's covered payroll	\$ 6,571,604	\$ 6,720,857	\$ 6,047,423	\$ 6,230,526
Contributions as a percentage of covered payroll	15.55%	13.00%	13.00%	13.06%

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

**Notes to Schedule:**

Only four previous fiscal years are presented because 10-year data is not yet available.

The City's contract with the union provides that member contributions will be 3% and employer contributions will be 18%.

There were no changes in the trends that affected the amounts reported in the schedules.

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*Required Supplementary Information – Other Post Employment Benefit (OPEB)*

**Schedule of Changes in Total OPEB Liability and Related Ratios**  
Postemployment Health Insurance Implicit Rate Subsidy Plan

		<u>2018</u>
Total OPEB Liability		
Service cost	\$	948,827
Interest		671,955
Changes in assumptions		(2,572,581)
Experience Gan/(Loss)		(862,742)
<b>Net increase (decrease) in total OPEB liability</b>		<u>(1,814,541)</u>
<b>Balances at Beginning of Year</b>		<u>24,880,674</u>
<b>Balances End of Year</b>	<b>\$</b>	<b><u>23,066,133</u></b>
Covered payroll	\$	27,950,000
Total OPEB liability as a percentage of covered-payroll		82.53%

**Notes to Schedule:**

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

**OTHER SUPPLEMENTARY INFORMATION**

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**Combining Balance Sheet – General Fund Accounts – June 30, 2018**

	General Fund Accounts						Totals
	General Fund	Reimbursed Projects Account	Employee Activity Account	Activity Account	Animals Best Friend Account	Disaster Relief Account	
<b>ASSETS</b>							
Cash and cash equivalents	\$ 1,089,359	\$ 173,606	\$ 20,717	\$ 81,445	\$ 73,944	\$ 231,539	\$ 1,670,610
Investments	3,005,143	588,261	-	275,977	-	864,455	4,733,836
Accounts receivable	1,148,033	2,361	-	-	12,041	180,813	1,343,248
Accrued interest receivable	7,117	-	-	-	-	2,047	9,164
Other receivable	14,511	-	-	4,430	-	-	18,941
Due from other governments	3,048,535	-	-	-	-	438	3,048,973
Due from other funds	103,791	-	-	-	-	-	103,791
Prepaid items	4,612	-	-	-	-	-	4,612
Advance from other funds	885,203	-	-	-	-	-	885,203
<b>Total assets</b>	<b>\$ 9,306,304</b>	<b>\$ 764,228</b>	<b>\$ 20,717</b>	<b>\$ 361,852</b>	<b>\$ 85,985</b>	<b>\$ 1,279,292</b>	<b>\$ 11,818,378</b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>							
<b>Liabilities:</b>							
Accounts payable and accrued liabilities	\$ 203,690	\$ 60,980	\$ 315	\$ 24,228	\$ -	\$ 12,425	\$ 301,638
Wages payable	424,565	-	-	564	-	7,165	432,294
Due to other governments	8,569	-	-	-	-	-	8,569
Refundable deposits	52,230	-	-	-	-	-	52,230
Due to other funds	3,881,783	-	-	-	-	-	3,881,783
Advance to other funds	-	49,530	-	-	-	-	49,530
<b>Total liabilities</b>	<b>4,570,837</b>	<b>110,510</b>	<b>315</b>	<b>24,792</b>	<b>-</b>	<b>19,590</b>	<b>4,726,044</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable revenue	914,087	-	-	-	8,311	139,486	1,061,884
<b>Fund balances:</b>							
Nonspendable	889,815	-	-	-	-	-	889,815
Restricted	10,490	545,245	-	315,616	30,301	693,694	1,595,346
Assigned	475,814	108,473	20,402	21,444	47,373	426,522	1,100,028
Unassigned	2,445,261	-	-	-	-	-	2,445,261
<b>Total fund balances</b>	<b>3,821,380</b>	<b>653,718</b>	<b>20,402</b>	<b>337,060</b>	<b>77,674</b>	<b>1,120,216</b>	<b>6,030,450</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 9,306,304</b>	<b>\$ 764,228</b>	<b>\$ 20,717</b>	<b>\$ 361,852</b>	<b>\$ 85,985</b>	<b>\$ 1,279,292</b>	<b>\$ 11,818,378</b>

**CITY OF MIDWEST CITY, OKLAHOMA**  
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**Combining Schedule of Revenues, Expenditures and Changes in Fund Balance – General Fund Accounts – Year Ended June 30, 2018**

	General Fund Accounts						Totals
	General Fund	Reimbursed Projects Account	Employee Activity Account	Activity Account	Animals Best Friend Account	Disaster Relief Account	
<b>REVENUES</b>							
Taxes	\$ 23,630,293	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,630,293
Intergovernmental	494,009	204,250	-	-	-	-	698,259
Charges for services	2,115,345	81,891	-	53,990	-	55,280	2,306,506
Investment income	(2,212)	12,046	321	5,620	1,134	987	17,896
Fines & forfeitures	1,222,662	-	-	-	25,365	-	1,248,027
Licenses & permits	452,608	-	-	-	-	-	452,608
Miscellaneous	344,367	113,669	2,619	101,926	3,519	91,789	657,889
<b>Total revenues</b>	<b>28,257,072</b>	<b>411,856</b>	<b>2,940</b>	<b>161,536</b>	<b>30,018</b>	<b>148,056</b>	<b>29,011,478</b>
<b>EXPENDITURES</b>							
Current:							
General government	5,133,524	29,168	9,644	-	-	224,110	5,396,446
Public Safety	985,567	12,805	-	-	-	-	998,372
Streets	2,753,935	-	-	-	-	-	2,753,935
Culture and recreation	819,786	10,000	-	113,166	-	-	942,952
Health & welfare	361,655	-	-	-	4,684	-	366,339
Economic development	2,754,035	158,938	-	-	-	-	2,912,973
Capital outlay	-	202,933	-	44,786	47,887	-	295,606
Debt service:							
Interest and fiscal charges	-	3,762	-	-	-	-	3,762
<b>Total expenditures</b>	<b>12,808,502</b>	<b>417,606</b>	<b>9,644</b>	<b>157,952</b>	<b>52,571</b>	<b>224,110</b>	<b>13,670,385</b>
Revenues over (under) expenditures	15,448,570	(5,750)	(6,704)	3,584	(22,553)	(76,054)	15,341,093
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	11,723,187	-	-	-	-	-	11,723,187
Transfers out	(27,379,905)	(836)	-	-	-	-	(27,380,741)
Transfers in - interaccount	-	-	7,500	-	-	-	7,500
Transfers out - interaccount	(7,500)	-	-	-	-	-	(7,500)
<b>Total other financing sources (uses)</b>	<b>(15,664,218)</b>	<b>(836)</b>	<b>7,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(15,657,554)</b>
<b>Net change in fund balances</b>	<b>(215,648)</b>	<b>(6,586)</b>	<b>796</b>	<b>3,584</b>	<b>(22,553)</b>	<b>(76,054)</b>	<b>(316,461)</b>
Fund balances - beginning of year	4,037,028	660,304	19,606	333,476	100,227	1,196,270	6,346,911
<b>Fund balances - end of year</b>	<b>\$ 3,821,380</b>	<b>\$ 653,718</b>	<b>\$ 20,402</b>	<b>\$ 337,060</b>	<b>\$ 77,674</b>	<b>\$ 1,120,216</b>	<b>\$ 6,030,450</b>

**CITY OF MIDWEST CITY, OKLAHOMA**  
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**Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2018**

	Special Revenue Funds										
	Grant Fund	Juvenile Fund	Park & Recreation Fund	Emergency Operations Fund	Technology Fund	Welcome Center Fund	Police Impound Fund	Street & Alley Fund	Police Special Projects Fund	Police Lab Fee Fund	Convention/Visitors Bureau Fund
<b>ASSETS</b>											
Cash and cash equivalents	\$ 160,572	\$ 55,803	\$ 127,315	\$ 151,268	\$ 58,579	\$ 78,672	\$ 47,498	\$ 249,717	\$ 211,007	\$ 16,064	\$ 38,931
Investments	-	-	431,406	512,569	198,496	266,577	160,945	932,320	-	-	131,916
Accrued interest receivable	-	-	-	-	-	-	-	2,208	-	-	-
Deposits held by others	-	-	-	-	-	-	-	-	-	-	-
Other receivable	48,141	66,645	2,600	2,271	195,900	-	-	-	-	6,899	-
Due from other governments	152,771	-	65,664	57,265	-	19,556	-	44,479	-	-	36,505
Due from other funds	1,625	780	-	287	-	350	-	-	-	-	148
Inventory	60,000	-	-	-	-	-	-	-	-	-	-
Advance from other funds	-	-	-	-	-	-	-	-	-	-	-
Total assets	<u>423,109</u>	<u>123,228</u>	<u>626,985</u>	<u>723,660</u>	<u>452,975</u>	<u>365,155</u>	<u>208,443</u>	<u>1,228,724</u>	<u>211,007</u>	<u>22,963</u>	<u>207,500</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>											
Liabilities:											
Accounts payable and accrued liabilities	42,155	-	22,106	20,962	30,178	1,253	-	1,260	841	319	3,954
Wages payable	21,215	3,494	2,415	18,600	7,402	7,403	-	-	-	-	10,054
Due to other funds	103,791	-	-	-	-	-	403	-	-	-	-
Total liabilities	<u>167,161</u>	<u>3,494</u>	<u>24,521</u>	<u>39,562</u>	<u>37,580</u>	<u>8,656</u>	<u>403</u>	<u>1,260</u>	<u>841</u>	<u>319</u>	<u>14,008</u>
Deferred inflows:											
Unavailable revenue	23,884	60,078	-	-	155,083	-	-	-	-	4,780	-
Fund balances:											
Nonspendable	60,000	-	-	-	-	-	-	-	-	-	-
Restricted	172,064	59,656	602,464	684,098	260,312	356,499	208,040	1,227,464	210,166	17,864	193,492
Assigned	-	-	-	-	-	-	-	-	-	-	-
Total fund balances	<u>232,064</u>	<u>59,656</u>	<u>602,464</u>	<u>684,098</u>	<u>260,312</u>	<u>356,499</u>	<u>208,040</u>	<u>1,227,464</u>	<u>210,166</u>	<u>17,864</u>	<u>193,492</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 423,109</u>	<u>\$ 123,228</u>	<u>\$ 626,985</u>	<u>\$ 723,660</u>	<u>\$ 452,975</u>	<u>\$ 365,155</u>	<u>\$ 208,443</u>	<u>\$ 1,228,724</u>	<u>\$ 211,007</u>	<u>\$ 22,963</u>	<u>\$ 207,500</u>

(continued)

**CITY OF MIDWEST CITY, OKLAHOMA**  
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**As of and for the Year Ended June 30, 2018**

**Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2018**

	Special Revenue Funds			Capital Project Funds					Debt Service Fund		Totals
	Urban Renewal Authority	General Government Sales Tax Fund	Street Light Fee	Downtown Development Authority	2002 Street Project Fund	Dedicated Tax 2012 Fund	Sales Tax Capital Improvement Fund	Capital Improvement Fund	Capital Outlay Reserve Fund	G.O. Debt Services Fund	
<b>ASSETS</b>											
Cash and cash equivalents	\$ 57,066	\$ 477,264	\$ 218,105	\$ 556,081	\$ 104,302	\$ 263,362	\$ -	\$ 510,453	\$ 210,765	\$ 124,438	\$ 3,717,262
Investments	-	1,781,868	814,298	2,076,133	353,425	983,265	-	1,905,781	714,174	-	11,263,173
Accrued interest receivable	-	4,220	1,928	4,917	-	2,329	-	4,513	-	-	20,115
Deposits held by others	-	-	-	500	300	-	-	4,766	-	-	5,566
Other receivable	-	-	79,623	23,088	-	-	-	-	-	-	425,167
Due from other governments	-	297,844	-	-	-	55,973	724,417	12,277	-	353,708	1,820,459
Due from other funds	-	60,581	-	-	-	-	-	28,616	-	-	92,387
Inventory	-	-	-	-	-	-	-	-	-	-	60,000
Advance from other funds	-	-	-	49,530	-	-	-	-	-	-	49,530
Total assets	<u>57,066</u>	<u>2,621,777</u>	<u>1,113,954</u>	<u>2,710,249</u>	<u>458,027</u>	<u>1,304,929</u>	<u>724,417</u>	<u>2,466,406</u>	<u>924,939</u>	<u>478,146</u>	<u>17,453,659</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>											
<b>Liabilities:</b>											
Accounts payable and accrued liabilities	2,232	67,275	-	9,306	-	10,128	-	-	-	-	211,969
Wages payable	-	-	-	3,122	-	-	-	-	-	-	73,705
Due to other funds	-	-	-	-	-	-	724,417	-	-	-	828,611
Total liabilities	<u>2,232</u>	<u>67,275</u>	<u>-</u>	<u>12,428</u>	<u>-</u>	<u>10,128</u>	<u>724,417</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,114,285</u>
<b>Deferred inflows:</b>											
Unavailable revenue	-	-	-	-	-	-	-	-	-	347,014	590,839
<b>Fund balances:</b>											
Nonspendable	-	-	-	50,030	300	-	-	4,766	-	-	115,096
Restricted	3,804	2,554,502	1,113,954	1,769,274	457,727	1,294,801	-	2,409,501	746,651	131,132	14,473,465
Assigned	51,030	-	-	878,517	-	-	-	52,139	178,288	-	1,159,974
Total fund balances	<u>54,834</u>	<u>2,554,502</u>	<u>1,113,954</u>	<u>2,697,821</u>	<u>458,027</u>	<u>1,294,801</u>	<u>-</u>	<u>2,466,406</u>	<u>924,939</u>	<u>131,132</u>	<u>15,748,535</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 57,066</u>	<u>\$ 2,621,777</u>	<u>\$ 1,113,954</u>	<u>\$ 2,710,249</u>	<u>\$ 458,027</u>	<u>\$ 1,304,929</u>	<u>\$ 724,417</u>	<u>\$ 2,466,406</u>	<u>\$ 924,939</u>	<u>\$ 478,146</u>	<u>\$ 17,453,659</u>

**CITY OF MIDWEST CITY, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2018**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Governmental Funds – Year Ended June 30, 2018**

	Special Revenue Funds										
	Grant Fund	Juvenile Fund	Park & Recreation Fund	Emergency Operations Fund	Technology Fund	Welcome Center Fund	Police Impound Fund	Street & Alley Fund	Police Special Projects Fund	Police Lab Fee Fund	Convention/Visitors Bureau Fund
<b>REVENUES</b>											
Taxes	\$ -	\$ -	\$ 522,572	\$ 526,001	\$ -	\$ 179,546	\$ -	\$ -	\$ -	\$ -	\$ 335,152
Intergovernmental	655,476	-	-	-	-	-	-	503,666	-	-	-
Charges for services	-	-	700	27,250	237,806	-	64,350	-	-	-	-
Investment income	20	528	10,184	9,465	4,422	5,472	3,227	(36,377)	2,867	288	2,634
Fines & forfeitures	-	76,484	-	-	14,260	-	-	-	10,889	10,397	-
Licenses & permits	-	-	-	-	19,200	-	-	-	-	-	-
Miscellaneous	25,586	-	38,735	750	-	23,027	-	-	12,350	3,195	5,300
Total revenues	<u>681,082</u>	<u>77,012</u>	<u>572,191</u>	<u>563,466</u>	<u>275,688</u>	<u>208,045</u>	<u>67,577</u>	<u>467,289</u>	<u>26,106</u>	<u>13,880</u>	<u>343,086</u>
<b>EXPENDITURES</b>											
Current:											
General government	-	-	-	-	451,334	-	-	-	-	-	-
Public safety	109,206	71,478	-	404,310	-	-	11,844	-	18,551	14,510	-
Streets	-	-	-	-	-	-	-	38,448	-	-	-
Culture and recreation	-	-	437,792	-	-	183,624	-	-	-	-	-
Economic development	604,797	-	-	-	-	-	-	-	-	-	327,589
Capital outlay	89,714	596	111,834	57,320	-	27,896	33,215	131,357	998	-	555
Debt service:											
Principal retirement	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>803,717</u>	<u>72,074</u>	<u>549,626</u>	<u>461,630</u>	<u>451,334</u>	<u>211,520</u>	<u>45,059</u>	<u>169,805</u>	<u>19,549</u>	<u>14,510</u>	<u>328,144</u>
Revenues over (under) expenditures	<u>(122,635)</u>	<u>4,938</u>	<u>22,565</u>	<u>101,836</u>	<u>(175,646)</u>	<u>(3,475)</u>	<u>22,518</u>	<u>297,484</u>	<u>6,557</u>	<u>(630)</u>	<u>14,942</u>
<b>OTHER FINANCING SOURCES (USES)</b>											
Transfers in	165,310	37,000	-	11,250	50,354	-	-	38,907	-	-	-
Transfers out	(39,250)	-	(81,000)	(50,354)	-	-	(4,469)	-	-	-	-
Total other financing sources (uses)	<u>126,060</u>	<u>37,000</u>	<u>(81,000)</u>	<u>(39,104)</u>	<u>50,354</u>	<u>-</u>	<u>(4,469)</u>	<u>38,907</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	3,425	41,938	(58,435)	62,732	(125,292)	(3,475)	18,049	336,391	6,557	(630)	14,942
Fund balances - beginning of year	228,639	17,718	660,899	621,366	385,604	359,974	189,991	891,073	203,609	18,494	178,550
Fund balances - end of year	<u>\$ 232,064</u>	<u>\$ 59,656</u>	<u>\$ 602,464</u>	<u>\$ 684,098</u>	<u>\$ 260,312</u>	<u>\$ 356,499</u>	<u>\$ 208,040</u>	<u>\$ 1,227,464</u>	<u>\$ 210,166</u>	<u>\$ 17,864</u>	<u>\$ 193,492</u>

(continued)



**CITY OF MIDWEST CITY, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2018**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Governmental Funds – Year Ended June 30, 2018**

	Special Revenue Funds			Capital Project Funds					Debt Service Fund	Totals	
	Urban Renewal Authority	General Government Sales Tax Fund	Street Light Fee	Downtown Development Authority	2002 Street Project Fund	Dedicated Tax 2012 Fund	Sales Tax Capital Improvement Fund	Capital Improvement Fund	Capital Outlay Reserve Fund		G.O. Debt Services Fund
<b>REVENUES</b>											
Taxes	\$ -	\$ 1,296,608	\$ -	\$ -	\$ -	\$ 434,396	\$ 5,604,120	\$ 113,235	\$ -	\$ 316,361	\$ 9,327,991
Intergovernmental	-	-	-	-	-	-	-	-	-	1,652	1,160,794
Charges for services	-	-	568,008	599,925	-	-	-	-	-	-	1,498,039
Investment income	975	(26,864)	(33,392)	17,724	8,004	(2,087)	2,669	(12,926)	14,608	3,085	(25,474)
Fines & forfeitures	-	-	-	-	-	-	-	-	-	-	112,030
Licenses & permits	-	-	-	-	-	-	-	106,256	-	-	125,456
Miscellaneous	-	100,517	-	50	-	-	-	52,260	-	-	261,770
Total revenues	975	1,370,261	534,616	617,699	8,004	432,309	5,606,789	258,825	14,608	321,098	12,460,606
<b>EXPENDITURES</b>											
Current:											
General government	-	75,649	-	-	-	-	-	-	-	-	526,983
Public safety	-	-	-	-	-	-	-	-	-	-	629,899
Streets	-	-	-	-	-	89,626	-	3,496	-	-	131,570
Culture and recreation	-	-	-	-	-	-	-	-	-	-	621,416
Economic development	4,137	-	-	272,392	-	-	-	-	-	-	1,208,915
Capital outlay	5,264	443,221	-	940,767	96,924	310,670	-	341,644	-	-	2,591,975
Debt service:											
Principal retirement	-	-	-	-	-	-	-	-	-	325,000	325,000
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	51,750	51,750
Total expenditures	9,401	518,870	-	1,213,159	96,924	400,296	-	345,140	-	376,750	6,087,508
Revenues over (under) expenditures	(8,426)	851,391	534,616	(595,460)	(88,920)	32,013	5,606,789	(86,315)	14,608	(55,652)	6,373,098
<b>OTHER FINANCING SOURCES (USES)</b>											
Transfers in	-	30,751	-	359	-	-	-	279,688	-	-	613,619
Transfers out	-	(6,785)	-	(943,806)	-	-	(5,606,789)	-	-	(3,084)	(6,735,537)
Total other financing sources (uses)	-	23,966	-	(943,447)	-	-	(5,606,789)	279,688	-	(3,084)	(6,121,918)
Net change in fund balances	(8,426)	875,357	534,616	(1,538,907)	(88,920)	32,013	-	193,373	14,608	(58,736)	251,180
Fund balances - beginning of year	63,260	1,679,145	579,338	4,236,728	546,947	1,262,788	-	2,273,033	910,331	189,868	15,497,355
Fund balances - end of year	\$ 54,834	\$ 2,554,502	\$ 1,113,954	\$ 2,697,821	\$ 458,027	\$ 1,294,801	\$ -	\$ 2,466,406	\$ 924,939	\$ 131,132	\$ 15,748,535

**CITY OF MIDWEST CITY, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2018**

**Combining Schedule of Net Position – Midwest City Municipal Authority Accounts – June 30, 2018**

Midwest City Municipal Authority											
	Water Account	Sewer Account	Sanitation Account	Conference Center/Hotel Account	Drainage Account	Debt Service Account	Utility Services	Utilities Capital Fund	Customer Deposit Fund	Golf Courses Fund	Total
<b>ASSETS</b>											
Current assets:											
Cash and cash equivalents	\$ 824,876	\$ 1,288,561	\$ 462,139	\$ 725,566	\$ 121,013	\$ -	\$ 81,952	\$ 465,357	\$ -	\$ 120,348	\$ 4,089,812
Cash and cash equivalents, restricted	-	-	-	-	-	2,694,960	-	-	295,053	-	2,990,013
Investments	3,020,209	4,337,286	1,725,402	502,550	360,340	-	277,693	1,737,414	-	-	11,960,894
Accounts receivable, net	1,104,047	1,104,763	856,669	134,859	63,152	-	69,644	-	2,130	-	3,335,264
Other receivable	-	-	-	74,543	-	-	-	11,572	-	5,023	91,138
Accrued interest receivable	5,769	6,254	4,086	-	-	-	-	4,115	2,609	-	22,833
Prepaid items	-	-	-	6,278	-	-	-	-	-	-	6,278
Inventory	180,946	93,734	-	-	-	-	-	-	-	1,663	276,343
Due from other funds - interaccount	-	7,923	-	-	-	-	-	-	64,445	-	72,368
Due from other funds	17,760	13,267	72,398	12,680	-	695,801	-	-	-	2,514	814,420
Total current assets	<u>5,153,607</u>	<u>6,851,788</u>	<u>3,120,694</u>	<u>1,456,476</u>	<u>544,505</u>	<u>3,390,761</u>	<u>429,289</u>	<u>2,218,458</u>	<u>364,237</u>	<u>129,548</u>	<u>23,659,363</u>
Non-current assets:											
Investments, restricted	-	-	-	-	-	-	-	-	1,101,582	-	1,101,582
Due from other funds - interaccount	1,085,994	-	-	-	-	-	-	-	-	-	1,085,994
Land, construction in progress, and water rights	5,958,036	915,046	700,000	-	1,250	-	-	-	-	232,057	7,806,389
Other capital assets, net	17,641,973	75,566,913	3,765,213	20,881,465	13,675,581	-	13,776	6,024,140	-	1,434,621	139,003,682
Total non-current assets	<u>24,686,003</u>	<u>76,481,959</u>	<u>4,465,213</u>	<u>20,881,465</u>	<u>13,676,831</u>	<u>-</u>	<u>13,776</u>	<u>6,024,140</u>	<u>1,101,582</u>	<u>1,666,678</u>	<u>148,997,647</u>
Total assets	<u>29,839,610</u>	<u>83,333,747</u>	<u>7,585,907</u>	<u>22,337,941</u>	<u>14,221,336</u>	<u>3,390,761</u>	<u>443,065</u>	<u>8,242,598</u>	<u>1,465,819</u>	<u>1,796,226</u>	<u>172,657,010</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>											
Deferred amount on refunding	-	-	-	-	-	819,874	-	-	-	-	819,874
Deferred amount related to OPEB	61,311	84,009	32,438	-	5,740	-	23,568	-	-	14,610	221,676
Total deferred inflows	<u>61,311</u>	<u>84,009</u>	<u>32,438</u>	<u>-</u>	<u>5,740</u>	<u>819,874</u>	<u>23,568</u>	<u>-</u>	<u>-</u>	<u>14,610</u>	<u>1,041,550</u>
<b>LIABILITIES</b>											
Current liabilities:											
Accounts payable and accrued liabilities	352,215	249,380	159,089	352,686	3,195	-	2,949	104,535	-	12,524	1,236,573
Wages payable	101,373	141,868	54,183	44,402	11,760	-	36,428	-	-	34,614	424,628
Due to other funds - interaccount	64,445	-	-	-	-	7,923	-	-	-	-	72,368
Accrued interest payable	-	-	-	-	-	675,054	-	-	-	-	675,054
Accrued compensated absences	125,154	146,309	43,536	48,821	14,101	-	40,104	-	-	45,725	463,750
Refundable deposits	-	-	-	55,805	-	-	-	-	146,582	-	202,387
Revenue bonds payable	-	-	-	-	-	4,495,000	-	-	-	-	4,495,000
Total current liabilities	<u>643,187</u>	<u>537,557</u>	<u>256,808</u>	<u>501,714</u>	<u>29,056</u>	<u>5,177,977</u>	<u>79,481</u>	<u>104,535</u>	<u>146,582</u>	<u>92,863</u>	<u>7,569,760</u>
Non-current liabilities:											
Accrued compensated absences	250,309	292,617	87,073	10,211	28,202	-	80,209	-	-	91,450	840,071
Total OPEB liability	1,626,162	2,228,188	860,367	-	152,236	-	625,092	-	-	387,511	5,879,556
Due to other funds - interaccount	-	-	-	-	-	-	-	1,085,994	-	-	1,085,994
Refundable deposits	-	-	-	-	-	-	-	-	1,319,237	-	1,319,237
Revenue bonds payable, net	-	-	-	-	-	46,676,240	-	-	-	-	46,676,240
Total non-current liabilities	<u>1,876,471</u>	<u>2,520,805</u>	<u>947,440</u>	<u>10,211</u>	<u>180,438</u>	<u>46,676,240</u>	<u>705,301</u>	<u>1,085,994</u>	<u>1,319,237</u>	<u>478,961</u>	<u>55,801,098</u>
Total liabilities	<u>2,519,658</u>	<u>3,058,362</u>	<u>1,204,248</u>	<u>511,925</u>	<u>209,494</u>	<u>51,854,217</u>	<u>784,782</u>	<u>1,190,529</u>	<u>1,465,819</u>	<u>571,824</u>	<u>63,370,858</u>
<b>DEFERRED INFLOW OF RESOURCES</b>											
Deferred amount related to OPEB	149,323	204,605	79,004	-	13,979	-	57,399	-	-	35,583	539,893
<b>NET POSITION</b>											
Net investment in capital assets	23,600,009	76,481,959	4,465,213	20,881,465	13,676,831	(50,351,366)	13,776	6,024,140	-	1,666,678	96,458,705
Restricted for debt service	-	-	-	-	-	2,019,906	-	-	-	-	2,019,906
Restricted for other purposes	-	-	-	-	-	-	47,813	-	-	53,070	100,883
Unrestricted (deficit)	3,631,931	3,672,830	1,869,880	944,551	326,772	687,878	(437,137)	1,027,929	-	(516,319)	11,208,315
Total net position	<u>\$ 27,231,940</u>	<u>\$ 80,154,789</u>	<u>\$ 6,335,093</u>	<u>\$ 21,826,016</u>	<u>\$ 14,003,603</u>	<u>\$ (47,643,582)</u>	<u>\$ (375,548)</u>	<u>\$ 7,052,069</u>	<u>\$ -</u>	<u>\$ 1,203,429</u>	<u>\$ 109,787,809</u>

**CITY OF MIDWEST CITY, OKLAHOMA**  
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**As of and for the Year Ended June 30, 2018**

**Combining Schedule of Revenues, Expenses and Changes in Net Position – Midwest City Municipal Authority Accounts – Year Ended June 30, 2018**

Midwest City Municipal Authority											
	Water Account	Sewer Account	Sanitation Account	Conference Center/Hotel Account	Drainage Account	Debt Service Account	Utility Services	Utilities Capital Fund	Customer Deposit Fund	Golf Courses Fund	Total
<b>OPERATING REVENUES</b>											
Charges for services	\$ 7,222,501	\$ 7,883,032	\$ 6,071,073	\$ 5,163,899	\$ 451,208	\$ -	\$ 1,091,770	\$ -	\$ -	\$ 1,045,444	\$ 28,928,927
Fees, licenses and permits	16,950	20,860	-	-	-	-	50,610	-	-	-	88,420
Miscellaneous	11,854	3,054	109,766	-	867	-	-	14,460	-	-	140,001
Total operating revenues	<u>7,251,305</u>	<u>7,906,946</u>	<u>6,180,839</u>	<u>5,163,899</u>	<u>452,075</u>	<u>-</u>	<u>1,142,380</u>	<u>14,460</u>	<u>-</u>	<u>1,045,444</u>	<u>29,157,348</u>
<b>OPERATING EXPENSES</b>											
Personal services	2,071,268	3,259,935	1,254,251	2,070,205	286,404	-	792,305	-	-	717,157	10,451,525
Materials and supplies	679,155	628,797	779,574	1,354,134	65,567	-	30,562	-	-	210,617	3,748,406
Other services and charges	1,781,992	1,376,428	2,087,263	1,507,323	38,624	-	149,644	-	-	123,589	7,064,863
Depreciation and amortization	703,876	2,916,708	495,141	909,561	278,351	-	4,333	434,066	-	116,380	5,858,416
Total operating expenses	<u>5,236,291</u>	<u>8,181,868</u>	<u>4,616,229</u>	<u>5,841,223</u>	<u>668,946</u>	<u>-</u>	<u>976,844</u>	<u>434,066</u>	<u>-</u>	<u>1,167,743</u>	<u>27,123,210</u>
Operating income (loss)	<u>2,015,014</u>	<u>(274,922)</u>	<u>1,564,610</u>	<u>(677,324)</u>	<u>(216,871)</u>	<u>-</u>	<u>165,536</u>	<u>(419,606)</u>	<u>-</u>	<u>(122,299)</u>	<u>2,034,138</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>											
Investment income	(65,858)	68,274	(15,985)	-	7,415	18,180	5,397	62,215	(2,838)	1,862	78,662
Interest expense and fiscal charges	-	-	-	-	-	(1,923,987)	-	(43,274)	-	-	(1,967,261)
Gain (loss) on asset retirement	3,051	(834)	2,414	315	-	-	-	(15,261)	-	26,911	16,596
Total non-operating revenue (expenses)	<u>(62,807)</u>	<u>67,440</u>	<u>(13,571)</u>	<u>315</u>	<u>7,415</u>	<u>(1,905,807)</u>	<u>5,397</u>	<u>3,680</u>	<u>(2,838)</u>	<u>28,773</u>	<u>(1,872,003)</u>
Income (loss) before contributions and transfers	<u>1,952,207</u>	<u>(207,482)</u>	<u>1,551,039</u>	<u>(677,009)</u>	<u>(209,456)</u>	<u>(1,905,807)</u>	<u>170,933</u>	<u>(415,926)</u>	<u>(2,838)</u>	<u>(93,526)</u>	<u>162,135</u>
Capital contributions	8,266	-	-	-	-	-	-	-	-	81,000	89,266
Transfers in - interaccount	22,777	-	-	-	-	1,201,964	-	738,576	25,615	-	1,988,932
Transfers out - interaccount	(25,615)	(1,201,964)	(457,000)	-	-	-	(281,576)	-	(22,777)	-	(1,988,932)
Transfers in	8,429	7,986	3,782	-	-	13,630,157	1,053	-	-	-	13,651,407
Transfers out	(887,367)	(989,007)	(913,936)	-	-	(8,275,056)	-	-	-	-	(11,065,366)
Change in net position	1,078,697	(2,390,467)	183,885	(677,009)	(209,456)	4,651,258	(109,590)	322,650	-	(12,526)	2,837,442
Total net position - beginning, restated	26,153,243	82,545,256	6,151,208	22,503,025	14,213,059	(52,294,840)	(265,958)	6,729,419	-	1,215,955	106,950,367
Total net position - ending	<u>\$ 27,231,940</u>	<u>\$ 80,154,789</u>	<u>\$ 6,335,093</u>	<u>\$ 21,826,016</u>	<u>\$ 14,003,603</u>	<u>\$ (47,643,582)</u>	<u>\$ (375,548)</u>	<u>\$ 7,052,069</u>	<u>\$ -</u>	<u>\$ 1,203,429</u>	<u>\$ 109,787,809</u>

**CITY OF MIDWEST CITY, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2018**

**Combining Schedule of Cash Flows – Midwest City Municipal Authority Accounts – June 30, 2018**

Midwest City Municipal Authority											
	Water Account	Sewer Account	Sanitation Account	Conference Center/Hotel Account	Drainage Account	Debt Service Account	Utility Services	Utilities Capital Fund	Customer Deposit Fund	Golf Courses Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>											
Receipts from customers	\$ 7,341,410	\$ 7,917,398	\$ 6,155,452	\$ 5,379,431	\$ 451,796	\$ -	\$ 1,205,236	\$ 2,888	\$ 427	\$ 1,045,264	\$ 29,499,302
Payments to suppliers	(2,493,468)	(2,001,940)	(2,846,807)	(2,978,344)	(101,016)	-	(190,718)	36,914	-	(336,150)	(10,911,529)
Payments to employees	(2,049,112)	(3,214,906)	(1,204,044)	(2,168,981)	(283,943)	-	(772,670)	-	-	(727,613)	(10,421,269)
Receipts (payments) from interfund loans	24,190	(7,919)	(2,413)	(315)	-	(32,078)	58,958	(58,958)	(27,241)	(1,911)	(47,687)
Receipt of customer deposits	-	-	-	-	-	-	-	-	499,379	-	499,379
Return of customer deposits	-	-	-	-	-	-	-	-	(466,176)	-	(466,176)
<b>Net cash provided by (used in) operating activities</b>	<b>2,823,020</b>	<b>2,692,633</b>	<b>2,102,188</b>	<b>231,791</b>	<b>66,837</b>	<b>(32,078)</b>	<b>300,806</b>	<b>(19,156)</b>	<b>6,389</b>	<b>(20,410)</b>	<b>8,152,020</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>											
Transfers from other funds - interaccount	22,777	-	-	-	-	1,201,964	-	738,576	25,615	-	1,988,932
Transfers to other funds - interaccount	(25,615)	(1,201,964)	(457,000)	-	-	-	(281,576)	-	(22,777)	-	(1,988,932)
Transfers from other funds	8,429	7,986	3,782	-	-	13,630,157	1,053	-	-	-	13,651,407
Transfers to other funds	(887,367)	(989,007)	(913,936)	-	-	(8,275,056)	-	-	-	-	(11,065,366)
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>(881,776)</b>	<b>(2,182,985)</b>	<b>(1,367,154)</b>	<b>-</b>	<b>-</b>	<b>6,557,065</b>	<b>(280,523)</b>	<b>738,576</b>	<b>2,838</b>	<b>-</b>	<b>2,586,041</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>											
Capital assets purchased	(357,435)	(201,342)	(442,601)	(131,640)	(63,545)	-	-	(125,000)	-	(3,200)	(1,324,763)
Principal paid on capital debt	-	-	-	-	-	(4,325,000)	-	-	-	-	(4,325,000)
Payments of interfund loan for capital purchases	124,687	-	-	-	-	-	-	(124,687)	-	-	-
Interest and fiscal charges paid on capital debt	-	-	-	-	-	-	-	(43,274)	-	-	(2,235,062)
Proceeds from sale of capital assets	3,051	1,918	2,414	315	-	-	-	-	-	26,911	34,609
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>(229,697)</b>	<b>(199,424)</b>	<b>(440,187)</b>	<b>(131,325)</b>	<b>(63,545)</b>	<b>(6,516,788)</b>	<b>-</b>	<b>(292,961)</b>	<b>-</b>	<b>23,711</b>	<b>(7,850,216)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
Sale (purchase) of investments	(1,469,457)	(433,877)	(268,290)	46,787	(46,956)	-	(22,011)	(429,800)	(30,335)	-	(2,653,939)
Interest and dividends	66,465	145,525	35,855	7,415	18,180	5,397	115,918	25,084	1,862	1,862	421,701
<b>Net cash provided by (used in) investing activities</b>	<b>(1,402,992)</b>	<b>(288,352)</b>	<b>(232,435)</b>	<b>46,787</b>	<b>(39,541)</b>	<b>18,180</b>	<b>(16,614)</b>	<b>(313,882)</b>	<b>(5,251)</b>	<b>1,862</b>	<b>(2,232,238)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>308,555</b>	<b>21,872</b>	<b>62,412</b>	<b>147,253</b>	<b>(36,249)</b>	<b>26,379</b>	<b>3,669</b>	<b>112,577</b>	<b>3,976</b>	<b>5,163</b>	<b>655,607</b>
<b>Balances - beginning of year</b>	<b>516,321</b>	<b>1,266,689</b>	<b>399,727</b>	<b>578,313</b>	<b>157,262</b>	<b>2,668,581</b>	<b>78,283</b>	<b>352,780</b>	<b>291,077</b>	<b>115,185</b>	<b>6,424,218</b>
<b>Balances - end of year</b>	<b>\$ 824,876</b>	<b>\$ 1,288,561</b>	<b>\$ 462,139</b>	<b>\$ 725,566</b>	<b>\$ 121,013</b>	<b>\$ 2,694,960</b>	<b>\$ 81,952</b>	<b>\$ 465,357</b>	<b>\$ 295,053</b>	<b>\$ 120,348</b>	<b>\$ 7,079,825</b>
<b>Reconciliation to Statement of Net Position:</b>											
Cash and cash equivalents	\$ 824,876	\$ 1,288,561	\$ 462,139	\$ 725,566	\$ 121,013	\$ -	\$ 81,952	\$ 465,357	\$ -	\$ 120,348	\$ 4,089,812
Restricted cash and cash equivalents	-	-	-	-	-	2,694,960	-	-	295,053	-	2,990,013
<b>Total cash and cash equivalents</b>	<b>\$ 824,876</b>	<b>\$ 1,288,561</b>	<b>\$ 462,139</b>	<b>\$ 725,566</b>	<b>\$ 121,013</b>	<b>\$ 2,694,960</b>	<b>\$ 81,952</b>	<b>\$ 465,357</b>	<b>\$ 295,053</b>	<b>\$ 120,348</b>	<b>\$ 7,079,825</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>											
Operating income (loss)	\$ 2,015,014	\$ (274,922)	\$ 1,564,610	\$ (677,324)	\$ (216,871)	\$ -	\$ 165,536	\$ (419,606)	\$ -	\$ (122,299)	\$ 2,034,138
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:											
Depreciation expense	703,876	2,916,708	495,141	909,561	278,351	-	4,333	434,066	-	116,380	5,858,416
Change in assets and liabilities:											
Receivables, net	90,105	10,452	(25,387)	143,370	(279)	-	62,856	-	427	(180)	281,364
Other receivable	-	-	-	65,598	-	-	-	(11,572)	-	-	54,026
Due from other funds	(3,051)	(7,919)	(2,413)	(315)	-	(38,078)	58,958	-	(27,241)	(1,911)	(21,970)
Prepaid items	-	-	-	(6,278)	-	-	-	-	-	-	(6,278)
Inventory	(15,634)	107	-	-	-	-	-	-	-	399	(15,128)
Accounts payable	(16,687)	3,178	20,030	(110,609)	3,175	-	(10,512)	36,914	-	-	(76,854)
Deferred outflows OPEB	(488)	(668)	(258)	-	(46)	-	188	-	-	-	(1,388)
Due to other funds	27,241	-	-	-	-	6,000	-	(58,958)	-	-	(25,717)
Due to employees	4,055	4,416	5,495	(35,164)	189	-	(548)	-	-	-	(34,840)
Refundable deposits	-	-	-	6,564	-	-	-	-	33,203	-	39,767
Total OPEB liability	(127,926)	(175,285)	(67,682)	-	(11,976)	-	(49,174)	-	-	-	(462,527)
Accrued compensated absences	(2,808)	11,961	33,648	(63,612)	315	-	11,770	-	-	-	(20,882)
Deferred inflows OPEB	149,323	204,605	79,004	-	13,979	-	57,399	-	-	-	539,893
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 2,823,020</b>	<b>\$ 2,692,633</b>	<b>\$ 2,102,188</b>	<b>\$ 231,791</b>	<b>\$ 66,837</b>	<b>\$ (32,078)</b>	<b>\$ 300,806</b>	<b>\$ (19,156)</b>	<b>\$ 6,389</b>	<b>\$ (20,410)</b>	<b>\$ 8,152,020</b>
<b>Noncash activities:</b>											
Contributed capital assets - from governmental funds	\$ 8,266	-	-	-	-	-	-	-	-	\$ 81,000	\$ 89,266

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**Combining Statement of Net Position - Nonmajor Enterprise Funds – June 30, 2018**

	<u>Utilities Authority</u>	<u>29th &amp; Douglas Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 208,823	\$ 144	\$ 208,967
Investments	707,594	-	707,594
Total current assets	916,417	144	916,561
Non-current assets:			
Land, construction in progress, and water rights	677,029	5,500,000	6,177,029
Other capital assets, net	2,693,997	-	2,693,997
Total non-current assets	3,371,026	5,500,000	8,871,026
Total assets	4,287,443	5,500,144	9,787,587
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	-	-	-
Total current liabilities	-	-	-
Non-current liabilities:			
Advance to other funds	-	-	-
Total non-current liabilities	-	-	-
Total liabilities	-	-	-
<b>NET POSITION</b>			
Net investment in capital assets	3,371,026	5,500,000	8,871,026
Restricted for other purposes	216,134	-	216,134
Unrestricted	700,283	144	700,427
Total net position	\$ 4,287,443	\$ 5,500,144	\$ 9,787,587

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**Combining Statement of Revenues, Expenses and Changes in Net Position - Nonmajor Enterprise Funds – Year Ended June 30, 2018**

	<u>Utilities Authority</u>	<u>29th &amp; Douglas Fund</u>	<u>Total</u>
<b>OPERATING REVENUES</b>			
Total operating revenues	\$ -	\$ 145	\$ 145
<b>OPERATING EXPENSES</b>			
Other services and charges	-	4,104	4,104
Depreciation and amortization	57,073	-	57,073
Total operating expenses	57,073	4,104	61,177
Operating income (loss)	(57,073)	(3,959)	(61,032)
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Investment income	14,474	-	14,474
Total non-operating revenue (expenses)	14,474	-	14,474
Income (loss) before transfers	(42,599)	(3,959)	(46,558)
Transfers in	-	69,166	69,166
Change in net position	(42,599)	65,207	22,608
Total net position - beginning, restated	4,330,042	5,434,937	9,764,979
Total net position - ending	<u>\$ 4,287,443</u>	<u>\$ 5,500,144</u>	<u>\$ 9,787,587</u>

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**Combining Statement of Cash Flows - Nonmajor Enterprise Funds – June 30, 2018**

	<u>Utilities Authority</u>	<u>29th &amp; Douglas Fund</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ -	\$ 145	\$ 145
Payments to suppliers	(17,594)	(4,104)	(21,698)
<b>Net cash provided by (used in) operating activities</b>	<u>(17,594)</u>	<u>(3,959)</u>	<u>(21,553)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers from other funds	-	69,166	69,166
<b>Net cash provided by noncapital financing activities</b>	<u>-</u>	<u>69,166</u>	<u>69,166</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Capital assets purchased	-	-	-
Payments of interfund loan for capital purchases	-	(65,063)	(65,063)
<b>Net cash provided by (used in) capital and related financing activities</b>	<u>-</u>	<u>(65,063)</u>	<u>(65,063)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Sale (purchase) of investments	(3,359)	-	(3,359)
Interest and dividends	14,474	-	14,474
<b>Net cash provided by investing activities</b>	<u>11,115</u>	<u>-</u>	<u>11,115</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	(6,479)	144	(6,335)
<b>Balances - beginning of year</b>	<u>215,302</u>	<u>-</u>	<u>215,302</u>
<b>Balances - end of year</b>	<u>\$ 208,823</u>	<u>\$ 144</u>	<u>\$ 208,967</u>
<b>Reconciliation to Statement of Net Position:</b>			
Cash and cash equivalents	\$ 208,823	\$ 144	\$ 208,967
Restricted cash and cash equivalents	-	-	-
<b>Total cash and cash equivalents</b>	<u>\$ 208,823</u>	<u>\$ 144</u>	<u>\$ 208,967</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>			
Operating income (loss)	\$ (57,073)	\$ (3,959)	\$ (61,032)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation expense	57,073	-	57,073
Change in assets and liabilities:			
Accounts payable	(17,594)	-	(17,594)
<b>Net cash provided by (used in) operating activities</b>	<u>\$ (17,594)</u>	<u>\$ (3,959)</u>	<u>\$ (21,553)</u>

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**Combining Statement of Net Position– Internal Service Funds – June 30, 2018**

	Public Works Administration	Fleet Services Fund	Surplus Property Fund	Risk Management Fund	L & H Benefits Fund	Worker's Comp Fund	Totals
<b>ASSETS</b>							
Current assets:							
Cash and cash equivalents	\$ 73,646	\$ 67,992	\$ 78,890	\$ 342,699	\$ 396,743	\$ 517,507	\$ 1,477,477
Investments	249,549	230,390	260,990	1,279,468	1,481,244	1,932,118	5,433,759
Receivables:							
Accounts receivable	-	-	3,661	30,981	39,518	-	74,160
Accrued interest receivable	-	-	-	3,030	3,508	4,576	11,114
Due from other funds	3	199	-	-	-	-	202
Inventories	-	60,152	-	-	-	-	60,152
Total current assets	<u>323,198</u>	<u>358,733</u>	<u>343,541</u>	<u>1,656,178</u>	<u>1,921,013</u>	<u>2,454,201</u>	<u>7,056,864</u>
Non-current assets:							
Capital Assets:							
Non-depreciable	-	-	-	-	-	-	-
Depreciable, net of accumulated depreciation	128,811	765,275	94,541	-	-	-	988,627
Total non-current assets	<u>128,811</u>	<u>765,275</u>	<u>94,541</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>988,627</u>
Total assets	<u>452,009</u>	<u>1,124,008</u>	<u>438,082</u>	<u>1,656,178</u>	<u>1,921,013</u>	<u>2,454,201</u>	<u>8,045,491</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>							
Deferred amount related to OPEB	<u>17,046</u>	<u>22,176</u>	<u>1,044</u>	<u>3,566</u>	<u>-</u>	<u>-</u>	<u>43,832</u>
<b>LIABILITIES</b>							
Current liabilities:							
Accounts payable and accrued liabilities	-	68,388	566	16,046	152,210	27,493	264,703
Claims liability	-	-	-	152,000	268,403	364,000	784,403
Wages payable	38,292	36,129	1,110	9,319	1,851	-	86,701
Due to other funds	-	-	267,449	-	-	-	267,449
Accrued compensated absences	57,183	37,095	1,389	13,529	241	-	109,437
Total current liabilities	<u>95,475</u>	<u>141,612</u>	<u>270,514</u>	<u>190,894</u>	<u>422,705</u>	<u>391,493</u>	<u>1,512,693</u>
Non-current liabilities:							
Accrued compensated absences	114,367	74,191	2,779	27,059	483	-	218,879
Total OPEB liability	452,096	588,186	27,679	94,571	-	-	1,162,532
Claims liability	-	-	-	230,000	-	1,296,000	1,526,000
Total non-current liabilities	<u>566,463</u>	<u>662,377</u>	<u>30,458</u>	<u>351,630</u>	<u>483</u>	<u>1,296,000</u>	<u>2,907,411</u>
Total liabilities	<u>661,938</u>	<u>803,989</u>	<u>300,972</u>	<u>542,524</u>	<u>423,188</u>	<u>1,687,493</u>	<u>4,420,104</u>
<b>DEFERRED INFLOW OF RESOURCES</b>							
Deferred amount related to OPEB	<u>41,514</u>	<u>54,011</u>	<u>2,542</u>	<u>8,684</u>	<u>-</u>	<u>-</u>	<u>106,751</u>
<b>NET POSITION</b>							
Net investment in capital assets	128,811	765,275	94,541	-	-	-	988,627
Unrestricted (deficit)	(363,208)	(477,091)	41,071	1,108,536	1,497,825	766,708	2,573,841
Total net position	<u>\$ (234,397)</u>	<u>\$ 288,184</u>	<u>\$ 135,612</u>	<u>\$ 1,108,536</u>	<u>\$ 1,497,825</u>	<u>\$ 766,708</u>	<u>\$ 3,562,468</u>



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**Combining Statement of Revenues, Expenses and Changes in Net Position – Internal Service Funds – Year Ended June 30, 2018**

	<u>Public Works Administration</u>	<u>Fleet Services Fund</u>	<u>Surplus Property Fund</u>	<u>Risk Management Fund</u>	<u>L &amp; H Benefits Fund</u>	<u>Worker's Comp Fund</u>	<u>Totals</u>
<b>OPERATING REVENUES</b>							
Charges for services	\$ 968,686	\$ 2,348,110	\$ 43,286	\$ 908,407	\$ 5,370,221	\$ 1,113,000	\$ 10,751,710
Miscellaneous	3	199	100	13,625	168,072	-	181,999
Total operating revenues	<u>968,689</u>	<u>2,348,309</u>	<u>43,386</u>	<u>922,032</u>	<u>5,538,293</u>	<u>1,113,000</u>	<u>10,933,709</u>
<b>OPERATING EXPENSES</b>							
Personal services	813,433	794,503	31,262	184,500	33,098	-	1,856,796
Materials and supplies	4,401	1,380,339	759	3,671	-	-	1,389,170
Other services and charges	134,357	89,181	7,218	690,417	29,987	-	951,160
Insurance claims and expenses	-	-	-	-	5,179,933	735,762	5,915,695
Depreciation and amortization	13,923	62,793	6,449	-	-	-	83,165
Total operating expenses	<u>966,114</u>	<u>2,326,816</u>	<u>45,688</u>	<u>878,588</u>	<u>5,243,018</u>	<u>735,762</u>	<u>10,195,986</u>
Operating income (loss)	<u>2,575</u>	<u>21,493</u>	<u>(2,302)</u>	<u>43,444</u>	<u>295,275</u>	<u>377,238</u>	<u>737,723</u>
<b>NON-OPERATING REVENUES</b>							
Investment income	4,921	4,343	5,512	76,674	(10,335)	(106,226)	(25,111)
Total non-operating revenue	<u>4,921</u>	<u>4,343</u>	<u>5,512</u>	<u>76,674</u>	<u>(10,335)</u>	<u>(106,226)</u>	<u>(25,111)</u>
Income before transfers	<u>7,496</u>	<u>25,836</u>	<u>3,210</u>	<u>120,118</u>	<u>284,940</u>	<u>271,012</u>	<u>712,612</u>
Transfers in	2,728	5,490	-	1,794	125,624	-	135,636
Transfers out	-	-	-	-	-	-	-
Change in net position	<u>10,224</u>	<u>31,326</u>	<u>3,210</u>	<u>121,912</u>	<u>410,564</u>	<u>271,012</u>	<u>848,248</u>
Total net position (deficit) - beginning, restated	(244,621)	256,858	132,402	986,624	1,087,261	495,696	2,714,220
Total net position - ending	<u>\$ (234,397)</u>	<u>\$ 288,184</u>	<u>\$ 135,612</u>	<u>\$ 1,108,536</u>	<u>\$ 1,497,825</u>	<u>\$ 766,708</u>	<u>\$ 3,562,468</u>

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**Combining Statement of Cash Flows – Internal Service Funds – Year Ended June 30, 2018**

	Public Works Administration	Fleet Services Fund	Surplus Property Fund	Risk Management Fund	L & H Benefits Fund	Worker's Comp Fund	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
Receipts from customers	\$ 968,689	\$ 2,348,309	\$ 40,825	\$ 891,173	\$ 5,534,153	\$ 1,113,000	\$ 10,896,149
Payments to suppliers	(142,522)	(1,493,056)	(8,124)	10,303	(29,987)	-	(1,663,386)
Payments to employees	(801,775)	(797,322)	(30,774)	(182,534)	(32,721)	-	(1,845,126)
Claims and benefits paid	-	-	-	(798,417)	(5,242,755)	(458,255)	(6,499,427)
Payment from (to) other funds	3	(199)	(16,701)	-	-	-	(16,897)
<b>Net cash provided by (used in) operating activities</b>	<u>24,395</u>	<u>57,732</u>	<u>(14,774)</u>	<u>(79,475)</u>	<u>228,690</u>	<u>654,745</u>	<u>871,313</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>							
Operating transfers in	2,728	5,490	-	1,794	125,624	-	135,636
<b>Net cash provided by noncapital financing activities</b>	<u>2,728</u>	<u>5,490</u>	<u>-</u>	<u>1,794</u>	<u>125,624</u>	<u>-</u>	<u>135,636</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>							
Capital assets purchased	-	(15,591)	-	-	-	-	(15,591)
<b>Net cash provided by (used in) capital and related financing activities</b>	<u>-</u>	<u>(15,591)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(15,591)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
Sale (purchase) of investments	(26,570)	(41,677)	2,984	(383,733)	(316,235)	(2,044,510)	(2,809,741)
Interest and dividends	4,921	4,344	5,512	66,012	36,620	1,590	118,999
<b>Net cash provided by (used in) investing activities</b>	<u>(21,649)</u>	<u>(37,333)</u>	<u>8,496</u>	<u>(317,721)</u>	<u>(279,615)</u>	<u>(2,042,920)</u>	<u>(2,690,742)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	5,474	10,298	(6,278)	(395,402)	74,699	(1,388,175)	(1,699,384)
<b>Balances - beginning of year</b>	<u>68,172</u>	<u>57,694</u>	<u>85,168</u>	<u>738,101</u>	<u>322,044</u>	<u>1,905,682</u>	<u>3,176,861</u>
<b>Balances - end of year</b>	<u>\$ 73,646</u>	<u>\$ 67,992</u>	<u>\$ 78,890</u>	<u>\$ 342,699</u>	<u>\$ 396,743</u>	<u>\$ 517,507</u>	<u>\$ 1,477,477</u>
<b>Reconciliation to Statement of Net Position:</b>							
Cash and cash equivalents	\$ 73,646	\$ 67,992	\$ 78,890	\$ 342,699	\$ 396,743	\$ 517,507	\$ 1,477,477
Total cash and cash equivalents	<u>\$ 73,646</u>	<u>\$ 67,992</u>	<u>\$ 78,890</u>	<u>\$ 342,699</u>	<u>\$ 396,743</u>	<u>\$ 517,507</u>	<u>\$ 1,477,477</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>							
Operating income (loss)	\$ 2,575	\$ 21,493	\$ (2,302)	\$ 43,444	\$ 295,275	\$ 377,238	\$ 737,723
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation expense	13,923	62,793	6,449	-	-	-	83,165
Change in assets and liabilities:							
Receivables, net	-	-	(2,561)	(30,859)	(4,140)	-	(37,560)
Due from other funds	3	(199)	-	-	-	-	(196)
Inventory	-	(9,855)	-	-	-	-	(9,855)
Deferred inflows OPEB	(136)	(176)	(9)	29	-	-	(292)
Accounts payable	(3,764)	(13,681)	(147)	13,974	47,171	25,507	69,060
Claims liability	-	-	-	(108,000)	(109,993)	252,000	34,007
Due to employees	1,200	(3,076)	35	959	58	-	(824)
Due to other funds	-	-	(16,701)	-	-	-	(16,701)
Total OPEB liability	(35,565)	(46,271)	(2,178)	(7,440)	-	-	(91,454)
Accrued compensated absences	4,645	(7,307)	98	(266)	319	-	(2,511)
Deferred outflows OPEB	41,514	54,011	2,542	8,684	-	-	106,751
<b>Net cash provided by (used in) operating activities</b>	<u>\$ 24,395</u>	<u>\$ 57,732</u>	<u>\$ (14,774)</u>	<u>\$ (79,475)</u>	<u>\$ 228,690</u>	<u>\$ 654,745</u>	<u>\$ 871,313</u>

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**Debt Service Coverage Schedule - Year Ended June 30, 2018**

	<b>2011 and 2011A Revenue Bonds</b>
<b>GROSS REVENUE AVAILABLE:</b>	
Water revenue	\$ 7,251,305
Wastewater revenue	7,906,946
Pledged sales tax	13,630,157
Investment income	2,416
Total Gross Revenue Available	28,790,824
<b>OPERATING EXPENSES:</b>	
Total Operating Expenses	9,797,575
Net Revenue Available for Debt Service	\$ 18,993,249
<b>Average Annual Debt Service</b>	
2011 Revenue Bonds	\$ 1,808,379
2011A Revenue Bonds	4,709,500
	\$ 6,517,879
Computed Coverage	291%
Coverage Requirement	125%

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**STATISTICAL INFORMATION**

**CITY OF MIDWEST CITY, OKLAHOMA  
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**General Government Expenditures by Function  
Last Ten Fiscal Years**

Fiscal Year	General Government	Public Safety	Streets	Health and Welfare	Culture & Recreation	Economic Development	Debt Services	Total
2008-09	\$ 4,731,952	\$ 28,025,096	\$ 5,832,627	\$ 23,077,926	\$ 1,720,807	\$ 4,523,604	\$ 2,241,289	\$ 70,153,301
2009-10	4,341,709	25,474,931	14,974,806	1,491,596	1,657,029	4,648,669	2,811,624	55,400,364
2010-11	6,459,976	25,157,469	6,006,443	160,983	1,120,863	4,915,834	3,679,296	47,500,864
2011-12	5,423,037	27,570,275	3,702,871	629	1,989,113	4,813,173	3,745,698	47,244,796
2012-13	5,216,187	27,388,784	3,460,381	110,935	2,841,490	4,704,086	3,856,073	47,577,936
2013-14	6,972,885	27,386,699	4,382,912	463,886	2,112,589	5,028,554	3,753,029	50,100,554
2014-15	6,704,404	28,657,862	5,138,517	410,969	1,746,966	3,792,050	3,650,604	50,101,372
2015-16	7,714,835	27,494,864	4,865,569	755,691	2,037,909	4,644,064	3,505,294	51,018,226
2016-17	8,009,505	27,757,453	7,336,480	387,911	1,647,320	6,686,814	3,426,604	55,252,087
2017-18	8,766,825	28,544,968	3,800,063	441,065	1,797,029	58,846,663	19,166,464	121,363,077

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**Governmental Revenues By Source  
Last Ten Fiscal Years**

Fiscal Year	Taxes	Intergov- ernmental	Licenses & Permits	Charges for Services	Fines & Forfeitures	Investment Income	Misc Revenues	Total
2008-09	\$ 32,399,044	\$ 4,903,868	\$ 420,663	\$ 2,127,414	\$ 2,104,237	\$ (9,252,051)	\$ 775,469	\$ 33,478,644
2009-10	33,166,047	4,906,373	385,949	2,066,991	1,878,424	6,582,036	2,445,317	51,431,137
2010-11	33,566,216	6,440,504	395,511	2,193,602	2,001,322	14,546,261	552,201	59,695,617
2011-12	36,586,145 *	5,462,968	330,553	2,636,087	2,170,041	2,749,217	742,978	50,677,989
2012-13	39,796,809	5,205,283	392,512	2,249,961	1,960,694	10,846,574	1,492,193	61,944,026
2013-14	40,546,435	5,668,145	304,395	2,545,726	1,976,580	15,736,403	2,367,115	69,144,799
2014-15	39,781,445	5,543,732	349,439	3,662,747	2,045,294	8,377,665	2,381,400	62,141,722
2015-16	40,296,979	5,367,958	567,942	4,259,051	1,971,146	3,546,362	1,938,936	57,948,374
2016-17	37,327,650	5,011,809	504,832	4,564,074	1,581,638	13,120,184	2,856,002	64,966,189
2017-18	41,659,607 **	4,812,098	589,264	5,412,604	1,428,723	13,120,759	2,177,963	69,201,018

\* A new sales/use Tax became effective January 1, 2012 changing the rate from 3.3 to 3.85

\*\* A new sales/use Tax became effective January 1, 2018 changing the rate from 3.85 to 4.60

**CITY OF MIDWEST CITY, OKLAHOMA  
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**Assessed Value of Taxable Property  
Last Ten Fiscal Years**

Fiscal Year	Real Property	Personal Property	Public Service Property	Veteran and Homestead Exemption	Total Actual		Ratio of Total Assessed Value to Total Estimated Actual Value
					Assessed Value	Estimated Actual Value	
2009	244,609,641	29,359,839	12,004,561	14,504,429	271,469,612 (1)	2,467,905,563	11%
2010	252,013,094	27,856,671	13,374,321	10,453,302	278,216,075 (1)	2,529,237,045	11%
2011	258,517,927	27,728,562	13,697,571	10,398,494	284,605,074 (1)	2,587,318,855	11%
2012	259,775,001	27,954,136	13,431,063	10,164,671	285,884,862 (1)	2,598,953,291	11%
2013	263,908,805	28,917,523	11,834,175	15,286,274	289,374,229 (1)	2,630,674,809	11%
2014	267,452,466	28,135,094	11,407,389	15,250,420	291,744,529 (1)	2,652,222,991	11%
2015	272,926,268	26,469,753	11,878,425	9,320,146	296,030,326 (1)	2,691,184,782	11%
2016	283,028,134	25,089,341	11,544,013	9,165,223	304,059,153 (1)	2,764,174,118	11%
2017	296,756,210	35,937,171	13,524,628	9,022,864	330,156,570 (1)	3,001,423,364	11%
2018	309,104,061	35,772,442	13,613,786	8,855,111	341,997,736 (1)	3,109,070,327	11%

(1) New established exemption for veterans

**CITY OF MIDWEST CITY, OKLAHOMA**  
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Property Tax Rates – All Overlapping Governments  
(Per \$1,000 of Assessed Value)  
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>City Sinking Fund</u>	<u>MWC Schools</u>	<u>Rose State College</u>	<u>Oklahoma County</u>	<u>Total Midwest City Resident</u>	<u>Choctaw Schools</u>	<u>Total Midwest City Resident</u>	<u>OKC Schools</u>	<u>Total Midwest City Resident</u>
2009	7.24	65.83	17.40	24.79	115.26	68.50	117.93	58.43	107.86
2010	6.81	65.60	17.32	24.27	114.00	69.41	117.81	58.70	107.10
2011	6.62	64.64	17.18	24.06	112.50	70.22	118.08	62.09	109.95
2012	6.09	66.55	17.10	23.97	113.71	72.49	119.65	59.29	106.45
2013	5.78	64.98	17.02	23.87	111.65	76.19	122.86	60.39	107.06
2014	5.44	70.32	20.33	23.58	119.67	76.18	125.53	59.36	108.71
2015	5.18	71.03	19.88	23.72	119.81	76.17	124.95	59.71	108.49
2016	0.96	70.64	19.65	23.81	115.06	76.17	120.59	59.36	103.78
2017	0.92	65.54	19.21	23.28	108.95	76.16	119.57	59.36	102.77
2018	0.94	66.72	18.92	23.64	110.22	76.15	119.65	58.84	102.34



**CITY OF MIDWEST CITY, OKLAHOMA  
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Computation of Legal Debt Margin  
June 30, 2018

Net assessed valuation	\$341,997,736
Debt limit (a)	\$34,199,774
Applicable bonds outstanding	\$975,000
Legal debt margin	\$33,224,774

(a) Article 10, Section 26 of the Constitution of the State of Oklahoma limits municipal debt to 10% of net assessed valuation for certain types of general obligation bonds.

**CITY OF MIDWEST CITY, OKLAHOMA**  
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**As of and for the Year Ended June 30, 2018**

Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt  
To Total General Governmental Expenditures  
Last Ten Fiscal Years

Fiscal Year	Principal	Interest (1)	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to Government Expenditures
2007-08	\$ 1,350,000	\$ 1,102,596	\$ 2,452,596	\$ 50,037,088	4.90%
2008-09	1,400,000	635,560	2,035,560	70,153,301	2.90%
2009-10	1,400,000	569,623	1,969,623	55,400,364	3.56%
2010-11	1,400,000	503,685	1,903,685	47,500,864	4.01%
2011-12	1,400,000	437,342	1,837,342	47,244,796	3.89%
2012-13	1,400,000	370,754	1,770,754	47,577,936	3.72%
2013-14	1,400,000	304,167	1,704,167	50,100,554	3.40%
2014-15	1,400,000	259,975	1,659,975	50,101,372	3.31%
2015-16	1,400,000	190,700	1,590,700	51,018,226	3.12%
2016-17	1,400,000	121,425	1,521,425	57,389,574	2.65%
2017-18	325,000	51,750	376,750	121,363,077	0.31%

(1) Excludes bond issuance and other costs

**CITY OF MIDWEST CITY, OKLAHOMA**  
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Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt  
To Assessed Value and Net General Obligation Bonded Debt Per Capita  
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Population</u>	<u>Assessed Value</u>	<u>Gross Bonded Debt</u>	<u>Less Debt Service Money Available</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
2008-09	54,088	\$ 271,469,612	\$ 12,500,000	\$ 1,513,528	\$ 10,986,472	4.05%	203
2009-10	54,088	278,216,075	11,100,000	1,500,619	9,599,381	3.45%	177
2010-11	54,371	284,605,074	9,700,000	1,504,457	8,195,543	2.88%	151
2011-12	54,371	285,884,862	8,300,000	1,551,565	6,748,435	2.36%	124
2012-13	54,371	289,374,229	6,900,000	1,428,884	5,471,116	1.89%	101
2013-14	54,371	291,744,529	5,500,000	1,373,216	4,126,784	1.41%	76
2014-15	54,371	296,030,326	4,100,000	1,364,980	2,735,020	0.92%	50
2015-16	54,371	304,059,153	2,700,000	1,392,720	1,307,280	0.43%	24
2016-17	54,371	330,156,570	1,300,000	189,868	1,110,132	0.34%	20
2017-18	54,371	341,997,736	975,000	131,132	843,868	0.25%	16

**CITY OF MIDWEST CITY, OKLAHOMA**  
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Revenue Bond and Note Coverage  
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Gross Revenues</u>	<u>Direct Operating Expenses</u>	<u>Net Revenue Available for Debt Service</u>	<u>Maximum Annual Debt Service</u>	<u>Debt Service Coverage</u>
2008-09	\$ 14,535,584	\$ 8,191,452	\$ 6,344,132	\$ 2,000,344	3.17
2009-10	14,822,864	7,867,225	6,955,639	2,000,344	3.48
2010-11	15,207,582	8,004,126	7,203,456	2,000,344	3.60
2011-12	17,702,453	8,669,659	9,032,794	6,517,879	1.39
2012-13	27,258,461	9,443,537	17,814,924	6,517,879	2.73
2013-14	28,567,824	9,583,902	18,983,922	6,517,879	2.91
2014-15	28,465,993	9,581,604	18,884,389	6,517,879	2.70
2015-16	28,685,573	11,425,998	17,259,575	6,517,879	2.65
2016-17	28,580,650	9,823,029	18,757,621	6,517,879	2.88
2017-18	28,790,824	9,797,575	18,993,249	6,517,879	2.91

**CITY OF MIDWEST CITY, OKLAHOMA  
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Demographic Statistics

<u>Year</u>	<u>Population</u>	<u>Population Percent Change</u>
1950	10,166	0.00%
1960	36,058	254.69%
1970	48,212	33.71%
1980	49,559	2.79%
1990	52,267	5.46%
2000	54,088	3.48%
2010	54,371	0.50%

Population is taken from US Census conducted every 10 years.

**CITY OF MIDWEST CITY, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
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New Construction  
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Commercial Construction</u>		<u>Residential Construction</u>		<u>Total Construction</u>
	<u>Number of Units</u>	<u>Value</u>	<u>Number of Units</u>	<u>Value</u>	
2008-09	264	\$ 28,032,074	504	\$ 29,169,569	\$ 57,201,643
2009-10	184	11,614,006	457	18,846,251	30,460,257
2010-11	98	14,052,174	203	23,937,338	37,989,512
2011-12	28	97,003,650	237	20,332,200	117,335,850
2012-13	27	54,561,650	120	19,020,411	73,582,061
2013-14	8	6,398,000	69	11,878,466	18,276,466
2014-15	15	6,748,210	103	16,365,722	23,113,932
2015-16	26	69,362,500	126	23,727,017	93,089,517
2016-17	14	22,360,831	94	14,092,784	36,453,615
2017-18	195	26,137,283	19	28,127,450	54,264,733

**CITY OF MIDWEST CITY, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
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Miscellaneous Statistics  
June 30, 2018

Date of Incorporation	1943
Form of government	Council-manager
Square miles in city limits	24.37
Miles of streets	794.38 Lane miles
<b>Education</b>	
Number of primary schools	8
Number of secondary schools	3
Number of High schools	2
Number of colleges	1
<b>Police Protection</b>	
Number of officers	95
<b>Fire Protection</b>	
Number of stations	6
Number of headquarters	1
Number of personnel per shift	25
<b>Public Works</b>	
Water storage capacity (millions of gallons)	9.5
Miles of water lines	302.8
Miles of sanitary sewer lines	286.8

**CITY OF MIDWEST CITY, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
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Miscellaneous Statistics, Continued  
June 30, 2018

**City Employees**

<u>Fiscal Year</u>	<u>Full Time Government</u>	<u>Full Time Hotel/Conference Center</u>
2007-08	499	-
2008-09	499	-
2009-10	502	60
2010-11	494	62
2011-12	493	62
2012-13	491	-
2013-14	489	-
2014-15	477	-
2015-16	472	-
2016-17	470	-
2017-18	471	-



**CITY OF MIDWEST CITY, OKLAHOMA**  
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Miscellaneous Statistics, Continued  
June 30, 2018  
City Water Usage (Gallons)

<u>Fiscal Year</u>	<u>Annual Usage</u>	<u>Average Daily Usage</u>
2007-08	1,863,117,000	5,104,430
2008-09	1,931,741,887	5,292,444
2009-10	1,910,755,000	5,234,945
2010-11	1,953,204,878	5,351,246
2011-12	2,025,176,197	5,548,428
2012-13	1,902,831,000	5,213,236
2013-14	1,699,549,985	4,656,301
2014-15	1,604,378,570	4,395,558
2015-16	1,778,171,000	4,871,701
2016-17	2,193,795,000	6,010,397
2017-18	1,993,392,000	5,461,348

**Report on Internal Control Over Financial Reporting and  
on Compliance and Other Matters Based on an Audit of Financial  
Statements Performed in Accordance with *Government Auditing Standards***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Midwest City, Oklahoma, (the City) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 21, 2018. Our report on our audit of the City's basic financial statements contains an emphasis of matter paragraph describing a restatement due to the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. Our opinion was not modified with respect to this matter.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses that we consider to be a material weakness. The material weakness is identified as Finding 2018-001.

**Compliance and Other Matters**

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

**City of Midwest City's Response to Findings**

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

**Purpose of this Report**

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

*RSM US LLP*

Oklahoma City, Oklahoma  
December 21, 2018

**City of Midwest City, Oklahoma**

**Schedule of Findings and Responses  
June 30, 2018**

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**Findings Related to the Financial Statements:**

**A. Internal Control**

**Finding 2018-001**

Audit finding: In 2018, the City's did not submit accurate census data to its actuarial specialist to determine the net other post-employment benefit obligation and the related deferred outflows, deferred inflows, and benefit expense under Governmental Accounting Standards Board (GASB) Statement No. 75.

Criteria: GASB Statement No. 75 requires that assumptions be based on the actual experience of the covered group, to the extent that credible experience data are available, but should emphasize expected long-term future trends rather than give undue weight to recent past experience. These include the expected point in time at which benefit payments will begin to be made and marital and dependency status.

Condition and context: The City had several instances of employees covered under the health plan having incorrect hire dates, incorrect plan elections, and errors in marital status when testing the census data submitted to the plan actuary for valuation under GASB Statement No. 75.

Cause: The City's human resources director did not adequately review the census data prior to its submission to the actuarial specialist.

Effect: The City's actuary calculated an estimate using inaccurate census data. The error in the calculation was deemed to be immaterial. However, future errors in census data could result in material misstatements in the City's financial report.

Recommendation: We recommend that the City review the census data in full prior to its submission to actuaries and confirm that the data represents accurate information prior to the estimates calculation.

Management response and corrective action plan: Concur. We will perform a comprehensive review of the census data in Spring 2018/Summer 2018. After open enrollment, we will update the census data for any changes that occur.

**B. Compliance Findings**

No matters to report.