



CITY OF SEMINOLE, OKLAHOMA

ANNUAL FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORTS

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

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**INDEPENDENT AUDITOR'S
REPORT**

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INDEPENDENT AUDITOR'S REPORT

City Council
City of Seminole
Seminole, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Seminole, Oklahoma, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 City'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 City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison and other post-employment benefit schedules 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 of Seminole's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and statistical are presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying supplementary information as listed in the Table of Contents are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information section is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2016 on our consideration of the City of Harrah's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Harrah's internal control over financial reporting and compliance.

Dillon & Associates, P.C.

Midwest City, Oklahoma
August 26, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF SEMINOLE, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and For the Year Ended June 30, 2016
Unaudited

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

Financial Highlights

- The City's total net position decreased by \$235,483 and the assets of the City exceeded its liabilities \$17,924,249 (net position). The City's net position includes an unrestricted net deficit of \$2,358,566. The primary cause of the net deficit are the unfunded liability for pension related obligations as detailed in Note 4.
- At June 30, 2016, the City's governmental funds reported combined ending fund balances of \$1,410,697. Of this total amount, \$489,397 is available for spending at the government's discretion (unassigned fund balance).
- At the end of fiscal year 2016, unassigned fund balance for the General Fund was \$489,397, or approximately 8.6% of total General Fund expenditures.
- Sales and use taxes decreased by \$535,506 or 9.0% over the prior fiscal year.

Overview of the Financial Statements

The financial statements presented herein include all of the activities of the City of Seminole (the "City") and the Seminole Utilities Authority (SUA). Included in this report are government-wide statements for each of two categories of activities - governmental and business-type, along with one discretely-presented component unit. This discussion and analysis focuses on the primary government, composed of the City of Seminole and Seminole Utilities Authority.

The government-wide financial statements present the complete financial picture of the City from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business-type activities separately and combined. For governmental activities, these statements tell how their services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. These statements include all assets of the City (including infrastructure capital assets) as well as all liabilities (including all long-term debt).

The Statement of Net Position and the Statement of Activities

This discussion and analysis is intended to serve as an introduction to the City of Seminole's basic financial statements. The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way determining

whether the City's overall financial condition improved, declined or remained steady over the past year. These statements include all assets and liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's Net Position and changes in Net Position from the prior year. You can think of the City's Net Position - the difference between assets and deferred outflows and liabilities and deferred inflows - as one way to measure the City's financial condition, or position. Over time, increases or decreases in Net Position are one indicator of whether the financial position of the City is improving, deteriorating or remaining steady. However, you must consider other non-financial factors, such as changes in the City's tax base, the condition of the City's roads, and the quality of services to assess the overall health of the City.

The Statement of Net Position and the Statement of Activities are divided into two types of activities:

- Governmental activities - Most of the City's basic services are reported here, including the police, fire, general administration, streets and parks. Sales taxes, franchise fees, fines, and state and federal grants finance most of these activities.
- Business-type activities - The City's activities that charge a fee to customers to help cover all or most of the cost of certain services it provides. The City's water, sewer, solid waste collections utilities, golf course, wellness center and airport operations are reported here.
- Discretely-presented component units - This account for activities of the City's reporting entity that do not meet the criteria for blending, and include the Seminole Economic Development Authority.

Reporting the City's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the City as a whole. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

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

financial statements are explained in a reconciliation following each Governmental Fund financial statement.

Proprietary funds. When the City charges customers for the services it provides - whether to outside customers or to other units of the City - these services are generally reported in proprietary funds. Enterprise funds are one type of proprietary funds and are essentially the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows.

A FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Position

For the year ended June 30, 2016, net position for governmental activities and business-type activities decreased \$235,483. The results indicate the City, as a whole, incurred a decrease in its financial condition from the prior year.

The following is a summary comparison of changes in net position from last year for the City:

	Governmental			Business-type			Total		
	<u>Activities</u>		% Inc.	<u>Activities</u>		% Inc.	<u>Primary Government</u>		% Inc.
	<u>2016</u>	<u>2015</u>	<u>(Dec.)</u>	<u>2016</u>	<u>2015</u>	<u>(Dec.)</u>	<u>2016</u>	<u>2015</u>	<u>(Dec.)</u>
Current and									
other assets	\$ 1,422	1,483	-4%	7,890	9,535	-17%	9,312	11,018	-15%
Capital assets	<u>7,597</u>	<u>7,655</u>	-1%	<u>18,134</u>	<u>18,092</u>	0%	<u>25,731</u>	<u>25,747</u>	0%
Total assets	<u>9,019</u>	<u>9,138</u>	-1%	<u>26,024</u>	<u>27,627</u>	-6%	<u>35,043</u>	<u>36,765</u>	-5%
Deferred outflow of resources	<u>725</u>	<u>132</u>		<u>-</u>	<u>-</u>		<u>725</u>	<u>132</u>	
Long-term debt									
outstanding	3,398	3,106	9%	12,134	13,347	-9%	15,532	16,453	-6%
Other liabilities	<u>11</u>	<u>129</u>	-91%	<u>1,738</u>	<u>1,494</u>	16%	<u>1,749</u>	<u>1,623</u>	8%
Total liabilities	<u>3,409</u>	<u>3,235</u>	5%	<u>13,872</u>	<u>14,841</u>	-7%	<u>17,281</u>	<u>18,076</u>	-4%
Deferred inflow of resources	<u>562</u>	<u>657</u>		<u>-</u>	<u>-</u>		<u>562</u>	<u>657</u>	
Net assets:									
Invested in capital									
assets, net of debt	7,597	7,541	1%	5,431	4,691	16%	13,028	12,232	7%
Restricted	922	925	0%	6,334	7,656	-17%	7,256	8,581	-15%
Unrestricted (deficit)	<u>(2,746)</u>	<u>(3,088)</u>	-11%	<u>387</u>	<u>439</u>	-12%	<u>(2,359)</u>	<u>(2,649)</u>	-11%
Total net assets	\$ <u>5,773</u>	<u>5,378</u>	7%	<u>12,152</u>	<u>12,786</u>	-5%	<u>17,925</u>	<u>18,164</u>	-1%

The largest portion of the City's net position reflects its investment in capital assets (e.g., land, buildings, improvements, vehicles, and equipment) less any related debt used to acquire those assets that are still outstanding. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, \$7,254,499 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is a deficit of \$2,358,566.

Change in Net Position

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

Table 2
Changes in Net Position (In Thousands)

	Governmental			Business-type			Total		
	<u>Activities</u>		<u>% Inc.</u>	<u>Activities</u>		<u>% Inc.</u>	<u>Primary Government</u>		<u>% Inc.</u>
	<u>2016</u>	<u>2015</u>	<u>(Dec.)</u>	<u>2016</u>	<u>2015</u>	<u>(Dec.)</u>	<u>2016</u>	<u>2015</u>	<u>(Dec.)</u>
Revenues									
Charges for services	\$ 1,174	1,152	2%	3,658	3,364	9%	4,832	4,516	7%
Operating grants	697	448	56%	-	-	-	697	448	56%
Capital grants	203	1,514	-87%	-	-	-	203	1,514	-87%
Sales and use taxes	5,228	5,764	-9%	-	-	-	5,228	5,764	-9%
Franchise tax (fees)	363	408	-11%	-	-	-	363	408	-11%
Other taxes	197	314	-37%	-	-	-	197	314	-37%
Investment income	7	9	-22%	19	20	-5%	26	29	-10%
Other	471	192	145%	-	101	-100%	471	293	61%
Total revenues	<u>8,340</u>	<u>9,801</u>	<u>-15%</u>	<u>3,677</u>	<u>3,485</u>	<u>6%</u>	<u>12,017</u>	<u>13,286</u>	<u>-10%</u>
Expenses									
General government	1,772	2,058	-14%	2,337	1,932	21%	4,109	3,990	3%
Public safety	2,826	3,026	-7%	-	-	-	2,826	3,026	-7%
Public works	1,242	1,179	5%	-	-	-	1,242	1,179	5%
Cultural & recreation	878	782	12%	-	-	-	878	782	12%
Water	-	-	-	761	727	5%	761	727	5%
Sewer	-	-	-	598	655	-9%	598	655	-9%
Sanitation	-	-	-	154	120	-	154	120	-
Reynold's activity center	-	-	-	670	667	0%	670	667	0%
Economic development	-	-	-	1,018	329	209%	1,018	329	209%
Total expenses	<u>6,718</u>	<u>7,045</u>	<u>-5%</u>	<u>5,538</u>	<u>4,430</u>	<u>25%</u>	<u>12,256</u>	<u>11,475</u>	<u>7%</u>
Increase in net position									
before transfers	1,622	2,756	-41%	(1,861)	(945)	97%	(239)	1,811	-113%
Transfers	(1,227)	(1,687)	-27%	1,227	1,687	-27%	-	-	-
Change in net position	<u>395</u>	<u>1,069</u>	<u>-63%</u>	<u>(634)</u>	<u>742</u>	<u>-185%</u>	<u>(239)</u>	<u>1,811</u>	<u>-113%</u>
Beginning net position	<u>5,378</u>	<u>7,572</u>	<u>-29%</u>	<u>12,786</u>	<u>12,044</u>	<u>6%</u>	<u>18,164</u>	<u>19,616</u>	<u>-7%</u>
Prior period adjustment	-	(3,413)	-	-	-	-	-	(3,413)	-
Contributed capital	-	150	-	-	-	-	-	150	-
Ending net position	<u>\$ 5,773</u>	<u>5,378</u>	<u>7%</u>	<u>12,152</u>	<u>12,786</u>	<u>-5%</u>	<u>17,925</u>	<u>18,164</u>	<u>-1%</u>

The City's governmental activities capital grants and contributions decreased approximately \$1,310,485 due in large part to grants received from FAA for airport improvements.

Governmental Activities

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

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

	Total Expenses		% Inc. (Dec.)	Net Revenue		% Inc. (Dec.)
	of Services			(Expense) of Services		
	<u>2016</u>	<u>2015</u>		<u>2016</u>	<u>2015</u>	
General government	\$ 1,772	2,058	-14%	(1,419)	(1,940)	-27%
Public safety	2,826	3,011	-6%	(1,411)	(1,638)	-14%
Public works	1,242	1,179	5%	(1,039)	334	-411%
Cultural & recreation	878	782	12%	(775)	(672)	15%
Total	\$ 6,718	7,030	-4%	(4,644)	(3,916)	19%

For the year ended June 30, 2016, total expenses for governmental activities amounted to \$6,717,846 which is a 2.7% decrease from the prior year.

Business-type Activities

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

	Total Expenses		% Inc. (Dec.)	Net Revenue		% Inc. (Dec.)
	of Services			(Expense) of Services		
	2016	2015	2016	2015		
General government	\$ 2,337	1,932	21%	(2,179)	(1,830)	19%
Water	761	727	5%	483	288	68%
Sewer	598	655	-9%	378	170	122%
Sanitation	154	120	0%	523	546	
Reynold's activity center	670	667	0%	(268)	(266)	1%
Economic development	165	329	-50%	37	26	42%
Total	\$ 4,685	4,430	6%	(1,026)	(1,066)	-4%

The City's business-type activities include utility services for water, sewer, sanitation, golf course, airport and economic development operations.

A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed its 2016 fiscal year, the governmental funds reported a combined fund balance of \$1,410,697, or 0.01% increase from the prior year. The enterprise funds reported combined net position of \$12,151,585, or 0.9% increase from 2015.

Other Fund Highlights Include:

- For the year ended June 30, 2016, the General Fund's total fund balance increased by \$9,587, or 0.01%.
- The SUA Enterprise Fund reported a net position decrease before contributions and transfers of \$1,603,922.

General Fund Budgetary Highlights

For the year ended June 30, 2016, the General Fund reported actual budgetary basis revenues above final estimates by \$608,791 or a 7.7% positive variance. General Fund actual expenditures were under final appropriations by \$670,481 or a 10.5% positive variance.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2016, the City had \$25,730,672 invested in capital assets, net of depreciation, including land, buildings, machinery and equipment, park facilities, water, sewer and stormwater systems, roads and bridges. This represents a net decrease of approximately \$15,868 over last year.

Table 5
Capital Assets

	Governmental Activities <u>2016</u>	Business-type Activities <u>2016</u>	Total <u>2016</u>
Land	\$ 305	14	319
Building and improvements	2,482	13,792	16,274
Machinery and equipment	4,837	2,601	7,438
Vehicles	2,720	463	3,183
Infrastructure	18,560	16,606	35,166
	<u>28,904</u>	<u>33,476</u>	<u>62,380</u>
Less: Accumulated depreciation	<u>21,307</u>	<u>15,342</u>	<u>36,649</u>
Net capital assets	<u>\$ 7,597</u>	<u>18,134</u>	<u>25,731</u>

	Governmental Activities <u>2015</u>	Business-type Activities <u>2015</u>	Total <u>2015</u>
Land	\$ 305	14	319
Building and improvements	2,443	13,792	16,235
Machinery and equipment	4,463	2,426	6,889
Vehicles	2,641	463	3,104
Infrastructure	18,335	15,898	34,233
	<u>28,187</u>	<u>32,593</u>	<u>60,780</u>
Less: Accumulated depreciation	<u>20,531</u>	<u>14,502</u>	<u>35,033</u>
Net capital assets	<u>\$ 7,656</u>	<u>18,091</u>	<u>25,747</u>

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

- Construction of airport runway improvements.
- Major street construction.
- Vehicle purchases.

Long-term Debt

At year-end, the City had \$13,565,411 in long-term debt outstanding, which represents approximately a \$1,016,120 decrease from the prior year.

Table 4
Outstanding Debt

	Governmental Activities <u>2016</u>	Business-type Activities <u>2016</u>	Total <u>2016</u>
General obligation bonds	\$ -	-	-
Notes payable	-	150,411	150,411
Revenue bonds	-	13,415,000	13,415,000
Net long-term debt	<u>\$ -</u>	<u>13,565,411</u>	<u>13,565,411</u>

	Governmental Activities <u>2015</u>	Business-type Activities <u>2015</u>	Total <u>2015</u>
General obligation bonds	\$ 115,000	-	115,000
Notes payable	-	201,531	201,531
Revenue bonds	-	14,265,000	14,265,000
Net long-term debt	<u>\$ 115,000</u>	<u>14,466,531</u>	<u>14,581,531</u>

ECONOMIC OUTLOOK

- The unemployment rate for the Oklahoma area which includes Seminole is currently 7.3 percent, which is an increase of 1.1 percent from a year ago. This compares to the state's average unemployment rate of 4.7 percent and favorably to the national average rate of 4.8 percent.
- Inflationary trends in the region compare favorably to national indices.
- The City's major source of revenue is sales tax revenue. Sales tax revenue decreased % over the prior year total.

All of these factors were considered in preparing the City's budget for the 2016 fiscal year.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, bond rating agencies and creditors with a general overview of the City's finances reflecting the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Office at 401 N. Main Street, Seminole, Oklahoma 74868.

BASIC FINANCIAL STATEMENTS

City of Seminole, Oklahoma
Statement of Net Position
June 30, 2016

	<u>Primary Government</u>			<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>SEDC</u>
ASSETS				
Pooled cash and cash equivalents	\$ 1,046,873	72,189	1,119,062	574,176
Investments	10,000	-	10,000	-
Restricted cash and investments	-	7,357,236	7,357,236	739,109
Receivables, net of allowance for uncollectibles				
Accounts	54,366	264,768	319,134	26,922
Due from other governments	310,655	196,059	506,714	963,955
Capital assets:				
Land, improvements and construction in progress	304,926	13,889	318,815	371,654
Other capital assets, net of depreciation	7,292,069	18,119,788	25,411,857	3,922,976
Total assets	<u>9,018,889</u>	<u>26,023,929</u>	<u>35,042,818</u>	<u>6,598,792</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>725,076</u>	<u>-</u>	<u>725,076</u>	<u>-</u>
LIABILITIES				
Accounts payable and accrued expenses	-	26,560	26,560	17,056
Accrued interest payable	-	117,879	117,879	210,513
Deposits subject to refund	11,197	118,530	129,727	-
Long-term liabilities:				
Net pension liability	3,213,929	-	3,213,929	-
Due within one year	-	1,475,566	1,475,566	235,000
Due in more than one year	183,921	12,133,809	12,317,730	6,530,000
Total liabilities	<u>3,409,047</u>	<u>13,872,344</u>	<u>17,281,391</u>	<u>6,992,569</u>
DEFERRED INFLOW OF RESOURCES	<u>562,254</u>	<u>-</u>	<u>562,254</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	7,596,995	5,431,321	13,028,316	(2,680,883)
Restricted for:				
Debt service	-	4,113,607	4,113,607	740,433
Capital improvements	169,571	576,428	745,999	-
Facility maintenance	-	1,643,164	1,643,164	-
Other purposes	751,729	-	751,729	-
Unrestricted	<u>(2,745,631)</u>	<u>387,065</u>	<u>(2,358,566)</u>	<u>1,546,673</u>
Total Net Position	<u>\$ 5,772,664</u>	<u>12,151,585</u>	<u>17,924,249</u>	<u>(393,777)</u>

See accompanying notes to the basic financial statement.

City of Seminole, Oklahoma
Statement of Activities
For the Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue	
		Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Primary government:					
Governmental activities:					
General government	\$ 1,772,169	87,206	265,804	-	(1,419,159)
Public safety	2,825,950	1,025,877	389,505	-	(1,410,568)
Public works	1,242,124	-	-	203,026	(1,039,098)
Culture and recreation	877,603	60,925	41,879	-	(774,799)
Total government activities	<u>6,717,846</u>	<u>1,174,008</u>	<u>697,188</u>	<u>203,026</u>	<u>(4,643,624)</u>
Business-type activities:					
Administration	2,337,000	-	-	-	(2,337,000)
Water	760,768	1,244,078	-	-	483,310
Sewer	598,250	976,237	-	-	377,987
Sanitation	153,626	677,045	-	-	523,419
Other fees	-	157,049	-	-	157,049
Natural gas	164,762	202,133	-	-	37,371
Reynold's activity center	670,193	401,792	-	-	(268,401)
Total business-type activities	<u>4,684,599</u>	<u>3,658,334</u>	<u>-</u>	<u>-</u>	<u>(1,026,265)</u>
Total primary government	<u>11,402,445</u>	<u>4,832,342</u>	<u>697,188</u>	<u>203,026</u>	<u>(5,669,889)</u>
Component Unit:					
Seminole Economic Development Council	1,069,314	196,693	-	-	(872,621)
Total component units	<u>\$ 1,069,314</u>	<u>196,693</u>	<u>-</u>	<u>-</u>	<u>(872,621)</u>

City of Seminole, Oklahoma
Statement of Activities
For the Year Ended June 30, 2016

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	SEDC
Change in Net Position:				
Net (expense) revenue	\$ (4,643,624)	(1,026,265)	(5,669,889)	(872,621)
General revenues:				
Taxes:				
Sales and use	5,228,379	-	5,228,379	-
Franchise	362,802	-	362,802	-
Property	7,268	-	7,268	814,355
Other	189,590	-	189,590	-
Unrestricted investment income	6,062	19,382	25,444	3,394
Miscellaneous	471,303	-	471,303	28,880
Transfer - SEDC contribution	-	(850,380)	(850,380)	852,108
Transfers - internal activity	(1,226,682)	1,226,682	-	-
Total general revenues and transfers	<u>5,038,722</u>	<u>395,684</u>	<u>5,434,406</u>	<u>1,698,737</u>
Change in Net Position	395,098	(630,581)	(235,483)	826,116
Net Position - beginning	5,377,566	12,786,166	18,163,732	(1,219,893)
			-	-
Net Position - ending	<u>\$ 5,772,664</u>	<u>12,155,585</u>	<u>17,928,249</u>	<u>(393,777)</u>

See accompanying notes to the basic financial statement.

City of Seminole, Oklahoma
Governmental Funds
Balance Sheet
June 30, 2016

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 135,204	906,258	1,041,462
Cash - Police bond account	5,411	-	5,411
Investments	-	10,000	10,000
Receivables:			
Due from other governments	310,655	-	310,655
Due from Seminole Economic Development Council	17,056	-	17,056
Other receivable	<u>32,268</u>	<u>5,042</u>	<u>37,310</u>
Total assets	<u>500,594</u>	<u>921,300</u>	<u>1,421,894</u>
Deferred outflow of resources	<u>-</u>	<u>-</u>	<u>-</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	-	-	-
Deposits subject to refund	10,000	-	10,000
Police bonds outstanding	<u>1,197</u>	<u>-</u>	<u>1,197</u>
Total liabilities (Note 2)	<u>11,197</u>	<u>-</u>	<u>11,197</u>
Deferred inflow of resources	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:			
Nonspendable	-	921,300	921,300
Unassigned	<u>489,397</u>	<u>-</u>	<u>489,397</u>
Total fund balances	<u>489,397</u>	<u>921,300</u>	<u>1,410,697</u>
Total liabilities and fund balances	<u>\$ 500,594</u>	<u>921,300</u>	

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 required in the funds, net of accumulated depreciation of \$21,307,057	7,596,995
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds:	
Pension related deferred outflows	725,076
Certain liabilities are not due and payable in the current period from current financial resources, and therefore are not reported in the funds:	
Net pension liability	(3,213,929)
Pension related deferred inflows	(562,254)
Accrued compensated absences	(183,921)
Net position of governmental activities	<u>\$ 5,772,664</u>

See accompanying notes to the basic financial statement.

City of Seminole, Oklahoma
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2016

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 5,650,676	137,363	5,788,039
Intergovernmental	211,768	338,917	550,685
Licenses and permits	18,471	-	18,471
Charge for services	936,653	13,058	949,711
Fines and forfeitures	165,850	-	165,850
Interest	5,587	475	6,062
Miscellaneous	280,538	190,765	471,303
Total revenues	<u>7,269,543</u>	<u>680,578</u>	<u>7,950,121</u>
EXPENDITURES			
Current:			
General government	1,741,220	201,284	1,942,504
Public safety	2,656,485	207,480	2,863,965
Public works	750,325	476,700	1,227,025
Culture and recreation	558,231	125,870	684,101
Total expenditures	<u>5,706,261</u>	<u>1,011,334</u>	<u>6,717,595</u>
Excess (deficiency) of revenues over expenditures	<u>1,563,282</u>	<u>(330,756)</u>	<u>1,232,526</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	1,100,000	327,013	1,427,013
Transfers out	<u>(2,653,695)</u>	<u>-</u>	<u>(2,653,695)</u>
Total other financing sources and uses	<u>(1,553,695)</u>	<u>327,013</u>	<u>(1,226,682)</u>
Net change in fund balances	9,587	(3,743)	5,844
Fund balances-beginning	479,810	925,043	1,404,853
Fund balances-ending	<u>\$ 489,397</u>	<u>921,300</u>	<u>1,410,697</u>

See accompanying notes to the basic financial statement.

City of Seminole, Oklahoma
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2016

Net change in fund balances - total governmental funds	\$	5,844
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:</p>		
Capital asset purchases capitalized		717,711
Depreciation expense		(776,216)
<p>In the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as an element of pension expense. The fund financial statements report pension contributions as expenditures.</p>		
		272,187
<p>Repayment of debt principal and debt issue costs is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:</p>		
Long-term debt principal payments		115,000
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:</p>		
Change in accrued compensated absences		60,572
Change in net position of governmental activities	\$	395,098

City of Seminole, Oklahoma
Statement of Net Position - Proprietary Funds
June 30, 2016

	Business-type Activities - Enterprise Funds					Total Enterprise Funds
	Seminole Utilities Authority	Capital Improvements	Seminole Gas Authority	Seminole Community Wellness Authority	Seminole Medical Authority	
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 71,384	321	40,152	(39,673)	5	72,189
Investments	-	-	-	-	-	-
Restricted:						
Cash and investments	5,080,531	576,107	-	1,643,164	57,434	7,357,236
Receivables:						
Account, net of allowance of \$430,144	248,702	-	12,191	3,875	-	264,768
Due from other governments	196,059	-	-	-	-	196,059
Total current assets	<u>5,596,676</u>	<u>576,428</u>	<u>52,343</u>	<u>1,607,366</u>	<u>57,439</u>	<u>7,890,252</u>
Non-current assets:						
Capital assets:						
Land	13,889	-	-	-	-	13,889
Other capital assets, net of accumulated depreciation	11,363,536	-	-	6,756,252	-	18,119,788
Total non-current assets	<u>11,377,425</u>	<u>-</u>	<u>-</u>	<u>6,756,252</u>	<u>-</u>	<u>18,133,677</u>
Total assets	<u>16,974,101</u>	<u>576,428</u>	<u>52,343</u>	<u>8,363,618</u>	<u>57,439</u>	<u>26,023,929</u>
LIABILITIES						
Current liabilities:						
Accounts payable and accrued liabilities	16,087	-	10,475	(2)	-	26,560
Accrued interest payable	117,879	-	-	-	-	117,879
Deposits subject to refund	118,530	-	-	-	-	118,530
Current portion of long-term obligations	1,475,566	-	-	-	-	1,475,566
Total current liabilities	<u>1,728,062</u>	<u>-</u>	<u>10,475</u>	<u>(2)</u>	<u>-</u>	<u>1,738,535</u>
Non-current liabilities:						
Revenue bonds payable, net of current portion	11,995,000	-	-	-	-	11,995,000
Notes payable, net of current portion	94,845	-	-	-	-	94,845
Accrued compensated absences	43,964	-	-	-	-	43,964
Total non-current liabilities	<u>12,133,809</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,133,809</u>
Total liabilities	<u>13,861,871</u>	<u>-</u>	<u>10,475</u>	<u>(2)</u>	<u>-</u>	<u>13,872,344</u>
NET POSITION						
Net investment in capital assets	(1,324,931)	-	-	6,756,252	-	5,431,321
Restricted:						
Debt service	4,113,607	-	-	-	-	4,113,607
Construction	-	576,428	-	-	-	576,428
Facility maintenance	-	-	-	1,643,164	-	1,643,164
Unrestricted	<u>323,554</u>	<u>-</u>	<u>41,868</u>	<u>(35,796)</u>	<u>57,439</u>	<u>387,065</u>
Total net position	<u>\$ 3,112,230</u>	<u>576,428</u>	<u>41,868</u>	<u>8,363,620</u>	<u>57,439</u>	<u>12,151,585</u>

See accompanying notes to the basic financial statement.

City of Seminole, Oklahoma
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds
For the Year Ended June 30, 2016

	Business-type Activities - Enterprise Funds					
	Seminole Utilities Authority	Capital Improvements	Seminole Gas Authority	Seminole Community Wellness Authority	Seminole Medical Authority	Total Enterprise Funds
REVENUES						
Charges for services						
Water	\$ 1,244,078	-	-	-	-	1,244,078
Sewer	976,237	-	-	-	-	976,237
Sanitation	677,045	-	-	-	-	677,045
Other	150,631	2,294	202,133	-	124	355,182
Reynold's Center	-	-	-	401,792	-	401,792
Total operating revenues	<u>3,047,991</u>	<u>2,294</u>	<u>202,133</u>	<u>401,792</u>	<u>124</u>	<u>3,654,334</u>
OPERATING EXPENSES						
General and administration	815,947	3,479	-	-	-	819,426
Water	488,486	4,299	-	-	-	492,785
Sewer	316,306	2,075	-	-	-	318,381
Sanitation	142,528	-	-	-	-	142,528
Natural gas	-	-	164,762	-	-	164,762
Reynold's Center	-	-	-	426,151	-	426,151
Depreciation and amortization	595,588	-	-	244,042	-	839,630
Total operating expenses	<u>2,358,855</u>	<u>9,853</u>	<u>164,762</u>	<u>670,193</u>	<u>-</u>	<u>3,203,663</u>
Operating income (loss)	<u>689,136</u>	<u>(7,559)</u>	<u>37,371</u>	<u>(268,401)</u>	<u>124</u>	<u>450,671</u>
NONOPERATING REVENUES (EXPENSES)						
Miscellaneous revenues	-	-	-	-	-	-
Interest income	11,986	-	-	7,396	-	19,382
Contribution - SEDC	(824,108)	-	(26,272)	-	-	(850,380)
Capital project expenditures	(258,488)	-	-	-	-	(258,488)
Interest expense and fiscal charges	(1,222,448)	-	-	-	-	(1,222,448)
Total nonoperating revenues (expenses)	<u>(2,293,058)</u>	<u>-</u>	<u>(26,272)</u>	<u>7,396</u>	<u>-</u>	<u>(2,311,934)</u>
OPERATING TRANSFERS						
Transfers in	2,476,695	4,000	-	25,000	-	2,505,695
Transfers out	(1,129,000)	(150,013)	-	-	-	(1,279,013)
Total operating transfers	<u>1,347,695</u>	<u>(146,013)</u>	<u>-</u>	<u>25,000</u>	<u>-</u>	<u>1,226,682</u>
Change in net position	<u>(256,227)</u>	<u>(153,572)</u>	<u>11,099</u>	<u>(236,005)</u>	<u>124</u>	<u>(634,581)</u>
Net position - beginning	3,368,457	730,000	30,769	8,599,625	57,315	12,786,166
Net position - ending	<u>\$ 3,112,230</u>	<u>576,428</u>	<u>41,868</u>	<u>8,363,620</u>	<u>57,439</u>	<u>12,151,585</u>

See accompanying notes to the basic financial statement.

City of Seminole, Oklahoma
Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2016

	Business-type Activities - Enterprise Funds					Total Enterprise Funds
	Seminole Utilities Authority	Capital Improvements	Seminole Gas Authority	Seminole Community Wellness Authority	Seminole Medical Authority	
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$ 2,986,699	-	202,133	401,792	124	3,590,748
Payments to suppliers and employees	(1,777,905)	(7,559)	(166,061)	(430,647)	-	(2,382,172)
Receipt (disbursement) of meter deposits	440	-	-	-	-	440
Net cash provided (used) by operating activities	<u>1,209,234</u>	<u>(7,559)</u>	<u>36,072</u>	<u>(28,855)</u>	<u>124</u>	<u>1,209,016</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Capital contribution - SEDC	(824,108)	-	(26,272)	-	-	(850,380)
Operating transfers in (out)	1,347,695	(146,013)	-	25,000	-	1,226,682
Net cash provided (used) by noncapital financing activities	<u>523,587</u>	<u>(146,013)</u>	<u>(26,272)</u>	<u>25,000</u>	<u>-</u>	<u>376,302</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Proceeds from issuance of long-term debt	8,517,006	-	-	-	-	8,517,006
Principal paid on long-term debt	(10,031,120)	-	-	-	-	(10,031,120)
Interest expense and fiscal charges	(609,014)	-	-	-	-	(609,014)
Capital expenditures for governmental activities	(258,488)	-	-	-	-	(258,488)
(Acquisition) disposition of capital assets	(882,267)	-	-	-	-	(882,267)
Net cash provided (used) by capital and related financing activities	<u>(3,263,883)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,263,883)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Decrease (increase) in investments	-	-	-	-	57,310	57,310
Interest received	11,986	-	-	7,396	-	19,382
Net cash provided (used) by investing activities	<u>11,986</u>	<u>-</u>	<u>-</u>	<u>7,396</u>	<u>57,310</u>	<u>76,692</u>
Net increase (decrease) in cash and cash equivalents	(1,519,076)	(153,572)	9,800	3,541	57,434	(1,601,873)
Cash and cash equivalents, beginning of the year	6,670,991	730,000	30,352	1,599,950	-	9,031,293
Cash and cash equivalents, end of the year	<u>\$ 5,151,915</u>	<u>576,428</u>	<u>40,152</u>	<u>1,603,491</u>	<u>57,434</u>	<u>7,429,420</u>
Reconciliation to Statement of Net Position:						
Cash and cash equivalents	71,384	321	40,152	(39,673)	-	72,184
Restricted cash and cash equivalents	5,080,531	576,107	-	1,643,164	57,434	7,357,236
Total cash and cash equivalents, end of year	<u>\$ 5,151,915</u>	<u>576,428</u>	<u>40,152</u>	<u>1,603,491</u>	<u>57,434</u>	<u>7,429,420</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:						
Operating income (loss)	689,136	(7,559)	37,371	(268,401)	124	450,671
Adjustments to reconcile operating income to net cash provided by operating activities:						
Cash flows reported in other categories:						
Depreciation and amortization expense	595,588	-	-	244,042	-	839,630
Miscellaneous revenues	-	-	-	-	-	-
Change in assets and liabilities:						
(Increase) decrease in receivables	(15,732)	-	5,354	(3,875)	-	(14,253)
Increase (decrease) in accounts payable and accrued expenses	(59,758)	-	(6,653)	(621)	-	(67,032)
Total adjustments	<u>520,098</u>	<u>-</u>	<u>(1,299)</u>	<u>239,546</u>	<u>-</u>	<u>758,345</u>
Net cash provided by (used in) operating activities	<u>\$ 1,209,234</u>	<u>(7,559)</u>	<u>36,072</u>	<u>(28,855)</u>	<u>124</u>	<u>1,209,016</u>

See accompanying notes to the basic financial statement.

**NOTES TO BASIC
FINANCIAL STATEMENTS**

City of Seminole, Oklahoma
Notes to the Basic Financial Statements
As of and For the Year Ended June 30, 2016

NOTE 1 - ORGANIZATION

The City of Seminole, Oklahoma (the City) is a municipal corporation organized as a City on December 26, 1924. The City is governed by an elected mayor and six-member council. The City operates under a Council-Manager Charter form of government under Title 11 of the *Oklahoma Statutes*. The City provides the following services to its citizens: public safety (police and fire), streets and highways, sanitation, social services, culture and recreation, public improvements, utilities, planning and zoning, and general administrative services.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity - The accompanying financial statements present the City and its component unit, an entity for which the City is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the City's operations. Each blended unit has a June 30 fiscal year end.

In determining the financial reporting entity, the City complies with the provisions of Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity" as amended by Statement 61, and includes all component units for which the City is financially accountable. Each component unit is a Public Trust established pursuant to Title 60 of the Oklahoma State law. Public Trusts (Authorities) have no taxing power. The Authorities are generally created to finance City services through the 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. In accordance with state law, all debt obligations incurred by public trusts require 2/3 approval by the City Council. In addition, the City has leased certain existing assets at the creation for the Authority to the Trustees on a long-term basis. The City, as beneficiary of the Public Trust, receives title to any residual assets when a Public Trust is dissolved.

Blended component units. The Seminole Utilities Authority (SUA) serves all the citizens of the City and is governed by a board comprised of the City's elected council (Trustees). The rates for user charges and debt authorization are approved by the city council. The SUA was created April 30, 1985, to finance, develop, and operate the water, wastewater, and sanitation activities of the City. The SUA is reported as an enterprise fund type.

The Seminole Medical Authority was created August 10, 1982 to operate and maintain the Seminole municipal hospital and ambulance service. The hospital was sold in 2004 and is currently owned and operated by Integris Health.

The Seminole Recreation Authority was created October 9, 2001 to promote and finance economic development in the City of Seminole.

The Seminole Gas Authority was created in 1996 to finance and operate the sale and transmission of natural gas to industrial customers. The Seminole Medical Authority and Seminole Gas Authority are reported as proprietary fund types, while the Seminole Recreation Authority is reported as a special revenue fund type.

City of Seminole, Oklahoma
Notes to Basic Financial Statements
As of and For the Year Ended June 30, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The Seminole Urban Renewal Authority was created March 21, 2011 to promote and finance economic development in the City of Seminole.

Separate financial statements have not been prepared for the blended component units.

Discretely presented component unit. The Seminole Economic Development Council (SEDC) was created July 15, 1998 to promote and finance economic development in the City of Seminole. The SEDC is reported as a discrete component unit of the City, because its governing body is not substantially the same as the City Council.

Separate financial statements may be obtained by contacting the Trust's management.

Basis of Presentation and Accounting:

Government-Wide and Fund Financial Statements - The statements of net position and activities are reported on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses (including depreciation and amortization) are recorded when the liability is incurred or economic asset used.

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

- Public Safety - Police and Fire - fines and forfeitures, fire run charges, 911 revenues, operating and capital grants
- Streets - commercial vehicle and gasoline excise tax shared by the State, operating and capital grants
- Culture and Recreation - user fees, library fees and operating grants
- Cemetery - cemetery revenues
- General Government - licenses and permits, rentals, operating and capital grants

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

Governmental Funds:

Major Funds:

The following are the City's major governmental funds:

General Fund - is the general operating fund of the City. It accounts and reports for all financial resources not required to be reported in another fund.

City of Seminole, Oklahoma
Notes to Basic Financial Statements
As of and For the Year Ended June 30, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

The following are the City's non-major governmental funds:

Special Revenue Funds - accounts for the proceeds of government grants or specific revenue sources (other than grants applicable to enterprise fund activities, expendable trust or major capital projects) that are legally restricted to expenditures for specified purposes.

- Street & Alley Fund
- Library Funds
- Vacation Liability Fund
- Tourism Fund
- Animal Control Fund
- Airport Trust Fund
- Seminole Recreation Authority
- Seminole Urban Renewal Authority

Debt Service Sinking Fund - accounts for the accumulation of financial resources for the payment of principal and interest on the general long-term debt of the City, other than debt service payments made by enterprise funds. Ad Valorem taxes and interest earned on investments of the Debt Service Fund are used for the payment of principal, interest and commissions to fiscal agents on the City's general obligation bonds.

Cemetery Perpetual Care Fund - accounts for and reports resources that are restricted, committed, or assigned to expenditure for the maintenance and care of the cemetery.

Capital Projects - accounts for and report financial resources that are restricted, committed, or assigned to expenditure for the construction and repair of streets as approved by a special sales tax ordinance.

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

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

The General Fund is considered a major fund and therefore displayed in a separate column. All other governmental funds are considered non-major funds and are aggregated under the column Other Governmental Funds.

City of Seminole, Oklahoma
Notes to Basic Financial Statements
As of and For the Year Ended June 30, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Proprietary Funds:

The following are the City's major proprietary funds:

Seminole Utilities Authority (SUA) - accounts for the revenues from operations of electric, water, sanitary sewer, solid waste.

Seminole Gas Authority (SGA) - accounts for operations of providing natural gas to specific industrial customers.

Seminole Community Wellness Authority (SCWA) - accounts for operations of the Reynolds Community Center.

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

Assets, Deferred Outflows, Liabilities, Deferred Inflows and Fund Equity

- a. *Cash and Cash Equivalents* - The City considers all highly liquid investments with an original maturity of three months or less when purchased to be cash and cash equivalents.
- b. *Pooled Cash and Investments* - The City Charter requires all cash belonging to the City to be placed in the custody of the Financial Services Department of the City. A "Pooled Cash" concept is used in maintaining the cash and investment accounts in the accounting records. Under this method, all cash is pooled for investment purposes and each fund has an equity in the pooled amounts. Investments are allocated to the individual participating funds based upon a percentage determined by the Financial Services Department of the City. An interfund receivable/payable is recognized if the allocation of investments to a particular fund exceeds the fund's pooled cash amount before the allocation of the pooled investments.

Purchases and maturities of the pooled investments, as reported in the fund's statement of cash flow, are allocated to the participating proprietary funds based on their portion of total pooled investments.

- c. *Investments* - Investments are stated at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties. The City considers quoted market price at June 30, 2016, to be the fair value of its investments.

Oklahoma Statutes authorize the City to invest in obligations of the United States government, its agencies and instrumentalities; collateralized or insured certificates of deposit and other evidences of deposit at banks, savings banks, savings and loan associations and credit unions located in this state, or fully insured certificates of deposit

City of Seminole, Oklahoma
Notes to Basic Financial Statements
As of and For the Year Ended June 30, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

at banks, savings bank, savings and loan associations and credit unions located out of state; negotiable certificates of deposit issued by a nationally or state-chartered bank, a savings bank, a savings and loan association or a state-licensed branch of a foreign bank; prime banker's acceptances which are eligible for purchases by the Federal Reserve System and which do not exceed 270 days' maturity; prime commercial paper which shall not have a maturity that exceeds 180 days nor represent more than 10% of the outstanding paper of an issuing corporation; repurchase agreements that have underlying collateral consisting of those items specified above; and money market funds regulated by the Securities and Exchange Commission and which investments consist of those items noted above.

- d. *Receivables and payables* - In the government-wide financial 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.

In the governmental fund financial statements, receivables are recorded when they are both measurable and available. Proprietary fund receivables consist of all revenues earned at year-end and not yet received.

- e. *Interfund Receivable and Payables* - Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to / due from other funds" (i.e., the current portion of interfund loans) or "advances to / from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to / from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."
- f. *Restricted Assets* - Restricted assets include cash and investments of both governmental activities and business-type activities that are legally restricted as to their use. The restricted assets are primarily related to debt trustee accounts and guaranty deposits.
- g. *Capital Assets* - Capital assets, which include property, plant and equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with initial, individual cost of more than \$2,500 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, the majority of which generally consists of donated land and infrastructure which is recorded in the governmental funds and donated water and sewer distribution systems which are recorded in the proprietary funds, are recorded at estimated fair value at the date of donation.

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

City of Seminole, Oklahoma
Notes to Basic Financial Statements
As of and For the Year Ended June 30, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Property, plant and equipment is depreciated using the straight line method over the following estimated useful lives:

Buildings	40 - 65 years
Infrastructure	25 - 50 years
Improvements other than buildings & infrastructure	10 - 20 years
Machinery and equipment	3 - 20 years
Vehicles	3 - 7 years

- h. *Inventory* - The City records parts and fuel inventory within the General Fund. Parts inventory is recorded using actual cost. Fuel inventory is recorded using average cost.
- i. *Long-term Debt* - In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt is reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, issuance costs and losses on refunding are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount and deferred losses on refunding. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issues is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt services expenditures.

- j. *Claims and Judgments Payable* - Under state law, judgments against the City can be paid over three years or can be paid immediately. The General Fund pays all claims and judgments. A liability has been recorded within the government-wide, proprietary and fiduciary fund financial statements for claims and judgments payable. A liability for these amounts is reported in governmental funds only if they will be paid from current financial resources.
- k. *Compensated Absences* - Under the terms of union contracts and City personnel policies, City employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is paid for vacation leave accumulated and vested accumulated sick leave. Vesting of sick leave by employees and maximum number of hours that can be accumulated for vacation and sick leave are dependent upon an employees' years of service. Upon retirement, one-half of accumulated sick leave is converted to vacation time, subject to the above limitation for maximum compensation for unused compensated absences.

City of Seminole, Oklahoma
Notes to Basic Financial Statements
As of and For the Year Ended June 30, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

- l. *Pensions* - For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflow of resources related to pensions and pension expense, information about the fiduciary net position of the City's multiemployer pension plans and additions to/deductions from the multiemployer pension plans have been determined on the same basis as they are reported by the plans. 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.
- m. *Fund Equity* - In the government-wide financial statements, equity is classified as net position and displayed in three components:
1. *Net investment in capital assets* - Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any notes or other borrowings attributable to those assets.
 2. *Restricted net position* - Consists of net position with constraints placed on the use either by external groups, such as grantors or laws and regulations of other governments, or law through constitutional provisions or enabling legislation. The most significant restriction as of June 30, 2016 related to three ordinances benefiting the City's wastewater system which provide funds that are being held to complete capital projects.
 3. *Unrestricted net position* - All other assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

When both restricted and unrestricted net position are available for use, generally it is the City's policy to use restricted resources first. For projects funded with tax-exempt debt proceeds and other sources, the debt proceeds are used first.

Governmental fund equity is classified as fund balance. Fund balance is further classified as follows:

- a) *Nonspendable* - Includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements.
- b) *Restricted* - Includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- c) *Committed* - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the City through formal action of the highest level of decision making authority. To commit these funds, formal action is required by the City Council either by resolution or ordinance that identifies the specific circumstances under which the resources may be expended.

City of Seminole, Oklahoma
Notes to Basic Financial Statements
As of and For the Year Ended June 30, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

- a) *Assigned* - Includes fund balance amount that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Intent can be stipulated by the governing body, another body (such as Finance Committee), or by an official to whom that authority has been given. With the exception of the General Fund, this is the residual fund balance of the classification for all governmental funds with positive balances.
- b) *Unassigned* - Includes the residual balance of the General Fund that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes with the General Fund.

Revenues, Expenditures and Expenses

- a. *Property Tax Revenue* - Property taxes attach an enforceable lien on property as of January 1. Taxes are levied annually on November 1 and are due one-half by December 31 and one-half by March 31. The Tax Assessor's office bills and collects the property taxes and remits to the City its portion. Property taxes not paid prior to April are considered delinquent. Such delinquent tax payments have not historically been material. Delinquent tax payments are received throughout the year and are recognized as revenue in the year received, except those received within 60 days of year end, which are recognized as revenues as of June 30, 2016 in both the government-wide and fund financial statements.
- b. *Sales Taxes* - Sales taxes are collected by vendors and required to be remitted to the State of Oklahoma by the 20th of the month following collection. The tax is then paid to the City by the 10th of the next month. A two-month lag exists between collection by the vendor and payment to the City by the State. Revenue received in July and August from sales made in May and June, respectively, is available for prior year expenses and is accrued in both the government-wide and fund financial statements.
- c. *Charges for Services* - Charges for service consist primarily of charges made by the General Fund for services such as motor pool usage, printing, accounting, data processing, facilities usage and other benefits provided to the other funds of the City.
- d. *Intergovernmental Revenues/Capital Grants Earned* - Revenues from Federal and State operating grants are recognized when expenditures are made. Similarly, capital grants are considered earned when the expenditures are made. The earned portion of capital grants in Proprietary Funds is treated as a capital contribution within the statement of revenues, expenses and changes in fund net position.
- e. *Investment Earnings* - Investment earnings on pooled cash and investments are allocated on a pro-rata basis to the City's funds based on the percentage of each fund's average month-end pooled cash balance.

City of Seminole, Oklahoma
Notes to the Basic Financial Statements
As of and For the Year Ended June 30, 2016

NOTE 3 - DETAILED NOTES CONCERNING THE FUNDS

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications - Certain amounts in prior-year financial statements have been reclassified to conform with the current year presentation.

The following notes present detailed information to support the amounts reported in the basic financial statements for the City's various assets, liabilities, Net Position/fund balances, revenues and expenditures/expenses.

Cash and Investments

A summary of cash and investments shown in the Statement of Net Position is as follows:

Cash and equivalents	\$ 1,119,062
Investments	<u>10,000</u>
Total	<u>\$ 1,129,062</u>

The local government had the following deposits and investments at June 30, 2016:

	Credit rating	Fair value	Maturities in Years		
			On demand	Less than 1	1-5
Demand deposits and cash on hand	(1)	\$ 1,017,766	1,017,766	-	-
Money market mutual funds	AAA	-	-	-	-
Time deposits	(1)	<u>111,296</u>	<u>-</u>	<u>101,296</u>	<u>10,000</u>
Total		<u>\$ 1,129,062</u>	<u>1,017,766</u>	<u>101,296</u>	<u>10,000</u>

(1) Note subject to rating

Standard and Poor's (S&P) was the source for all credit ratings reported above.

City of Seminole, Oklahoma
Notes to the Basic Financial Statements
As of and For the Year Ended June 30, 2016

NOTE 3 - DETAILED NOTES CONCERNING THE FUNDS - Continued

Custodial Credit Risk

At June 30, 2016, the City held deposits of approximately \$6,640,585 at financial institutions. The City's cash deposits, including interest-bearing certificates of deposit, are entirely covered by Federal Depository Insurance (FDIC) or direct obligation of the U.S. Government insured or collateralized with the securities held by the City or by its agent in the City's name.

Investment Interest Credit Risk

The City does not have a formal investment policy that limits investments maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Investment Credit Risk

The City has no policy that limits its investment choice other than the limitation of the state law as follows:

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

Concentration of Investment Credit Risk

The City places no limit on the amount it may invest in any one issuer. The City has the following of credit risk: 100% in Certificates of deposit (\$111,296).

City of Seminole, Oklahoma
Notes to the Basic Financial Statements
As of and For the Year Ended June 30, 2016

NOTE 3 - DETAILED NOTES CONCERNING THE FUNDS - Continued

Receivables and Uncollectible Accounts

Receivables as of June 30, 2016, for the City of Seminole’s individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

	General <u>Fund</u>	Nonmajor Governmental <u>Funds</u>	Seminole Utilities <u>Authority</u>	Seminole Gas <u>Authority</u>	<u>Total</u>
Receivables:					
Accounts	\$ 49,324	-	678,846	12,191	740,361
Due from other governments	310,655	5,042	196,059	-	511,756
Gross receivables	<u>359,979</u>	<u>5,042</u>	<u>874,905</u>	<u>12,191</u>	<u>1,252,117</u>
Less: Allowance for uncollectibles	-	-	430,144	-	430,144
Net total receivables	<u>\$ 359,979</u>	<u>5,042</u>	<u>444,761</u>	<u>12,191</u>	<u>821,973</u>

City of Seminole, Oklahoma
Notes to the Basic Financial Statements
As of and For the Year Ended June 30, 2016

NOTE 3 - DETAILED NOTES CONCERNING THE FUNDS - Continued

Restricted Assets

The Seminole Utilities Authority has issued Utility System and Sales Tax Revenue Bonds with require restricted cash and investments for unexpended construction funds and debt service funds for repayment of the principal and interest when due. In addition, restricted assets include funds held on utility customer deposits and fund restricted for facility maintenance at the Reynolds Wellness Center.

SUA Utility Sales Tax Revenue Bonds, Series 2006 :	
Project account	\$ 977,942
Debt service	600,998
Debt service reserve	1,007,285
SUA Utility Revenue Bonds, Series 2010 :	
Project account	-
Debt service	119,334
Debt service reserve	220,873
SUA Sales Tax Revenue Bonds, Series 2012 :	
Project account	263,574
Debt service	389,947
Accounts not held at trustee bank :	
Debt service	2,951,745
Meter deposit funds	133,549
Capital improvement funds	730,000
Reynolds Center - Facility maintenance	1,635,778
Total restricted assets	\$ <u><u>9,031,025</u></u>

City of Seminole, Oklahoma
Notes to the Basic Financial Statements
As of and For the Year Ended June 30, 2016

NOTE 3 - DETAILED NOTES CONCERNING THE FUNDS - Continued

Capital Assets

Capital asset balances and activities for the year ended Jun 30, 2016, were as follows:

	Beginning	Additions	Retirements	Ending
Governmental activities				
Capital assets not being depreciated :				
Land	\$ 304,926	-	-	304,926
Total capital assets not being depreciated	304,926	-	-	304,926
Capital assets being depreciated :				
Buildings and improvements	2,442,558	39,511	-	2,482,069
Machinery and equipment	4,462,694	374,371	-	4,837,065
Vehicles	2,641,461	78,345	-	2,719,806
Infrastructure	18,334,702	225,484	-	18,560,186
Total capital assets being depreciated	27,881,415	717,711	-	28,599,126
Less accumulated depreciation for :				
Buildings and improvements	(1,947,970)	(30,317)	-	(1,978,287)
Machinery and equipment	(3,994,041)	(80,576)	-	(4,074,617)
Vehicles	(1,995,583)	(162,136)	-	(2,157,719)
Infrastructure	(12,593,247)	(503,187)	-	(13,096,434)
Total accumulated depreciation	(20,530,841)	(776,216)	-	(21,307,057)
Total capital assets being depreciated, net	7,350,574	(58,505)	-	7,292,069
Governmental activities capital assets, net	\$ 7,655,500	(58,505)	-	7,596,995
Business-type activities				
Capital assets not being depreciated :				
Land and construction in progress	\$ 13,889	-	-	13,889
Total capital assets not being depreciated	13,889	-	-	13,889
Capital assets being depreciated :				
Buildings and improvements	13,791,746	-	-	13,791,746
Machinery and equipment	2,426,088	174,460	-	2,600,548
Vehicles	462,964	-	-	462,964
Infrastructure	15,898,263	707,807	-	16,606,070
Total capital assets being depreciated	32,579,061	882,267	-	33,461,328
Less accumulated depreciation for :				
Buildings and improvements	(3,283,103)	(366,856)	-	(3,649,959)
Machinery and equipment	(1,471,603)	(152,185)	-	(1,623,788)
Vehicles	(386,208)	(6,139)	-	(392,347)
Infrastructure	(9,360,996)	(314,450)	-	(9,675,446)
Total accumulated depreciation	(14,501,910)	(839,630)	-	(15,341,540)
Total capital assets being depreciated, net	18,077,151	42,637	-	18,119,788
Business-type activities capital assets, net	\$ 18,091,040	42,637	-	18,133,677

City of Seminole, Oklahoma
Notes to the Basic Financial Statements
As of and For the Year Ended June 30, 2016

NOTE 3 - DETAILED NOTES CONCERNING THE FUNDS - Continued

Depreciation expense was charged to functions/programs as follows:

Governmental activities:

General government	\$ 5,237
Public safety	196,538
Public works	380,940
Cultural and recreation	193,501
Total depreciation expense - governmental activities	<u>776,216</u>

Business-type activities:

Water	267,983
Sewer	279,869
Sanitation	11,098
General government	36,638
Reynolds Center	244,042
Total depreciation expense - business-type activities	<u>\$ 839,630</u>

Deposits Subject to Refund

Utility customers are required to make a meter deposit, which is refunded upon the customer's termination of services, provided there are no outstanding bills. Monies are deposited in separate accounts, and a liability has been recorded to represent the amount of deposits due to customers. As of June 30, 2016, cash and investments included \$136,402 available for refund of customer deposits, while the liability to customers was \$118,530.

Appearance bonds and other payments made to the municipal court funds are held until final disposition by the court at which time they are refunded to the bondholder or paid over to the City general fund as fines. As of June 30, 2016, \$1,197 was being held that was subject to refund.

City of Seminole, Oklahoma
Notes to the Basic Financial Statements
As of and For the Year Ended June 30, 2016

NOTE 3 - DETAILED NOTES CONCERNING THE FUNDS - Continued

Long-term Liabilities

Long-term liabilities of the City of Seminole as of June 30, 2016, are as summarized as follows:

Business-type activities:

Revenue bonds:

\$2,205,000 Seminole Utilities Authority Sales Tax Revenue Bonds, Series 2010. Bonds dated December 1, 2010, due in annual installments of \$165,000 to \$455,000 through December 1, 2020, with interest at 3.00% to 5.00%, secured by a lien against sales tax revenues.	1,305,000
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\$3,985,000 Seminole Sales Tax Refunding Revenue Bonds, Series 2012A and 2012B. Bonds dated November 1, 2012, due in annual principle installments of \$245,000 to \$460,000 through August 1, 2022, with interest at 1.25% to 3.00%, secured by a lien against sales tax revenues. lien against sales tax revenues.	2,980,000
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\$9,130,000 Seminole Sales Tax Refunding Revenue Bonds, Series 2015A and 2015B. Bonds dated July 1, 2015, due in annual principal installments of \$725,000 to \$960,000 through September 1, 2026, with interest at 2.00% to 4.40%, secured by a lien against sales tax revenues.	9,130,000
Net revenue bonds payable	13,415,000

Notes payable:

Obligation to State of Oklahoma, CDBG-EDIF Note #9174 dated July 1, 2002, due in monthly principal installments of \$1,581 to through July 1, 2022, with interest at 0.00%.	113,813
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Notes payable to a local bank with varying terms and maturities	36,598
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Total notes payable	150,411
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Total business-type activities	\$ 13,565,411
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City of Seminole, Oklahoma
Notes to the Basic Financial Statements
As of and For the Year Ended June 30, 2016

NOTE 3 - DETAILED NOTES CONCERNING THE FUNDS - Continued

Long-term liabilities transactions for the year ended June 30, 2016, and changes therein were as follows:

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>	Amounts Due Within <u>One Year</u>
Governmental activities					
General obligation bonds:					
Series 1996	\$ 115,000	-	115,000	-	-
Total governmental activities	<u>115,000</u>	<u>-</u>	<u>115,000</u>	<u>-</u>	<u>-</u>
Business-type activities					
Revenue bonds payable:					
Series 2015	-	9,130,000	-	9,130,000	825,000
Series 2012	3,365,000	-	385,000	2,980,000	395,000
Series 2010	1,500,000	-	195,000	1,305,000	200,000
Series 2006	9,400,000	-	9,400,000	-	-
Notes payable:					
CDBG-EDIF #9174	132,782	-	18,969	113,813	18,969
Bank	12,008	-	5,621	6,387	6,387
Bank	56,741	-	26,530	30,211	30,211
Total business-type activities	<u>14,466,531</u>	<u>9,130,000</u>	<u>10,031,120</u>	<u>13,565,411</u>	<u>1,475,567</u>
Component unit					
Revenue bonds payable:					
Series 2009	\$ 6,990,000	-	225,000	6,765,000	235,000
Total component unit	<u>\$ 6,990,000</u>	<u>-</u>	<u>225,000</u>	<u>6,765,000</u>	<u>235,000</u>

City of Seminole, Oklahoma
Notes to the Basic Financial Statements
As of and For the Year Ended June 30, 2016

NOTE 3 - DETAILED NOTES CONCERNING THE FUNDS - Continued

Annual Debt Service Requirements

The annual debt service requirements to maturity, including principal and interest, for long-term debt, excluding accrued compensated absences, with interest rates applicable at June 30, 2016 are as follows:

Year Ending June 30,	Governmental Activities		Business-type Activities		Component Unit	
	Principal	Interest	Principal	Interest	Principal	Interest
	2017	\$ -	-	1,475,566	416,314	235,000
2018	-	-	1,363,969	375,590	250,000	490,980
2019	-	-	1,393,969	335,879	270,000	475,605
2020	-	-	1,438,969	294,757	285,000	459,000
2021	-	-	1,688,969	244,121	305,000	439,762
2022-2026	-	-	5,243,969	618,282	1,890,000	1,821,056
2027-2031	-	-	960,000	18,975	2,820,000	973,188
2032-2036	-	-	-	-	710,000	55,912
Totals	\$ -	-	13,565,411	2,303,918	6,765,000	5,220,936

Applicability of Federal Arbitrage Regulations - Debt issuances of the City and Authorities issued after the Tax Reform Act of 1986 are subject to the federal arbitrage regulations. The arbitrage rebate regulations require that all earnings from investment of gross proceeds of a debt issue in excess of the amount that could have been earned had the yield on the investment been equal to the yield on the bonds be remitted to the federal government. These carry strict penalties for noncompliance including taxability of interest retroactive to the date of the issue. The City's management believes the City is in compliance with these rules and regulations.

The City, through its public trust, has, in substance, defeased certain outstanding bond issues by placing deposits in an irrevocable trust escrow account for the purchase of U.S. Government securities to pay the principal and interest on the refunded bonds as they are due and payable. For financial reporting purposes both the defeased bonds outstanding and the escrowed securities have been excluded from the financial statements. As of June 30, 2016, the remaining outstanding defeased bonds were as follows:

2000 Taxable Sales Tax Revenue Bonds	\$ 2,700,000
2004 Sales Tax Revenue Bonds	3,160,000
2006 Sales Tax Revenue Bonds	8,865,000
Total outstanding defeased bonds	<u>\$ 14,725,000</u>

City of Seminole, Oklahoma
Notes to the Basic Financial Statements
As of and For the Year Ended June 30, 2016

NOTE 3 - DETAILED NOTES CONCERNING THE FUNDS - Continued

Pledge of Future Revenues

Sales Tax Pledge - The City has pledged two percent (or 2.00%) of future sales tax revenues to repay the 2010, 2012 and 2015 Revenue Bonds which are payable through 2027. Proceeds from the bonds provided financing for construction of various capital projects and defeasement of existing debt. The total principal and interest payable for the remaining life of the bonds is \$15,869,329. Pledged sales tax received in the current year was \$2,476,693. Debt service payments on the 2010, 2012 and 2015 Revenue Bonds of \$1,485,755 for the current fiscal year were 60.0% of pledged sales tax.

Compensated Absences

Full-time employees with at least one year of service earn vacation of ten to twenty-five days per year depending on years of service completed. A maximum of five days may be carried over from one benefit year into another. Payment in lieu of vacation is limited to a maximum of five days. In accordance with guidelines set forth by GASB Statement No. 16, *Accounting and Financial Reporting Principles for Claims and Judgments and Compensated Absences*, a provision has been made for accumulated vacation and sick leave as follows:

Governmental activities	\$	183,921
Business-type activities		43,964
Total accrued compensated absences	\$	<u>227,885</u>

Interfund Receivables, Payables and Transfers

Interfund transactions:

	Transfers In		
	General Fund	Nonmajor Governmental	Seminole Utilities Authority
Transfer out:			
General fund	\$ -	177,000	2,476,695
Nonmajor governmental	-	-	-
Seminole Utilities Authority	1,100,000	150,013	-
Totals	<u>\$ 1,100,000</u>	<u>327,013</u>	<u>2,476,695</u>

City of Seminole, Oklahoma
Notes to the Basic Financial Statements
As of and For the Year Ended June 30, 2016

NOTE 4 - OTHER INFORMATION

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; employee health benefits; unemployment; and natural disasters. The City purchases commercial insurance to cover these and other risks, including general auto liability, property damage, and public officials' liability. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

The City is a member of the Oklahoma Municipal Assurance Group Workers' Compensation Plan (the Plan), an organization formed for the purpose of providing workers' compensation coverage through the State Insurance Fund to participating municipalities in the State of Oklahoma. In that capacity, the Plan is responsible for providing loss control services and certain fiscal activities including obtaining contract arrangements for the underwriting, excess insurance agreements, claims processing, and legal defense for any and all claims submitted to it during the Plan year.

As a matter of the Plan, the City is required to pay fees set by the Plan according to an established payment schedule. The City is responsible for complying with all requirements of the Oklahoma Workers' Compensation Act. A loss Fund has been established from the proceeds of the fees paid by the City. The City expensed these fees when paid. The State Insurance Fund provides coverage in excess of the Loss Fund so the City's Liability for claim loss is limited to the balance of that fund. However, failure of the State Insurance Fund to honor its obligations could result in losses to the Plan.

Contingent Liabilities

General Litigation

The City and Utilities Authority are parties 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 self-insurance reserves maintained by the City and the State statute relating to judgments, the City feels that any settlement or judgment not covered by insurance reserves would not have a material adverse effect on the financial condition of the City.

City of Seminole, Oklahoma
Notes to the Basic Financial Statements
As of and For the Year Ended June 30, 2016

NOTE 4 - OTHER INFORMATION - Continued

Grant Program Involvement

In the normal course of operations, the City participates in various federal and state grant/loan programs from year to year. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. Any liability of 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.

Replenishment Agreement

The Seminole Economic Development Council Series 2009 Bonds are secured by a pledge of incremental property tax pledged to the Council by the City of Seminole and also funds and accounts held by the Trustee under the Bond Indenture. One of the funds is the Sinking Fund Reserve Fund capitalized at a required level of \$738,151 from the proceeds of the Series 2009 Bonds which shall be utilized to make principal and interest payments due on the Series 2009 Bonds when the aforesaid property tax received by the City is insufficient to make principal and interest payments on the Series 2009 Bonds when the same become due. The Seminole Utilities Authority, a separate public trust having the City as its Beneficiary has entered into a Replenishment Agreement with Seminole Economic Development Council to replenish the Sinking Fund Reserve Fund to its required level by equal monthly payments over a one (1) year period in the event and in every instance that the Fund should fall below the required level for any reason and also has agreed to maintain its leasehold interest in the water and sanitary sewer systems in substantially its present form until all of the Series 2009 Bonds shall be paid. The obligation of The Seminole Utilities Authority is limited under the said Replenishment Agreement to the amount of money equal to the proceeds of a one percent City sales tax.

Stewardship, Compliance, and Accountability

By its nature as a local government entity, the City and its component units are subject to various federal, state and local laws and contractual regulations. Title 11, Section 17-211 of the Oklahoma Statutes prohibits the creation of a deficit fund balance in any individual fund of the City (excluding public trusts). At June 30, 2016, the City did not have deficits in any funds.

Oklahoma Statutes also require the City Council each year to make an ad valorem tax levy for the sinking fund (Debt Service Fund) which shall, with cash and investments in the fund, be sufficient to pay all the bonded indebtedness, interest and one-third of all outstanding judgments coming due in the following year.

City of Seminole, Oklahoma
Notes to the Basic Financial Statements
As of and For the Year Ended June 30, 2016

NOTE 4 - OTHER INFORMATION - Continued

Employee Retirement Systems and Pension Plans

The City participates in three employee pension systems as follows:

<u>Names of Plan/System</u>	<u>Type of Plan</u>
Oklahoma Police Pension and Retirement Fund	Cost Sharing Multiple Employer - Defined Benefit Plan
Oklahoma Firefighters Pension and Retirement Fund	Cost Sharing Multiple Employer - Defined Benefit Plan
City of Seminole, Oklahoma Employee Retirement Plan	Single Employer - Defined Contribution Money Purchase Plan

Oklahoma Police Pension and Retirement System (PPRS)

Plan Description - The City of Seminole, as the employer, participates in the Police Pension & Retirement - a cost-sharing multi-employer defined benefit pension plan administered by the Oklahoma Police Pension & Retirement System (PPRS). Title 11 of the Oklahoma State Statutes grants the authority to establish and amend the benefit terms to the PPRS. PPRS issues a publicly available financial report that can be obtained at www.ok.gov/pprs.

Benefits Provided - PPRS 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. Participant's 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 had continued uninterrupted, whichever is later.

Monthly retirement benefits are calculated based on two and a half percent (2.5%) of 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.

City of Seminole, Oklahoma
Notes to Basic Financial Statements
As of and for the Year Ended June 30, 2016

NOTE 4. OTHER INFORMATION - Continued

Employee Retirement Systems and Pension Plans - Continued

Monthly benefits for participants due to permanent disability incurred in the line of duty are 2.5% of the participant's 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 determined by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute eight percent (8%) of their annual pay. Participating cities are required to contribute thirteen percent (13%) of the employees' annual pay. Contributions to the pension plan from the City were \$60,375. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$67,182. These on-behalf payments did not meet the criteria of a special funding situation.

Pension Liabilities/Asset, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2016, the City reported a liability of \$7,562 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The City's proportion of the net pension liability was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2015. Based upon this information, the City's proportion was 0.001855%.

City of Seminole, Oklahoma
Notes to Basic Financial Statements
As of and for the Year Ended June 30, 2016

NOTE 4. OTHER INFORMATION - Continued

For the year ended June 30, 2016, the City recognized pension expense of \$27,726. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 41,813
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	135,501	164,598
Changes in proportion and differences between City contributions and proportionate share of contributions	-	3,164
City contributions during measurement period	-	-
City contributions subsequent to the measurement date	<u>60,375</u>	<u>-</u>
Total	<u>\$ 195,876</u>	<u>\$ 209,575</u>

\$60,375 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
	2016 \$ (32,796)
	2017 (32,796)
	2018 (32,796)
	2019 27,349
	2020 <u>(3,035)</u>
	<u>\$ (74,074)</u>

City of Seminole, Oklahoma
Notes to Basic Financial Statements
As of and for the Year Ended June 30, 2016

NOTE 4. OTHER INFORMATION - Continued

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

Inflation:	3%
Salary increases:	4.5% to 17.0% averages, 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 4years with fully generational improvement using Scale AA.

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

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

City of Seminole, Oklahoma
Notes to Basic Financial Statements
As of and for the Year Ended June 30, 2016

NOTE 4. OTHER INFORMATION - Continued

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

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

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

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

	<u>1% Decrease (6.5%)</u>	<u>Current Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
Employers' net pension liability(asset) \$	454,477 \$	7,562 \$	(369,216)

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 PPRS; which can be located at www.ok.gov/PPRS.

City of Seminole, Oklahoma
Notes to Basic Financial Statements
As of and for the Year Ended June 30, 2016

NOTE 4. OTHER INFORMATION - Continued

Oklahoma Firefighters' Pension and Retirement System (OFPRS)

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

Benefits Provided - FPRS provides retirement, disability, and death benefits to members of the Plan. Benefits for members hired prior to November 1, 2013 are determined as 2.5% of the employee's final average compensation times the employee's years of service and have reached the age of 50 or have completed 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% of the employee's final average compensation times the employee's years of service and have reached the age of 50 or have completed 22 years of service, whichever is later. 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 benefit 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-the-line-of-duty disability is also limited to only those with less than 20 years of services, 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.

City of Seminole, Oklahoma
Notes to Basic Financial Statements
As of and for the Year Ended June 30, 2016

NOTE 4. OTHER INFORMATION - Continued

Contributions - The contributions requirements of the Plan are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 9% 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 \$119,551. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$275,611. These on-behalf payments did not meet the criteria of a special funding situation.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2016, the City reported a liability of \$3,206,367 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The City's proportion of the net pension liability was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2015. Based upon this information, the City's proportion was 0.003021%.

City of Seminole, Oklahoma
Notes to Basic Financial Statements
As of and for the Year Ended June 30, 2016

NOTE 4. OTHER INFORMATION - Continued

For the year ended June 30, 2016, the City recognized pension expense of \$316,173. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 63,348	\$ -
Net difference between projected and actual earnings on pension plan investments	113,667	352,679
Changes in proportion and differences between City contributions and proportionate share of contributions	232,634	-
City contributions during measurement date	-	-
City contributions subsequent to the measurement date	<u>119,551</u>	<u>-</u>
Total	\$ <u>529,200</u>	\$ <u>352,679</u>

\$119,551 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2016	\$ (24,447)
2017	(24,447)
2018	(24,447)
2019	14,804
2020	1,408
Thereafter	<u>159</u>
	\$ <u>(56,970)</u>

City of Seminole, Oklahoma
Notes to Basic Financial Statements
As of and for the Year Ended June 30, 2016

NOTE 4. OTHER INFORMATION - Continued

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation as of July 1, 2016, using the following actuarial assumptions, applied to all prior periods included in the measurement:

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

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

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

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

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

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 thirty-six percent (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

City of Seminole, Oklahoma
Notes to Basic Financial Statements
As of and for the Year Ended June 30, 2016

NOTE 4. OTHER INFORMATION - Continued

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 position 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 one percentage point lower - (6.5%) or one 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	\$ 4,163,130	\$ 3,206,365	\$ 2,403,924

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.

City of Seminole, Oklahoma
Notes to the Basic Financial Statements
As of and For the Year Ended June 30, 2016

NOTE 4 - OTHER INFORMATION - Continued

City of Seminole, Oklahoma Employee Retirement Plan (the DC Plan)

The City of Seminole, Oklahoma Employee Retirement Plan, is a single-employer defined contribution money purchase pension plan covering City employees not covered by other plans. The Plan operates as a trust administered by the Ameritas Life Insurance. The Plan provides retirement, disability, and death benefits to Plan members and beneficiaries. All regular, full-time City employees not covered by other plans are eligible to participate in the Plan after six months of service. Benefits vest after five years of service, as follows:

Years of Service	Vested Percentage
Less than five years	0%
Five years	50%
Six years	60%
Seven years	70%
Eight years	80%
Nine years	90%
Ten years	100%

Benefits to be paid to employees at a future date are dependent on the sum of the employee contributions with interest, the City financed contributions with interest, and the respective employee vesting percentage as established by the plan. There are no guaranteed retirement benefits in the plan, and the City disclaims any liability between the employer and the employee regarding benefits in the plan. Any and all claims of the employee may be satisfied only out of the funds held in the plan under the individual employee's account. Each employee receives a year-end statement of his account and selects how the funds are invested.

Funding Policy - The employee contributes 2% of compensation to the Plan, and the employer contributes 10% of employee compensation. Contributions to the Plan for the year ended June 30, 2016, for employees and employer were \$28,484 and \$172,418, respectively. For the year ended June 30, 2016, the City's covered payroll was \$1,424,179. Covered payroll refers to all compensation paid by the City of Seminole to active employees covered by the Plan on which contributions are based.

Property Taxes

The City is not currently levying a property tax.

City of Seminole, Oklahoma
Notes to the Basic Financial Statements
As of and For the Year Ended June 30, 2016

NOTE 4 - OTHER INFORMATION - Continued

Other Post-Employment Benefits

City provides post-retirement benefit options for health care, prescription drug, dental and vision benefits for retired employees and their dependents that elect to make required contributions. The benefits are provided in accordance with State Law, police and firefighters' union contracts and the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). The relationship for these benefits is not formalized in a contract or plan document, only a few sentences in the administrative policy. These benefits are considered for accounting purposes to be provided in accordance with a single employer substantive plan. A substantive plan is one in which the plan terms are understood by the City and plan members. This understanding is based on communications between the employers and plan member and the historical pattern of practice with regard to the sharing of benefit costs.

Substantially all of the government's employees may become eligible for those post-retirement benefits if they reach normal retirement age while working for the City. The plan is only provided for employees between the ages of 62 and 65. As of June 30, 2016, approximately no retired employees are receiving benefits under this plan.

Funding Policy. The contribution requirement of the City is an implicit subsidy. The implicit subsidy is not a direct payment from the employer on behalf of the member but rather stems from retiree contribution levels that are less than the claims cost at retiree ages. Since claims experience for employees and non-Medicare eligible retirees are pooled when determining premiums, these retired members pay a premium based on a pool of members that, on average, are younger and healthier. There is an implicit subsidy from the employee group since the premiums paid by the retirees are lower than they would have been if the retirees were insured separately. The subsidies are valued using the difference between the age-based claims costs and the premium paid by the retiree. The amount required to fund the implicit rate is based on projected pay-as-you-go financing requirements. For fiscal year 2016, the City contributed 0% to the plan for previously retired employees (0 retirees) and 0% of premiums on newly retired employees (0 retirees).

Annual OPEB Cost and Net OPEB Obligation. The City's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. GASB 45 requires entities with over 200 employees to have the actuarial valuation performed biennially. The City is not required to perform the actuarial valuation of the OPEB cost and related OPEB obligation for the year ended June 30, 2016 since no one is participating at this time.

City of Seminole, Oklahoma
Notes to the Basic Financial Statements
As of and For the Year Ended June 30, 2016

NOTE 4 - OTHER INFORMATION - Continued

Actuarial valuations of an ongoing plan involve estimates of the value of reporting amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

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

New Accounting Pronouncements

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

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This Statement establishes accounting and financial reporting standards related to improving the usefulness of information about postemployment benefits other than pension plans (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. It is the result of a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity and creating additional transparency. This standard is effective for financial reporting period beginning after June 15, 2016. Earlier application is encouraged. The City has not yet determined the potential impact, if any, this statement could have on its financial statements.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local government employers. GASB Statement No. 75 establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditures. For defined benefit OPEB, GASB Statement No. 75 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

City of Seminole, Oklahoma
Notes to the Basic Financial Statements
As of and For the Year Ended June 30, 2016

NOTE 4 - OTHER INFORMATION - Continued

OPEB also are addressed. This standard is effective for financial reporting periods beginning after June 15, 2017. Earlier application is encouraged. The City has not yet determined the potential impact, if any, this statement could have on its financial statements.

GASB Statement No. 77, *Tax Abatement Disclosures*. This Statement establishes financial reporting standards for tax abatement agreements entered into by state and local governments. The disclosures required by this Statement encompass tax abatements resulting from both (1) agreements that are entered into by the reporting government and (2) agreements that are entered into by other governments and reduce the reporting government's tax revenues. The provisions of this Statement should be applied to all state and local governments subject to such tax abatement agreements. This standard is effective for financial reporting periods beginning after December 15, 2016. Earlier application is encouraged. The City has not yet determined the potential impact, if any, this statement could have on its financial statements.

Subsequent Events

Management has evaluated subsequent events through August 26, 2016, which is the date the financial statements were available to be issued and has determined that no additional information needs to be added to the financial statements.

**REQUIRED SUPPLEMENTARY
INFORMATION**

City of Seminole, Oklahoma
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2016

	Budget		Actual	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES				
Taxes	\$ 6,523,555	6,523,555	5,650,676	(872,879)
Intergovernmental	175,491	175,491	211,768	36,277
Licenses and permits	14,837	14,837	18,471	3,634
Charge for services	951,147	951,147	936,653	(14,494)
Fines and forfeitures	189,576	189,576	165,850	(23,726)
Interest	8,368	8,368	5,587	(2,781)
Miscellaneous	15,360	15,360	280,538	265,178
Total revenues	<u>7,878,334</u>	<u>7,878,334</u>	<u>7,269,543</u>	<u>(608,791)</u>
EXPENDITURES				
General government:				
General government	1,536,500	1,536,500	1,239,712	296,788
City council	1,500	1,500	136	1,364
City manager	166,625	166,625	154,690	11,935
City clerk	223,406	223,406	198,247	25,159
City attorney	44,208	44,208	44,093	115
Municipal court	111,563	111,563	104,342	7,221
Public safety:				
Police	1,189,218	1,189,218	1,051,204	138,014
Fire and ambulance	1,658,060	1,658,060	1,582,542	75,518
Emergency management	24,001	24,001	22,739	1,262
Public works:				
Streets	363,619	363,619	313,650	49,969
Fleet maintenance	60,875	60,875	58,813	2,062
Community services	297,035	297,035	290,748	6,287
Cemetery	71,261	71,261	67,079	4,182
Airport	24,399	24,399	20,035	4,364
Culture and recreation:				
Senior citizens bus	18,025	18,025	11,184	6,841
Parks	225,474	225,474	222,800	2,674
Golf course	73,323	73,323	68,548	4,775
Sportsman lake	77,438	77,438	64,993	12,445
Library	188,868	188,868	169,401	19,467
Senior citizens crafts	21,344	21,344	21,305	39
Total expenditures	<u>6,376,742</u>	<u>6,376,742</u>	<u>5,706,261</u>	<u>670,481</u>
Excess (deficiency) of revenues over (under) expenditures	1,501,592	1,501,592	1,563,282	61,690
OTHER FINANCING SOURCES (USES)				
Transfers	<u>(2,036,770)</u>	<u>(2,036,770)</u>	<u>(1,553,695)</u>	<u>483,075</u>
Net change in fund balances	(535,178)	(535,178)	9,587	544,765
Fund balances - beginning	667,268	667,268	479,810	(187,458)
Fund balances - ending	<u>\$ 132,090</u>	<u>132,090</u>	<u>489,397</u>	<u>357,307</u>

See accompanying notes to the basic financial statement.

City of Seminole, Oklahoma
Notes to Required Supplemental Information
On Budgetary Accounting and Control
For the Year Ended June 30, 2016

BUDGETARY ACCOUNTING AND CONTROL

Budget Law

The City prepares its annual operating budget under the provisions of the Oklahoma Municipal Budget Act of 1979 (the "Budget Act"). In accordance with those provisions, the following process is used to adopt the annual budget:

- a. Prior to June 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.
- b. Public hearings are conducted at regular Council meetings to obtain taxpayer comments. Public hearings are held no later than 15 days prior to the beginning of the budget year.
- c. Subsequent to the public hearings but no later than seven days prior to July 1, the budget is legally enacted through the passage of a resolution by the City Council.
- d. Subsequent to City Council enactment, the adopted budget is filed with the office of the State Auditor and Inspector.

All funds with revenues and/or expenditures/expenses as defined by State law are required to have annual budgets under this section of state law, except funds of public trusts or authorities. The legal level of control at which expenditures may not legally exceed appropriations is the department level within a fund.

All supplemental appropriations require the approval of the City Council. All transfers of appropriation between funds also require the approval of the City Council. The City prepared and adopted a legal annual budget for all governmental funds.

In accordance with Title 60 of the Oklahoma State Statutes, the Seminole Utilities Authority and the Seminole Economic Development Council are required to prepare an annual budget and submit a copy to the City as beneficiary. However, there are no further requirements such as form of budget, approval of budget or definition of a legal spending limit.

Budgetary Accounting

The annual operating budgets of the General Fund are prepared and presented on a modified accrual basis of accounting.

The City utilizes encumbrance accounting under which purchase orders, contracts, and other commitments for expenditure of funds are recorded in order to reserve a portion of the applicable appropriation. The City considers most all appropriations to lapse at year-end; any open purchase orders to be honored in the subsequent budget year are reappropriated in the next year's budget. As a result, encumbrances are not treated as the equivalent of expenditures in the budget and actual financial statements.

**City of Seminole, Oklahoma
Schedule of Employer's Share of Net Pension Liability
Oklahoma Police Pension and Retirement System
Last 10 Fiscal Years***

	<u>2014</u>	<u>2015</u>
1. Employer's proportion of the net pension liability (asset)	0.189300%	0.185500%
2. Employer's proportionate share of the net pension liability (asset)	\$ (63,731)	\$ 7,562
3. Employer's covered-employee payroll	\$ 529,546	\$ 492,111
4. Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-12.04%	1.54%
5. Plan fiduciary net position as a percentage of the total pension liability	101.53%	99.82%

* Complete data for this schedule is not available prior to 2014.

Data is reported is measured as of July 1, 2015.

**City of Seminole, Oklahoma
Schedule of Employer Contributions
Oklahoma Police Pension and Retirement System
Last 10 Fiscal Years***

	<u>2014</u>	<u>2015</u>
Statutorily required contribution	\$ 68,841	\$ 68,146
Contributions in relation to the statutorily required contribution	\$ (68,841)	\$ (68,146)
Contribution deficiency (excess)	\$ -	\$ -
City's covered-employee payroll	\$ 529,546	\$ 492,111
Contributions as a percentage of covered-employee payroll	13.00%	13.85%

* Complete data for this schedule is not available prior to 2014.

Data is reported is measured as of July 1, 2015.

City of Seminole, Oklahoma
Schedule of Employer's Share of Net Pension Liability
Oklahoma Firefighters' Pension and Retirement System
Last 10 Fiscal Years*

	2014	2015
1. Employer's proportion of the net pension liability (asset)	0.278200%	0.302100%
2. Employer's proportionate share of the net pension liability (asset)	\$ 2,861,331	\$ 3,206,367
3. Employer's covered-employee payroll	\$ 742,814	\$ 825,371
4. Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	385.20%	388.48%
5. Plan fiduciary net position as a percentage of the total pension liability	68.12%	68.27%

* Complete data for this schedule is not available prior to 2014.

Data is reported is measured as of July 1, 2015.

City of Seminole, Oklahoma
Schedule of Employer Contributions
Oklahoma Firefighters' Pension and Retirement System
Last 10 Fiscal Years*

	2014	2015
Statutorily required contribution	\$ 103,994	\$ 115,552
Contributions in relation to the statutorily required contribution	\$ (103,994)	\$ (115,552)
Contribution deficiency (excess)	\$ -	\$ -
City's covered-employee payroll	\$ 742,814	\$ 825,371
Contributions as a percentage of covered-employee payroll	14.00%	14.00%

* Complete data for this schedule is not available prior to 2014.

Data is reported is measured as of July 1, 2015.

**OTHER SUPPLEMENTARY
INFORMATION**

City of Seminole, Oklahoma
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2016

	Special Revenue									Debt Service	Capital Projects		Permanent	Total
	Street & Alley	Library Funds	Vacation Liability	Tourism	Park Funds	Animal Control	Airport Trust	Urban Renewal Authority	Seminole Recreation Authority	Sinking Fund	Capital Improvements	Grant Fund	Cemetery Perpetual Care	Nonmajor Governmental Funds
ASSETS														
Cash and cash equivalents	\$ 18,167	184,393	17,647	9,789	8,502	52,074	8,998	276,187	30,362	9,345	616	168,955	121,223	906,258
Investments	-	10,000	-	-	-	-	-	-	-	-	-	-	-	10,000
Receivables, net	5,042	-	-	-	-	-	-	-	-	-	-	-	-	5,042
TOTAL	23,209	194,393	17,647	9,789	8,502	52,074	8,998	276,187	30,362	9,345	616	168,955	121,223	921,300
LIABILITIES AND FUND BALANCES														
Liabilities:														
Accounts payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fund balances:														
Reserved for:														
Restricted	23,209	194,393	17,647	9,789	8,502	52,074	8,998	276,187	30,362	9,345	616	168,955	121,223	921,300
Assigned	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Fund Balances	23,209	194,393	17,647	9,789	8,502	52,074	8,998	276,187	30,362	9,345	616	168,955	121,223	921,300
TOTAL	\$ 23,209	194,393	17,647	9,789	8,502	52,074	8,998	276,187	30,362	9,345	616	168,955	121,223	921,300

See accompanying notes to the basic financial statement.

City of Seminole, Oklahoma
Statement of Revenues, Expenses and Changes in Fund Net Assets - Nonmajor Governmental Funds
For the Year Ended June 30, 2016

	Special Revenue								Debt Service	Capital Projects		Permanent	Total	
	Street & Alley	Library Funds	Vacation Liability	Tourism	Park Funds	Animal Control	Airport Trust	Urban Renewal Authority	Seminole Recreation Authority	Sinking Fund	Capital Improvements	Grant Fund	Cemetery Perpetual Care	Nonmajor Governmental Funds
REVENUES														
Taxes	\$ 68,703	-	-	61,392	-	-	-	-	-	7,268	-	-	-	137,363
Intergovernmental	-	11,879	-	-	-	-	203,026	-	-	-	-	124,012	-	338,917
Charge for services	-	-	-	-	2,545	861	7,147	-	-	-	-	-	2,505	13,058
Interest	-	-	-	-	-	189	-	-	15	271	-	-	-	475
Miscellaneous	404	185,000	-	-	-	-	3,461	1,900	-	-	-	-	-	190,765
Total revenues	<u>69,107</u>	<u>196,879</u>	<u>-</u>	<u>61,392</u>	<u>2,545</u>	<u>1,050</u>	<u>213,634</u>	<u>1,900</u>	<u>15</u>	<u>7,539</u>	<u>-</u>	<u>124,012</u>	<u>2,505</u>	<u>680,578</u>
EXPENDITURES														
Current:														
General government	-	-	-	-	-	-	-	69	-	118,548	36,608	46,059	-	201,284
Public safety	-	-	-	-	-	-	-	-	-	-	197,354	10,126	-	207,480
Public works	101,574	-	-	-	-	-	225,484	64,909	-	-	84,733	-	-	476,700
Cultural and recreational	-	13,458	-	58,998	1,109	-	-	-	-	-	8,580	29,762	13,963	125,870
Total expenditures	<u>101,574</u>	<u>13,458</u>	<u>-</u>	<u>58,998</u>	<u>1,109</u>	<u>-</u>	<u>225,484</u>	<u>64,978</u>	<u>-</u>	<u>118,548</u>	<u>327,275</u>	<u>85,947</u>	<u>13,963</u>	<u>1,011,334</u>
Excess (deficiency) of revenues over expenditures	<u>(32,467)</u>	<u>183,421</u>	<u>-</u>	<u>2,394</u>	<u>1,436</u>	<u>1,050</u>	<u>(11,850)</u>	<u>(63,078)</u>	<u>15</u>	<u>(111,009)</u>	<u>(327,275)</u>	<u>38,065</u>	<u>(11,458)</u>	<u>(330,756)</u>
OTHER FINANCING SOURCES (USES)														
Transfers in	-	-	-	-	-	-	-	-	-	-	327,013	-	-	327,013
Transfers out	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>327,013</u>	<u>-</u>	<u>-</u>	<u>327,013</u>
Net change in fund balances	<u>(32,467)</u>	<u>183,421</u>	<u>-</u>	<u>2,394</u>	<u>1,436</u>	<u>1,050</u>	<u>(11,850)</u>	<u>(63,078)</u>	<u>15</u>	<u>(111,009)</u>	<u>(262)</u>	<u>38,065</u>	<u>(11,458)</u>	<u>(3,743)</u>
Fund balances-beginning	55,676	10,972	17,647	7,395	7,066	51,024	20,848	339,265	30,347	120,354	878	130,890	132,681	925,043
Fund balances-ending	<u>\$ 23,209</u>	<u>194,393</u>	<u>17,647</u>	<u>9,789</u>	<u>8,502</u>	<u>52,074</u>	<u>8,998</u>	<u>276,187</u>	<u>30,362</u>	<u>9,345</u>	<u>616</u>	<u>168,955</u>	<u>121,223</u>	<u>921,300</u>

See accompanying notes to the basic financial statement.

City of Seminole, Oklahoma
Debt Service Coverage Schedule
For the Year Ended June 30, 2016

Gross Revenue Available For Debt Service:

Pledged sales tax (4 cents)	\$	4,982,571
System-wide gross revenues		<u>3,047,991</u>
 Total Gross Revenues Available		 <u>8,030,562</u>
 System-wide operating expense - Exclusive of capital improvements, debt service and depreciation		 <u>1,763,267</u>
 Net Revenues Available for Debt Service	 \$	 <u><u>6,267,295</u></u>
 Debt Service Requirements:		
Revenue bonds - Series 2015		1,009,180
Revenue bonds - Series 2012		474,614
Revenue bonds - Series 2010		<u>259,640</u>
 Maximum annual debt service	 \$	 <u><u>1,743,434</u></u>
 Coverage		 <u><u>3.59</u></u>
 Coverage requirement		 <u><u>1.25</u></u>

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INDEPENDENT AUDITOR'S REPORT 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 City Council Members
City of Seminole, 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 Seminole, Oklahoma, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City of Seminole's basic financial statements and have issued our report thereon dated August 26, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Seminole'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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Seminole's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Seminole'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that 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 over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Seminole'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*.

Purpose of this Report

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

Dillon & Associates, P.C.

Midwest City, Oklahoma
August 26, 2016

City of Seminole, Oklahoma
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2016

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS - THROUGH GRANTOR NUMBER	FEDERAL EXPENDITURES
<u>U.S. Department of Transportation</u>			
Passed through the Federal Aviation Administration: Construct Stub Taxiway, Apron and Access Road	20.106	3-40-0087-015-2014	\$ <u>221,984</u>
Total U.S. Department of Transportation			<u>221,984</u>
<u>Federal Emergency Management Agency</u>			
Passed through the Oklahoma Department of Emergency Management:			
Emergency Management Assistance	97.036	FEMA DR 4222	114,967
Emergency Management Performance Grant	97.042	EMPG 15	7,500
Emergency Management Performance Grant	97.042	EMPG 16	<u>17,500</u>
Total Federal Emergency Management Agency			<u>139,967</u>
Total Federal Assistance			<u><u>361,951</u></u>

City of Seminole, Oklahoma
 Schedule of Expenditures of State Awards
 For the Year Ended June 30, 2016

STATE GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	GRANTOR NUMBER	PROGRAM OR AWARD AMOUNT	STATE EXPENDITURES
<u>STATE PROGRAMS:</u>			
<u>State of Oklahoma</u>			
Oklahoma Aeronautic Commission			
Airport Runway Construction		\$	
Oklahoma Department of Libraries			
State Aid Grant		7,879	7,879
Oklahoma Department of Agriculture, Food, and Forestry			
State Aid Grant		10,181	10,181
Passed through the Central Oklahoma Economic Development District (COEDD) :			
CENA Grant	15-031	2,000	2,000
CENA Grant	15-032	1,500	1,500
Total State of Oklahoma		21,560	21,560
Total State Awards		\$ 21,560	21,560

City of Seminole, Oklahoma

Schedule of Grant Revenues and Expenditures
Budget, Actual and Reconciliation of Audit Grant
June 30, 2016

15041 CDBG ED 11

	Program <u>Budget</u>	Cumulative Expenditures to Date Per Expenditure <u>Report</u>	<u>Adjustments</u>	<u>Per Audit</u>	Current Year Activity <u>Per Audit</u>
<u>REVENUE</u>					
Grant Proceeds	\$ 492,903	438,456		438,456	-
Matching funds	492,903	438,456	-	438,456	71,073
Total Revenue	985,806	876,912	-	876,912	71,073
<u>EXPENDITURES</u>					
Building, gravel lot, fencing	492,903	438,456		438,456	-
Machinery - Blue Wave Match	469,259	438,456	-	438,456	71,073
Parking lot - Blue Wave Match	23,644	-	-	-	-
Total Expenditures	985,806	876,912	-	876,912	71,073
Revenues Over (Under) Expenditures	\$ -	-	-	-	-