

CITY OF MUSTANG,  
OKLAHOMA

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2015



**CITY OF MUSTANG, OKLAHOMA**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**FISCAL YEAR ENDED JUNE 30, 2015**

**Prepared by:  
City of Mustang  
Finance Department**

**Janet Watts  
Finance Director**



CITY OF MUSTANG, OKLAHOMA  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 AND ACCOMPANYING INDEPENDENT AUDITOR’S REPORT  
 For the fiscal year ended June 30, 2015

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# ***Introductory Section***

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# City of Mustang

Council-Manager Form of Government

December 15, 2015

405-376-4521 1501 N. Mustang Road, Mustang, Oklahoma 73064

Honorable Mayor, Members of the City Council, and Citizens of the City of Mustang, Oklahoma

Dear Mayor, Members of the City Council and Citizens of the City of Mustang, Oklahoma

We are pleased to present the 2014-2015 Comprehensive Annual Financial Report (CAFR) to the City Council. This report is intended to update the City Council and the citizens of Mustang on the status of the City's financial position and results of operations for the past fiscal year, and has been prepared in the compliance with all requirements of the Governmental Accounting Standards Board (GASB).

Management assumes full responsibility for the completeness and reliability of the information presented in this report. To provide a reasonable basis for making these representations, the City of Mustang has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse, and to compile sufficient reliable information for the preparation of the City of Mustang's financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the City of Mustang's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Mustang's financial statements have been audited by Anne Marie Elfrink, CPA. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Mustang for fiscal year ended June 30, 2015 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Mustang's financial statements for the fiscal year ended June 30, 2015 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP provides that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of management's discussion and analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Mustang's MD&A can be found immediately following the report of the independent auditor.

## *Profile of the Government*

The City of Mustang is located in Canadian County in central Oklahoma approximately 15 miles west of downtown Oklahoma City and shares all of its boundaries with the City of Oklahoma City, Oklahoma. Mustang, incorporated in October 1969, covers an area of twelve (12) square miles and serves a population over 19,600.

Oklahoma State Statutes limit the City in its ability to levy a property tax. Property taxes must be

approved by the voters and are limited to the repayment of general obligation debt and court assessed judgment principal and interest. With voter’s approval, the City can levy a sales tax to fund its operations.

The City of Mustang has adopted a charter and operates under a Council-Manager form of government. The legislative body of the City consists of one council member elected from each six wards, and the mayor who is elected at large. The council members serve as the Board of Trustees for the Mustang Improvement Authority; the mayor serves as chairman of the board. The Mayor and Council appoint the City Manager who is the chief executive officer of the City. Responsibility of the day-to-day operations of the City rests with the City Manager.

The City of Mustang provides a full range of services necessary for the health and well-being of its citizens which include police and fire protection, streets and other infrastructure, culture and recreation, public improvements, and general administrative services. The Mustang Improvement Authority, a blended component unit, provides water, sewer, sanitation, and recycling services. For financial reporting purposes, the City is defined as including all funds agencies, boards, commissions, and authorities over which the City Council has financial accountability; therefore, the activities of the Mustang Improvement Authority, the Mustang Special Projects Authority and the Mustang Economic Development Authority are included in the reporting entity.

The City of Mustang maintains privatization contracts with the following three (3) organizations: Severn Trent (water, sewer, and meter reading); Silver Star Construction (streets and park maintenance); and OEMA (sanitation and recycling).

The City Council is required by State Statute to adopt a budget no later than seven days prior to the first day of the fiscal year (July 1). The annual budget serves as the foundation for the City of Mustang’s financial planning and control. All funds of the City with revenues and expenditures are required to have annual budgets, except funds of public trusts or authorities.

The budget is prepared by fund by department. The City Manager may authorize transfers between departments without City Council approval. Supplemental appropriations require City Council approval and must be filed with the Office of the State Auditor and Inspector. Public trust or authorities are required to prepare an annual budget, there are no other requirements related to monitoring.

*Local Economy*

- All facets of the local economy appear to be performing well and there is a lot of reason to remain optimistic. The City should continue to experience solid growth during the next fiscal year. Residential and commercial construction are steadily trending upward, the local school district continues to expand and improve, and the County’s unemployment rate is comparably low.
- Active subdivisions include:

<b>Name of Addition</b>	<b>Status</b>	<b>Available Lots</b>	<b>Total Lots</b>
Hunters Glenn 3	Permit Ready	5	59
Hunters Hill 3	Permit Ready	19	28
Hyde Park 1	Utility Construction Underway	34	34
Magnolia Trace 5	Permit Ready	11	29
Magnolia Trace 6	Permit Ready	34	34
Savannah Lakes 5	Permit Ready	3	32
Spitler Lakes 2	Permit Ready	27	58
Sara Homestead 3	Permit Ready	6	42

Prairie Hills Estates 1	Permit Ready	98	110
Savannah Lakes 6	Utility Construction Underway	59	59
Hunter's Spring 1	Utility Construction Underway	110	110

- 'Housing starts' are not shattering records, but they remain constant. The typical new home also appears to be considerably larger and has a much higher evaluation than those built before the Economic Downturn of 2008.
- There is still room for future phases in most of the described additions, and the City has no reason to believe there will be any major changes to our housing market in the forthcoming year. The Community Development Department plans for at least 130 new housing starts for FYE 2016, and plan to expect at least two or more new additions develop in this timeframe as well.
- The City's economic development effort has focused on recruiting new business to address sales tax leakage in our existing economy. Some of the greatest losses were observed in the apparel and hospitality industries. Staff has worked hard to shore up these areas.
- Since November 2011, a new dining establishment has opened in the community at an average of one every six months. We are currently in discussion with another restaurateur who plans to break ground in 2016. Our menu of eateries should continue to expand into the future, but the current pattern could be slowed by the lack of suitable land and tenant spaces.
- We remain in contact with an Oklahoma City-based operator who has a strong interest in Mustang regarding efforts to recruit a new hotelier.
- There is little unemployment in the Oklahoma City Metro area and Mustang. Mustang residents have remained gainfully employed in higher-paying wages found in the public administration (13%), manufacturing (11%), retail (10%) and the wholesale (10%) sectors.
- Over 26% of our population works outside the community, but this number could be soon changing. The Mustang Public School District employs about 700 in Mustang proper and another 500 outside City Limits, thereby making it one of Canadian County's largest employers. Other major employers reference statistical table no. 18.
- The future looks bright for the local business community and the City of Mustang.

#### *Long-Term Financial Planning*

City Council has not formally adopted a policy of maintaining a minimum fund balance in the General Fund. Council has expressed a desire to maintain reserves within the General Fund and the Mustang Improvement Authority at a combined total between ten and fifteen percent of the annual budget on a budgetary basis. With economic challenges the City has continued to face, the City has not met this goal.

The City of Mustang and the Mustang Improvement Authority issued Utility System and Sales Tax Revenue Note, Series 2014B on behalf of the City of Mustang, in the aggregate principal amount of \$7,895,000 for the purpose of financing the following projects: South Mustang Road Improvements which includes widening to three lanes and addressing historically poor drainage issues. Wastewater Treatment Upgrades (Phase II) - repairs, improvements, and upgrades including additional programming in the operating software, collection of data from the SCADA system, piping modification, and improvements on the head works of the plant. Water Quality including groundwater treatment for arsenic removal.

The City of Mustang adopted an investment policy on January 20, 2015 to provide the highest investment return consistent with maximum security while meeting the daily cash flow demands of the city in conformance with the constitution of laws of the State of Oklahoma.

#### *Major Initiatives*

The City of Mustang updated and launched a new website. The updated version is much easier to navigate, has increased content, and many features for citizens/customers to subscribe to reports and agendas, as well as the ability to submit questions and comments.

The city replaced its existing 1989 phone equipment and system with a NEC Hybrid telephone system.

Modifications were made to the 74th Street Water Booster Station and County Line Road Water Storage Tank. A new metering system was installed on the tower as well. Lift Station modifications were made for the Lift Station No. 3 (Lakehoma).

The citizens of Mustang approved a 5% hotel tax levying on the rental of hotel and motel rooms within the city limits on November 4, 2014.

Raw Water Transmission Lines - Cowan Group has been working on plans to replace two miles of transmission lines in the well field.

Water Model Project - Cowan Group and staff worked heavily on a water model project which included field verification on lines and sizes. This model will assist in identifying low areas of water pressure, the causes of those low areas, and allow staff to address the problems.

KG Holdings, L.P./W.E.P. Land Holdings, LLC purchased a tract of land known as Mustang Trade Center Shopping Center and signed a development agreement with the City of Mustang to renovate property. Stage Clothing Store, Hibbett Sporting Goods Store, and Pizza Hut are the current retail tenants.

Mustang Trade Center 4-Plex - Construction of a 10,000 square foot building that will house Jimmy's Egg, S&B Burgers and Orange Leaf restaurants will be completed March 2016.

The City participated in the FEMA Multi-Hazard Mitigation Grant Program via the Oklahoma Department of Emergency Management (ODEM). Approximately 510 City residents received 75% of the purchase price (up to \$2,000) for storm shelter installations in fiscal year 2015. The grant is near completion with a remaining balance of \$27,363.89 at June 30, 2015.

Baseball and Soccer Field concession restrooms were constructed and completed March 2015.

New playground and outdoor aerobic equipment were installed at Elliott and Centennial Parks.

On Cue - The convenience store and service station at the southeast corner of Sara Road and State Highway 152 will be just over 6,600 square feet and have 20 fuel pumps. The facility is projected to open mid-October 2015.

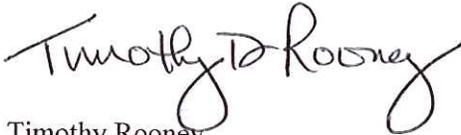
*Awards and Acknowledgements*

We are pleased to acknowledge that the Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Mustang for its Comprehensive Annual Financial Report for the fiscal year ending June 30, 2014. This was the 21st consecutive year that the City of Mustang has achieved this prestigious award. The Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management.

A Certificate of Achievement is valid for a period of one year. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for a certificate.

The preparation of this report is a combined effort of the financial staff and administrative departments of the City. We wish to express our appreciation to all members of the City who assisted and contributed to the preparation of this report. In addition, we express our appreciation to the Mustang Chamber of Commerce and the management team who assisted in gathering the economic trend information for this report. In addition, our thanks to the Mayor and City Council for their continued support and leadership in strengthening the fiscal policies of the City of Mustang.

Respectfully Submitted,



Timothy Rooney  
City Manager



Janet Watts  
Finance Director

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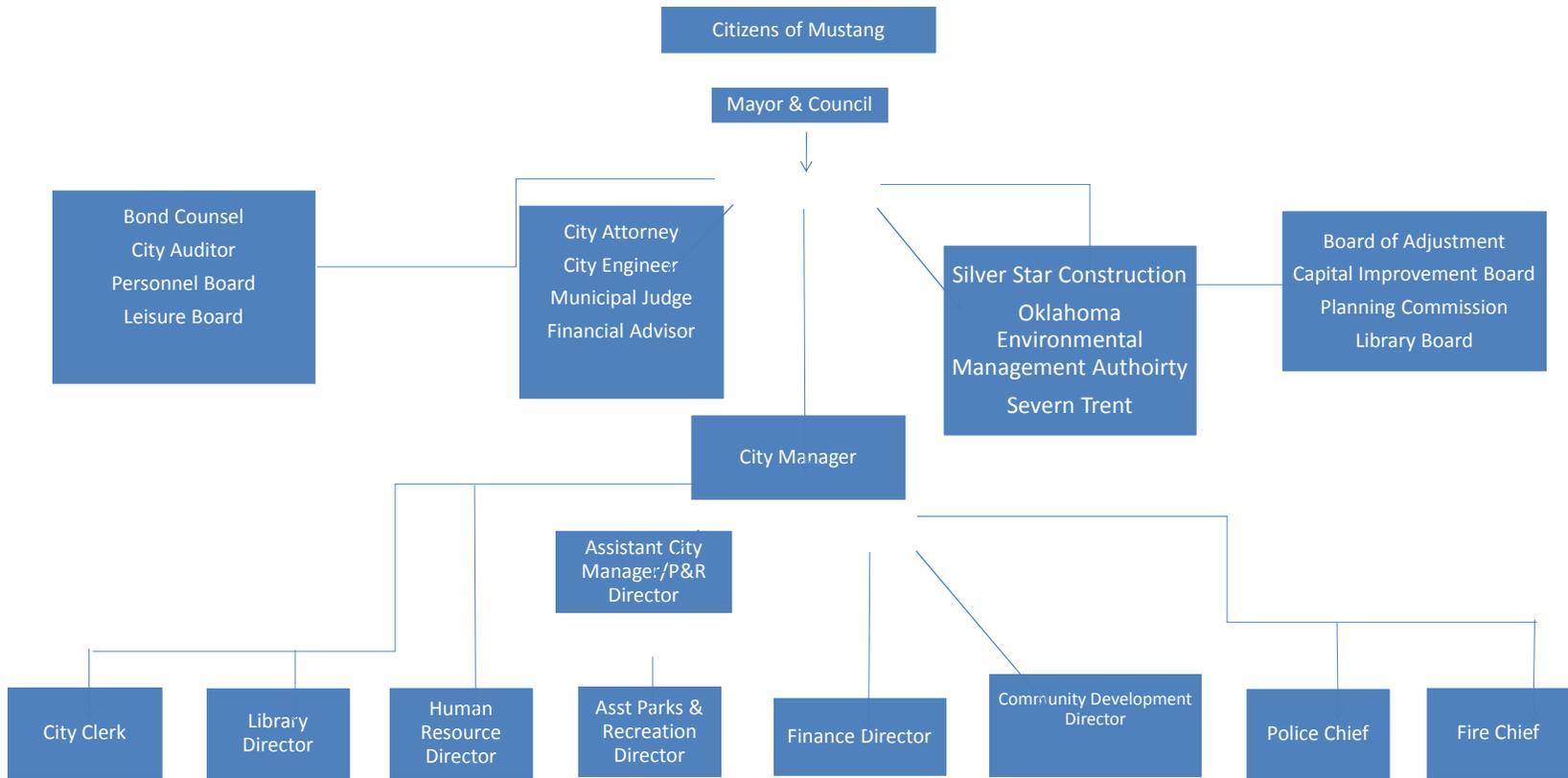
**CITY OF MUSTANG, OKLAHOMA**  
**LIST OF PRINCIPAL OFFICIALS**  
June 30, 2015

**MAYOR AND CITY COUNCIL**

Jay Adams	Mayor
Kevin Riley	Councilmember Ward 1
Kathleen Moon Staples	Councilmember Ward 2
Brian Grider	Councilmember Ward 3
Terry Jones	Councilmember Ward 4
Linda Hagan	Councilmember Ward 5
Jess Schweinburg	Councilmember Ward 6

**ADMINISTRATION**

Timothy Rooney	City Manager
Justin Battles	Assistant City Manager/Parks & Recreation Director
Lisa Martin	City Clerk
Laura Anderson	Human Resources Director
Desiree Webber	Library Director
Jean Heasley	Assistant Parks & Recreation Director
Janet Watts	Finance Director
Melissa Helsel	Community Development Director
Chuck Foley	Police Chief
Carl Hickman	Fire Chief





Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Mustang  
Oklahoma**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2014**

Executive Director/CEO

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## ***Financial Section***

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# Anne Marie Elfrink, MS, CPA

Member of the AICPA, OSCP, and GFOA

3119 E 87<sup>th</sup> Street  
Tulsa, Oklahoma 74137

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918-361-2133  
Fax: 918-512-4280

## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the City Council  
City of Mustang, Oklahoma

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

I have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Mustang, Oklahoma, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Mustang, Oklahoma, as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 1 of the financial statements, in 2015 the City adopted several new accounting pronouncements issued by the Governmental Accounting Standards Board, including GASB Statements No. 68 and 71 which required a restatement of the beginning net position for governmental activities. My opinion is not modified with respect to this matter.

## ***Other Matters***

### ***Required Supplementary Information***

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

### ***Other Information***

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Mustang, Oklahoma's basic financial statements. The introductory section, other information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The other information as listed in the Table of Contents is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the other information, which includes the schedule of expenditures of federal awards, is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, I have also issued my report dated November 30, 2015, on my consideration of the City of Mustang, Oklahoma's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Mustang, Oklahoma's internal control over financial reporting and compliance.



Anne Marie Elfrink, MS, CPA  
Tulsa, Oklahoma  
November 30, 2015

Management of the City of Mustang provides this discussion and analysis of the City of Mustang's financial performance as an overview of the city's financial activities for the fiscal year ended June 30, 2015. We encourage readers to consider this information in conjunction with the *Letter of Transmittal* at the front of this report and the city's financial statements, which follow.

#### Financial Highlights

- Total net position of the city increased by \$3,485,460 or 8.4% from the prior year. This is largely due to continued growth of the community which resulted in higher tax receipts as well as several negotiations in contract services that resulted in lower costs.
- The city's governmental activities net position decreased by \$256,192 or 0.9% due to additional street repair and landscaping projects that did not meet the criteria for capitalization as well as increased capital transfers to MIA which more than offset the increase in general tax revenues.
- Net position of the business-type activities increased by \$3,741,652 or 27.7% due to increased transfers for capital improvements from the city as well as overall improving utility revenues due to increases in the number of households and businesses served as well as lower negotiated rates for sanitation contract services.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the city's basic financial statements. The city's basic financial statements include (or are comprised of) three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains additional required supplementary information (pension information and budgetary schedules) and other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the city's finances, in a manner similar to private-sector business. The statements are prepared using the accrual basis of accounting. These bases of accounting takes into account all of the current year's revenues and expenses regardless of when the cash is received or paid. The government-wide financial statements include the following:

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

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

Both of the government-wide financial statements distinguish functions of the city that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees or charges (business-type activities). The *governmental activities* of the city include administrative, culture and recreation, public safety, community development, and streets. The *business-type activities* of the city include three enterprise activities: the water system, the sewer system, and the sanitation system.

The government-wide financial statements include not only the city and the Mustang Improvement Authority (a blended component unit) which comprise the primary government, but also the Mustang Economic Development Authority (MEDA). *This discretely presented component unit* operates similar to private sector business, but has financial accountability to the city. The financial information for the component unit is reported separately from the financial information presented for the primary government. Complete financial statements of MEDA, including its MD&A, may be obtained from its Board of Trustees, 1501 N. Mustang Road, Mustang, OK 73064.

The government-wide financial statements can be found immediately following this discussion and analysis on pages 24-25 of this report.

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

*Governmental Funds.* Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating governments' near-term financing requirements. This approach is known as using the flow of current financial resources measurement focus and the modified accrual basis of accounting.

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

The City maintains eleven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, which is considered to be a major fund. Data from the other ten governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report. The basic governmental fund financial statements can be found immediately following the government-wide statements on pages 26-29.

*Proprietary funds.* These funds are used to report activities that operate like those of commercial enterprises. Because these funds charge fees for services provided to outside customers, they are known as enterprise funds. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Like the government-wide financial statements, proprietary fund financial statements use the accrual basis of accounting. There is no reconciliation needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements. The city uses one enterprise fund to account for the operations of its water, sanitary sewer, and sanitation services. This fund is considered a major proprietary fund for presentation purposes. The basic proprietary funds financial statements can be found immediately following the governmental fund financial statements on pages 30-32.

*Component Unit Financial Statements.* As mentioned above, these are operations for which the city has financial accountability but they have certain independent qualities as well, and they operate similar to business-type activities. The government-wide financial statements present information for the component unit in a single column of the statement of net position and the statement of changes in net position.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the fund financial statements, beginning on page 33.

**Required Supplementary Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the city's pension plan and the general fund budget. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with these budgets. Required supplementary information can be found immediately following the notes to the financial statements beginning on page 63.

**Other Information.** The combining statements referred to earlier and budgetary comparisons for general fund accounts and non-major governmental funds are presented following the required supplementary information beginning on page 73.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Net position is the difference between total assets plus total deferred outflows of resources less total liabilities and deferred inflows of resources and is an indicator of the current fiscal health of the City. For the year ended June 30, 2015, the City's combined net position increased

by \$3.4 million. The following table provides a summary of the city's net position:

**Summary of Net Position**  
(Table 1 - In millions)

	Governmental Activities		Business Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 8.0	\$ 8.8	\$ 12.5	\$ 4.3	\$ 20.5	\$ 13.1
Capital assets	30.3	30.5	24.7	24.1	55.0	54.6
Total assets	38.3	39.3	37.2	28.4	75.5	67.7
Deferred outflows of resources	0.6	0.5	1.3	1.5	1.9	2.0
Long-term debt outstanding	3.6	3.8	20.1	15.5	23.7	19.3
Other liabilities	6.1	8.0	1.1	0.9	7.2	8.9
Total liabilities	9.7	11.8	21.2	16.4	30.9	28.2
Deferred inflows of resources	1.5	-	-	-	1.5	-
Net position						
Net investment in capital assets (see Note 3.G.)	26.9	27.0	10.2	16.3	31.4	35.6
Restricted	0.4	0.7	8.1	0.4	8.5	1.0
Unrestricted	0.4	0.3	(1.0)	(3.2)	5.1	4.9
Total net position	\$ 27.7	\$ 28.0	\$ 17.3	\$ 13.5	\$ 45.0	\$ 41.5

The above numbers reflect a decrease of 0.9% for governmental activities net position and an increase of approximately 27.7% for business-type activities net position. The City's overall financial position improved during fiscal year 2015.

The City's governmental activities net position decreased by \$0.2 million. The primary reason for the decrease was due to the completion of the Industrial Armory Access Road; Town Center Expansion; and Baseball/Soccer Complex.

The net position of our business type activities increase by \$3.7 million. The primary reasons for the increase were due to operational revenues exceeding expenses and a new capital improvement fee.

The following table provides a summary of the City's changes in net position:

**Summary of Changes in Net Position**  
Table 2 (In millions)

	Governmental Activities		% Inc. (Dec.)	Business Type Activities		% Inc. (Dec.)	Total		Total % Change 2014-2015
	2015	2014		2015	2014		2015	2014	
<i>Revenues:</i>									
<i>Program Revenues</i>									
Charges for Services	\$ 1.7	\$ 1.6	6%	\$ 7.0	\$ 7.1	-1%	\$ 8.7	\$ 8.7	0%
Operating Grants and contributions	1.5	0.7	114%	-	-	-	1.5	0.7	114%
Capital Grants and contributions	-	1.0	-100%	-	-	-	-	1.0	-100%
<i>General Revenues</i>									
Sales and use taxes	10.2	9.6	6%	-	-	-	10.2	9.6	6%
Property taxes	0.3	0.3	0%	-	-	-	0.3	0.3	0%
Other taxes	1.1	1.1	0%	-	-	-	1.1	1.1	0%
Other	0.6	0.4	50%	0.4	0.2	100%	1.0	0.6	67%
Total revenues	15.4	14.7	5%	7.4	7.3	1%	22.8	22.0	4%
<i>Expenses:</i>									
Administration	4.4	2.7	63%	-	-	-	4.4	2.7	63%
Culture and recreation	2.4	2.2	9%	-	-	-	2.4	2.2	9%
Community development	0.4	0.5	-20%	-	-	-	0.4	0.5	-20%
Public safety	5.3	5.7	-7%	-	-	-	5.3	5.7	-7%
Streets	1.1	0.8	-	-	-	-	1.1	0.8	38%
Water	-	-	-	2.2	2.2	0%	2.2	2.2	0%
Wastewater	-	-	-	1.9	2.0	-5%	1.9	2.0	-5%
Sanitation	-	-	-	1.0	1.2	-17%	1.0	1.2	-17%
Ambulance	-	-	-	0.1	0.2	-50%	0.1	0.2	-50%
Interest on gov. activities	0.1	0.1	0%	0.4	0.9	-56%	0.5	1.0	-50%
Total expenses	13.7	12.0	14%	5.6	6.5	-14%	19.3	18.5	4%
Increase in net position									
Before transfers	1.7	2.7	-37%	1.8	0.8	125%	3.5	3.5	0%
Transfers	(1.9)	(1.0)	290%	1.9	1.0	90%	-	-	0%
Change in net position	\$ (0.2)	\$ 1.7	253%	\$ 3.7	\$ 1.8	215%	\$ 3.5	\$ 3.5	0%

The results of 2015 were shaped largely by the continued stability in the local economy and steady population growth. Total net position increased by 8.4% or \$3.5 million. Significant changes were related to:

Governmental Activities (see Table 2):

- Charges for services increased by 6% as a result of aquatic programming, baseball concessions, and town center rental revenues.
- Operating grants and contributions increased by 114% in behalf of the Oklahoma Department of Emergency Management Hazard Mitigation (ODEM Storm Shelter) and Oklahoma Highway Safety grants.
- Capital grants and contributions decreased by 100% due to the completion of the Armory Road Phase II project.
- Sales and use taxes increased by 6% primarily from new retail and commercial development.
- Other taxes and general revenues showed an increase as a result of OEC capital gain, cable television franchise, new hotel tax and insurance reimbursement for the roof repairs (police facility).
- The administration expense increased by 63% due to increase in Oklahoma Municipal Retirement Fund (from 11.45% to 12.18%), benefit/HR consulting services, roof replacement (police facility), increase in general liability and building/property insurance premiums, and ODEM storm shelter reimbursements.
- Culture & Recreation expense increased by 9% due to enlargement of sports complex.
- Community Development expense decreased by 20% due to the City Planner vacancy position.
- Public Safety expense decreased by 7% due to lower workers compensation experience in FY2015 and the implementation of GASB 68.
- Transfers increased by 290% due to increase in sales tax and street improvement fund.

Business-type Activities:

- Charges for services decreased by 1% due to Oklahoma Environmental Management Authority (OEMA) reduced sanitation rate structures.
- Other revenues increased by 100% due to the 2014B bond proceeds to fund projects in behalf of South Mustang Road improvements, wastewater treatment phase II and water quality improvements.
- Sanitation expense decreased by 17% related to reduction of OEMA contract payable in FY2015.
- Ambulance expense decreased by 50% due to reduction of EMSA quarterly ambulance assessment fees.
- Transfers increased by 90% due to increase in sales tax.

**Governmental Activities:**

To aid in the understanding of the Statement of Activities some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses, and Changes in Fund Balance. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net (Expense)/Revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the City's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants. Table 3 presents the cost of each of the City's seven largest programs—police, economic development, fire, street, recreation, general government, and community development—as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the City's taxpayers by each of these functions.

**Governmental Activities**  
**Table 3**  
**(In Thousands)**

	Total Cost of Services			%	Net Cost of Services		
	2015	2014			2015	2014	
Administration	\$ 4,454	\$ 2,680	66%	\$ (3,435)	\$ (2,669)	29%	
Culture and Recreation	2,390	2,186	9%	(1,562)	(1,319)	18%	
Community Development	460	556	-17%	(196)	(285)	-31%	
Public Safety	5,294	5,715	-7%	(4,245)	(4,609)	-8%	
Streets and Drainage	1,089	791	38%	(1,089)	170	-741%	
Interest on long-term debt	70	80	-13%	(70)	(80)	-13%	
	<u>\$ 13,757</u>	<u>\$ 12,008</u>	15%	<u>\$ (10,597)</u>	<u>\$ (8,792)</u>	21%	

Overall, the city's governmental activities' total costs increased 19% over last year and net costs increased by 26%. The explanations on the previous page account for the majority of increases in total costs of services as well as net costs of services in the governmental activities

**Business-type Activities:**

Overall, total cost of services for the city's business-type activities increased 3% from last year. The explanations for the major components of the increases are noted on the previous page. The net revenues reported an increase which was mainly caused by the rate increase in all areas.

**Business-Type Activities**  
**Table 4**  
**(In Thousands)**

	Total Cost of Services			%	Net Cost of Services		
	2015	2014			2015	2014	
Water	\$ 2,192	\$ 2,182	0%	\$ 726	\$ 649	12%	
Wastewater	1,870	2,026	-8%	52	(252)	-121%	
Solid Waste	964	1,234	-22%	952	1,054	-10%	
Ambulance	158	196	-19%	77	36	114%	
Interest on governmental long-term debt	399	854	-53%	(399)	(854)	-53%	
	<u>\$ 5,583</u>	<u>\$ 6,492</u>	-14%	<u>\$ 1,408</u>	<u>\$ 633</u>	122%	

*The City's Funds*

The General Fund is the city's primary operating fund and the source of day-to-day operations. The general fund is significantly reliant on sales tax revenues for operations. The fund balance decreased by \$52,020 from the prior year. This decrease is attributed to higher maintenance costs for the city's infrastructure due to several projects that were undertaken in FY2015.

*General Fund Budgetary Highlights*

Over the course of the year, the City Council revised the general fund budget to supplement for grants, contributions, and unexpected expenditures. The revised budget showed an increase of \$1,979,382 in appropriations. General Fund actual expenditures were below budgeted appropriations by \$2,390,667, due to primarily to lower spending than originally projected in the functional area of the general government. Actual revenues were less than budgeted by \$821,306 because transfers from the Mustang Improvement Authority were less than anticipated.

*Capital Asset and Debt Administration*

At the end of June 30, 2015, the city had \$55.0 million invested in capital assets including sports concession stands / restrooms, 74th booster station and county line storage tank improvements, sewer lift station #2 improvements, raw water transmission lines, west side lift station #3, and wastewater treatment plant phase II improvements. Additions to capital assets included infrastructure donated by developers, additional capital purchases for the town center and wild horse park expansion (baseball/soccer complex), police vehicles, inspector vehicle, time clock plus software, commercial mowers, fitness equipment, playground and concession stand equipment. Information on capital assets is located in Note 3.D.

**Capital Assets**  
**Table 5**  
**Net of Accumulated Depreciation**  
(In millions)

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Totals</b>		<b>Total % Change</b>
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>	
<i>Non-Depreciable Assets</i>							
Land	\$ 0.9	\$ 0.8	\$ 0.5	\$ 0.5	\$ 1.4	\$ 1.3	8%
Construction-in-progress	-	0.1	0.6	0.1	0.6	0.2	200%
<i>Depreciable Assets</i>							
Buildings	12.4	12.3	8.4	8.6	20.8	20.9	0%
Improvements & Other	1.9	2.0	-	-	1.9	2.0	-5%
Equipment	2.7	2.5	0.1	0.1	2.8	2.6	8%
Infrastructure	12.4	12.8	15.1	14.8	27.5	27.6	0%
<b>Totals</b>	<b>\$ 30.3</b>	<b>\$ 30.5</b>	<b>\$ 24.7</b>	<b>\$ 24.1</b>	<b>\$ 55.0</b>	<b>\$ 54.6</b>	<b>1%</b>

**Debt Administration**

At year-end, the city had \$23.7 million in outstanding notes, judgments, bonds and compensated absences. Additional debt information can be found in note 3.E. These debts are further detailed below as follows:

**Outstanding Debt**  
**Table 6**  
(in millions)

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Totals</b>		
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>	
General Obligation Bond	\$ 3.1	\$ 3.3	\$ -	\$ -	\$ 3.1	\$ 3.3	-6%
Capital lease obligation	0.2	0.2	-	-	0.2	0.2	0%
Notes Payable	-	-	20.1	15.5	20.1	15.5	30%
Accrued Compensation	0.3	0.3	-	-	0.3	0.3	0%
<b>Totals</b>	<b>\$ 3.6</b>	<b>\$ 3.8</b>	<b>\$ 20.1</b>	<b>\$ 15.5</b>	<b>\$ 23.7</b>	<b>\$ 19.3</b>	<b>23%</b>

*Economic Factors and Next Year's Budget*

The City of Mustang expects to see a small growth in the economy in the next fiscal year due to the opening of new restaurants/retail and the completion of On Cue opening mid-October 2015. The city anticipates an increase in sales tax receipts for the next fiscal year. Management will continue to strive for fiscal conservativeness while developing plans to expand the systems and operations needed to meet citizens' needs.

The fiscal year 2015-2016 government-wide budget of \$52.4 million is a decrease of 4.5% over the prior year.

The Authority issued utility system and sales tax revenue note, series 2014B in the principal amount of \$7,895,000 to finance widening of South Mustang Road into three lanes and address poor drainage issues, upgrade the wastewater treatment plant and improve the groundwater treatment of arsenic removal projects.

*Contacting the City's Financial Management*

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Mustang's finances and to show the city's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Director, City of Mustang, 1501 N. Mustang Road, Mustang, OK 73064 or phone (405) 376-4521.

Respectfully submitted,

*Janet Watts*

Janet Watts  
Finance Director

### ***BASIC FINANCIAL STATEMENTS***

The basic financial statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government-wide financial statements
- Fund Financial Statements:
  - ❑ Governmental Funds
  - ❑ Proprietary (enterprise) fund

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

**City of Mustang, Oklahoma**  
**Statement of Net Position**  
**June 30, 2015**

	<b>Primary Government</b>			<b>Component Unit</b>
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>Mustang Economic Development Authority</b>
<b>ASSETS:</b>				
Current Assets:				
Cash and cash equivalents	\$ 3,262,085	\$ 1,921,046	\$ 5,183,131	\$ 3,215
Investments	2,667,383	1,300,770	3,968,153	-
Restricted - cash and cash equivalents	36,185	3,942,063	3,978,248	-
Restricted - investments	131,603	4,491,811	4,623,414	-
Accounts receivable, net	177,405	890,752	1,068,157	-
Due from other governments	1,370,412	-	1,370,412	-
Other receivable	184,187	-	184,187	-
Inventory	42,118	37,007	79,125	-
Total current assets	<u>7,871,378</u>	<u>12,583,449</u>	<u>20,454,827</u>	<u>3,215</u>
Noncurrent Assets:				
Net pension asset	145,817	-	145,817	-
Capital assets:				
Land and construction in progress	874,140	1,056,635	1,930,775	-
Depreciable buildings, property, and equipment, net	29,382,130	23,608,013	52,990,143	-
Total noncurrent assets	<u>30,402,087</u>	<u>24,664,648</u>	<u>55,066,735</u>	<u>-</u>
Total assets	<u>38,273,465</u>	<u>37,248,097</u>	<u>75,521,562</u>	<u>3,215</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>				
Related to defined benefit pension plans	640,102	-	640,102	-
Unamortized loss on debt refunding	-	1,230,470	1,230,470	-
Total deferred outflows of resources	<u>640,102</u>	<u>1,230,470</u>	<u>1,870,572</u>	<u>-</u>
<b>LIABILITIES:</b>				
Current Liabilities:				
Accounts payable	530,962	720,945	1,251,907	-
Accrued interest payable	5,524	31,727	37,251	-
Accrued liabilities	207,822	-	207,822	-
Unearned income	7,841	-	7,841	-
Claims payable	181,943	-	181,943	-
Deposits subject to refund	-	58,221	58,221	-
Amounts held in escrow	64,823	-	64,823	-
Current portion of long-term obligations	413,975	3,373,225	3,787,200	-
Total current liabilities	<u>1,412,890</u>	<u>4,184,118</u>	<u>5,597,008</u>	<u>-</u>
Noncurrent liabilities:				
Other post employment benefit obligation	456,224	-	456,224	-
Net pension liability	4,582,521	-	4,582,521	-
Deposits subject to refund	-	298,659	298,659	-
Noncurrent portion of long-term obligations	3,190,515	16,731,550	19,922,065	-
Total non-current liabilities	<u>8,229,260</u>	<u>17,030,209</u>	<u>25,259,469</u>	<u>-</u>
Total liabilities	<u>9,642,150</u>	<u>21,214,327</u>	<u>30,856,477</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Related to defined benefit pension plans	1,527,068	-	1,527,068	-
<b>NET POSITION:</b>				
Net investment in capital assets (see note 3.G concerning total column )	26,881,707	10,184,873	31,441,580	-
Restricted by:				
Enabling legislation	240,457	-	240,457	-
External contracts	154,257	8,074,593	8,228,850	-
Unrestricted (see note 3.G)	467,928	(995,226)	5,097,702	3,215
Total net position	<u>\$ 27,744,349</u>	<u>\$ 17,264,240</u>	<u>\$ 45,008,589</u>	<u>\$ 3,215</u>

See accompanying notes to the basic financial statements.

**City of Mustang, Oklahoma**  
**Statement of Activities**  
**For the fiscal year ended June 30, 2015**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit MEDA
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-Type Activities		
<b>Primary Government:</b>								
Administration	\$ 4,453,726	\$ -	\$ 1,018,806	\$ -	\$ (3,434,920)	\$ -	\$ (3,434,920)	\$ -
Culture and recreation	2,390,411	828,175	-	-	(1,562,236)	-	(1,562,236)	-
Community development	459,637	264,257	-	-	(195,380)	-	(195,380)	-
Public safety	5,293,939	571,153	477,809	-	(4,244,977)	-	(4,244,977)	-
Streets and drainage	1,088,969	-	-	-	(1,088,969)	-	(1,088,969)	-
Interest on long-term debt	70,400	-	-	-	(70,400)	-	(70,400)	-
Total governmental activities	<u>13,757,082</u>	<u>1,663,585</u>	<u>1,496,615</u>	<u>-</u>	<u>(10,596,882)</u>	<u>-</u>	<u>(10,596,882)</u>	<u>-</u>
<b>Business-type activities:</b>								
Water operations	2,191,631	2,917,281	-	-	-	725,650	725,650	-
Wastewater operations	1,870,256	1,922,576	-	-	-	52,320	52,320	-
Solid waste operations	964,095	1,915,451	-	-	-	951,356	951,356	-
Ambulance assessments	157,704	234,860	-	-	-	77,156	77,156	-
General government - see Note 3G	398,815	-	-	-	-	(398,815)	(398,815)	-
Total business-type activities	<u>5,582,501</u>	<u>6,990,168</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,407,667</u>	<u>1,407,667</u>	<u>-</u>
<b>Total primary government</b>	<u>\$ 19,339,583</u>	<u>\$ 8,653,753</u>	<u>\$ 1,496,615</u>	<u>\$ -</u>	<u>(10,596,882)</u>	<u>1,407,667</u>	<u>(9,189,215)</u>	<u>-</u>
<b>Component Units:</b>								
Economic development	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>				<u>\$ -</u>
Total component units	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>				<u>\$ -</u>
General revenues:								
Taxes:								
Sales and use taxes					10,187,816	-	10,187,816	-
Franchise and public service taxes					783,216	-	783,216	-
Advalorem taxes					318,565	-	318,565	-
Intergovernmental revenue not restricted to specific programs					407,182	-	407,182	-
Investment income					18,559	7,273	25,832	5
Capital asset contributions					213,990	-	213,990	-
Miscellaneous					324,059	414,015	738,074	-
Transfers - Internal activity					(1,912,697)	1,912,697	-	-
Total general revenues and transfers					<u>10,340,690</u>	<u>2,333,985</u>	<u>12,674,675</u>	<u>5</u>
Change in net position					(256,192)	3,741,652	3,485,460	5
Net position - beginning*					28,000,541	13,522,588	41,523,129	3,210
Net position - ending					<u>\$ 27,744,349</u>	<u>\$ 17,264,240</u>	<u>\$ 45,008,589</u>	<u>\$ 3,215</u>

\*Governmental activities beginning net position is restated for implementation of GASB 68

See accompanying notes to the basic financial statements

**City of Mustang, Oklahoma  
Balance Sheet  
Governmental Funds  
June 30, 2015**

	General	2012 GO Bond Project - Town Center	Other Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 1,404,000	\$ 36,148	\$ 1,752,189	\$ 3,192,337
Investments	957,939	131,603	1,303,226	2,392,768
Receivables:				
Due from other governments	1,349,312	-	10,670	1,359,982
Court fines receivable, net of allowance of \$315,387	177,405	-	-	177,405
Other receivables	166,398	-	17,789	184,187
Inventory	42,118	-	-	42,118
Total assets	<u>\$ 4,097,172</u>	<u>\$ 167,751</u>	<u>\$ 3,083,874</u>	<u>\$ 7,348,797</u>
<b>LIABILITIES AND FUND BALANCES:</b>				
Liabilities:				
Accounts payable	\$ 312,008	\$ 500	\$ 216,249	\$ 528,757
Accrued liabilities	207,822	-	-	207,822
Unearned income	68,546	-	893	69,439
Amounts held in escrow	64,823	-	-	64,823
Total liabilities	<u>653,199</u>	<u>500</u>	<u>217,142</u>	<u>870,841</u>
Fund Balances:				
Nonspendable	41,925	-	-	41,925
Restricted	-	154,257	240,457	394,714
Unrestricted:				
Committed	546,167	12,994	2,450,471	3,009,632
Assigned	177,250	-	175,767	353,017
Unassigned	2,678,631	-	37	2,678,668
Total fund balances	<u>3,443,973</u>	<u>167,251</u>	<u>2,866,732</u>	<u>6,477,956</u>
Total liabilities and fund balances	<u>\$ 4,097,172</u>	<u>\$ 167,751</u>	<u>\$ 3,083,874</u>	<u>\$ 7,348,797</u>

See accompanying notes to the basic financial statements.

**City of Mustang, Oklahoma**  
**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position**  
**June 30, 2015**

<b>Fund balances of governmental funds</b>	\$	6,477,956
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of depreciation of \$43,672,048		30,256,270
Certain long-term assets are not available to pay for current fund liabilities and, therefore, are not reported in the funds:		
Court fines receivable		60,704
Ad valorem taxes receivable		10,429
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position		328,898
Certain long-term liabilities are not due and payable from current financial resources and, therefore, are not reported in the funds:		
General obligation bonds payable		(3,090,000)
Capital leases payable		(189,532)
Other post employment benefit obligation		(456,224)
Accrued interest payable		(5,524)
Accrued compensated absences		(324,958)
Amounts related to pensions are applicable to future periods and, therefore, are not reported in the funds		
Net pension asset		145,817
Deferred outflows of resources related to pensions		640,102
Net pension liability		(4,582,521)
Deferred inflows of resources related to pensions		(1,527,068)
<b>Net position of governmental activities</b>	<b>\$</b>	<b><u>27,744,349</u></b>

See accompanying notes to the basic financial statements

**City of Mustang, Oklahoma**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the fiscal year ended June 30, 2015**

	<b>2012 GO Bond</b>	<b>Other</b>	<b>Total</b>
	<b>General</b>	<b>Project - Town Center</b>	<b>Governmental Funds</b>
	<b>General</b>	<b>Project - Town Center</b>	<b>Governmental Funds</b>
<b>Revenues:</b>			
Taxes	\$ 10,971,032	\$ -	\$ 318,566
Intergovernmental	1,962,012	-	9,600
Licenses and permits	259,635	-	4,622
Charges for services	828,175	-	-
Fines and forfeitures	565,697	-	-
Investment income	7,764	570	8,053
Miscellaneous	475,676	-	18,364
<b>Total Revenues</b>	<b>15,069,991</b>	<b>570</b>	<b>359,205</b>
<b>Expenditures:</b>			
Administration	4,015,225	-	6,131
Culture and recreation	1,991,361	-	100,641
Community development	456,291	-	39
Public safety	5,162,474	-	31,786
Streets and drainage	217,386	-	184,738
Capital outlay	300,945	149,272	954,315
Debt service:			
Principal retirement	-	-	430,753
Interest and fiscal charges	-	-	72,268
<b>Total Expenditures</b>	<b>12,143,682</b>	<b>149,272</b>	<b>1,780,671</b>
Excess (deficiency) of revenues over expenditures	2,926,309	(148,702)	(1,421,466)
<b>Other Financing Sources (Uses):</b>			
Transfers in	7,149,018	-	1,481,632
Transfers out	(10,127,347)	-	(416,000)
Issuance of debt	-	-	189,905
<b>Total Other Financing Sources (Uses)</b>	<b>(2,978,329)</b>	<b>-</b>	<b>1,255,537</b>
Net change in fund balances	(52,020)	(148,702)	(165,929)
Fund balances - beginning	3,495,993	315,953	3,032,661
Fund balances - ending	<b>\$ 3,443,973</b>	<b>\$ 167,251</b>	<b>\$ 2,866,732</b>

See accompanying notes to the basic financial statements

**City of Mustang, Oklahoma**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of**  
**Governmental Funds to the Statement of Activities**  
**For the fiscal year ended June 30, 2015**

**Net change in fund balances - total governmental funds** (\$366,651)

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

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

Capital asset purchases capitalized	1,421,324
Depreciation expense	(1,886,428)
	(465,104)

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

Donated capital assets	213,990
Unearned income	4,563
Insurance recoveries accrued in the prior year	(153,046)
	65,507

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:

Principal payments on long term debt	430,753
Debt proceeds	(189,905)
	240,848

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

Accrued interest payable	1,869
Accrued compensated absences	(12,377)
Other post employment benefit obligation	(93,740)
Loss on asset dispositions	(11,279)
	(115,527)

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

Total change in net position for internal service funds	(70,025)
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Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense

Employer and state on-behalf pension contributions	1,003,528
Cost of benefits earned net of employee contributions	(548,768)
	454,760

**Change in net position of governmental activities** (\$256,192)

See accompanying notes to the basic financial statements

**City of Mustang, Oklahoma**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2015**

	<u>MIA</u> <u>Enterprise Fund</u>	<u>Governmental</u> <u>Activities -</u> <u>Internal</u> <u>Service Fund</u>
<b>ASSETS:</b>		
Current Assets:		
Cash and cash equivalents	\$ 1,921,046	\$ 105,934
Restricted cash and cash equivalents	3,942,063	-
Investments	1,300,770	406,218
Restricted investments	4,491,811	-
Accounts receivable, net	890,752	-
Inventory	<u>37,007</u>	<u>-</u>
Total current assets	<u>12,583,449</u>	<u>512,152</u>
Noncurrent Assets:		
Land and construction in progress	1,056,635	-
Other capital assets, net	<u>23,608,013</u>	<u>-</u>
Total noncurrent assets	<u>24,664,648</u>	<u>-</u>
<b>Total assets</b>	<u>37,248,097</u>	<u>512,152</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>		
Unamortized loss on bond refunding	<u>1,230,470</u>	<u>-</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts payable	720,945	-
Claims payable	-	183,254
Accrued interest payable	31,727	-
Deposits subject to refund	58,221	-
Notes payable	<u>3,373,225</u>	<u>-</u>
Total current liabilities	<u>4,184,118</u>	<u>183,254</u>
Noncurrent liabilities:		
Deposits subject to refund	298,659	-
Notes payable	<u>16,731,550</u>	<u>-</u>
Total noncurrent liabilities	<u>17,030,209</u>	<u>-</u>
<b>Total liabilities</b>	<u>21,214,327</u>	<u>183,254</u>
<b>NET POSITION:</b>		
Net investment in capital assets	10,184,873	-
Restricted for:		
Debt service	8,074,593	-
Unrestricted	<u>(995,226)</u>	<u>328,898</u>
<b>Total net position</b>	<u>\$ 17,264,240</u>	<u>\$ 328,898</u>

See accompanying notes to the basic financial statements

**City of Mustang, Oklahoma**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the fiscal year ended June 30, 2015**

	<u>MIA</u>	<u>Governmental</u>
	<u>Enterprise Fund</u>	<u>Activites -</u>
		<u>Internal</u>
		<u>Service Fund</u>
Operating Revenues:		
Charges for services:		
Water charges	\$ 2,816,987	\$ -
Sewer charges	1,758,650	-
Installations and connections	78,048	-
Penalties	122,540	-
Sanitation charges	1,915,451	-
Ambulance assessment	234,860	-
Sewer impact fees	63,632	-
Other	414,015	2,769
Total operating revenues	<u>7,404,183</u>	<u>2,769</u>
Operating Expenses:		
Cost of goods sold	390,698	-
Operations and maintenance	3,224,147	54,161
Claims expense	-	20,805
Depreciation	989,812	-
Total operating expenses	<u>4,604,657</u>	<u>74,966</u>
Operating income (loss)	2,799,526	(72,197)
Non-Operating Revenues (Expenses):		
Investment income	7,273	2,172
Debt issuance costs	(253,112)	-
Interest expense and fiscal charges	(724,732)	-
Total non-operating revenues (expenses)	<u>(970,571)</u>	<u>2,172</u>
Net income (loss) before transfers	1,828,955	(70,025)
Transfers in	10,124,037	-
Transfers out	(8,211,340)	-
Change in net position	3,741,652	(70,025)
Net position - beginning	13,522,588	398,923
Net position - ending	<u>\$ 17,264,240</u>	<u>\$ 328,898</u>

See accompanying notes to the basic financial statements

**City of Mustang, Oklahoma**  
**Statement Cash Flows**  
**Proprietary Funds**  
**For the fiscal year ended June 30, 2015**

	<b>MIA</b>	<b>Governmental</b>
	<b>Enterprise Fund</b>	<b>Activities -</b>
		<b>Internal</b>
		<b>Service Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	\$ 7,419,781	\$ 32,769
Payments to suppliers	(3,437,231)	-
Payments to claimants	-	(98,363)
Receipts of customer meter deposits	100,380	-
Customer meter deposits refunded or applied	(69,305)	-
Net cash provided by (used in) operating activities	4,013,625	(65,594)
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Transfers from other funds	10,124,037	-
Transfers to other funds	(8,211,340)	-
Net cash provided by non-capital and related financing activities	1,912,697	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchases of capital assets	(1,516,609)	-
Proceeds from issuance of capital debt	7,895,000	-
Debt issuance costs	(253,112)	-
Principal paid on capital debt	(3,313,729)	-
Interest and fiscal agent fees paid on capital debt	(467,318)	-
Net cash provided by capital and related financing activities	2,344,232	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales and maturities of investments	132,000	-
Purchase of investments	(4,497,950)	(2,172)
Interest and dividends	7,273	2,172
Net cash used in investing activities	(4,358,677)	-
Net increase (decrease) in cash and cash equivalents	3,911,877	(65,594)
Balances - beginning of the year	1,951,232	171,528
Balances - end of the year	\$ 5,863,109	\$ 105,934
<b>Reconciliation to the Statement of Net Position:</b>		
Cash and cash equivalents	\$ 1,921,046	\$ 105,934
Restricted cash and cash equivalents	3,942,063	-
Total cash and cash equivalents	\$ 5,863,109	\$ 105,934
<b>Reconciliation of operating income to net cash provided by operating activities:</b>		
Operating income (loss)	\$ 2,799,526	\$ (72,197)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	989,812	-
Change in assets and liabilities:		
Decrease (Increase) in receivables, net	(2,179)	30,000
Decrease in inventory	3,474	-
Increase (decrease) in accounts payable	205,215	(23,397)
Increase in customer meter deposits payable	31,075	-
Decrease in unearned revenue	(13,298)	-
Net cash provided by (used in) operating activities	\$ 4,013,625	\$ (65,594)

See accompanying notes to the basic financial statements

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## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City's accounting and financial reporting policies conform to accounting principles generally accepted in the United States of America (GAAP). Generally Accepted Accounting Principles (GAAP) includes all relevant Governmental Accounting Standards Board (GASB) pronouncements.

The accounting and reporting framework and the more significant account principles and practices of Mustang are discussed in subsequent sections of this Note.

### 1.A. FINANCIAL REPORTING ENTITY

The city's financial reporting entity is comprised of the following:

Primary Government:	City of Mustang
Component Units:	Mustang Improvement Authority
	Mustang Economic Development Authority
	Mustang Special Project Authority, inactive

In determining the financial reporting entity, the city complies with the provisions of Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*, and Statement No. 61, *The Financial Reporting Entity: Omnibus* and includes all component units of which the city is fiscally accountable.

Each of these component units is a Public Trust established pursuant to Title 60 of Oklahoma State Statutes. Public Trusts (Authorities) have no taxing power. The Authorities are generally created to finance City services through issuance of revenue bonds or other non-general obligation debt and to enable the City Council to delegate certain functions to the governing body (Trustees) of the Authority. The Authorities generally retain title to assets that are acquired or constructed with Authority debt or other Authority generated resources. In addition, the city has leased certain existing assets at the creation of the Authorities to the Trustees on a long-term basis. The city, as beneficiary of the Public Trusts, receives title to any residual assets when a Public Trust is dissolved.

#### *BLENDING COMPONENT UNITS*

Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same or substantially the same as the City Council or the component unit provides services entirely to the city. The city has operational responsibility for each of its blended component units as they do not have employees. These component units' funds are blended into those of the city's by appropriate fund category to comprise the primary government presentation.

The component units that are blended into the primary governments' fund categories are presented below:

Mustang Improvement Authority - Created June 4, 1963, to finance, develop and operate the water, sewer, and solid waste activities. The current City Council serves as entire governing body (Trustees). Any issuances of debt would require a two-thirds approval of the City Council. The MIA is reported as an enterprise fund within the primary government.

Mustang Special Project Authority - Created July 7, 1998 to provide funds for the furthering and authorized or proper functions of the municipality, including but not limited to the furnishing and supplying of economic development services and facilities. The current City Council serves as entire governing body. Any issuance of debt would require a two-thirds approval of the City Council. The trust is currently inactive.

#### *DISCRETELY PRESENTED COMPONENT UNITS*

Discretely presented component units are separate legal entities that meet the component unit criteria described above but do not meet the criteria for blending. The component unit that is discretely presented in the city's report is presented below:

Mustang Economic Development Authority (MEDA) was created February 23, 1982, to promote and encourage development of industry and commerce and other related activities on behalf of the city. Trustees are appointed by the City Council and may be removed at will by the City Council. The city assumes no responsibility for the Authority's day-to-day operations and the Authority's Trustees are responsible for management contracts. In addition, the city has no obligation for the debt of the Authority. Complete financial statements of the discretely presented component unit can be obtained by contacting the Administrative office of the Mustang Economic Development Authority, 1501 N. Mustang Road, Mustang, Oklahoma 73064.

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## 1.B. BASIS OF PRESENTATION

### *Government-Wide Financial Statements:*

The statement of net position and statement of activities display information about the city as a whole. They include all financial activities of the reporting entity. Eliminations have been made to minimize the double reporting of transactions involving internal activities. Individual funds are not displayed in these statements. Instead, the statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities presents a comparison between the expenses and program revenues directly associated with the different governmental functions and business-type activities to arrive at the net revenue or expense of the function or activity prior to the use of taxes and other general revenues. Program revenues include (1) fees, fines, and services charges generated by the program or activity, (2) operating grants and contributions that are restricted to meeting the operational requirements of the program or activity, and (3) capital grants and contributions that are restricted to meeting the capital requirements of the program or activity and include assets donated by developers. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

### *Fund Financial Statements:*

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Separate financial statements are presented for the two major fund categories: governmental and proprietary. The city presently has no fiduciary funds. An emphasis of the fund financial statements is placed on major governmental and enterprise funds. A fund is considered major if it is the primary operating fund of the city or meets the following criteria:

1. Total assets, liabilities, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
2. Total assets, liabilities, revenues or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.
3. A fund not meeting the criteria of (a) and (b), however management has elected to report the fund as a major fund due to its significance to users of the financial statements.

### *FUND TYPES AND MAJOR FUNDS:*

All remaining governmental and enterprise funds not meeting the above criteria are aggregated and reported as nonmajor funds. The funds of the financial reporting entity are described below:

#### *GOVERNMENTAL FUNDS*

##### *General Fund*

The General Fund is the primary operating fund of the city and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds. The following internal activity accounts are combined with the general fund for report purposes only: Health Reimbursement Account, General Reserve Account, and Library Account.

##### *Special Revenue Funds*

Special Revenue Funds are used to account for the proceeds of specified revenue sources that are restricted or committed to expenditures for specified purposes other than capital projects or debt service. The reporting entity includes the following special revenue funds: Police Traffic Enforcement, Alcohol Law Enforcement, Impound Fee, Park Improvement, and the Street Improvement Fund. None are considered major funds.

##### *Debt Service Fund*

The City Debt Service Fund is used to account for ad-valorem taxes levied by the city for use in retiring general obligation bonds, court-assessed judgments, and their related interest and fiscal agent fees. In State law, this fund is referred to as the Sinking Fund. This fund is not considered a major fund.

##### *Capital Project Funds*

Capital Project Funds are used to account for and report financial resources that are restricted, committed or assigned to

expenditures for capital outlay, including the acquisition or construction of capital facilities or other capital assets. The reporting entity includes three capital project funds, the city Capital Improvement Fund, the 2012 General Obligation Bond Project – Ball Field Fund and the 2012 General Obligation Bond Project – Town Center Fund. The 2012 General Obligation Bond Project – Town Center Fund is considered major.

#### *PROPRIETARY FUND TYPES*

Proprietary funds include both enterprise funds and internal service funds. Enterprise funds are used to account for business-like activities provided to the general public. Internal service funds are used to account for business-like activities provided and charged to other funds or entities within the reporting entity. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes the Mustang Improvement Authority enterprise fund. This fund accounts for activities of the public trust in providing water, wastewater, and sanitation to the public and is considered a major fund. The reporting entity includes one internal service fund, the Worker’s Compensation Fund, used to account for self-insured worker’s compensation claims.

#### *COMPONENT UNIT*

The discretely presented component unit is a separate legal entity whose governing body (in majority) is appointed by the Mayor or City Council, but whose governing body is not substantially the same as the City Council nor is it an entity established to provide services primarily to the primary government. Since this component unit is not as closely associated with the city as is a blended component unit, it is reported in a discretely presented column on the government-wide financial statements labeled “Component Units.” The reporting entity includes the Mustang Economic Development Authority, a discretely presented component unit.

### **1.C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

Measurement focus is a term used to describe *how* transactions are recorded within the financial statements. Basis of accounting refers to *when* transactions are recorded regardless of the measurement focus applied.

The government-wide financial statements and the proprietary fund statements report using the *economic resources* measurement focus and the accrual basis of accounting. The accounting objectives of this measurement focus are the determination of operating income, changes in Net Position (or cost recovery), financial position and cash flows. All assets and liabilities (whether current or noncurrent, financial or nonfinancial) associated with their activities are reported. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements report using the “*current financial resources*” measurement focus and the modified accrual basis of accounting. Under the current financial resources focus, only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period. Under the modified accrual basis of accounting, revenues are recognized when “measurable and available”. Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The city considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Sales and use taxes, franchise taxes, hotel/motel taxes, court fines and interest are considered susceptible to accrual. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are recorded when due.

### **1.D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS OF RESOURCES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY**

#### *Cash and Cash Equivalents*

Cash and cash equivalents includes all demand, savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less. Revenue bond account investments in money market accounts are also considered cash equivalents and carried at cost.

#### *Investments*

Investments consist of non-negotiable certificates of deposit whose original maturity term exceeds three months and investments in U.S. Government Securities. All non-negotiable certificates of deposit are carried at cost. Investments in U.S. Government

Securities are carried at fair value. The city places no limit on the amount it may invest in any one issuer. The city has not adopted a formal deposit and investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates other than restrictions set forth in state statutes.

*Receivables*

Material receivable in the governmental fund types and the governmental activities include revenue accruals such as sales tax, franchise tax, and grants and other similar intergovernmental revenues since they are usually both measurable and available. These are reported as *Due From Other Governments*. Non-exchange transactions collectible but not available are deferred in the fund financial statements. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

Business-type activities and the proprietary type fund consist of revenues earned at year-end and not yet received. Billed and unbilled utility accounts receivable comprise the majority of these receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

Component unit notes receivable of the Mustang Economic Development Authority consist of loans for industrial development, see also Note 3.E. for related information on the long-term debt.

*Inventories*

The city operates concession stands at the various ball complexes owned by the city and maintains a materials inventory related to the water and sewer facilities. At June 30, 2015, the unconsumed concession supplies and materials are recorded as inventory on the first-in, first-out basis.

*Capital Assets and Depreciation*

The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and similar discretely presented component unit operations and whether they are reported in the government-wide or fund financial statements

In the government-wide financial statements and the proprietary fund type, property, plant and equipment are accounted for as capital assets. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets that are recorded at their estimated fair value at the date of donation. Estimated historical cost was used to value the majority of the assets acquired prior to June 30, 1991. The governmental fund infrastructure assets consisting of streets and drainage systems were capitalized for the first time for the year ended June 30, 2003. The city capitalizes all capital purchases of \$5,000 or more.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets estimated useful lives using the straight-line method of depreciation. The ranges of estimated useful lives by type of asset are as follows:

- Buildings 20-50 years
- Other Improvements 20-50 years
- Machinery and Equipment 3-25 years
- Utility System 25-50 years
- Infrastructure 25-45 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

*Unearned income*

It is the City's policy to show insurance recoveries that have been received as unearned income if the associated repair or replacement is planned but not completed. In the government-wide financial statements the insurance recovery income is fully recognized when earned.

*Restricted Assets*

Restricted assets reported in the fund financial statements include current assets of the governmental and enterprise funds that are legally restricted as to their use. The primary restricted assets are related to revenue bond trustee accounts restricted for debt service and deposits held for refund.

*Long-Term Debt*

Accounting treatment of long-term debt varies depending upon the source of repayment and whether the debt is reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental resources and business-type and similar discretely presented component unit resources are reported as liabilities as incurred. The long-term debt consists primarily of accrued compensated absences, general obligation bonds payable, judgment funding bonds payable, and revenue bonds payable. This long-term debt is reported net of unamortized premiums, and discounts, if any.

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

*Compensated Absences*

The city's policy regarding vacation and compensatory time permits employees to accumulate varying amounts as determined by management and contracts with employee groups. Sick leave may be sold back at various rates accordingly to non-union and union employees.

The liability for these compensated absences is recorded as long-term debt in the government-wide statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absences that have matured; however, the compensated absences obligation is reported as a fund balance reserve in compliance with the State Constitution. The General Fund is used to liquidate compensated absences. The proprietary fund has no accrued compensated absences due to the transfer of all employees and related costs to a third-party contractor for utility operations.

*Pensions*

The City participates in three employee pension systems as follows:

<u>Name of Plan/System</u>	<u>Type of Defined Benefit Plan</u>
Oklahoma Police Pension and Retirement Plan (OPPRS)	Cost Sharing Multiple Employer
Oklahoma Firefighters Pension and Retirement Plan (OFPRS)	Cost Sharing Multiple Employer
Oklahoma Municipal Retirement Fund (OMRF)	Agent Multiple Employer

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of each plan as well as additions to/deductions from each plan's respective fiduciary net positions have been determined on the same basis as they are reported by the plan administrator. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with each plan's respective benefit terms. Investments are reported at fair value.

*Deferred Outflows of Resources*

Deferred outflows are the consumption of net position by the City that are applicable to a future reporting period. At June 30, 2015, the City's deferred outflows of resources were comprised of deferred charges related to debt refunding activity, unfavorable differences between expected and actual defined benefit pension plan experience, and City contributions to defined benefit pension plans subsequent to the plans' measurement date.

*Deferred Inflows of Resources*

Deferred inflows are the acquisitions of net position by the City that are applicable to a future reporting period. At June 30, 2015, the City's deferred inflows of resources were comprised of deferred credits resulting from net differences between projected and actual earnings on defined benefit pension plan investments and favorable differences between expected and actual experience defined benefit pension plan experience.

*Equity Classifications*

*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 including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

2. Restricted net position - Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
3. Unrestricted net position - All other net position that do not meet the definition of "restricted" or "net investment in capital assets".

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

*Fund Financial Statements:*

Governmental fund equity is classified as fund balance. Since the City implemented GASB Statement 54, fund balance is further classified as nonspendable, restricted, committed, assigned and unassigned. These classifications are defined as:

- a. Nonspendable – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- b. Restricted – consists of fund balance with constraints placed on the use of resources either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) laws through constitutional provisions or enabling legislation.
- c. Committed – included amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the city's highest level of decision-making authority. The City's highest level of decision-making authority is made by ordinance.
- d. Assigned – includes amounts that are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed. Assignments of fund balance may be made by city council action or management decision when the city council has delegated that authority per section 2-4 of the city's municipal code. Assignments for transfers and interest income for governmental funds are made through budgetary process.
- e. Unassigned – represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the general fund.

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

**1.E. REVENUES, EXPENDITURES AND EXPENSES**

*Sales Tax*

The City levies a four-cent sales tax on taxable sales within the city. The sales tax is collected by the Oklahoma Tax Commission and remitted to the City in the month following receipt by the Tax Commission. The entire sales tax is recorded as revenue within the General Fund. Upon receipt, the General Fund distributes the dedicated portion of the sales tax as follows:

- Three cents transferred to the Mustang Improvement Authority as required by revenue notes, with two cents transferred back to the general fund for operations. Any portion of the one cent retained by the MIA not used for debt payments is restricted for capital purchase and is transferred to the Capital Improvement Fund.
- Sales tax resulting from sales occurring prior to year end and received by the City after year end have been accrued and is included under the caption *Due From Other Governments* because they represent taxes on sales occurring during the reporting period.

*Property Tax*

Under State statutes, municipalities are limited in their ability to levy a property tax. Such tax may only be levied to repay principal and interest on general obligation bonded debt approved by voters and any court-assessed judgments. For the year ended June 30, 2015, the City levied a property tax to fund the annual debt service requirements of the 2012 General Obligation Bonds.

The property tax levy, as determined by the City's debt service needs, is submitted to the County Excise Board for approval. County assessors, elected officials, determine the taxable value of real estate and personal property in the County. A State Board of Equalization hears complaints on real estate values with the power to equalize assessments. Under present State law, the ratio of assessed value to true value cannot be less than 11 percent nor more than 13 ½ percent.

Property taxes levied by the City are billed and collected by the County Treasurer's Office and remitted to the City in the month following collection. Property taxes are levied normally in October and are due in equal installments on December 31 and March

31. Property taxes unpaid for the fiscal year are attached by an enforceable lien on property in the following October. For the year ended June 30, 2015, the City's net assessed valuation of taxable property was \$122,127,920. The taxes levied by the City per \$1,000 of net assessed valuation for the year ended June 30, 2015 was \$2.35.

*Pledge of Future Revenues*

The city had pledged one cent (or 25%) of future sales tax revenues to repay \$16,685,000 of Series 2006 Revenue Bonds. The sales tax is legally restricted by a vote of the citizens and cannot be spent on any other items. Proceeds from the notes provided financing for governmental capital assets. The bonds were defeased in May 2014, funded by the issuance of the Utility System and Sales Tax Revenue Note, Taxable Series 2014A in the amount of \$7,740,000. The total principal and interest payable for the remainder of the life of this note is \$5,809,170. The note is payable from the above-mentioned utility net revenues and one cent of sales tax, if utility revenues will not cover the debt. The debt service payments this year were \$2,274,275 which was 19.2% of pledged net utility and sales tax revenues of \$11,855,907.

The city had also pledged future net water and sewer revenues and one cent of sales tax to repay \$14,690,000 of the 1998 Revenue Bonds Payable. Proceeds from the bonds provided financing for utility system capital assets. The bonds were defeased in April 2013, funded by the issuance of a refunding private placement note, with the pledged revenues assumed by the note holder. The total principal and interest payable for the remainder of the life of this note is \$3,520,398. The note is payable from the above-mentioned utility net revenues and one cent of sales tax, if utility revenues will not cover the debt. Debt service payments of \$1,131,057 for the current fiscal year were 9.5% of pledged revenues.

The city has also pledged future net water and sewer revenues to repay \$6,590,000 of the 2009 OWRB Note Payable. Proceeds from the note provided financing for upgrades to the wastewater treatment plant. The note is payable through 2029. The total principal and interest payable for the remainder of the life of this note is \$3,949,140. The bond is payable from the above-mentioned utility net revenues. Debt service payments of \$246,435 for the current fiscal year were 2.1% of pledged revenues.

In December, 2014, the city issued the Utility System and Sales Tax Revenue Note, Series 2014B in the amount of \$7,985,000 and pledged the above mentioned net utility revenues and four cents of sales tax, if utility revenues will not cover the debt. Principal payments do not begin until June 2018 and the note is payable through June 2026. The total principal and interest payable for the remainder of the life of this note is \$9,494,345. Debt service of \$101,846 were 0.9% of pledged revenues.

The city has pledged future ad valorem taxes to repay \$3,600,000 of the 2012 General Obligation Bonds. Proceeds from the bonds provided financing for the construction of a baseball complex and the expansion of the library and community center. The bonds are payable thru 2027. Levying of an ad valorem tax requires a vote of the citizens. Ad valorem revenue can only be collected to pay principal and interest on general obligation bonds or court assessed judgments. The total principal and interest payable for the remainder of the life of this bond is \$3,515,996. Pledged ad valorem taxes received in the current year were \$318,565. Debt service payments of \$322,508 for the current fiscal year were 101.2% of the pledged ad valorem taxes. In order to levy enough tax to make debt payments as scheduled, the city must collect debt service in advance for payments due in October.

*Expenditures and Expenses*

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

**1.F. INTERNAL AND INTERFUND BALANCES AND ACTIVITIES**

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

*Fund Financial Statements:*

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

1. Interfund loans - amounts provided with a requirement for repayment are reported as interfund receivables and payables.
2. Interfund services - sales or purchases of goods and services between funds are reported as revenues and expenditures/expenses.
3. Interfund reimbursements - repayments from funds responsible for certain expenditures/expenses to the funds that

- initially paid for them are not reported as reimbursements but as adjustments to expenditures/expenses in the respective funds.
4. Interfund transfers - flow of assets from one fund to another where repayment is not expected are reported as transfers in and out.

*Government-Wide Financial Statements:*

Interfund activity related to services provided and used is not eliminated in the process of consolidating the government-wide financial statements. All other interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements, as follows:

1. Internal balances - amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the governmental and business-type activities columns of the statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are reported as Internal Balances.
2. Internal activities - amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide statement of activities except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers - Internal Activities. The effect of interfund services between funds is not eliminated in the statement of activities.
3. Primary government and component unit activity and balances - resource flows between the primary government (the City and MIA) and the discretely presented component units (the MEDA) are reported as if they were external transactions and are classified separately from internal balances and activities within the primary government.

**1.G. USE OF ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

**1.H. NEW ACCOUNTING PRONOUNCEMENTS ADOPTED IN FISCAL YEAR 2015**

The City adopted several new accounting pronouncements during the year ended June 30, 2015 as follows:

Statement No. 68, Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27

GASB No. 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and pension expenses. GASB No. 68 also details the recognition and disclosure requirements for employers with liabilities to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. Defined benefit pensions are further classified by GASB No. 68 as single employer plans, agent employer plans, and cost-sharing plans, and recognition and disclosure requirements are addressed for each classification. GASB No. 68 was issued in June 2012, and implementation guidance was issued in November 2014. Implementation in the fiscal year ended June 30, 2015 resulted in the restatement of the net position of governmental activities as shown in footnote 1.J.

Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – GASB No. 71 amends GASB Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the pension liability. GASB 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflow of resources related to pensions be reported at transition only if it is practical to determine all such amounts. The provisions of this Statement were applied simultaneously with the provisions of GASB Statement No. 68.

**1.I. NEW ACCOUNTING PRONOUNCEMENTS ISSUED BUT NOT YET ADOPTED**

Statement No. 72, Fair Value Measurement and Application

GASB 72 addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GASB 72 provides guidance for determining a fair value measurement for financial reporting purposes. GASB 72 also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2015. The City has not determined the effect of the implementation of this statement on its financial presentation.

Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and amendments to certain Provisions of GASB Statements 67 and 68

The objective of GASB Statement No.73 is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. The provisions in Statement 73 are effective for fiscal years beginning after June 15, 2015—except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for fiscal years beginning after June 15, 2016. Earlier application is encouraged. The City has not determined the effect of the implementation of this statement on its financial presentation.

Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans

The objective of GASB Statement No. 74 is to improve the usefulness of information about postemployment benefits other than pensions (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. The provisions of this statement are effective for financial statements for periods beginning after June 15, 2017. Earlier application is encouraged. The City has not determined the effect of the implementation of this statement on its financial presentation.

Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions

The primary objective of GASB Statement No. 75 is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2017. Earlier application is encouraged. The City has not determined the effect of the implementation of this statement on its financial presentation.

Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Government

The objective of GASB Statement No. 76 is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2015 and should be applied retroactively. Earlier application is encouraged. The City has not determined the effect of the implementation of this statement on its financial presentation.

Statement No. 77, Tax Abatement Disclosures

This Statement requires disclosure of tax abatement information about (1) a reporting government’s own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government’s tax revenues. For financial reporting purposes, this Statement defines a tax abatement as resulting from an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2015. Earlier application is encouraged. The City has not determined the effect of the implementation of this statement on its financial presentation.

**1.J. RESTATEMENT OF BEGINNING NET POSITION**

The City’s beginning net position has been restated as follows:

	<b>Governmental Activities</b>
<b>Beginning net position as previously reported at June 30, 2014:</b>	<b>\$ 33,778,971</b>
Prior period adjustment:	
Implementation of GASB 68:	
Net pension liability (July 1, 2013)	(6,300,631)
Deferred outflows - City's contributions made during fiscal year 2014	522,201
<b>Net position as restated July 1, 2014</b>	<b>\$ 28,000,541</b>

## **NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

By its nature as a local government unity, the City and its component units are subject to various federal, state and local laws and contractual regulations.

### **2.A. DEFICIT FUND BALANCES OR NET POSITION**

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, 2015, the City reported no individual fund deficits.

### **2.B. DEPOSITS AND INVESTMENTS REQUIREMENTS**

In accordance with State Statutes, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral valued at the lower of market or par. Acceptable collateral includes certain U.S. Government or Government Agency securities, certain State of Oklahoma or political subdivision debt obligations, surety bonds, or certain letters of credit. As required by 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the city must have a written collateral agreement approved by the board of directors or loan committee.

Investments of a City (excluding Public Trusts) are limited by State Statute to the following:

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

Public trusts created under O.S. Title 60, are not subject to the above noted investment limitations and are primarily governed by any restrictions in their trust or bond indentures. For the year ended June 30, 2015, the city and its public trusts, complied with the above investment restrictions.

### **2.C. DEBT RESTRICTIONS AND COVENANTS**

#### *General Long-Term Debt*

As required by the Oklahoma State constitution, the City (excluding Public Trusts) may not incur any indebtedness that would require payment from resources beyond the current fiscal year revenue without first obtaining voter approval.

#### *Revenue Bond Debt*

The bond indentures relating to the revenue bond issued of the MIA contain a number of financial restrictions or covenants. These include covenants requiring flow of funds through special accounts, required reserve account balances and revenue bond debt service coverage requirements. The MIA complied with the requirements of the bond indentures in all material respects for the fiscal year ended June 30, 2015.

#### *Notes Payable*

The loan agreement with the Oklahoma Water Resources Board relating to the construction note payable of the Mustang Improvement Authority contains a number of financial restrictions or covenants. These include covenants requiring a flow of funds through special accounts and a note payable debt service coverage requirement. The note agreement requires net revenues

of the system plus pledged and transferred sales tax to be at least 125% of maximum annual debt service. The MIA complied with the requirements of the note indentures in all material respects for the fiscal year ended June 30, 2015.

**NOTE 3. DETAIL NOTES - TRANSACTION CLASSES/ACCOUNTS**

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, revenues and expenditures/expenses.

**3.A. DEPOSITS AND INVESTMENTS**

The City’s policies regarding deposits of cash and investments are discussed in Note 1.E.

*Deposits*

Custodial credit risk is the risk that in the event of a bank failure, the government deposits may not be returned to it. The City is governed by the State Public Deposit Act which requires that the City obtain and hold collateral whose fair value exceeds the amount of uninsured deposits. Investment securities are exposed to custody credit risk if the securities are uninsured, are not registered in the name of the government, and if held by either a counterparty or a counterparty’s trust, department or agent, but not in the government’s name.

As of June 30, 2015, the City was no exposed to custodial credit risk as defined above.

Total bank deposits of \$3,215 of the discretely presented component unit were insured with Federal Deposit Insurance Corporation Insurance.

As of June 30, 2015, the City’s reporting entity had the following deposits and investments:

Type	Fair Value	Credit Rating	Maturities in Years	
			On Demand	Less than one
Demand deposits and cash on hand	\$ 5,746,270	n/a	\$ 5,746,270	\$ -
Money market fund - federal obligations	3,415,109	n/a	3,415,109	-
Certificates of deposit	4,600,967	n/a	-	4,600,967
US Treasury Bill	3,990,600	n/a	-	3,990,600
	<u>\$ 17,752,946</u>		<u>\$ 9,161,379</u>	<u>\$ 8,591,567</u>
Reconciliation to Statement of net position:				
Cash and cash equivalents	\$ 5,183,131			
Restricted - cash and cash equivalents	3,978,248			
Investments	3,968,153			
Restricted - investments	<u>4,623,414</u>			
	<u>\$ 17,752,946</u>			

*Investments*

The city does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. There is no limit on the amount it may invest in any one issuer. The city has no investment policy that limits its investment choices other than the limitation of State Statutes discussed in Note 2.B.

**3.B. ACCOUNTS RECEIVABLE**

Accounts receivable of the business-type activities consists of customer utilities receivable. Accounts receivable of the governmental activities consists of police fines. Receivables detail at June 30, 2015, is as follows:

	Governmental Activities	Business-Type Activities	Totals
Accounts receivable	\$ 492,792	\$ 903,811	\$ 1,396,603
Allowance for uncollectible accounts	(315,387)	(13,059)	(328,446)
Total Restricted Assets	<u>\$ 177,405</u>	<u>\$ 890,752</u>	<u>\$1,068,157</u>

### 3.C. RESTRICTED ASSETS

The amounts reported as restricted assets in the fund financial statements are comprised of cash and investments held by the trustee bank on behalf of the various public trusts (authorities) related to their required revenue note accounts as described in Note 2.E., and deposits held for refund. The restricted assets as of June 30, 2015 were as follows:

	Cash and Cash <u>Equivalents</u>	<u>Investments</u>	<u>Totals</u>
Governmental Activities:			
Construction accounts	\$ 36,185	\$ 131,603	\$ 167,788
Business-Type Activities:			
Deposits subject to refund	58,221	298,659	356,880
Construction account	2,957,152	3,990,600	6,947,752
Debt service	<u>926,690</u>	<u>202,552</u>	<u>1,129,242</u>
Total Business-type Activities:	<u>3,942,063</u>	<u>4,491,811</u>	<u>8,433,874</u>
Total Restricted Assets	<u>\$ 3,978,248</u>	<u>\$ 4,623,414</u>	<u>\$ 8,601,662</u>

### 3.D. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2015, was as follows:

Governmental activities:

	Balance <u>July 1, 2014</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>June 30, 2015</u>
<i>Governmental Activities:</i>				
Capital assets not being depreciated:				
Land	\$ 826,708	\$ 21,665	\$ -	\$ 848,373
Construction-in-progress	75,615	13,768	63,616	25,767
Total Capital assets not being depreciated	<u>902,323</u>	<u>35,433</u>	<u>63,616</u>	<u>874,140</u>
Depreciable assets				
Buildings	18,467,193	679,314	650	19,145,857
Other improvements	2,227,215	-	7,039	2,220,176
Machinery and equipment	8,240,985	775,184	518,340	8,497,829
Infrastructure	42,981,315	209,001	-	43,190,316
Total depreciable assets	<u>71,916,708</u>	<u>1,663,499</u>	<u>526,029</u>	<u>73,054,178</u>
Less accumulated depreciation:				
Buildings	6,157,778	540,208	321	6,697,665
Other improvements	241,795	94,849	7,039	329,605
Machinery and equipment	5,708,205	627,462	507,390	5,828,277
Infrastructure	30,192,592	623,909	-	30,816,501
Total accumulated depreciation	<u>42,300,370</u>	<u>1,886,428</u>	<u>514,750</u>	<u>43,672,048</u>
Net depreciable assets	<u>29,616,338</u>	<u>(222,929)</u>	<u>11,279</u>	<u>29,382,130</u>
Governmental activities capital assets, net	<u>\$ 30,518,661</u>	<u>\$ (187,496)</u>	<u>\$ 74,895</u>	<u>\$ 30,256,270</u>

Business-type activities:

	Balance <u>July 1, 2014</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>June 30, 2015</u>
<i>Business -type Activities:</i>				
Capital assets not being depreciated:				
Land	\$ 452,326	\$ -	\$ -	\$ 452,326
Construction-in-progress	90,063	559,044	44,798	604,309
Total Capital assets not being depreciated	<u>542,389</u>	<u>559,044</u>	<u>44,798</u>	<u>1,056,635</u>
Depreciable Assets:				
Buildings	11,297,333	-	-	11,297,333
Other improvements	35,938	-	-	35,938
Machinery and equipment	609,454	-	85,404	524,050
Utility Property	29,831,161	1,002,363	379	30,833,145
Total depreciable assets	<u>41,773,886</u>	<u>1,002,363</u>	<u>85,783</u>	<u>42,690,466</u>
Less accumulated depreciation:				
Buildings	2,722,115	225,947	-	2,948,062
Other improvements	18,058	1,367	-	19,425
Machinery and equipment	482,117	27,864	85,404	424,577
Infrastructure	14,956,134	734,634	379	15,690,389
Total accumulated depreciation	<u>18,178,424</u>	<u>989,812</u>	<u>85,783</u>	<u>19,082,453</u>
Net depreciable assets	<u>23,595,462</u>	<u>12,551</u>	<u>-</u>	<u>23,608,013</u>
Business-type activities capital assets, net	<u>\$ 24,137,851</u>	<u>\$ 571,595</u>	<u>\$ 44,798</u>	<u>\$ 24,664,648</u>

Depreciation expense was charged to functions in the statement of activities as follows:

Governmental Activities:	
Administration	\$431,907
Culture and Recreation	328,870
Community Development	10,147
Public Safety	479,607
Streets and Drainage	<u>635,897</u>
Total depreciation expense for governmental activities	<u>\$1,886,428</u>
Business-Type Activities:	
Water	\$486,046
Wastewater	498,660
Sanitation	649
General government	<u>4,457</u>
Total depreciation expense for business-type activities	<u>\$989,812</u>

### 3.E. LONG-TERM DEBT

The reporting entity's long-term debt is segregated between the amounts to be repaid from governmental activities, amounts to be repaid from business-type activities, and amounts to be repaid from component units.

*Governmental Activities:*

At June 30, 2015, the governmental activities long-term debt consisted of the following:

General Obligation Bonds:

\$3,600,000 General Obligation Bonds of 2012, due in thirteen annual installments of \$255,000, and a final installment of \$285,000, first payment due June 2013, final payment due June 2027, with interest rates of 0.09% to 3.9%, to be repaid from a property tax levy.

Current portion \$255,000, non-current portion \$2,835,000. \$3,090,000

Capital Lease Obligations:

\$189,275 note to RCB Bank for the purchase of five police vehicles due in three annual installments of \$64,486 with an interest rate of 2.05%. All current	63,191
\$150,811 note to RCB Bank for the purchase of three police vehicles due in three annual installments of \$51,433 with an interest rate of 1.60%. Current portion \$50,418	100,392
\$39,094 note to RCB Bank for the purchase of a police vehicles due in three annual installments of \$13,385 with an interest rate of 1.60%. Current portion \$12,870	25,949
Total Capital Lease Outstanding	<u>\$189,532</u>
Current portion	\$126,479
Non-current portion	<u>63,053</u>
Total Capital Lease Payable	<u>\$189,532</u>

Accrued Compensated Absences:

Current portion	\$ 32,496
Non-current portion	<u>292,462</u>
Total Accrued Compensated Absences	<u>\$324,958</u>

*Business-Type Activities:*

As of June 30, 2015, the long-term debt payable from business-type activities resources consisted of the following:

Notes Payable:

2009 Interim Construction Clean Water SRF Promissory Note to the Oklahoma Water Resources Board, original issue amount of \$6,590,000, secured by utility revenues and Sales tax revenue, interest rate of 2.310% and administrative fee of .5%, final maturity June 2029. Current portion \$173,225, non-current portion \$3,021,550.	\$3,194,775
2013 Utility System and Sales Tax Revenue Note, original issue amount of \$5,525,000, secured by utility revenues and sales tax revenue, interest rate of 2.06%, final maturity December 2018. Note was issued to refund the remaining 1998A and 1998B Refunding Revenue Bonds. Current portion \$1,065,000, non-current portion \$2,325,000	3,390,000
2014A Utility System and Sales Tax Revenue Note, original issue amount of \$7,740,000, secured by utility revenues and sales tax revenue, interest rate of 2.10%, final maturity June 2018. Note was issued to refund the remaining 2006 Revenue Bonds. Current portion \$2,135,000, non-current portion \$3,490,000	5,625,000
2014B Utility System and Sales Tax Revenue Note, original issue amount of \$7,895,000, secured by utility revenues and sales tax revenue, interest rate of 2.70%, final maturity June 2026. Note was issued to finance water, sanitary sewer, and street improvements. All noncurrent	<u>\$7,895,000</u>
Total Notes Payable outstanding	<u>\$20,104,775</u>
Current portion	\$ 3,373,225
Non-current portion	<u>16,731,550</u>
Total Notes Payable	<u>\$20,104,775</u>

Interest expense related to the refunding 2014A Revenue Note does not relate to the actual programs of the business-type activities, and therefore are not charged to the specific programs. Interest is shown on the *Statement of Changes in Net Position* in a separate line titled *general government activities* totaling \$159,275.

**Changes in Long-Term Debt**

The following is a summary of changes in long-term debt for the year ended June 30, 2015:

	Balance July 1, 2014	Additions	Retirements	Balance June 30, 2015	Amounts Due in One Year
<b>Governmental Activities:</b>					
General obligation bonds	\$ 3,345,000	\$ -	\$ 255,000	\$ 3,090,000	\$ 255,000
Capital lease payable	175,380	189,905	175,753	189,532	126,479
Accrued compensated absences	312,581	317,184	304,807	324,958	32,496
<b>Total Governmental Activities</b>	<b>\$3,832,961</b>	<b>\$507,089</b>	<b>\$735,560</b>	<b>\$3,604,490</b>	<b>\$413,975</b>
<b>Business Type Activities:</b>					
Notes payable	\$ 15,538,404	\$ 7,895,000	\$ 3,328,629	\$ 20,104,775	\$ 3,373,225

**Annual Debt Service Requirements**

The annual debt service requirements to maturity, including principal and interest, for long-term debt as of June 30, 2015 are as follows:

Year Ending June 30,	Governmental Activities				Business Type Activities	
	General Obligation Bonds		Capital Lease		Note Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 255,000	\$ 59,220	\$ 126,479	\$ 3,358	\$ 3,373,225	\$ 474,428
2017	255,000	50,933	63,053	1,037	3,438,438	402,375
2018	255,000	48,638	-	-	2,498,558	328,563
2019	255,000	46,088	-	-	1,113,825	286,766
2020	255,000	43,219	-	-	1,144,057	257,544
2021-2025	1,275,000	155,531	-	-	6,202,930	798,652
2026-2030	540,000	22,369	-	-	2,333,742	120,250
<b>Total</b>	<b>\$ 3,090,000</b>	<b>\$ 425,998</b>	<b>\$ 189,532</b>	<b>\$ 4,395</b>	<b>\$ 20,104,775</b>	<b>\$ 2,668,578</b>

**3.F. INTERFUND TRANSACTION AND BALANCES**

Interfund transfers for the year ended June 30, 2015 were as follows:

Transfer from	Transfer to	Amount	Nature of Interfund Transfer
General Fund	MIA	\$ 9,708,037	Pledged sales tax - bond indenture
General Fund	Streets and Drainage	312,000	Budgeted annual transfer
General Fund	Park Improvements	54,704	Municipal fine revenue
General Fund	Park Improvements	5,865	Business license revenue
General Fund	Traffic Enforcement	13,598	Municipal fine revenue
General Fund	Enforcement of Alcohol Laws	5,344	Municipal fine revenue
General Fund	Impound Fees	27,800	Municipal fine revenue
Capital Improvement Fund	MIA	416,000	Capital asset acquisition
MIA	General Fund	2,295,000	Budgeted annual transfer
MIA	General Fund	4,854,018	Pledged sales tax - bond indenture
MIA	Streets and Drainage	134,363	Sanitation franchise fees
MIA	Capital Project	927,958	Sales tax per ordinance
		<b>\$ 18,754,687</b>	

**Reconciliation to Fund Financial Statements:**

	Transfers in	Transfers out	Total
Governmental Funds	\$ 8,630,650	\$ 10,543,347	\$ (1,912,697)
Proprietary Funds	10,124,037	8,211,340	\$ 1,912,697
<b>Total</b>	<b>\$ 18,754,687</b>	<b>\$ 18,754,687</b>	<b>-</b>

### 3.G. FUND BALANCES AND NET POSITION

*Government Wide Financial Statements:*

Net Position Restrictions at June 30, 2015 were as follows:

Fund	Restricted By	Amount
Debt Service	Property tax levy - external	\$ 240,457
2012 GO Bond Project - Town Center	Debt covenants - external	154,257
Mustang Improvement Authority	Debt covenants - external	7,546,550
2014A Bond Fund	Debt covenants - external	434,588
2013 Bond fund	Debt covenants - external	93,455
		\$ 8,469,307

*Net investment in capital assets (Government Wide Financial Statements Total Column):*

The 2014A Utility System and Sales Tax Revenue Note of the business-type activities was used to refund debt originally issued to fund governmental capital assets (police station, community center, and recreation facilities). The “net investment in capital assets” in the business-type activities therefore does not include the amounts related to this debt issue as the assets in the governmental activities. This explains the large negative balance of unrestricted net position in the business-type activities. The capital assets related to this debt are reported in the governmental activities and are also reported in “net investment in capital assets” The total column for the “net investment in capital assets” on the *Statement of Net Position* does include the amounts related to this debt of \$5,625,000, explaining why this amount does not total across.

*Fund Level Financial Statements:*

	General Fund	2012 GO Bond Project - Town Center	Other Governmental Fund	Total
Fund Balance:				
Nonspendable:				
Inventory	\$ 41,925	\$ -	\$ -	\$ 41,925
Restricted For:				
Debt Service Debt covenants	-	-	240,457	240,457
Capital improvements - property tax levy	-	154,257	-	154,257
Sub-total restricted	-	154,257	240,457	394,714
Committed For:				
Community development - incentive guarantees	546,167	-	-	546,167
Capital improvements - city ordinance	-	12,994	1,269,151	1,282,145
Street improvements - city ordinance	-	-	1,172,680	1,172,680
Police operations - city ordinance	-	-	2,650	2,650
Law enforcement programs	-	-	5,990	5,990
Sub-total committed	546,167	12,994	2,450,471	3,009,632
Assigned for:				
Budgetary - council resolution	177,250	-	-	177,250
Law enforcement programs - council resolution	-	-	42,817	42,817
Park improvements -council resolution	-	-	132,950	132,950
Sub-total assigned	177,250	-	175,767	353,017
Unassigned:	2,678,631	-	37	2,678,668
<b>TOTAL FUND BALANCE</b>	<b>\$3,443,973</b>	<b>\$ 167,251</b>	<b>\$ 2,866,732</b>	<b>\$ 6,477,956</b>

**NOTE 4. OTHER NOTES**

**4.A. EMPLOYEE PENSION AND OTHER BENEFIT PLANS**

The city participates in three employee pension systems as follows:

<u>Name 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
Oklahoma Municipal Retirement Fund (OMRF)	Agent Multiple Employer – Defined Benefit Plan

**Oklahoma Police Pension and Retirement Plan**

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

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

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

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

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

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

**Contributions** - The contributions requirements of the Plan are at an established rate determine by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 8% percent of their annual pay. Participating cities are required to contribute 13% of the employees’ annual pay. Contributions to the pension plan from the City were \$155,580. The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of \$152,201 this is reported as both a revenue and an expenditure in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. In the government-wide Statement of Activities, revenue is recognized for the state’s on-behalf contributions on an accrual basis of \$135,683.

**Pension Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2015, the City reported an asset of \$145,817 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2014. The City’s proportion of the net pension asset was based on the City’s contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2014. Based upon this information, the City’s proportion was .4331 percent.

For the year ended June 30, 2015, the City recognized pension expense of \$51,047. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 65,511
Net difference between projected and actual earnings on pension plan investments		512,523
City contributions subsequent to the measurement date	155,580	-
<b>Total</b>	<b>\$ 155,580</b>	<b>\$ 578,034</b>

The \$155,580 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	\$ (141,694)
2017	(141,694)
2018	(141,693)
2019	(141,693)
2020	(11,260)

**Actuarial Assumptions**-The total pension liability was determined by an actuarial valuation as of July 1, 2014, using the following actuarial assumptions, applied to all prior periods included in the measurement:

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

The actuarial assumptions used in the July 1, 2014, valuation were based on the results of an actuarial experience study for the period July 1, 2007, to June 30, 2012.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are

developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014, are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	2.83%
Domestic equity	6.47%
International equity	6.98%
Real estate	5.50%
Private Equity	5.96%
Commodities	3.08%

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

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

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

	<u>1% Decrease (-6.5%)</u>	<u>Current Discount Rate (7.5%)</u>	<u>1% Increase (-8.5%)</u>
Employers' net pension liability	\$ 867,588	\$ (145,817)	\$ (999,892)

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

**Payables to the pension plan** - The City did not have any payables to OPPRS at June 30, 2015.

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## Oklahoma Firefighters Pension and Retirement Fund

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

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

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

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

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

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

**Contributions** - The contributions requirements of the Plan are at an established rate determine by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 9% percent of their annual pay. Participating cities are required to contribute 14% of the employees' annual pay. Contributions to the pension plan from the City were \$159,907. The State of Oklahoma also made on-behalf contributions to FPRS in the amount of \$375,585 this is reported as both a revenue and an expenditure in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$324,288. 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, 2015, the City reported a liability of \$4,192,340 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The City's proportion of the net pension liability was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2014. Based upon this information, the City's proportion was .40768% percent. For the year ended June 30, 2015, the City recognized pension expense of \$375,585. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	
Differences between expected and actual experience	\$ 99,889	\$ -	
Changes of assumptions	-	-	
Net difference between projected and actual earnings on pension plan investments		634,605	
Changes in proportion and differences between City contributions and proportionate share of contributions	-	-	
City contributions subsequent to the measurement date	159,907	-	
Total	\$ 259,796	\$ 634,605	

The \$159,907 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	\$ (140,050)
2017	(140,050)
2018	(140,050)
2019	(140,050)
2020	18,600
Thereafter	6,884

**Actuarial Assumptions**-The total pension liability was determined by an actuarial valuation as of July 1, 2014, using the following actuarial assumptions, applied to all prior periods included in the measurement:

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

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

The actuarial assumptions used in the July 1, 2014, valuation were based on the results of an actuarial experience study for the period July 1, 2007, to June 30, 2012.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014, are summarized in the following table:

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

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

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

	1% Decrease <u>(6.5%)</u>	Current Discount <u>Rate (7.5%)</u>	1% Increase <u>(8.5%)</u>
Employers' net pension liability	\$ 5,474,311	\$ 4,192,340	\$ 3,117,549

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

**Payables to the pension plan** - The City did not have any payables to FPRS at June 30, 2015.

**Oklahoma Municipal Retirement Plan (OMRF)**

*Plan Description*

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

*Summary of Significant Accounting Policies*

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

*Eligibility Factors and Benefit Provisions*

<u>Provision</u>	<u>OkMRF Plan</u>
	<u>As of 07/01/14</u>
a. Eligible to participate employees who are covered under an approved system.	Full-time employees except police, firefighters and other
b. Period Required to Vest	10 years of credited service
c. Eligibility for Distribution	-Normal retirement at age 65 with 10 years of service
-Early retirement at age 55 with 80 points and 10 years of service	
-Disability retirement upon disability with 10 years of service	
-Death benefit with 10 years of service for married employees	
d. Benefit Determination Base consecutive annual salaries out of the last 10 calendar years of service	Final average salary - the average of the five highest
e. Benefit Determination Methods:	
Normal Retirement	-2.625% of final average salary multiplied by credited years
Early Retirement	-Actuarially reduced benefit based upon age, final average
Disability Retirement	-Same as normal retirement
Death Benefit	-50% of employees accrued benefit, but terminates upon
spouse re-marriage	
Prior to 10 Years Service	-No benefits
f. Benefit Authorization adoption of an ordinance in accordance with O.S. Title, 11, Section 48-101-102	-Benefits are established and amended by City Council
g. Form of Benefit Payments Employee may elect, with City consent, option form based on actuarial equivalent.	Normal form is a 60 months certain and life thereafter basis.

*Employees Covered by Benefit Terms*

Active Employees	36
Deferred Vested Former Employees	4
Retirees or Retiree Beneficiaries	<u>9</u>
Total	<u>49</u>

*Contribution Requirements*

The City Council has the authority to set and amend contribution rates by ordinance for the OkMRF defined benefit plan in accordance with O.S. Title 11, Section 48-102. The contribution rates for the current fiscal year have been made in accordance with an actuarially determined rate. The actuarially determined rate is 10.64% of covered payroll as of 7-1-14. For the year ended June 30, 2015, the City recognized \$224,726 of employer contributions to the plan which equals the actuarially determined amount based on covered payroll of \$2,112,080. Employees cannot contribute to the plan in accordance with the plan provisions adopted by the City Council.

*Actuarial Assumptions*

Date of Last Actuarial Valuation	July 1, 2014
a. Actuarial cost method	Entry age normal
b. Rate of Return on Investments and Discount Rate	7.75%
c. Projected Salary Increase	Varies between 7.42% and 4% based on age
d. Post Retirement cost-of-Living Increase	None
e. Inflation Rate	3%
f. Mortality Table	UP 1994, with projected mortality improvement
g. Percent of married employees	100%
h. Spouse age difference	3 years (female spouses younger)
i. Turnover	Select and ultimate rates Ultimate rates are age-related as shown Additional rates per thousand are added during the first 5 years: Year 1: 215 Year 2: 140 Year 3: 95 Year 4: 65 Year 5: 40
j. Date of last experience study	September 2012 for fiscal years 2007 thru 2011

*Discount Rate* – The discount rate used to value benefits was the long-term expected rate of return on plan investments, 7.75% since the plan’s net fiduciary position is projected to be sufficient to make projected benefit payments. The City has adopted a funding method that is designed to fund all benefits payable to participants over the course of their working careers. Any differences between actual and expected experience are funded over a fixed period to ensure all funds necessary to pay benefits have been contributed to the trust before those benefits are payable. Thus, the sufficiency of pension plan assets was made without a separate projection of cash flows.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (3.0%). Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of July 1, 2014 are summarized in the following table:

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

*Changes in Net Pension Liability* – The total pension liability was determined based on an actuarial valuation performed as of July 1, 2014 which is also the measurement date. There were no changes in assumptions or changes in benefit terms that affected measurement of the total pension liability. There were also no changes between the measurement date of July 1, 2014 and the City’s report ending date of June 30, 2015, that would have had a significant impact on the net pension liability. The following table reports the components of changes in net pension liability:

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Net Position (b)	Net Pension Liability (Asset) (a) - (b)
<b>Balances Beginning of Year</b>	\$ 5,588,335	\$ 4,778,113	\$ 810,222
<b>Changes for the Year:</b>			
Service cost	244,753	-	244,753
Interest expense	446,190	-	446,190
Benefit changes	-	-	-
Experience losses (gains) - (amortized over avg remain svc period of actives & inactives)	-	-	-
Changes of assumptions	-	-	-
Contributions--City	-	224,404	(224,404)
Contributions--members	-	102,893	(102,893)
Net investment income	-	795,494	(795,494)
Expected return on plan investments	-	-	-
Expensed portion of current-period differences between actual and expected returns on plan investments	-	-	-
Non expensed portion of earnings on plan investments above expectation	-	-	-
Refunds of contributions (amortized over closed 5-year period)	-	-	-
Benefits paid	(154,463)	(154,463)	-
Plan administrative expenses	-	(11,807)	11,807
Change in deferred contributions made subsequent to the measurement date	-	-	-
<b>Net Changes</b>	<u>536,480</u>	<u>956,521</u>	<u>(420,041)</u>
<b>Balances End of Year</b>	<u>\$ 6,124,815</u>	<u>\$ 5,734,634</u>	<u>\$ 390,181</u>

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Net Pension Liability (Asset)	\$ 1,117,333	\$ 390,181	\$ (217,907)

The City reported \$105,934 in pension expense for the year ended June 30, 2015. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflow: of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	314,429
City contributions subsequent to the measurement date	224,726	-
Total	\$ 224,726	\$ 314,429

The \$224,726 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. Any other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$ (78,608)
2017	(78,607)
2018	(78,607)
2019	(78,607)
	\$ (314,429)

#### Other Post-Employment Benefits

*Plan Description.* The City sponsors Medical and Rx insurance to qualifying retirees and their dependents. Coverage is provided through fully-insured arrangements that collectively operate as a substantive single-employer defined benefit plan. Qualifying retirees are those employees who are eligible for immediate disability or retirement benefits under the Oklahoma Police Pension and Retirement System, Oklahoma Firefighter’s Pension and Retirement System, or the City of Mustang Retirement Plan. Retirees may continue coverage with the City by paying the carrier premium rate. Coverage is available for each of the lifetimes of retirees and their spouses. Authority to establish and amended benefit provisions rest with the City Council. Retirees may continue coverage with the City by paying the premium rate. Benefits are paid from general operating assets of the City.

*Funding Policy.* The contribution requirements of plan members and the City are established by the City Council. Annual health insurance premium amounts are established by the city council. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2015, the actuarially expected City contribution in the form of net age adjustment, net of employee contributions, was \$11,087 to the Plan.

*Annual OPEB Cost and Net OPEB Obligation.* The City's annual other postemployment 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, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. 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 of thirty years.

The following table shows the components of the City's annual OPEB cost the amount actually contributed to the plan, and changes in the City's net OPEB obligation to for the year ended June 30, 2015:

Normal Cost	\$ 68,526
Interest on NPO	15,587
Amortization of Actuarial Accrued Liability (AAL)	21,919
Annual OPEB cost (expense)	106,032
Expected net benefits during the year	(12,292)
Increase in net OPEB obligation	93,740
Net OPEB obligation - beginning of year	362,484
Net OPEB obligation - end of year	\$ 456,224

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for were as follows:

Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/10	\$89,358	12%	\$78,484
6/30/11	\$92,733	12%	\$160,343
6/30/12	\$64,977	12%	\$217,359
6/30/13	\$66,342	12%	\$275,740
6/30/14	\$97,831	11%	\$362,484
6/30/15	\$106,082	12%	\$456,224

Information for the preceding years was not available. Fiscal year 2010 was the first year the City was required to have an actuarial valuation performed and report any liability.

*Funded Status and Funding Progress.* As of June 30, 2015, the most recent actuarial valuation date, the Plan was not funded. The actuarial accrued liability (AAL) for benefits was \$839,430, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$839,430. The covered payroll (annual payroll of active employees covered by the plan) was \$4,442,123, and the ratio of the UAAL to the covered payroll was 18.9 percent. Because the plan is a substantive plan there are no plan assets.

Actuarial valuations of an ongoing plan involve estimates of the value of reported 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. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

*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.

In the June 30, 2015, actuarial valuation, the Projected Unit Credit actuarial cost method was used. The actuarial assumptions included a 4.3 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the Plan at the valuation date, an annual healthcare cost trend rate of 5.01 percent in 2015, reduced by decrements to an ultimate rate of 4.87 percent in 2060, and a 2.5% inflation rate. The UAAL is being amortized over 30 years based on a level dollar amortization basis. The remaining amortization period at July 1, 2014, was twenty-five years. As of the date of this valuation, there are no plan assets. Retiree premiums are paid as they come due from general operating assets of the City.

**4.B. RISK MANAGEMENT**

The city is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee’s health and life; and natural disasters. The city manages these various risks of loss with purchased commercial insurance for all major programs except workers’ compensation, for which the city retains risk of loss. For insured programs, there has been no significant reductions insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

The self-insured workers’ compensation program is accounted for in the General Fund with participating departments charged through and estimated annual claim cost. The plan is administered by the city with the assistance of a third party for claims discounting and processing.

*Claims Liability Analysis*

The claims liabilities related to the above noted risks of loss that are retained are determined in accordance with the requirement of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. For the self-insured worker’s compensation program, changes in the claims liability for the City from June 30, 2013 through June 30, 2015, was as follows:

<i>Claims Liability Analysis:</i>	
Claim liability, June 30, 2013	\$276,840
Claims and changes in estimates	73,743
Claims payments	<u>(143,932)</u>
Claim liability, June 30, 2014	\$206,651
Claims and changes in estimates	74,966
Claims payments	<u>(98,363)</u>
Claim liability, June 30, 2015	<u><u>\$183,254</u></u>
Assets available to pay claims at June 30, 2015	<u><u>\$512,152</u></u>

Based on past experience, the claims incurred but not reported was estimated at \$50,000. Net position reserves at June 30, 2015 of \$512,152 were the result of the City’s attempt to set aside funds for possible future catastrophic losses. The city maintains a stop-loss policy for plans to limit the risk associated with the self-insured plans. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

**4.C. COMMITMENTS, CONTINGENCIES, AND SUBSEQUENT EVENTS**

*Commitments:*

*Privatization of Improvement Authority Services*

The City has contracted with independent firms to operate certain public service functions of the city including streets and parks. During fiscal year 2014-2015, the City paid the firm \$714,660. The City also paid \$1,270,507 during the current year, including overages for repair and maintenance, to an independent firm to manage the water and sewer services for the Mustang Improvement Authority. Both service contracts provide for the lease of the City’s facilities to the firms, allowing the contractors to use city vehicles and equipment. In addition, the sanitation services are privatized. Total fees related to sanitation privatization were \$909,083.

*Economic Development Agreement – KG Holdings,L.P./W.E.P. Land Holdings, LLC*

On February 4, 2014, the City entered into an economic development agreement with a developer. Under the terms of the agreement, the City will provide economic incentives in exchange for the developer renovating an existing strip with a total square footage of approximately 34,988 and building an additional 7,775 square feet of rentable space. The developer must execute a lease agreement with Specialty Retailers, Inc., d/b/a Stage Stores for a minimum of 10 years and size of no less than 20,000 square feet. The City will pay the developer the amount of gross sales tax generated by Stage, not to exceed \$58,000

per year for a term of 10 years, payable in monthly installments of no more than \$4,833. The City made monthly payments beginning December 2014 and totaling \$33,833 in the 2014-2015 fiscal year. The maximum payable under the contract of \$546,167 is shown as committed fund balance in the general fund. If Stage terminates the lease within the incentive period, the incentive obligation also terminates.

*Contingencies:*

*Oklahoma Department of Environmental Quality*

On February 12, 2008, the Oklahoma Department of Environmental Quality (ODEQ) and the Mustang Improvement Authority (MIA) agreed to a consent order to resolve certain environmental issues related to the City's waste water treatment plant (WWTP). Failure to timely submit a schedule for completing upgrades to the WWTP resulted in an assessment of penalties totaling \$70,000 of which \$7,500 was paid in June of 2014. The ODEQ has agreed to defer the remaining \$62,500 with a potential to waive the deferred penalties provided the City meets specified deadlines for certain tasks. The City has not accrued a liability for the deferred penalties as management believes that it should be able to meet the specified deadlines.

*Grant Program Involvement*

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

*Litigation*

The City is a party to various legal proceedings, which normally occur in the course of governmental operations. The financial statements do not include accrual or provisions for loss contingencies that may result from these proceedings. State statutes provide for the levy of an ad valorem tax over a three-year period by a City Sinking Fund for the payment of any court assessed judgment rendered against the city.

While the outcome of the above noted proceedings cannot be predicted, due to the insurance coverage maintained by the city and the State statute relating to judgments, the City feels that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the city. This statutory taxing ability is not available to the city's public trusts (Authorities).

*Subsequent Events*

Management has evaluated subsequent events through November 30, 2015, 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***

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Schedule of City of Mustang's Share of the Net Pension Liabilities (Assets) – Cost Sharing Defined Benefit Plans
- Schedules of Changes in Net Pension Liability and Related Ratios – Oklahoma Municipal Retirement Fund
- Schedule of Employer Contributions – Defined Benefit Pension Plans
- Budgetary Comparison Schedules – General Fund
- Notes to RSI – Budgetary Comparison Schedules
- RSI - OPEB

**SCHEDULE OF CITY OF MUSTANG'S SHARE OF THE NET PENSION LIABILITIES (ASSETS)  
 COST SHARING DEFINED BENEFIT PENSION PLANS**

	<u>2014</u>
<b><u>OKLAHOMA POLICE PENSION AND RETIREMENT PLAN (OPPRS)</u></b>	
City's portion of net pension liability (asset)	0.4331%
City's proportionate share of the net pension liability (asset)	\$ (145,817)
City's covered employee payroll	\$ 1,194,657
City's proportional share of the net pension liability as a percentage of its covered employee payroll	-12.21%
Plan fiduciary net position as a percentage of the total pension liability	101.53%
<b><u>OKLAHOMA FIREFIGHTERS PENSION AND RETIREMENT PLAN (FPRS)</u></b>	
City's portion of net pension liability	0.4077%
City's proportionate share of the net pension liability	\$4,192,340
City's covered employee payroll	\$1,142,188
City's proportional share of the net pension liability as a percentage of its covered employee payroll	367%
Plan fiduciary net position as a percentage of the total pension liability	68.12%

Notes to the schedule:

- (1) The amounts presented for each fiscal year were determined as of 6/30.
- (2) Only the current fiscal year is presented because 10-year data is not available.

**OKLAHOMA MUNICIPAL RETIREMENT FUND**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**

	2014
<b>Total pension liability</b>	
Service cost	\$ 244,753
Interest	446,190
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	-
Benefit payments, including refunds of member contributions	(154,463)
<b>Net change in total pension liability</b>	536,480
<b>Total pension liability - beginning</b>	5,588,335
<b>Total pension liability - ending (a)</b>	\$ 6,124,815
<b>Plan fiduciary net position</b>	
Contributions - employer	\$ 224,404
Contributions - member	102,893
Net investment income	795,494
Benefit payments, including refunds of member contributions	(154,463)
Administrative expense	(11,807)
Other	-
<b>Net change in plan fiduciary net position</b>	956,521
<b>Plan fiduciary net position - beginning</b>	4,778,113
<b>Plan fiduciary net position - ending (b)</b>	\$ 5,734,634
<b>Net pension liability (asset) - ending (a) - (b)</b>	\$ 390,181
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	93.63%
<b>Covered employee payroll</b>	\$ 1,931,816
<b>Net pension liability as a percentage of covered-employee payroll</b>	20.20%

**Notes to Schedule:**

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

**SCHEDULE OF EMPLOYER CONTRIBUTIONS  
DEFINED BENEFIT PENSION PLANS**

<b>OKLAHOMA POLICE PENSION &amp; RETIREMENT SYSTEM</b>	<b><u>2014</u></b>
Statutorially required contribution	\$ 155,580
Contributions in relation to the statutorially required contribution	<u>155,580</u>
Contribution deficiency (excess)	<u>\$ -</u>
City's covered-employee payroll	\$ 1,194,657
Contributions as a percentage of covered-employee payroll	13.02%
 <b>OKLAHOMA FIREFIGHTERS PENSION &amp; RETIREMENT SYSTEM</b>	
Statutorially required contribution	\$ 159,907
Contributions in relation to the statutorially required contribution	<u>159,907</u>
Contribution deficiency (excess)	<u>\$ -</u>
City's covered-employee payroll	\$ 1,142,188
Contributions as a percentage of covered-employee payroll	14.00%
 <b>OKLAHOMA MUNICIPAL RETIREMENT FUND</b>	
Actuarially determined contribution	\$ 224,726
Contributions in relation to the actuarially determined contribution	<u>224,726</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered employee payroll	\$ 2,112,080
Contributions as a percentage of covered-employee payroll	10.64%

**Notes to the schedule:**

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

**CITY OF MUSTANG  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Beginning Budgetary Fund Balance:</b>	\$ 2,000,000	\$ 1,629,285	\$ 3,495,993	\$ 1,866,708
Resources (inflows):				
Taxes:				
Sales tax	9,430,000	9,770,000	9,766,692	(3,308)
Use tax	336,000	484,000	421,124	(62,876)
Hotel tax	-	2,500	2,329	(171)
Franchise tax	710,000	802,100	780,887	(21,213)
Total Taxes	<u>10,476,000</u>	<u>11,058,600</u>	<u>10,971,032</u>	<u>(87,568)</u>
License and Permits:				
Occupational licenses	70,000	74,600	74,571	(29)
Construction permits	136,000	148,000	147,019	(981)
Animal license	5,000	3,400	3,307	(93)
Inspection fees	37,000	23,960	23,387	(573)
Other permits and licenses	11,600	11,640	11,402	(238)
Total Licenses and Permits	<u>259,600</u>	<u>261,600</u>	<u>259,686</u>	<u>(1,914)</u>
Intergovernmental:				
Alcoholic beverage tax	73,000	76,000	75,830	(170)
Tobacco tax	109,000	115,100	115,017	(83)
Grants	-	1,082,170	1,044,171	(37,999)
Gasoline excise tax	34,000	34,800	34,762	(38)
Commercial vehicle fee	130,000	144,900	144,843	(57)
911 communication fee	7,550	5,300	5,238	(62)
Total Intergovernmental	<u>353,550</u>	<u>1,458,270</u>	<u>1,419,861</u>	<u>(38,409)</u>
Charges for Services:				
Aquatic charges	200,000	199,500	183,991	(15,509)
Aquatic concessions	40,000	40,000	38,799	(1,201)
Recreational programs	30,000	30,000	29,369	(631)
Ball concessions	239,000	229,000	167,285	(61,715)
Ball league and gate fees	101,000	94,500	48,001	(46,499)
Ball merchandise sales	6,000	5,000	2,315	(2,685)
Aerobic fees	18,000	18,000	15,030	(2,970)
Community center league fees	7,000	7,000	5,315	(1,685)
Room rentals	69,000	90,000	89,999	(1)
Personal trainer fees	17,000	17,000	16,166	(834)
After school programs and camps	131,000	129,000	87,087	(41,913)
Baseball tournaments	17,000	8,250	-	(8,250)
Vendor fees	-	750	750	-
Memberships	160,000	154,000	142,604	(11,396)
Total Charges for Services	<u>1,035,000</u>	<u>1,022,000</u>	<u>826,711</u>	<u>(195,289)</u>
Fines and Forfeitures	<u>334,515</u>	<u>461,115</u>	<u>460,234</u>	<u>(881)</u>
Miscellaneous:				
Donations	-	33,015	32,566	(449)
Miscellaneous	99,200	433,712	429,412	(4,300)
Total Miscellaneous	<u>99,200</u>	<u>466,727</u>	<u>461,978</u>	<u>(4,749)</u>
Investment Income:	<u>5,000</u>	<u>7,650</u>	<u>7,711</u>	<u>61</u>
Other Financial Sources:				
Transfers In	<u>7,475,000</u>	<u>7,652,000</u>	<u>7,159,443</u>	<u>(492,557)</u>
Total Other Financing Sources	<u>7,475,000</u>	<u>7,652,000</u>	<u>7,159,443</u>	<u>(492,557)</u>
Amounts available for appropriation	<u>\$ 22,037,865</u>	<u>\$ 24,017,247</u>	<u>\$ 25,062,649</u>	<u>\$ 1,045,402</u>

(continued)

**CITY OF MUSTANG  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Charges to Appropriations (outflows):				
ADMINISTRATION:				
Mayor/Council	212,250	221,165	210,957	10,208
City Manager	472,915	461,300	450,380	10,920
Finance	603,195	597,715	553,962	43,753
General Government	3,253,142	4,635,441	2,674,490	1,960,951
<b>TOTAL ADMINISTRATION</b>	<b>4,541,502</b>	<b>5,915,621</b>	<b>3,889,789</b>	<b>2,025,832</b>
CULTURE AND RECREATION:				
Library	424,643	433,968	429,048	4,920
Ball Complex	446,750	462,365	407,172	55,193
Aquatic	238,055	275,288	272,788	2,500
Town Center	315,906	355,281	354,811	470
Parks	864,455	928,036	921,890	6,146
<b>TOTAL CULTURE AND RECREATION</b>	<b>2,289,809</b>	<b>2,454,938</b>	<b>2,385,709</b>	<b>69,229</b>
COMMUNITY DEVELOPMENT:	509,845	507,059	456,292	50,767
PUBLIC SAFETY:				
Police	2,927,194	2,884,614	2,795,182	89,432
Animal Control	58,065	59,115	51,561	7,554
Fire	1,786,050	1,900,800	1,816,843	83,957
<b>TOTAL PUBLIC SAFETY</b>	<b>4,771,309</b>	<b>4,844,529</b>	<b>4,663,586</b>	<b>180,943</b>
STREET:	175,000	199,600	199,548	52
OTHER FINANCING USES:				
Transfers to other funds	9,750,400	10,095,500	10,031,656	63,844
<b>Total Charges to Appropriations</b>	<b>22,037,865</b>	<b>24,017,247</b>	<b>21,626,580</b>	<b>2,390,667</b>
<b>ENDING BUDGETARY FUND BALANCE</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,436,069</b>	<b>\$ 3,436,069</b>

**CITY OF MUSTANG, OKLAHOMA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
ON BUDGETARY ACCOUNTING AND CONTROL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<b>General Fund</b>
<b>Sources/inflows of resources</b>	
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule.	\$25,062,649
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes.	(3,495,993)
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	(7,159,443)
Payments to police and fire pension systems made by the State of Oklahoma are revenues for financial reporting purpose but not budgetary purposes	527,786
The activity of the municipal court fund are not inflows of budgetary resources but are revenues for financial reporting purposes.	101,371
Accounts combined with the General Fund due to the implementation of GASB Statemet 54 are revenues for financial reporting purposes but not budgetary purposes	33,621
	\$15,069,991
 <i>Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds</i>	
<b>Uses/outflows of resources</b>	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$21,626,580
Differences - budget to GAAP:	
Payments to police and fire pension systems made by the State of Oklahoma are expensess for financial reporting purpose but not budgetary purposes	527,786
The activity of the municipal court fund are not outflows of budgetary resources but are expenses for financial reporting purposes.	618
Accout combined with the General Fund due to the implementation of GASB Statemet 54 are expenditures for financial reporting purposes but not budgetary purposes	20,354
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	(10,031,656)
	(10,031,656)
 <i>Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds</i>	
	\$12,143,682

## BUDGETARY ACCOUNTING AND CONTROL

### Budget Law

The city prepares its annual operating budget under the provisions of the 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 the following July 1.
- b. Public hearings are conducted to obtain citizen comments. At least one public hearing must be held no later than 15 days prior to July 1.
- c. Subsequent to the public hearings but no later than seven days prior to July 1, the budget is adopted by resolution of the City Council.
- d. By July 1, the adopted budget is filed with the Office of State Auditor and Inspector.

All funds of the city with revenues and expenditures are required to have annual budgets under this section of the 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 within a fund. The Budget Act recognizes the following object categories of control by department within a fund: Personal Services, Materials and Supplies, Other Services and Charges, Capital Outlay, Debt Service, and Interfund Transfers.

Transfers of appropriations between departments and supplemental appropriations require City Council approval. The City Manager may transfer appropriations between object categories within a department without City Council approval. Supplemental appropriations must also be filed with the Office of State Auditor and Inspector. The City's actual spending did not exceed appropriations in the current year.

### *Budgetary Accounting*

The annual operating budgets of the General Fund are prepared and presented on the modified accrual basis of accounting for revenues and on the cash basis for expenditures, excluding internal service account activity of the General Fund.

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

*Required Supplementary Information – OPEB*

The funded status and funding progress of the City’s defined benefit OPEB plan for the most recent actuarial valuations is as follows:

	July 1, 2013	July 1, 2014	July 1, 2015
Actuarial accrued liability - AAL (a)	\$576,968	\$668,053	\$839,430
Actuarial value of plan assets (b)	-	-	-
Unfunded actuarial accrued liability – UAAL (funding excess) (a) – (b)	\$576,968	\$668,053	\$839,430
Funded ratio (b)/(a)	0%	0%	0%
Covered payroll (c)	\$3,773,000	\$3,969,000	\$4,442,123
UAAL (funding excess) as a % of covered payroll [UAAL/(c)]	15%	17%	19%

Actuarial valuations are performed every three years. The most recent valuation was for the year beginning July 1, 2015.

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## ***OTHER INFORMATION***

Other information includes financial statements and schedules not required by the GASB, nor are a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedules include:

- Combining Schedules – General Fund Accounts
- Budgetary Comparison Schedules – General Fund Accounts
- Combining Schedules – Non-major governmental funds
- Budgetary Comparison Schedules – Nonmajor Governmental Funds
- Combining Schedules – Enterprise Fund Accounts
- Schedule of Federal Awards-
- Schedule of Revenue Bond Coverage

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CITY OF MUSTANG, OKLAHOMA  
 COMBINING BALANCE SHEET  
 GENERAL FUND ACCOUNTS  
 JUNE 30, 2015

	GENERAL FUND	GENERAL RESERVE	HEALTH REIMBURSEMENT	LIBRARY	TOTAL GENERAL FUND
<b><u>ASSETS</u></b>					
Cash and cash equivalents	\$ 1,381,365	\$ 2,329	\$ 3,545	\$ 16,761	\$ 1,404,000
Investments	946,926	-	-	11,013	957,939
Receivables:					
Due from other governments	1,349,312	-	-	-	1,349,312
Court fines receivable, net	177,405	-	-	-	177,405
Other receivable	164,886	-	-	1,512	166,398
Inventory	41,925	-	-	193	42,118
Total Assets	<u>\$4,061,819</u>	<u>\$2,329</u>	<u>\$3,545</u>	<u>\$29,479</u>	<u>\$4,097,172</u>
<b><u>LIABILITIES</u></b>					
Accounts payable	\$311,208	-	-	\$800	\$312,008
Accrued liabilities	207,822	-	-	-	207,822
Unearned income	62,506	-	-	6,040	68,546
Amounts held in escrow	64,823	-	-	-	64,823
Total Liabilities	<u>646,359</u>	<u>-</u>	<u>-</u>	<u>6,840</u>	<u>653,199</u>
<b><u>FUND BALANCES</u></b>					
Fund balances:					
Nonspendable	41,925	-	-	-	41,925
Unrestricted					
Committed	546,167	-	-	-	546,167
Assigned	151,000	2,650	3,600	20,000	177,250
Unassigned	2,676,368	(321)	(55)	2,639	2,678,631
Total fund balances	<u>3,415,460</u>	<u>2,329</u>	<u>3,545</u>	<u>22,639</u>	<u>3,443,973</u>
Total Liabilities and Fund Balances	<u>\$ 4,061,819</u>	<u>\$ 2,329</u>	<u>\$ 3,545</u>	<u>\$ 29,479</u>	<u>\$ 4,097,172</u>

**CITY OF MUSTANG, OKLAHOMA  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
GENERAL FUND ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2015**

	GENERAL FUND	GENERAL RESERVE	HEALTH REIMBURSEMENT	LIBRARY	TOTAL GENERAL FUND
Revenues:					
Taxes	\$ 10,971,032	\$ -	\$ -	\$ -	\$ 10,971,032
Intergovernmental	1,947,647	-	-	14,365	1,962,012
License and permits	259,635	-	-	-	259,635
Charges for services	826,711	-	-	1,464	828,175
Fines and forfeitures	561,679	-	-	4,018	565,697
Investment income	7,711	-	-	53	7,764
Miscellaneous	461,978	-	2,205	11,493	475,676
<b>Total Revenues</b>	<b>15,036,393</b>	<b>-</b>	<b>2,205</b>	<b>31,393</b>	<b>15,069,991</b>
Expenditures:					
Current:					
Administration	4,011,237	3,854	134	-	4,015,225
Culture and recreation	1,977,985	-	-	13,376	1,991,361
Public safety	5,162,474	-	-	-	5,162,474
Community development	456,291	-	-	-	456,291
Streets and drainage	217,386	-	-	-	217,386
Capital outlay	297,955	-	-	2,990	300,945
<b>Total Expenditures</b>	<b>12,123,328</b>	<b>3,854</b>	<b>134</b>	<b>16,366</b>	<b>12,143,682</b>
Excess (deficiency) of revenues over expenditures	2,913,065	(3,854)	2,071	15,027	2,926,309
Other Financing Sources (Uses):					
Transfers in	7,149,018	-	-	-	7,149,018
Transfers in - interaccount	7,000	2,329	-	-	9,329
Transfers out	(10,127,347)	-	-	-	(10,127,347)
Transfers out interaccount	(2,329)	-	-	(7,000)	(9,329)
<b>Total Other Financing Sources (Uses)</b>	<b>(2,973,658)</b>	<b>2,329</b>	<b>-</b>	<b>(7,000)</b>	<b>(2,978,329)</b>
Net change in fund balances	(60,593)	(1,525)	2,071	8,027	(52,020)
Fund balances - beginning	3,476,053	3,854	1,474	14,612	3,495,993
<b>Fund balances - ending</b>	<b>\$ 3,415,460</b>	<b>\$ 2,329</b>	<b>\$ 3,545</b>	<b>\$ 22,639</b>	<b>\$ 3,443,973</b>

CITY OF MUSTANG, OKLAHOMA  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND ACCOUNTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	GENERAL RESERVE				HEALTH REIMBURSEMENT				LIBRARY			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final			Original	Final		
Revenues:												
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	-	-	-	20,415	14,365	(6,050)
Fines and forfeitures	-	-	-	-	-	-	-	-	5,780	5,180	5,482	302
Investment income	10	10	-	(10)	-	-	-	-	100	75	53	(22)
Miscellaneous	-	-	-	-	6,000	6,000	2,205	(3,795)	1,800	13,275	11,493	(1,782)
Total Revenues	10	10	-	(10)	6,000	6,000	2,205	(3,795)	7,680	38,945	31,393	(7,552)
Expenditures:												
Current:												
Administration	-	-	-	-	10,000	10,000	134	9,866	-	-	-	-
Culture and Recreation	-	-	-	-	-	-	-	-	32,680	42,520	13,376	29,144
Capital outlay	-	3,910	3,854	56	-	-	-	-	-	-	2,990	(2,990)
Debt service	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	-	3,910	3,854	56	10,000	10,000	134	9,866	32,680	42,520	16,366	26,154
Revenues over (under) expenditures	10	(3,900)	(3,854)	46	(4,000)	(4,000)	2,071	6,071	(25,000)	(3,575)	15,027	18,602
Other Financing Sources (Uses):												
Transfers in	-	3,500	2,329	(1,171)	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	(7,000)	(7,000)	-
Total Other Financing Sources (Uses)	-	3,500	2,329	(1,171)	-	-	-	-	-	(7,000)	(7,000)	-
Revenues and other sources over (under) expenditures and other uses	10	(400)	(1,525)	(1,125)	(4,000)	(4,000)	2,071	6,071	(25,000)	(10,575)	8,027	18,602
Fund Balance - beginning of year	3,900	3,900	3,854	(46)	4,000	4,000	1,474	(2,526)	25,000	13,575	14,612	1,037
Fund Balance - end of year	\$ 3,910	\$ 3,500	\$ 2,329	\$ (1,171)	\$ -	\$ -	\$ 3,545	\$ 3,545	\$ -	\$ 3,000	\$ 22,639	\$ 19,639

CITY OF MUSTANG, OKLAHOMA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2015

	SPECIAL REVENUE					DEBT	CAPITAL PROJECTS		TOTAL NONMAJOR GOVERNMENTAL FUNDS
	TRAFFIC ENFORCEMENT	ALCOHOL ENFORCEMENT	LAW FEE	IMPOUND FEE	PARK IMPROVEMENTS	STREET IMPROVEMENT	SERVICE	2012 GO BOND	
							SINKING FUND	PROJECT - BALLFIELDS	
<b><u>ASSETS</u></b>									
Cash and cash equivalents	\$ 8,411	\$ 8,590	\$ 27,823	\$ 134,313	\$ 795,193	\$ 29,000	\$ 37	\$ 748,822	\$ 1,752,189
Investments	10,020	-	-	33,520	382,483	201,680	-	675,523	1,303,226
Receivables:									
Due from other governments	-	-	-	-	-	10,670	-	-	10,670
Other receivable	-	-	-	722	-	-	-	17,067	17,789
Total Assets	\$ 18,431	\$ 8,590	\$ 27,823	\$ 168,555	\$ 1,177,676	\$ 241,350	\$ 37	\$ 1,441,412	\$ 3,083,874
<b><u>LIABILITIES</u></b>									
Accounts payable	\$ 3,387	\$ -	\$ -	\$ 35,605	\$ 4,996	\$ -	\$ -	\$ 172,261	\$ 216,249
Unearned income	-	-	-	-	-	893	-	-	893
Total Liabilities	3,387	-	-	35,605	4,996	893	-	172,261	217,142
<b><u>FUND BALANCES</u></b>									
Fund balances:									
Restricted	-	-	-	-	-	240,457	-	-	240,457
Unrestricted:									
Committed	5,840	150	2,650	-	1,172,680	-	-	1,269,151	2,450,471
Assigned	9,204	8,440	25,173	132,950	-	-	-	-	175,767
Unassigned	-	-	-	-	-	-	37	-	37
Total fund balances	15,044	8,590	27,823	132,950	1,172,680	240,457	37	1,269,151	2,866,732
Total Liabilities and Fund Balances	\$ 18,431	\$ 8,590	\$ 27,823	\$ 168,555	\$ 1,177,676	\$ 241,350	\$ 37	\$ 1,441,412	\$ 3,083,874

**CITY OF MUSTANG, OKLAHOMA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	SPECIAL REVENUE					DEBT SERVICE	CAPITAL PROJECTS		TOTAL NONMAJOR GOVERNMENTAL FUNDS
	TRAFFIC ENFORCEMENT	ALCOHOL LAW ENFORCEMENT	IMPOUND FEE	PARK IMPROVEMENTS	STREET IMPROVEMENT	SINKING FUND	2012 GO BOND PROJECT - BALLFIELDS	CAPITAL IMPROVEMENT	
Revenues:									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 318,566	\$ -	\$ -	\$ 318,566
Intergovernmental	-	-	-	9,600	-	-	-	-	9,600
License and permits	-	-	-	4,622	-	-	-	-	4,622
Investment income	38	9	23	367	2,946	-	172	4,498	8,053
Miscellaneous income	-	-	-	723	-	-	-	17,641	18,364
<b>Total Revenues</b>	<b>38</b>	<b>9</b>	<b>23</b>	<b>15,312</b>	<b>2,946</b>	<b>318,566</b>	<b>172</b>	<b>22,139</b>	<b>359,205</b>
Expenditures:									
Current:									
General Government	-	-	-	-	-	-	-	6,131	6,131
Public Safety	11,999	-	-	-	-	-	-	19,787	31,786
Culture and recreation	-	-	-	28,405	-	-	-	72,236	100,641
Community development	-	-	-	-	-	-	-	39	39
Streets and drainage	-	-	-	-	51,348	-	-	133,390	184,738
Capital outlay	-	-	-	24,246	-	-	106,217	823,852	954,315
Debt service:									
Principal retirement	-	-	-	-	-	255,000	-	175,753	430,753
Interest and fiscal charges	-	-	-	-	-	67,807	-	4,461	72,268
<b>Total Expenditures</b>	<b>11,999</b>	<b>-</b>	<b>-</b>	<b>52,651</b>	<b>51,348</b>	<b>322,807</b>	<b>106,217</b>	<b>1,235,649</b>	<b>1,780,671</b>
Excess (deficiency) of revenues over expenditures	(11,961)	9	23	(37,339)	(48,402)	(4,241)	(106,045)	(1,213,510)	(1,421,466)
Other Financing Sources:									
Issuance of debt	-	-	-	-	-	-	-	189,905	189,905
Transfers in	13,598	5,344	27,800	60,569	446,363	-	-	927,958	1,481,632
Transfers out	-	-	-	-	-	-	-	(416,000)	(416,000)
<b>Total Other Financing Sources (Uses)</b>	<b>13,598</b>	<b>5,344</b>	<b>27,800</b>	<b>60,569</b>	<b>446,363</b>	<b>-</b>	<b>-</b>	<b>701,863</b>	<b>1,255,537</b>
Net change in fund balances	1,637	5,353	27,823	23,230	397,961	(4,241)	(106,045)	(511,647)	(165,929)
Fund balances - beginning	13,407	3,237	-	109,720	774,719	244,698	106,082	1,780,798	3,032,661
Fund balances - ending	\$ 15,044	\$ 8,590	\$ 27,823	\$ 132,950	\$ 1,172,680	\$ 240,457	\$ 37	\$ 1,269,151	\$ 2,866,732

CITY OF MUSTANG, OKLAHOMA  
BUDGETARY COMPARISON SCHEDULE  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	SPECIAL REVENUE - TRAFFIC ENFORCEMENT				SPECIAL REVENUE - ALCOHOL LAW ENFORCEMENT			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	-	-
Fines and forfeitures	14,000	14,000	-	(14,000)	11,000	11,000	-	(11,000)
Investment income	50	50	38	(12)	10	10	9	(1)
Miscellaneous	-	-	-	-	-	-	-	-
Total Revenues	<u>14,050</u>	<u>14,050</u>	<u>38</u>	<u>(14,012)</u>	<u>11,010</u>	<u>11,010</u>	<u>9</u>	<u>(11,001)</u>
Expenditures:								
Current:								
Administration	-	-	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-	-	-
Community Development	-	-	-	-	-	-	-	-
Public safety	20,900	20,900	11,999	8,901	-	-	-	-
Streets	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Total Expenditures	<u>20,900</u>	<u>20,900</u>	<u>11,999</u>	<u>8,901</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	(6,850)	(6,850)	(11,961)	(5,111)	11,010	11,010	9	(11,001)
Other Financing Sources (Uses):								
Transfers in	-	-	13,598	13,598	-	-	5,344	5,344
Transfers out	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>13,598</u>	<u>13,598</u>	<u>-</u>	<u>-</u>	<u>5,344</u>	<u>5,344</u>
Revenues and other sources over (under) expenditures and other uses	(6,850)	(6,850)	1,637	8,487	11,010	11,010	5,353	(5,657)
Fund Balance - beginning of year	10,600	10,600	13,407	2,807	3,500	3,500	3,237	(263)
Fund Balance - end of year	<u>\$ 3,750</u>	<u>\$ 3,750</u>	<u>\$ 15,044</u>	<u>\$ 11,294</u>	<u>\$ 14,510</u>	<u>\$ 14,510</u>	<u>\$ 8,590</u>	<u>\$ (5,920)</u>

CITY OF MUSTANG, OKLAHOMA  
BUDGETARY COMPARISON SCHEDULE  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	SPECIAL REVENUE - IMPOUND FEE				SPECIAL REVENUE - PARK IMPROVEMENTS			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
Revenues:								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,600	\$ -	\$ (9,600)
Fines and forfeitures	-	28,000	-	(28,000)	52,000	56,000	9,600	(46,400)
Licenses and permits	-	-	-	-	6,000	6,000	4,622	(1,378)
Investment income	-	100	23	(77)	300	367	367	-
Miscellaneous	-	-	-	-	-	722	723	1
Total Revenues	-	28,100	23	(28,077)	58,300	72,689	15,312	(57,377)
Expenditures:								
Current:								
Administration	-	-	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-	28,405	(28,405)
Community Development	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Streets	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	102,000	146,800	24,246	122,554
Debt service	-	-	-	-	-	-	-	-
Total Expenditures	-	-	-	-	102,000	146,800	52,651	94,149
Revenues over (under) expenditures	-	28,100	23	(28,077)	(43,700)	(74,111)	(37,339)	36,772
Other Financing Sources (Uses):								
Transfers in	-	-	27,800	27,800	6,000	6,000	60,569	54,569
Transfers out	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	27,800	27,800	6,000	6,000	60,569	54,569
Revenues and other sources over (under) expenditures and other uses	-	28,100	27,823	(277)	(37,700)	(68,111)	23,230	91,341
Fund Balance - beginning of year	-	-	-	-	105,000	100,178	109,720	9,542
Fund Balance - end of year	\$ -	\$ 28,100	\$ 27,823	\$ (277)	\$ 67,300	\$ 32,067	\$ 132,950	\$ 100,883

CITY OF MUSTANG, OKLAHOMA  
BUDGETARY COMPARISON SCHEDULE  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	SPECIAL REVENUE - STREET IMPROVEMENT				DEBT SERVICE FUND			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 400,000	\$ 400,000	\$ 318,566	\$ (81,434)
Intergovernmental	-	-	-	-	-	400	-	(400)
Fines and forfeitures	-	-	-	-	-	-	-	-
Investment income	3,000	3,000	2,946	(54)	1,000	1,000	-	(1,000)
Miscellaneous	-	-	-	-	-	-	-	-
Total Revenues	<u>3,000</u>	<u>3,000</u>	<u>2,946</u>	<u>(54)</u>	<u>401,000</u>	<u>401,400</u>	<u>318,566</u>	<u>(82,834)</u>
Expenditures:								
Current:								
Public safety	-	-	-	-	-	-	-	-
Streets	291,500	311,500	51,348	260,152	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	322,900	322,900	322,807	93
Total Expenditures	<u>291,500</u>	<u>311,500</u>	<u>51,348</u>	<u>260,152</u>	<u>322,900</u>	<u>322,900</u>	<u>322,807</u>	<u>93</u>
Revenues over (under) expenditures	(288,500)	(308,500)	(48,402)	260,098	78,100	78,500	(4,241)	(82,741)
Other Financing Sources (Uses):								
Transfers in	482,400	482,400	446,363	(36,037)	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>482,400</u>	<u>482,400</u>	<u>446,363</u>	<u>(36,037)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other sources over (under) expenditures and other uses	193,900	173,900	397,961	224,061	78,100	78,500	(4,241)	(82,741)
Fund Balance - beginning of year	777,000	777,000	774,719	(2,281)	270,000	270,000	244,698	(25,302)
Fund Balance - end of year	<u>\$ 970,900</u>	<u>\$ 950,900</u>	<u>\$ 1,172,680</u>	<u>\$ 221,780</u>	<u>\$ 348,100</u>	<u>\$ 348,500</u>	<u>\$ 240,457</u>	<u>\$ (108,043)</u>

CITY OF MUSTANG, OKLAHOMA  
BUDGETARY COMPARISON SCHEDULE  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	CAPITAL PROJECT - 2012 GO BOND PROJECT - BALLFIELDS				CAPITAL PROJECT - CAPITAL IMPROVEMENT			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Investment income	-	500	172	(328)	4,500	4,700	4,498	(202)
Miscellaneous	-	-	-	-	-	17,700	17,641.00	(59)
<b>Total Revenues</b>	<b>-</b>	<b>500</b>	<b>172</b>	<b>(328)</b>	<b>4,500</b>	<b>22,400</b>	<b>22,139</b>	<b>(261)</b>
Expenditures:								
Current:								
Administration	-	-	-	-	-	-	6,131	(6,131)
Culture and Recreation	-	-	-	-	-	-	72,236	(72,236)
Community Development	-	-	-	-	-	-	39	(39)
Public safety	-	-	-	-	314,150	306,004	19,787	286,217
Streets	-	-	-	-	-	-	133,390	(133,390)
Capital outlay	-	110,000	106,217	3,783	560,455	1,088,835	823,852	264,983
Debt service	-	-	-	-	-	-	180,214	(180,214)
<b>Total Expenditures</b>	<b>-</b>	<b>110,000</b>	<b>106,217</b>	<b>3,783</b>	<b>874,605</b>	<b>1,394,839</b>	<b>1,235,649</b>	<b>159,190</b>
Revenues over (under) expenditures	-	(109,500)	(106,045)	3,455	(870,105)	(1,372,439)	(1,213,510)	158,929
Other Financing Sources (Uses):								
Transfers in	-	-	-	-	960,500	960,500	927,958	(32,542)
Transfers out	-	-	-	-	-	(416,000)	(416,000)	-
Issuance of debt	-	-	-	-	-	-	189,905	189,905
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>960,500</b>	<b>544,500</b>	<b>701,863</b>	<b>157,363</b>
Revenues and other sources over (under) expenditures and other uses	-	(109,500)	(106,045)	3,455	90,395	(827,939)	(511,647)	316,292
Fund Balance - beginning of year	-	109,500	106,082	(3,418)	915,000	915,900	1,780,798	864,898
<b>Fund Balance - end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 37</b>	<b>\$ 37</b>	<b>\$ 1,005,395</b>	<b>\$ 87,961</b>	<b>\$ 1,269,151</b>	<b>\$ 1,181,190</b>

CITY OF MUSTANG, OKLAHOMA  
STATEMENT OF NET POSITION  
COMBINING SCHEDULE ACCOUNTS OF THE MIA  
JUNE 30, 2015

	ACCOUNTS OF THE MIA							TOTAL MUSTANG IMPROVEMENT AUTHORITY
	MUSTANG IMPROVEMENT AUTHORITY (MIA)	2014A BOND FUND	MIA RESERVE FUND	2013 BOND FUND	SEWER IMPACT FUND	UTILITY DEPOSITS	2014B REVENUE BOND	
<b>ASSETS:</b>								
Current Assets:								
Cash and cash equivalents	\$ 1,649,062	\$ -	\$ 229,734	\$ -	\$ 41,000	\$ 1,250	\$ -	\$ 1,921,046
Restricted cash and cash equivalents	3,555,950	234,437	-	93,455	-	58,221	-	3,942,063
Investments	834,868	-	100,076	-	365,826	-	-	1,300,770
Restricted investments	3,990,600	200,151	-	-	-	301,060	-	4,491,811
Accounts receivable, net	889,470	-	1,282	-	-	-	-	890,752
Inventory	37,007	-	-	-	-	-	-	37,007
Total current assets	10,956,957	434,588	331,092	93,455	406,826	360,531	-	12,583,449
Noncurrent Assets:								
Land and construction in progress	1,056,634	-	-	-	-	-	-	1,056,634
Other capital assets, net	23,608,014	-	-	-	-	-	-	23,608,014
Total noncurrent assets	24,664,648	-	-	-	-	-	-	24,664,648
Total assets	35,621,605	434,588	331,092	93,455	406,826	360,531	-	37,248,097
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>								
Unamortized loss on bond refunding	-	1,131,160	-	99,310	-	-	-	1,230,470
<b>LIABILITIES:</b>								
Current Liabilities:								
Accounts payable	627,866	-	66,313	-	26,766	-	-	720,945
Accrued interest payable	14,900	9,844	-	6,983	-	-	-	31,727
Refundable deposits	-	-	-	-	-	58,221	-	58,221
Unearned income	-	-	-	-	-	-	-	-
Notes payable	173,225	2,135,000	-	1,065,000	-	-	-	3,373,225
Total current liabilities	815,991	2,144,844	66,313	1,071,983	26,766	58,221	-	4,184,118
Noncurrent liabilities:								
Deposits subject to refund	-	-	-	-	-	298,659	-	298,659
Notes payable	3,021,550	3,490,000	-	2,325,000	-	-	7,895,000	16,731,550
Total noncurrent liabilities	3,021,550	3,490,000	-	2,325,000	-	298,659	7,895,000	17,030,209
Total liabilities	3,837,541	5,634,844	66,313	3,396,983	26,766	356,880	7,895,000	21,214,327
<b>NET POSITION:</b>								
Net investment in capital assets	21,469,873	-	-	(3,390,000)	-	-	(7,895,000)	10,184,873
Restricted for Debt service	7,546,550	434,588	-	93,455	-	-	-	8,074,593
Unrestricted	2,767,641	(4,503,684)	264,779	92,327	380,060	3,651	-	(995,226)
Total net position	\$ 31,784,064	\$ (4,069,096)	\$ 264,779	\$ (3,204,218)	\$ 380,060	\$ 3,651	\$ (7,895,000)	\$ 17,264,240

**CITY OF MUSTANG, OKLAHOMA  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
COMBINING SCHEDULE ACCOUNTS OF THE MIA  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	ACCOUNTS OF THE MIA							TOTAL
	MUSTANG IMPROVEMENT AUTHORITY (MIA)	2014A BOND FUND	MIA RESERVE FUND	2013 BOND FUND	SEWER IMPACT FUND	UTILITY DEPOSITS	2014B REVENUE BOND	IMPROVEMENT AUTHORITY
Operating Revenues:								
Charges for services:								
Water charges	\$ 2,816,987	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,816,987
Sewer charges	1,758,650	-	-	-	-	-	-	1,758,650
Installations and connections	78,048	-	-	-	-	-	-	78,048
Penalties	122,540	-	-	-	-	-	-	122,540
Sanitation charges	1,915,451	-	-	-	-	-	-	1,915,451
Ambulance assessment	234,860	-	-	-	-	-	-	234,860
Sewer impact fees	-	-	-	-	63,632	-	-	63,632
Other	414,015	-	-	-	-	-	-	414,015
Total operating revenues	<u>7,340,551</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,632</u>	<u>-</u>	<u>-</u>	<u>7,404,183</u>
Operating Expenses:								
Cost of goods sold	390,698	-	-	-	-	-	-	390,698
Operations and maintenance	3,122,889	120	101,138	-	-	-	-	3,224,147
Depreciation	989,812	-	-	-	-	-	-	989,812
Total operating expenses	<u>4,503,399</u>	<u>120</u>	<u>101,138</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,604,657</u>
Operating income (loss)	2,837,152	(120)	(101,138)	-	63,632	-	-	2,799,526
Non-Operating Revenues (Expenses):								
Investment income	6,399	257	75	30	426	86	-	7,273
Debt issuance costs	(253,112)	-	-	-	-	-	-	(253,112)
Grant revenue	-	-	-	-	-	-	-	-
Interest expense and fiscal charges	(213,142)	(394,358)	-	(113,386)	(3,846)	-	-	(724,732)
Total non-operating revenues (expenses)	<u>(459,855)</u>	<u>(394,101)</u>	<u>75</u>	<u>(113,356)</u>	<u>(3,420)</u>	<u>86</u>	<u>-</u>	<u>(970,571)</u>
Net income (loss) before contributions and transfers	2,377,297	(394,221)	(101,063)	(113,356)	60,212	86	-	1,828,955
Transfers in (out) - interaccount, net	4,062,704	2,427,009	281,358	1,133,929	(10,000)	-	(7,895,000)	-
Transfers in	10,124,037	-	-	-	-	-	-	10,124,037
Transfers out	(8,211,340)	-	-	-	-	-	-	(8,211,340)
Change in net position	8,352,698	2,032,788	180,295	1,020,573	50,212	86	(7,895,000)	3,741,652
Net position - beginning	23,431,366	(6,101,884)	84,484	(4,224,791)	329,848	3,565	-	13,522,588
Net position - ending	<u>\$ 31,784,064</u>	<u>\$ (4,069,096)</u>	<u>\$ 264,779</u>	<u>\$ (3,204,218)</u>	<u>\$ 380,060</u>	<u>\$ 3,651</u>	<u>\$ (7,895,000)</u>	<u>\$ 17,264,240</u>

**CITY OF MUSTANG, OKLAHOMA**  
**STATEMENT OF CASH FLOWS**  
**COMBINING SCHEDULE ACCOUNTS OF THE MIA**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	ACCOUNTS OF THE MIA							TOTAL
	MUSTANG IMPROVEMENT AUTHORITY (MIA)	2014A BOND FUND	MIA RESERVE FUND	2013 BOND FUND	SEWER IMPACT FUND	UTILITY DEPOSITS	2014B REVENUE BOND	MUSTANG IMPROVEMENT AUTHORITY
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>								
Receipts from customers	\$ 7,356,149	\$ -	\$ -	\$ -	\$ 63,632	\$ -	\$ -	\$ 7,419,781
Payments to suppliers	(3,335,973)	(120)	(101,138)	-	-	-	-	(3,437,231)
Receipts of customer meter deposits	-	-	-	-	-	100,380	-	100,380
Customer meter deposits refunded or applied	-	-	-	-	-	(69,305)	-	(69,305)
Other receipts (payments)	-	-	-	-	-	-	-	-
Net Cash Provided by (Used in) Operating Activities	4,020,176	(120)	(101,138)	-	63,632	31,075	-	4,013,625
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>								
Transfers from (to) other funds - interaccount, net	4,062,704	2,427,009	281,358	1,133,929	(10,000)	-	(7,895,000)	-
Transfers from other funds	10,124,037	-	-	-	-	-	-	10,124,037
Transfers to other funds	(8,211,340)	-	-	-	-	-	-	(8,211,340)
Net Cash Provided by (Used in) Noncapital and Related Financing Activities	5,975,401	2,427,009	281,358	1,133,929	(10,000)	-	(7,895,000)	1,912,697
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>								
Purchases of capital assets	(1,516,609)	-	-	-	-	-	-	(1,516,609)
Proceeds from issuance of capital debt	-	-	-	-	-	-	7,895,000	7,895,000
Debt issuance costs	(253,112)	-	-	-	-	-	-	(253,112)
Principal paid on capital debt	(168,629)	(2,115,000)	-	(1,045,000)	-	-	-	(3,328,629)
Interest and fiscal agent fees paid on capital debt	(198,242)	(161,274)	-	(89,056)	(3,846)	-	-	(452,418)
Net Cash Provided by (Used in) Capital and Related Financing Activities	(2,136,592)	(2,276,274)	-	(1,134,056)	(3,846)	-	7,895,000	2,344,232
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
Proceeds from sales and maturities of investments	132,000	-	-	-	-	-	-	132,000
Purchase of investments	(4,218,787)	(200,151)	(35,045)	-	(42,212)	(1,755)	-	(4,497,950)
Interest and dividends	6,399	257	75	30	426	86	-	7,273
Net Cash Provided by (Used in) Investing Activities	(4,080,388)	(199,894)	(34,970)	30	(41,786)	(1,669)	-	(4,358,677)
Net Increase (Decrease) in Cash and Cash Equivalents	3,778,597	(49,279)	145,250	(97)	8,000	29,406	-	3,911,877
Balances - beginning of the year	1,426,415	283,716	84,484	93,552	33,000	30,065	-	1,951,232
Balances - end of the year	\$ 5,205,012	\$ 234,437	\$ 229,734	\$ 93,455	\$ 41,000	\$ 59,471	\$ -	\$ 5,863,109
<b>Reconciliation to the Statement of Net Position:</b>								
Cash and cash equivalents	1,649,062	-	229,734	-	41,000	1,250	-	1,921,046
Restricted cash and cash equivalents	3,555,950	234,437	-	93,455	-	58,221	-	3,942,063
Total cash and cash equivalents	\$ 5,205,012	\$ 234,437	\$ 229,734	\$ 93,455	\$ 41,000	\$ 59,471	\$ -	\$ 5,863,109
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>								
Operating income (loss)	\$ 2,837,152	\$ (120)	\$ (101,138)	\$ -	\$ 63,632	\$ -	\$ -	\$ 2,799,526
Adjustments to reconcile operating income to net cash provided (used) by operating activities:								
Depreciation expense	989,812	-	-	-	-	-	-	989,812
Change in assets and liabilities:								
Increase in receivables, net	(2,179)	-	-	-	-	-	-	(2,179)
Decrease in inventory	3,474	-	-	-	-	-	-	3,474
Increase in accounts payable	205,215	-	-	-	-	-	-	205,215
Increase in customer meter deposits payable	-	-	-	-	-	31,075	-	31,075
Decrease in unearned income	(13,298)	-	-	-	-	-	-	(13,298)
Net Cash Provided by (Used in) Operating Activities	\$ 4,020,176	\$ (120)	\$ (101,138)	\$ -	\$ 63,632	\$ 31,075	\$ -	\$ 4,013,625

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

<b>Federal Grantor/Pass Through Agency Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>Entity Identifying Number</b>	<b>Contract Amount</b>	<b>Contract Expenditures</b>
<b>FEDERAL AWARDS:</b>				
<u>U.S. DEPARTMENT OF HOMELAND SECURITY:</u>				
<i>Passed through the Oklahoma State Department of Emergency Management</i>				
Hazard Mitigation Grant	97.039	FEMA-4109-DR-OK	\$ 1,057,500	\$ 1,018,806
<u>U.S. DEPARTMENT OF TRANSPORTATION:</u>				
<i>Passed through the Oklahoma Highway Safety Office:</i>				
State and Community Highway Safety	20.600	AL-15-03-03-01	27,000	17,838
<u>U.S. DEPARTMENT OF JUSTICE</u>				
2013 Bulletproof Vest Partnership Program	16.607	2013-BU-BX-13065045	2,510	1,407
2014 Bulletproof Vest Partnership Program	16.607	2014-BU-BX-14070530	3,065	509
Total US Department of Justice			5,575	1,916
<b>TOTAL FEDERAL AWARDS</b>			<b>\$ 1,090,075</b>	<b>\$ 1,038,560</b>

**Note 1. Basis of Presentation**

This schedule includes the federal grant activity of the City of Mustang, Oklahoma under programs of the federal government for the year ended June 30, 2015. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and No-Profit Organizations*. Because the schedule presents only a selected portion of the operations of the City of Mustang, Oklahoma, it is not intended to and does not present the financial position, changes in net position or cash flows of the City of Mustang, Oklahoma.

**Note 2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule of Expenditures of Federal Awards are reported on the modified accrual basis of accounting which may be different from other information contained in the City's financial statements.

**MUSTANG IMPROVEMENT AUTHORITY  
 SCHEDULE OF REVENUE BOND DEBT SERVICE COVERAGE**

Gross Revenue Available for Debt Service:

Operating revenues (3)	\$ 4,575,637
Interest revenues	7,273
Sales tax revenues (2)	<u>9,766,692</u>
Total Gross Revenues Available	14,349,602
Authority Operating Expenses (1)	<u>2,493,695</u>
Net Revenues Available for Debt Service	<u>\$ 11,855,907</u>

Average Annual Debt Service Requirements for Term:

2013 Refunding Note	\$ 880,175
2014A Refunding Note	1,936,390
2014B Revenue Note	863,122
OWRB Loan	<u>263,276</u>
Total average annual Debt Service	<u>\$ 3,942,963</u>

Computed Coverage 3.01

Coverage Requirement - Revenue Bond Indenture 1.25

(1) Excludes amortization and depreciation.

(2) Includes entire amount pledged, MIA only retains two-cents.

(3) Operating revenues of the system per the bond indenture only include water and sanitary sewer charges.

## ***Statistical Section***

## *Statistical Section*

This part of the City of Mustang's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the city's overall financial health.

*Financial Trends* – These schedules contain trend information to help the reader understand how the city's financial performance and well being have changed over time. (Table 1-4)

*Revenue Capacity* – These schedules contain information to help the reader assess the city's most significant local revenue sources, property tax and sales tax. (Table 5-11)

*Debt Capacity* – These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future. (Table 12-16)

*Demographic and Economic Information* – These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place. (Table 17-18)

*Operating Information* – These schedules contain service and infrastructure data to help the reader understand how the information in the city's financial report relates to the services the city provides and the activities it performs. (Table 19-21)

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant years and data maintained by each department of the city.

**THE CITY OF MUSTANG, OKLAHOMA**  
**NET POSITION BY COMPONENT**  
 LAST TEN FISCAL YEARS

Table 1

Description	Fiscal Year									
	2015 (3)	2014	2013	2012	2011 (2)	2010	2009	2008	2007	2006
<b>Governmental Activities:</b>										
Net investment in capital assets	\$ 26,881,707	\$ 26,998,281	\$ 26,279,118	\$ 25,352,936	\$ 26,279,118	\$ 26,397,315	\$ 25,910,144	\$ 26,436,760	\$ 26,440,340	\$ 8,777,281
Restricted for (by):										
Statutory requirements	-	-	-	-	894	-	-	-	-	-
Enabling legislation	240,457	244,698	261,460	86,875	132,112	-	-	-	-	-
External Contracts	154,257	398,584	2,280,681	5,074,727	1,021,119	-	-	-	-	-
Debt Service	-	-	-	-	-	364,139	156,311	427,551	305,456	981,871
Other purposes	-	-	-	-	-	-	-	549,457	932,632	309,693
Unrestricted	467,928	6,137,408	3,281,605	1,195,494	3,813,614	3,880,679	3,794,572	3,041,248	2,335,305	4,175,764
Total Governmental Activities Net Position	27,744,349	33,778,971	32,102,864	31,710,032	31,246,857	30,642,133	29,861,027	30,455,016	30,013,733	14,244,609
<b>Business-type Activities:</b>										
Net investment in capital assets	10,184,873	16,339,447	15,630,699	12,922,913	15,414,609	15,521,922	12,581,606	12,024,740	11,121,073	10,599,503
Restricted for:										
External Contracts	8,074,593	377,268	3,311,965	3,121,562	3,121,391	2,727,295	3,148,041	2,367,241	1,851,388	684,183
Unrestricted	(995,226)	(3,194,127)	(7,186,612)	(5,494,863)	(9,128,016)	(9,688,721)	(11,097,352)	(11,968,502)	(12,430,614)	2,944,563
Total Business-type Activities Net Position	17,264,240	13,522,588	11,756,052	10,549,612	9,407,984	8,560,496	4,632,295	2,423,479	541,847	14,228,249
<b>Primary Government:</b>										
Net investment in capital assets (See Note 3.G.)	31,441,580	35,597,728	29,994,817	25,305,849	29,016,833	26,599,393	22,205,917	21,870,022	20,257,078	19,376,784
Restricted for:										
Statutory requirements	-	-	-	-	894	-	-	-	-	-
Enabling legislation	240,457	244,698	261,460	86,875	3,253,503	-	-	-	-	-
External Contracts	8,228,850	775,852	5,592,646	8,196,289	1,021,119	-	-	-	-	-
Debt Service	-	-	-	-	-	3,091,434	3,304,352	2,794,792	2,156,844	1,666,054
Other purposes	-	-	-	-	-	-	-	549,457	932,632	309,693
Unrestricted	5,097,702	10,683,281	8,009,993	8,670,632	7,362,492	9,511,802	8,983,053	7,664,224	7,209,026	7,120,327
Total Primary Government Net Position (1)	\$ 45,008,589	\$ 47,301,559	\$ 43,858,916	\$ 42,259,645	\$ 40,654,841	\$ 39,202,629	\$ 34,493,322	\$ 32,878,495	\$ 30,555,580	\$ 28,472,858

(1) See Table 2 for changes in net position from year to year.

(2) The City implemented GASB 54 in FY 2011 (Fund Balance Classification)

(3) The City implemented GASB 68 in FY2015 (Accounting and Reporting for Pensions)

**THE CITY OF MUSTANG, OKLAHOMA**  
**CHANGES IN NET POSITION**  
 LAST TEN FISCAL YEARS

**Table 2**  
 page 1 of 2

	FISCAL YEAR									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Expenses</b>										
<i>Governmental Activities:</i>										
Administration	\$ 4,453,726	\$ 2,679,868	\$ 3,592,161	\$ 3,036,075	\$ 3,108,236	\$ 2,911,942	\$ 2,891,957	\$ 2,513,297	\$ 2,473,980	\$ 2,321,757
Culture and recreation:	2,390,411	2,186,150	2,019,889	2,329,462	2,181,178	2,065,297	1,983,127	1,903,695	1,719,152	1,625,695
Community Development	459,637	555,401	511,587	440,962	407,014	382,505	483,396	477,895	396,151	395,905
Public safety	5,293,939	5,715,201	5,186,403	4,749,537	4,451,242	4,273,023	3,998,709	3,391,056	3,080,652	2,923,658
Streets and Drainage	1,088,969	791,460	824,189	731,455	643,834	590,070	564,688	527,609	531,542	445,568
Interest on long-term debt	70,400	80,226	85,411	13,647	19,238	33,278	37,580	46,810	26,060	922,230
Total governmental activities expenses	13,757,082	12,008,306	12,219,640	11,301,138	10,810,742	10,256,115	9,959,457	8,860,362	8,227,537	8,634,813
<i>Business-type activities:</i>										
Water operations	2,191,631	2,181,575	1,838,026	2,301,043	2,213,351	2,054,925	2,183,491	2,082,783	2,004,214	1,863,397
Wastewater operations	1,870,256	2,026,568	1,654,182	1,170,049	1,215,719	1,123,620	1,186,490	1,414,648	1,145,960	1,054,790
Solid waste operations	964,095	1,234,414	1,920,541	1,038,662	1,022,186	947,369	827,364	900,433	743,463	663,525
Ambulance	157,704	195,876	215,912	201,108	146,429	82,956	105,560	94,040	88,760	94,149
Interest on general long-term debt for governmental act.	398,815	853,719	700,458	870,590	800,094	801,953	841,161	850,330	916,304	-
Total business-type activities expenses	5,582,501	6,492,152	6,329,119	5,581,452	5,397,779	5,010,823	5,144,066	5,342,234	4,898,701	3,675,861
Total primary government expenses	19,339,583	18,500,458	18,548,759	16,882,590	16,208,521	15,266,938	15,103,523	14,202,596	13,126,238	12,310,674
<b>Program Revenues</b>										
<i>Governmental Activities:</i>										
<i>Charges for Services</i>										
Administration	-	-	150,405	-	-	-	608	16,847	27,739	3,535
Culture and recreation:	828,175	851,776	797,628	830,737	785,775	766,004	800,071	881,343	803,989	800,147
Community Development	264,257	270,059	287,057	175,824	154,831	165,139	163,421	290,601	302,134	391,556
Public safety	571,153	472,607	218,173	311,074	290,075	252,754	239,315	271,275	263,963	283,547
Streets and Drainage	-	-	-	-	-	-	-	-	-	-
Operating Grants and Contributions	1,496,615	660,106	481,605	560,532	598,667	546,450	461,428	322,771	237,089	212,896
Capital Grants and Contributions	-	961,651	818,588	53,402	290,899	1,226,430	365,756	446,530	475,789	1,758,271
Total governmental activities program revenues	3,160,200	3,216,199	2,753,456	1,931,569	2,120,247	2,956,777	2,030,599	2,229,367	2,110,703	3,449,952
<i>Business-type Activities:</i>										
Water operations	2,917,281	2,830,188	2,834,077	2,936,206	2,737,408	2,492,376	2,203,362	2,025,663	1,881,091	2,283,327
Wastewater operations	1,922,576	1,774,876	1,753,930	1,660,352	1,561,017	1,529,786	1,374,055	1,439,643	1,425,472	1,316,916
Solid waste operations	1,915,451	2,288,466	2,153,134	2,169,652	2,075,472	1,921,128	1,631,293	1,538,158	1,484,061	1,445,985
Ambulance	234,860	232,232	225,964	248,039	199,216	115,802	114,310	110,904	107,222	102,252
Operating Grants and Contributions	-	-	688,267	-	-	2,000,000	-	-	-	-
Capital Grants and Contributions	-	-	-	-	-	-	225,346	502,623	503,225	1,472,442
Total business-type activities program revenues	6,990,168	7,125,762	7,655,372	7,014,249	6,573,113	8,059,092	5,548,366	5,616,991	5,401,071	6,620,922
Total primary government program revenues	10,150,368	10,341,961	10,408,828	8,945,818	8,693,360	11,015,869	7,578,965	7,846,358	7,511,774	10,070,874

**THE CITY OF MUSTANG, OKLAHOMA**  
**CHANGES IN NET POSITION**  
 LAST TEN FISCAL YEARS

**Table 2**  
 page 2 of 2

	FISCAL YEAR									
	2015 (4)	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Net (Expenses) Revenues (1)</b>										
<i>Governmental Activities</i>	\$ (10,596,882)	\$ (8,792,107)	\$ (9,466,184)	\$ (9,369,569)	\$ (8,690,495)	\$ (7,299,338)	\$ (7,928,858)	\$ (6,630,995)	\$ (6,116,834)	\$ (5,184,861)
<i>Business-type Activities</i>	1,407,667	633,610	1,326,253	1,432,797	1,175,334	3,048,269	404,300	274,757	502,370	2,945,061
<b>Total Primary Government Net (Expenses)</b>	<b>(9,189,215)</b>	<b>(8,158,497)</b>	<b>(8,139,931)</b>	<b>(7,936,772)</b>	<b>(7,515,161)</b>	<b>(4,251,069)</b>	<b>(7,524,558)</b>	<b>(6,356,238)</b>	<b>(5,614,464)</b>	<b>(2,239,800)</b>
<b>General Revenues and Other Changes in Net Position</b>										
<i>Governmental Activities:</i>										
<i>Taxes:</i>										
Sales and use taxes	10,187,816	9,616,128	8,671,987	8,099,554	7,717,051	7,720,761	7,868,844	6,972,867	6,540,179	5,971,174
Franchise and public service taxes	1,096,543	1,050,963	1,004,174	902,770	854,056	647,140	617,738	573,365	537,065	524,324
E-911 taxes	5,238	5,271	8,935	6,487	7,024	7,090	7,785	7,544	7,024	5,179
Intergovernmental revenue	407,182	363,014	347,533	179,531	153,400	365,017	377,459	496,307	253,080	229,635
Investment Income	18,559	21,087	40,782	27,813	38,633	38,668	75,661	135,620	95,696	77,010
Miscellaneous	538,049	377,238	317,534	186,772	136,481	108,799	80,370	37,565	33,587	27,411
Transfers - Internal Activity	(1,912,697)	(965,487)	(477,302)	426,212	388,574	(807,029)	(1,672,272)	(1,150,990)	(670,002)	853,576
<b>Total Governmental Activities</b>	<b>10,340,690</b>	<b>10,468,214</b>	<b>9,913,643</b>	<b>9,829,139</b>	<b>9,295,219</b>	<b>8,080,446</b>	<b>7,355,585</b>	<b>7,072,278</b>	<b>6,796,629</b>	<b>7,688,309</b>
<i>Business-type Activities:</i>										
Intergovernmental revenue	-	3,596	-	-	-	-	34,050	293,482	-	-
Investment Income	7,273	16,674	20,909	28,846	46,661	56,532	77,809	125,413	108,665	44,679
Miscellaneous	414,015	147,169	19,952	38,825	14,067	16,371	20,385	36,890	27,301	9,511
Transfers - Internal Activity	1,912,697	965,487	477,302	(426,212)	(388,574)	807,029	1,672,272	1,150,990	670,002	(853,576)
<b>Total Business-type Activities</b>	<b>2,333,985</b>	<b>1,132,926</b>	<b>518,163</b>	<b>(358,541)</b>	<b>(327,846)</b>	<b>879,932</b>	<b>1,804,516</b>	<b>1,606,775</b>	<b>805,968</b>	<b>(799,386)</b>
<b>Total Primary Government</b>	<b>12,674,675</b>	<b>11,601,140</b>	<b>10,431,806</b>	<b>9,470,598</b>	<b>8,967,373</b>	<b>8,960,378</b>	<b>9,160,101</b>	<b>8,679,053</b>	<b>7,602,597</b>	<b>6,888,923</b>
<b>Change in Net Position (3)</b>										
<i>Governmental Activities</i>	(256,192)	1,676,107	447,459	459,570	604,724	781,108	(573,273)	441,283	679,795	2,503,448
<i>Business-type Activities</i>	3,741,652	1,766,536	1,844,416	1,074,256	847,488	3,928,201	2,208,816	1,881,532	1,308,338	2,145,675
<b>Total Primary Government (2)</b>	<b>\$ 3,485,460</b>	<b>\$ 3,442,643</b>	<b>\$ 2,291,875</b>	<b>\$ 1,533,826</b>	<b>\$ 1,452,212</b>	<b>\$ 4,709,309</b>	<b>\$ 1,635,543</b>	<b>\$ 2,322,815</b>	<b>\$ 1,988,133</b>	<b>\$ 4,649,123</b>

(1) Net (expenses) is the difference between the expenses and program revenues. It indicates the degree to which a function or program is supported with its own fees and program-specific grants versus its reliance upon funding from taxes and other general revenues.  
 (2) See Table 1 for ending net position balances for reported years.  
 (3) The City implemented GASB 63 in FY2013 (Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position)  
 (4) The City implemented GASB 68 in FY2015 (Accounting and Financial Reporting for Pensions)

**THE CITY OF MUSTANG, OKLAHOMA**  
**FUND BALANCES, GOVERNMENTAL FUNDS**  
 LAST TEN FISCAL YEARS

**Table 3**

	Fiscal Year									
	2015	2014	2013	2012	2011 (1)	2010	2009	2008	2007	2006
<b>General Fund:</b>										
Reserved for:										
Nonspendable	41,925	40,036	28,272	24,561	25,752	-	-	-	-	-
Restricted	-	-	-	10,224	27,576	-	-	-	-	-
Committed	546,167	580,000	21,090	-	-	-	-	-	-	-
Assigned	177,250	376,512	553,685	815,135	12,780	-	-	-	-	-
Risk Management	-	-	-	-	-	-	-	\$377,445	\$293,332	\$293,665
Contracts payable	-	-	-	-	-	-	-	-	-	94,589
Accrued Compensated Absences	-	-	-	-	-	231,166	230,090	233,390	201,773	189,110
Inventories	-	-	-	-	-	19,068	21,265	14,292	27,352	16,028
Debt Service	-	-	-	-	-	-	-	-	-	-
Encumbrance	-	-	-	-	-	1,056,000	1,408,600	1,760,000	-	-
Unreserved/Unassigned	2,678,631	2,499,445	2,568,493	2,607,400	3,192,215	1,136,184	633,156	590,199	2,260,610	1,680,682
<b>Total General Fund</b>	<b>3,443,973</b>	<b>3,495,993</b>	<b>3,171,540</b>	<b>3,457,320</b>	<b>3,258,323</b>	<b>2,442,418</b>	<b>2,293,111</b>	<b>2,975,326</b>	<b>2,783,067</b>	<b>2,274,074</b>
<b>Other Governmental Funds:</b>										
Reserved for:										
Restricted	394,714	643,282	2,542,141	5,151,378	1,126,549	-	-	-	-	-
Committed	2,463,465	2,633,512	3,085,347	-	-	-	-	-	-	-
Assigned	175,767	71,820	-	1,272,147	648,743	-	-	-	-	-
Specific Programs	-	-	-	-	-	216,880	269,142	686,411	1,025,584	494,619
Debt Service	-	-	-	-	-	112,351	163,299	427,551	330,886	981,871
Unreserved/Unassigned	37	-	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	915,143	661,449	1,056,773	811,149	376,254
Capital project funds	-	-	-	-	-	246,839	200,052	91,859	70,999	85,375
<b>Total Other Governmental Funds</b>	<b>3,033,983</b>	<b>3,348,614</b>	<b>5,627,488</b>	<b>6,423,525</b>	<b>1,775,292</b>	<b>1,491,213</b>	<b>1,293,942</b>	<b>2,262,594</b>	<b>2,238,618</b>	<b>1,938,119</b>
<b>Total Governmental Funds</b>	<b>6,477,956</b>	<b>6,844,607</b>	<b>8,799,028</b>	<b>9,880,845</b>	<b>5,033,615</b>	<b>3,933,631</b>	<b>3,587,053</b>	<b>5,237,920</b>	<b>5,021,685</b>	<b>4,212,193</b>

(1) The City implemented GASB 54, fund balance reporting, in fiscal year 2011.

**THE CITY OF MUSTANG, OKLAHOMA**  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**  
 LAST TEN FISCAL YEARS

**Table 4**

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Revenues:</b>										
Taxes (1)	\$11,289,598	\$10,671,800	\$9,683,411	\$9,005,285	\$8,571,856	\$8,581,973	\$8,713,651	\$7,897,457	\$7,194,475	\$6,591,495
Intergovernmental	1,971,612	1,407,842	926,149	718,942	768,221	705,041	701,359	485,010	375,386	352,407
Charges for services	828,175	270,059	772,081	766,581	720,049	697,413	713,631	824,131	749,386	744,765
Fines and forfeitures	565,697	851,776	311,390	264,551	271,084	233,265	258,666	230,220	221,991	235,180
Licenses and permits	264,257	474,728	287,057	180,000	157,301	165,139	164,029	293,721	310,421	394,551
Investment income	16,387	18,405	37,631	24,217	15,065	38,668	75,661	135,620	95,696	77,010
Miscellaneous	494,040	345,044	264,504	358,961	248,470	194,834	178,099	167,735	194,391	185,328
<b>Total Revenues</b>	<b>\$15,429,766</b>	<b>\$14,039,654</b>	<b>\$12,282,223</b>	<b>11,318,537</b>	<b>10,752,046</b>	<b>10,616,333</b>	<b>10,805,096</b>	<b>10,033,894</b>	<b>9,141,746</b>	<b>8,580,736</b>
<b>Expenditures:</b>										
<b>Current:</b>										
Administration	4,021,356	2,292,428	2,961,164	2,838,949	2,413,187	2,477,639	2,493,152	2,127,488	2,045,313	1,894,938
Culture and recreation (2)	2,092,002	1,924,972	1,753,178	1,951,152	1,879,426	1,859,874	1,767,030	1,688,775	1,513,282	1,505,215
Community development	456,330	540,325	490,077	417,382	360,715	360,587	481,226	462,236	386,063	386,021
Public safety	5,194,260	5,298,949	4,717,044	4,299,784	4,096,741	3,860,578	3,748,433	3,152,986	2,829,558	2,655,014
Streets and drainage	402,124	268,115	347,538	213,334	154,470	153,130	153,366	151,067	178,825	137,551
Capital outlay	1,404,532	4,396,386	2,482,352	562,110	935,148	467,124	1,349,901	829,557	774,999	1,058,505
<b>Debt service:</b>										
Bond issuance cost	-	-	-	-	-	-	-	-	33,728	565,772
Principal retirement	430,753	414,387	174,052	346,059	300,574	255,901	451,245	205,000	205,000	730,116
Interest and fiscal charges	72,268	82,282	77,752	16,067	24,415	27,892	41,640	49,560	21,330	1,080,080
<b>Total Expenditures</b>	<b>14,073,625</b>	<b>15,217,844</b>	<b>13,003,157</b>	<b>10,644,837</b>	<b>10,164,676</b>	<b>9,462,725</b>	<b>10,485,993</b>	<b>8,666,669</b>	<b>7,988,098</b>	<b>10,013,212</b>
<b>Excess of revenues over(under) expenditures</b>	<b>\$1,356,141</b>	<b>(\$1,178,190)</b>	<b>(\$720,934)</b>	<b>673,700</b>	<b>587,370</b>	<b>1,153,608</b>	<b>319,103</b>	<b>1,367,225</b>	<b>1,153,648</b>	<b>(1,432,476)</b>
<b>Other Financing Sources (Uses):</b>										
Transfers in	8,630,650	8,475,791	8,325,935	8,634,590	7,932,808	7,212,830	6,396,594	5,872,229	6,105,868	7,184,678
Transfers out	(10,543,347)	(9,441,297)	(8,837,776)	(8,204,280)	(7,544,234)	(8,019,859)	(8,068,866)	(7,023,219)	(6,775,870)	(6,331,102)
Issuance of debt	189,905	189,275	150,962	3,743,219	124,040	-	85,101	-	960,000	16,885,000
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	-	-	(16,885,000)
Premium on sale of bonds	-	-	-	-	-	-	-	-	-	479,415
<b>Total Other Financing Sources (Uses)</b>	<b>(1,722,792)</b>	<b>(776,231)</b>	<b>(360,879)</b>	<b>4,173,529</b>	<b>512,614</b>	<b>(807,029)</b>	<b>(1,587,171)</b>	<b>(1,150,990)</b>	<b>289,998</b>	<b>1,332,991</b>
<b>Net change in fund balances</b>	<b>(\$366,651)</b>	<b>(\$1,954,421)</b>	<b>(\$1,081,813)</b>	<b>\$4,847,229</b>	<b>\$1,099,984</b>	<b>\$346,579</b>	<b>(\$1,268,068)</b>	<b>\$216,235</b>	<b>\$1,443,646</b>	<b>(\$99,485)</b>
<b>Debt Service as a Percentage of Non-Capital Expenditures</b>	<b>3.97%</b>	<b>4.59%</b>	<b>2.39%</b>	<b>3.74%</b>	<b>3.53%</b>	<b>3.15%</b>	<b>5.39%</b>	<b>3.25%</b>	<b>3.14%</b>	<b>20.22%</b>

(1) See Table 5 for additional tax detail.

(2) The City issued \$2.050m expansion to town center/library and \$1.550m baseball complex April 2012.

**THE CITY OF MUSTANG, OKLAHOMA  
 TAX REVENUES BY SOURCE (1)**

LAST TEN FISCAL YEARS

**Table 5**

<b>Fiscal Year</b>	<b>Ad Valorem Tax (2)</b>	<b>Sales Tax</b>	<b>Alcoholic Beverage Tax</b>	<b>Hotel &amp; Franchise Tax (3)</b>	<b>Commercial Vehicle Tax</b>
2006	\$ 92,554	\$ 5,823,816	\$ 39,480	\$ 524,324	\$ 93,367
2007	117,231	6,347,024	41,370	537,065	93,368
2008	356,140	6,767,926	44,918	573,365	93,369
2009	227,069	7,566,653	47,039	617,737	93,882
2010	214,072	7,463,894	47,188	647,140	93,882
2011	203,182	7,458,028	48,955	651,623	99,687
2012	202,157	7,876,617	66,269	703,574	119,005
2013	328,331	8,340,520	70,464	719,038	127,069
2014	316,640	9,160,774	73,297	714,468	141,998
2015	318,525	9,766,692	75,830	783,216	144,843

<b>Fiscal Year</b>	<b>Fuel Tax</b>	<b>Use Tax</b>	<b>Telephone Tax</b>	<b>Tobacco Tax</b>	<b>Totals</b>
2006	\$ 27,789	\$ 144,259	\$ 5,179	\$ 90,184	\$ 6,840,952
2007	26,255	193,155	7,024	92,364	7,454,856
2008	28,222	204,941	7,544	95,249	8,171,674
2009	32,452	302,191	7,785	103,409	8,998,217
2010	33,818	256,867	7,090	104,313	8,868,264
2011	35,480	259,023	7,024	104,445	8,867,447
2012	32,326	222,937	6,487	113,262	9,342,634
2013	33,180	250,930	9,022	108,059	9,986,614
2014	33,602	351,964	5,336	107,735	10,905,814
2015	34,762	421,124	5,238	115,017	11,665,247

- (1) This schedule reports using the modified accrual basis of accounting
- (2) These revenues are reported in the Debt Service fund. The City does not levy property taxes for operations. Property taxes are used to service general obligation bonds and judgments, per State Statute.
- (3) The City began collecting Hotel Taxes in FY2015

**THE CITY OF MUSTANG, OKLAHOMA**  
**ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY**  
 LAST TEN FISCAL YEARS

**Table 6**

<b>Fiscal Year</b>	<b>Real Property</b>	<b>Personal Property</b>	<b>Public Service Property</b>	<b>Total Assessed Value</b>	<b>Homestead &amp; Veterans Exemption</b>	<b>Total Assessed Value</b>	<b>Estimated Actual Value</b>	<b>Total Mileage Levied</b>
2015	\$122,079,821	\$ 5,731,386	\$ 4,264,218	\$132,075,425	\$ 3,941,499	\$128,133,926	\$ 126,840,666	2.35
2014	118,173,931	5,250,275	3,854,046	127,278,252	5,150,632	122,127,620	122,127,920	2.52
2013	113,352,018	5,071,881	3,876,847	122,300,746	5,065,796	117,234,950	117,229,911	2.72
2012	108,319,823	5,196,614	4,379,240	117,895,677	4,115,166	113,780,511	112,921,191	2.91
2011	105,119,238	5,433,715	4,303,920	114,856,873	4,137,166	109,904,371	106,319,101	1.94
2010	97,326,059	5,218,483	3,985,236	106,529,778	4,137,987	102,391,791	102,391,791	2.09
2009	89,770,263	4,033,768	4,070,577	97,874,608	4,110,498	93,764,110	98,171,023	2.40
2008	80,506,852	3,845,740	3,880,763	88,233,355	4,008,499	84,224,856	88,233,355	4.22
2007	71,006,980	3,746,635	4,155,748	78,909,363	4,125,325	74,784,038	78,909,363	1.60
2006	65,832,914	3,117,446	4,337,485	73,287,845	3,755,332	69,532,513	73,287,845	1.39

(1) Property in the City is reassessed each year by the Canadian County Assessors Office. Tax rates are per \$1,000 of assessed values.  
 (2) The source of property value information is the Canadian County Assessor's Office - [wehmullerm@canadiancounty.org](mailto:wehmullerm@canadiancounty.org) (Matt Wehmuller)  
 (3) Voter approval is required to increase property taxes. Under Oklahoma State Statutes a municipality can only levy a property taxes for the repayment of principal and interest on general obligation bond debt or court assessed judgments. Property taxes cannot be used for operations.

**THE CITY OF MUSTANG, OKLAHOMA  
 PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS  
 (PER \$1,000 OF ASSESSED VALUE)**

LAST TEN FISCAL YEARS

**Table 7**

<b>Fiscal Year</b>	<b>Debt Service Fund</b>	<b>Mustang School District</b>	<b>Canadian County</b>	<b>Canadian Valley Vo-Tech</b>	<b>Mustang City Resident</b>
2015	2.35	68.26	16.11	16.61	103.33
2014	2.52	68.77	16.13	16.44	103.86
2013	2.72	66.30	16.11	15.60	100.73
2012	2.91	65.25	16.11	15.60	99.87
2011	1.81	65.17	16.11	15.60	98.69
2010	2.09	66.47	16.11	15.60	100.27
2009	2.40	66.96	16.11	15.60	101.07
2008	4.22	66.80	16.11	15.60	102.73
2007	1.60	67.34	16.11	15.60	100.65
2006	1.39	58.58	16.11	15.60	91.68

Source: Canadian County Assessor's Office.

**CITY OF MUSTANG, OKLAHOMA**  
**SALES TAX RATES OF DIRECT AND OVERLAPPING GOVERNMENTS**

*Last Ten Fiscal Years*

**Table 8**

	<i>Fiscal Year</i>									
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
City - General Fund	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
City - Debt Service (1)	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Total City of Mustang	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Canadian County	0.35%	0.35%	0.35%	0.35%	0.35%	0.35%	0.35%	0.35%	0.35%	0.35%
State of Oklahoma	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
Total	8.85%	8.85%	8.85%	8.85%	8.85%	8.85%	8.85%	8.85%	8.85%	8.85%

The source for sales tax is the City of Mustang Annual Financial Report and the Oklahoma Tax Commission.

Sales tax is the main operating tax for the City of Mustang. Under State Statutes, the City cannot levy a property tax for operations. All sales tax increases must be approved by the voters.

(1) The voters approved a one-cent sales tax effective October 1, 2001 and ending July 31, 2030 for the purpose of paying principal and interest on the 1999 MIA Revenue Bonds used to construct and equip a community center and library complex, police complex, sports complex, and aquatic facility.

**CITY OF MUSTANG, OKLAHOMA  
 TAXABLE SALES BY CATEGORY**

*Last Ten Fiscal Years*

**Table 9**

<i>Category</i>	<b>Fiscal Year</b>									
	<b><u>2015</u></b>	<b><u>2014 (1)</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>2009</u></b>	<b><u>2008</u></b>	<b><u>2007</u></b>	<b><u>2006</u></b>
Amusement & Recreation	4,733	13,796	18,032	4,691	32,171	31,174	54,104	55,905	46,228	48,021
Construction (2)	6,960	10,064	-	-	-	-	-	-	-	-
Manufacturing	192,846	166,726	77,260	1,408	130,399	130,595	145,460	240,554	176,395	186,880
Public Utilities	537,785	513,361	488,557	502,669	480,904	498,490	479,924	437,829	443,596	416,550
Retail - Furniture and Access	309,663	182,317	252,665	259,197	227,283	244,852	194,612	225,070	232,014	203,793
Retail - Apparel	103,318	76,093	69,200	58,827	58,079	54,386	54,391	50,313	39,676	39,829
Retail - Automotive	207,158	196,191	184,713	198,607	196,293	194,382	200,178	194,892	187,603	173,216
Retail - Building Materials	1,441,890	1,615,726	1,241,264	1,071,365	997,457	990,134	1,061,405	444,367	551,167	585,333
Retail - Food	417,187	386,310	399,698	404,490	390,997	444,657	426,295	328,066	315,487	313,301
Retail - General Merchandise	3,826,923	3,560,456	3,252,621	2,907,524	2,726,761	2,715,146	2,826,221	2,727,404	2,548,195	2,521,266
Retail - Miscellaneous	108,573	86,480	180,050	344,419	334,246	317,679	329,200	325,636	299,062	165,298
Retail - Restaurants	1,470,395	1,317,485	1,152,574	1,050,304	999,813	939,483	864,735	835,673	732,623	683,884
Services - Automotive Repair	66,046	74,782	88,536	60,038	60,761	52,487	37,008	40,244	37,578	33,634
Services - Business	110,833	127,338	108,338	68,141	78,338	90,055	77,509	74,361	98,161	85,834
Services - Personal	56,265	30,450	43,229	42,504	41,873	26,719	31,023	25,486	27,715	30,566
Telecommunications	317,801	335,090	376,009	419,697	409,248	424,427	419,417	409,255	378,973	359,145
Transportation (2)	806	601								
Wholesale Trade	486,155	377,790	351,870	256,710	324,312	303,246	337,262	302,368	195,839	136,944
All Other Categories	42,699	89,718	55,902	226,026	33,944	75,060	27,909	50,503	102,416	119,311
	<b>\$ 9,708,036</b>	<b>\$ 9,160,774</b>	<b>\$ 8,340,520</b>	<b>\$ 7,876,617</b>	<b>\$ 7,522,878</b>	<b>\$ 7,532,972</b>	<b>\$ 7,566,653</b>	<b>\$ 6,767,926</b>	<b>\$ 6,412,728</b>	<b>\$ 6,102,805</b>

Information shown is on a cash basis and obtained from reports provided by the Oklahoma Tax Commission.

Oklahoma State Statutes prohibits the reporting of individual sales tax payers.

(1) The restaurant base began growing in fiscal year 2014 with the opening of several new restaurants

(2) The Oklahoma Tax Commission revamped its website breaking out new categories (i.e., construction and transportation); previously included in "All Other Categories"

**CITY OF MUSTANG, OKLAHOMA  
 PRINCIPAL PROPERTY TAXPAYERS**

Current Year and Ten Years Ago

**Table 10**

2015			2006		
Taxpayer	Taxable Assessed Value (1)	Percentage of Total Net Assessed Value	Taxpayer	Taxable Assessed Value (1)	Percentage of Total Net Assessed Value
Oklahoma Gas & Electric	\$2,574,270	2.11%	Oklahoma Gas & Electric	\$1,851,462	2.53%
Park Place Apartments	1,285,852	1.05%	Wal-Mart	1,592,895	2.17%
Lowe's Home Centers Inc - Business Personal Property	1,192,090	0.98%	Southwestern Bell Telephone	1,158,290	1.58%
Wal-mart Real Estate Business	1,053,484	0.86%	Park Place Apartments	923,384	1.26%
Wal-mart Stores East LP	846,225	0.69%	Oklahoma Natural Gas Company	489,406	0.67%
Oklahoma Natural Gas Company	803,659	0.66%	Greens at Pebble Creek	433,849	0.59%
Lowe's Home Centers Inc - Real Estate	686,244	0.56%	Cox Oklahoma Telecom, LLC	416,151	0.57%
Industrial Gasket	485,675	0.40%	Industrial Gasket	335,369	0.46%
Greens at Pebble Creek	480,847	0.39%	Arbor House	319,200	0.44%
Ventas AH Mustang LLC	457,498	0.37%	Narulas Healthcare, LLC	319,043	0.44%
<b>TOTAL</b>	<b>\$9,865,844</b>	<b>8.07%</b>	<b>TOTAL</b>	<b>\$7,839,049</b>	<b>10.71%</b>

(1) The source for property value information is the Canadian County Assessor's Office.

**CITY OF MUSTANG, OKLAHOMA  
 PROPERTY TAX LEVIES AND COLLECTIONS**

*Last Ten Fiscal Years*

**Table 11**

Fiscal Year Ended June 30,	Collected within Fiscal Year Year of the Levy			Collected Subsequent Year	Total Collections To Date	
	Gross Tax Levy	Amount	Percentage of Levy		Amount	Percentage of Levy
2015	\$307,762	\$303,288	98.55%	\$4,348	\$307,636	99.96%
2014	318,865	312,281	97.94%	6,182	318,463	99.87%
2013	328,568	325,180	98.97%	723	325,903	99.19%
2012	199,042	196,754	98.85%	507	197,261	99.11%
2011	206,118	153,745	74.59%	51,694	205,439	99.67%
2010	214,009	208,051	97.22%	5,840	213,891	99.94%
2009	224,893	224,422	99.79%	318	224,740	99.93%
2008	355,426	351,817	98.98%	3,315	355,132	99.92%
2007	119,576	112,930	94.44%	5,867	118,797	99.35%
2006	96,828	92,554	95.59%	3,471	96,025	99.17%

(1) Actual Tax Levy for prior tax year from Canadian County Clerk's records.  
 Note: Total % of levy collected exceeds 100% due to the collection of taxes from subsequent years.

**CITY OF MUSTANG, OKLAHOMA**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN FISCAL YEARS**

**Table 12**

<b>GOVERNMENTAL ACTIVITIES</b>			
<b>FISCAL YEAR</b>	<b>GENERAL OBLIGATION BONDS</b>	<b>JUDGMENT FUNDING BONDS</b>	<b>CAPITAL LEASE OBLIGATIONS</b>
2015	\$ 3,090,000	\$ -	\$ 189,532
2014	3,345,000	-	175,380
2013	3,600,000	-	145,493
2012	3,600,000	-	168,582
2011	240,000	-	131,422
2010	480,000	-	67,956
2009	720,000	-	83,856
2008	960,000	210,000	-
2007	960,000	415,000	-
2006	-	620,000	-

<b>BUSINESS TYPE ACTIVITIES</b>			
<b>FISCAL YEAR</b>	<b>REVENUE BONDS</b>	<b>CAPITAL LEASE OBLIGATIONS</b>	<b>NOTE PAYABLE</b>
2015	\$ -	\$ -	\$ 20,104,775
2014	-	-	15,538,404
2013	12,171,552	16,805	9,052,329
2012	19,070,000	-	3,739,793
2011	20,905,000	-	4,003,393
2010	22,670,000	-	3,258,803
2009	25,290,000	-	140,419
2008	26,810,000	-	-
2007	28,215,000	-	-
2006	29,265,000	-	-

<b>FISCAL YEAR</b>	<b>TOTAL PRIMARY GOVERNMENT</b>	<b>PERCENTAGE OF PERSONAL INCOME</b>	<b>PER CAPITA</b>
2015	\$ 23,384,307	4.2%	\$1,191
2014	19,058,784	3.9%	\$998
2013	24,986,179	5.9%	\$1,395
2012	27,192,549	7.1%	\$1,511
2011	26,051,134	7.3%	\$1,460
2010	27,417,186	7.0%	\$1,547
2009	27,330,631	7.4%	\$1,583
2008	29,239,252	7.6%	\$1,779
2007	30,944,011	8.5%	\$1,898
2006	31,355,919	9.1%	\$2,033

> Personal income and population data are available on Table 17.

**CITY OF MUSTANG, OKLAHOMA**  
**RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING,**  
**LAST TEN FISCAL YEARS** **Table 13**

Fiscal Year	General Bonded Debt Outstanding			Restricted Debt Service Funds	Net Bonded Debt
	General Obligation Bonds	Judgment Funding Bonds	Total		
2015	\$ 3,090,000	\$ -	\$ 3,090,000	\$ 230,680	\$ 2,859,320
2014	3,345,000	-	3,345,000	245,229	3,099,771
2013	3,600,000	-	3,600,000	261,342	3,338,658
2012	3,600,000	0	3,600,000	11,209	3,588,791
2011	240,000	0	240,000	87,011	152,989
2010	480,000	0	480,000	364,139	115,861
2009	720,000	0	720,000	163,299	556,701
2008	960,000	210,000	1,170,000	427,551	742,449
2007	960,000	415,000	1,375,000	329,941	1,045,059
2006	-	620,000	620,000	345,221	274,779

Fiscal Year	Percentage of Actual Taxable Value of Property (2)	Ratio of Net Bonded Debt to Assessed Value (2)	Estimated Population (1)	Bonded Debt Per Capita	Net Bonded Debt Per Capita
2015	2.44%	2.25%	19,638	\$157.35	\$145.60
2014	2.54%	2.54%	19,097	\$175.16	\$162.32
2013	3.07%	3.07%	18,543	\$194.14	\$180.05
2012	3.19%	3.15%	17,395	\$206.96	\$206.31
2011	0.23%	0.14%	17,395	\$13.80	\$8.79
2010	0.47%	0.11%	17,260	\$27.81	\$6.71
2009	0.73%	0.59%	17,260	\$41.71	\$32.25
2008	1.33%	0.88%	16,300	\$71.78	\$45.55
2007	1.74%	1.40%	16,300	\$84.36	\$64.11
2006	0.85%	0.40%	15,500	\$40.00	\$17.73

(1) Information obtained from the US Census Bureau and the Oklahoma Department of Commerce.

(2) Property tax values are located in Table 6. (County Assessor's Office) Shelley Dickerson

**CITY OF MUSTANG, OKLAHOMA  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
*As of June 30, 2015*

**Table 14**

<u>Entity</u>	<u>Net General Bonded Debt Outstanding (1)</u>	<u>Percentage Applicable to City of Mustang</u>	<u>Amount Applicable to City of Mustang (2)</u>
Mustang Public Schools	\$42,310,000	32.34%	\$13,683,054
City of Mustang	\$3,090,000	100.00%	\$3,090,000
Total Direct and Overlapping Debt	\$45,400,000		\$16,773,054

(1) Debt outstanding provided by each entity.

(2) All debt on this schedule is repaid with property taxes.

**CITY OF MUSTANG, OKLAHOMA  
MUSTANG IMPROVEMENT AUTHORITY  
PLEDGED-REVENUE BOND COVERAGE**  
*LAST TEN FISCAL YEARS*

**Table 15**

<u>Fiscal Year</u>	<u>Gross Revenue (including pledged sales tax)</u>	<u>Direct Operating Expenses (1)</u>	<u>Net Revenue Available for Debt Service (2)</u>	<u>Bond Indenture Requirement (3)</u>		
				<u>Average Annual Debt Service</u>	<u>Calculated Coverage</u>	<u>Required Coverage</u>
2015	\$ 14,349,602	\$ 2,493,695	\$ 11,855,907	\$ 3,942,963	3.01	1.25
2014	14,237,866	3,010,200	11,227,666	3,098,056	3.62	1.25
2013	13,056,360	2,283,978	10,772,382	2,688,005	4.01	1.25
2012	12,369,125	2,127,447	10,241,678	3,166,263	3.23	1.25
2011	11,534,128	1,970,982	9,563,146	3,178,283	3.01	1.25
2010	11,573,094	1,700,878	9,872,216	2,772,351	3.56	1.25
2009	11,174,760	2,718,336	8,456,424	2,772,351	3.05	1.25
2008	10,183,341	1,798,686	8,384,655	2,727,413	3.07	1.25
2007	9,719,426	1,617,954	8,101,472	3,302,823	2.45	1.25
2006	9,625,001	2,160,195	7,464,806	1,955,400	3.82	1.25

(1) Direct operating expenses exclude amortization, depreciation and bad debt expenses.

(2) Gross revenues included pledged revenues of water, sewer and sales tax.

(3) The MIA Revenue Bond Indentures require a coverage requirement of 1.25 times annually using the average annual debt service over the life of the bond issues.

**CITY OF MUSTANG, OKLAHOMA  
 LEGAL DEBT MARGIN INFORMATION  
 LAST TEN FISCAL YEARS**

**Table 16**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Net assessed valuation	<u>\$128,133,926</u>	<u>\$122,127,620</u>	<u>\$117,229,911</u>	<u>\$112,921,191</u>	<u>\$106,319,101</u>
Debt limit (1)	12,813,393	12,212,762	11,722,991	11,292,119	10,631,910
Applicable bonds outstanding:					
2012 General Obligation Bonds	3,090,000	3,345,000	3,600,000	3,600,000	-
2007 General Obligation Bonds (2)	-	-	-	-	240,000
Total Debt Outstanding	<u>3,090,000</u>	<u>3,345,000</u>	<u>3,600,000</u>	<u>3,600,000</u>	<u>240,000</u>
 Legal debt margin	 <u>\$9,723,393</u>	 <u>\$8,867,762</u>	 <u>\$8,122,991</u>	 <u>\$7,692,119</u>	 <u>\$10,391,910</u>

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Net assessed valuation	<u>\$102,391,791</u>	<u>\$93,764,110</u>	<u>\$84,224,856</u>	<u>\$74,784,038</u>	<u>\$69,532,513</u>
Debt limit (1)	10,239,179	9,376,411	8,422,486	7,478,404	6,953,251
Applicable bonds outstanding:					
2007 General Obligation Bonds (3)	-	-	960,000	960,000	-
1989 General Obligation Bonds (2)	480,000	720,000	-	-	-
Total Debt Outstanding	<u>480,000</u>	<u>720,000</u>	<u>960,000</u>	<u>960,000</u>	<u>-</u>
 Legal debt margin	 <u>\$9,759,179</u>	 <u>\$8,656,411</u>	 <u>\$7,462,486</u>	 <u>\$6,518,404</u>	 <u>\$6,953,251</u>

(1) Article 10, Section 26 of the Oklahoma Constitution limits the amount of outstanding general obligation bonded debt of the municipality for non-utility or non-street purposes to no more than 10% of net assessed valuation of property.

(2) The 1989 General Obligation Bonds final maturity was on July 1, 2005.

**CITY OF MUSTANG, OKLAHOMA**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
 LAST TEN CALENDAR YEARS

**Table 17**

<b>Year</b>	<b>Population (1)</b>	<b>Personal Income</b>	<b>Per Capita Personal Income (1) (4)</b>	<b>Median Age (1) (4)</b>
2014	19,638	553,222,098	28,171	37.0
2013	19,097	490,573,602	28,312	33.5
2012	17,916	426,866,027	21,554	35.7
2011	18,002	381,347,755	21,554	35.7
2010	17,395	374,931,830	21,554	34.3
2009	17,843	372,204,980	20,860	34.3
2008	17,727	369,785,220	20,860	34.3
2007	17,260	360,043,600	20,860	34.3
2006	16,440	342,938,400	20,860	34.3
2005	16,300	340,018,000	20,860	34.3

<b>Year</b>	<b>Education Level in Years of Schooling (1) (4) (5)</b>	<b>School Enrollment (2)</b>	<b>Unemployment Rate (3)</b>
2014	93%	10,500	3.60%
2013	90%	9,981	4.0%
2012	90%	9,584	4.1%
2011	90%	9,293	4.9%
2010	90%	8,644	4.6%
2009	90%	8,724	5.8%
2008	90%	8,350	4.8%
2007	90%	8,150	4.2%
2006	90%	7,955	3.7%
2005	90%	7,048	4.6%
2004	90%	7,461	3.6%

(1) Information obtained from the U.S. Census Bureau and the Oklahoma Department of Commerce. Estimated population of census years. Chamber of Commerce Data Sheet - Mustang, OK

(2) Information obtained from the Superintendent's Office the Mustang Public School District. (Janna West)

(3) Information obtained from the Oklahoma Employment Security Commission, for the Oklahoma City metropolitan area.

(4) The City of Mustang is considered part of the Oklahoma City Metropolitan Statistical Area. The most recent data available for the City of Mustang relates to the 2000 and 2010 census. Estimates from the Oklahoma Department of Commerce have been used when available. Data from 2000-2009 relates to the 2000 census. Data from 2010-2013 relates to the 2010 census.

(5) Represents the percent of the population 25 years and older who are high school graduates or higher.

**CITY OF MUSTANG, OKLAHOMA  
 PRINCIPAL EMPLOYERS  
 CURRENT YEAR AND THREE YEARS**

**Table 18**

Employer:	2015			2014		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
	Mustang Public Schools, Education	1198	1	30.20%	1207	1
Wal-Mart Super Center, Retail	336	2	8.40%	336	2	8.50%
Tate Publishing, Publishing	294	3	7.40%	294	3	7.40%
City of Mustang, Government	184	4	4.60%	150	4	3.80%
Lowe's Home Improvement, Retail	145	5	3.70%	145	5	3.70%
Accurate Drilling, Construction	69	6	1.70%			
Main Edge Realty	54	7	1.40%			
Coldwell Banker Select, Real Estate	50	8	1.30%			
All American Bank, Banking	49	9	1.20%	33	10	0.08%
Security Solutions, Manufacturer	42	10	1.10%			
Willowood at Mustang, Sr Living Facility				57	6	1.40%
Swadleys, Restaurant				50	7	1.30%
A&E Grill, Restaurant				45	8	1.10%
Whataburger, Restaurant				45	9	1.10%
<b>Total</b>	<b>2,421</b>			<b>2,362</b>		

Employer:	2013			2012		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
	Mustang Public School, Education	1000	1	39.70%	1000	1
Wal-Mart Super Center, Retail	325	2	12.90%	315	2	8.50%
Tate Publishing, Publishing	320	3	12.70%	220	3	5.94%
City of Mustang, Government	150	5	5.96%	135	4	3.64%
Lowe's Home Improvement, Retail	156	4	6.19%	112	5	3.02%
Accurate Drilling	69	6	2.74%	67	6	1.81%
Coldwell Banker Select, Banking	50	7	1.99%	45	8	1.21%
Industrial Gasket, Manufacturer	35	10	1.39%			
Security Solutions	40	9	1.59%	40	9	1.08%
All American Bank, Banking	49	8	1.95%	49	7	1.32%
Wilson Ophthalmic Corp, Other				40	10	1.08%
<b>Total</b>	<b>2,194</b>			<b>2,023</b>		

Source: Mustang Chamber of Commerce and the Oklahoma Department of Commerce

(1) Because the City of Mustang is bedroom community to Oklahoma City, the majority of our residents leave the City for full-time employment.

**CITY OF MUSTANG, OKLAHOMA**  
**FULL-TIME EQUIVALENT CITY OF MUSTANG EMPLOYEES BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**

**Table 19**

Function/Program	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Administration:</b>										
City Manager	3	4	4	4	4	4	4	4	4	4
Finance	7	6	6	6	5	5	5	5	5	5
Community Development	6	6	6	6	5	5	5	5	7	6
<b>Culture and Recreation:</b>										
Parks	38.5	37	37	38	35	34	34	32	31	31.5
Library	6.5	6	6	6.25	6	5.25	5.25	5	5	5
Town Center Complex	1.25	1.25	1.25	1.25	2	2	2	2	1.25	1.25
<b>Public Safety:</b>										
<b>Police</b>										
Officers	21	21	21	20	19	19	19	19	19	19
Dispatch	6	5	5	5	5	5	5	5	5	5
Administration	5	4.5	4.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
<b>Fire</b>										
Firefighters	16	15	15	15	15	15	15	15	15	12
Administration	2	2	2	2	2	2	2	2	2	2
<b>Total</b>	<b>112.25</b>	<b>107.75</b>	<b>107.75</b>	<b>107.00</b>	<b>101.50</b>	<b>99.75</b>	<b>99.75</b>	<b>97.50</b>	<b>97.75</b>	<b>94.25</b>

Note: Information provide by City of Mustang Human Resources.

\*\*\*Fiscal Year 2013 reported - 'Full-Time Equivalents' (full-time employees plus part-time employees converted to a full-time basis)  
 Previous audits reported only full-time employees. Corrected T-19 in previous years.

**CITY OF MUSTANG, OKLAHOMA  
 OPERATING INDICATORS BY FUNCTION/PROGRAM  
 LAST TEN FISCAL YEARS**

**Table 20**

Function/Program	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Police</b>										
Arrests	749	566	584	696	908	605	356	307	310	291
Total Citations	4,555	4,253	4,152	3,840	2,820	3,416	2,816	3,798	2,777	2,950
Total Incident Reports	1,564	2,430	2,486	2,384	1,900	1,090	1,689	1,449	1,573	1,615
<b>Fire</b>										
Medical Alarms	1,280	1,369	1,261	1,063	1,085	950	930	889	889	810
Total Alarms	1,706	2,080	2,047	1,943	1,958	1,697	1,782	1,820	1,820	1,622
Average Response Time	3:31	3:25	3:41	5	4:25	5:25	3:46	3:50	3:36	3:45
<b>Culture and Recreation</b>										
Town Center Memberships	2,012	2,411	9,921	4,074	2,784	2,568	4,525	3,740	42,321	41,652
Park Permits	980	1,286	1,338	1,441	1,361	1,376	1,412	1,346	1,272	1,330
Conference Center Room Rentals	1,450	1,352	1,849	1,969	1,854	1,871	1,848	1,849	1,723	1,741
Senior Center Lunch Participants	7,929	9,890	9,190	8,424	11,128	10,942	9,126	11,143	10,645	10,264
Aquatic Center Attendance	32,170	31,899	30,121	34,466	36,749	37,421	33,451	39,493	23,968	21,348
Sports (Adult and Youth) League participants	31,210	40,036	33,187	32,461	33,584	33,512	35,248	36,140	22,421	23,075
<b>Library</b>										
Age of library collections										
0 to 5 years	22%	21%	13%	6%	39%	39%	39%	39%	34%	34%
6 to 10 years	24%	27%	22%	61%	28%	28%	28%	28%	15%	15%
11 to 25 years	48%	47%	55%	27%	22%	22%	22%	22%	36%	36%
26 or more years	6%	5%	10%	6%	11%	11%	11%	11%	15%	15%
Volumes in collection	60,193	57,700	56,416	56,415	46,557	46,002	43,717	48,470	39,659	36,754
Ebooks	20,340	15,999	4,084	-	-	-	-	-	-	-
Downloadable audio books in collection	3,949	-	-	-	-	-	-	-	-	-
Databases	32	5	6	-	-	-	-	-	-	-
Cultural/educational program	320	320	280	278	283	354	325	313	308	296
Cultural/educational attendance	15,138	14,073	9,207	15,130	14,820	16,484	14,103	14,872	13,990	11,903
Total volumes borrowed	291,485	233,428	227,358	215,091	216,489	196,412	175,307	164,828	163,997	146,455
Membership	35,431	36,337	34,394	32,079	29,240	26,196	23,036	19,735	22,376	19,714
Library room rentals	9	-	-	-	-	-	-	-	-	-
<b>Water</b>										
New Connections	108	60	110	62	122	91	114	193	311	268
Average daily consumption (in million gallons per day)	1.56	1.42	1.57	1.75	1.53	1.58	1.58	1.58	1.56	1.53
<b>Wastewater</b>										
Average effluent flow in mgd	1.50	1.79	1.91	1.35	2.00	2.00	1.61	1.16	1.61	1.16
<b>Streets</b>										
Cubic yards of street panels replaced	-	1.17	17.5	11.05	97.6	89.5	90.25	156	33.74	111.25
Cubic feet of potholes patched	3,114	3,417	39	4,293	329	473	594.3	107.25	115.8	388.7
<b>Community Development</b>										
Commercial construction permits	9	11	6	7	2	1	9	9	13	13
Commercial construction cost	\$8,760	\$12,600	\$3,733,567	\$2,307,000	\$700,000	\$900,000	\$4,437,000	\$10,269,800	\$6,029,000	\$12,781,000
Residential construction permits	86	56	101	39	49	69	61	141	201	301
Residential construction cost	\$26,058	\$16,924	\$22,191,390	\$11,662,776	\$9,804,975	\$11,924,721	\$9,951,416	\$22,580,400	\$38,067,812	\$45,838,513
<i>Stormwater management</i>										
Construction erosion inspections	442	403	843	616	17	28	26	150	675	20
Stormwater permits issued	95	67	107	46	9	14	17	150	218	6
<i>Occupation and Business</i>										
Occupation licenses	702	627	622	567	521	506	567	553	356	357
Business licenses	378	380	358	354	350	341	377	333	332	309

Source: internal city documents.

**CITY OF MUSTANG, OKLAHOMA  
 CAPITAL ASSETS STATISTICS BY FUNCTION/PROGRAM  
 LAST TEN FISCAL YEARS**

**Table 21**

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
<b>Public Safety</b>										
Police Stations	1	1	1	1	1	1	1	1	1	1
Fire Stations	1	1	1	1	1	1	1	1	1	1
<b>Streets</b>										
Street (miles)	85.53	85.28	85.03	85.03	85.03	85.03	85.03	85.03	84.28	12.88
Traffic Signals	9	9	9	9	8	8	8	7	7	7
<b>Parks and Recreation</b>										
Acreage	187.5	187.5	187.5	187.5	187.5	187.5	187.5	212	212	214
Playgrounds	8	8	8	8	8	8	8	7	7	7
Baseball/softball diamonds	11	11	12	12	12	12	12	15	15	15
Soccer/football fields	4	4	4	4	4	4	4	11	11	11
Walking Trails (miles)	2.05	2.05	2.05	2.05	2.05	2.05	2.05	2	2	2
<b>Water</b>										
Water mains (miles)	135	130	130	121.03	121.03	121.03	120.28	120.28	119.61	117.72
Fire hydrants	888	856	850	838	809	809	804	804	797	725
Storage capacity (millions of gallons)	3.35	3.35	3.35	3.35	3.35	3.35	3.35	3.35	3.35	3.35
Water wells	12	12	12	12	12	12	12	12	12	12
Booster Stations	3	3	3	3	3	3	3	3	3	3
<b>Wastewater</b>										
Sanitary sewer lines (miles)	94	90	90	85.7	85.7	85.7	85.7	85.7	83.3	81.54
Treatment capacity (millions of gallons per day)	2	2	2	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Lift stations	6	6	6	6	6	6	6	6	6	6

Source: Internal city documents.

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## ***Compliance Section***

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# Anne Marie Elfrink, MS, CPA

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

To the Honorable Mayor and Members of the City Council  
City of Mustang, Oklahoma

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

### Internal Control over Financial Reporting

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

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

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

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Mustang, Oklahoma's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no 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 solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Anne Marie Elfrink, MS, CPA*

Anne Marie Elfrink, MS, CPA  
Tulsa, Oklahoma  
November 30, 2015

# Anne Marie Elfrink, MS, CPA

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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AS REQUIRED BY OMB CIRCULAR A-133

To the Honorable Mayor and Members of the City Council  
City of Mustang, Oklahoma

### Report on Compliance for Each Major Federal Program

I have audited the City of Mustang's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Mustang's major federal programs for the year ended June 30, 2015. The City of Mustang, Oklahoma's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### *Management's Responsibility*

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

#### *Auditor's Responsibility*

My responsibility is to express an opinion on compliance for each of the City of Mustang, Oklahoma's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Mustang, Oklahoma's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of the City of Mustang, Oklahoma's compliance.

#### *Opinion on Each Major Federal Program*

In my opinion, the City of Mustang, Oklahoma complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

### Report on Internal Control over Compliance

Management of the City of Mustang, Oklahoma is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the City of Mustang, Oklahoma's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the City of Mustang, Oklahoma's internal control over compliance.

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

that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Anne Marie Elfrink, MS, CPA*

Anne Marie Elfrink, MS, CPA  
Tulsa, Oklahoma  
November 30, 2015

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**CITY OF MUSTANG, OKLAHOMA**

**Year ended June 30, 2015**

**Section I – Summary of Auditor’s Results**

*Financial Statements*

Type of auditor’s report issued: *unqualified*

Internal control over financial reporting:

- Material weakness(es) identified? *No*
- Significant deficiencies identified that are not considered to be material weaknesses? *No*
- Noncompliance material to financial statements noted? *No*

*Federal Awards*

Internal control over major programs:

- Material weaknesses identified? *No*
- Significant deficiencies identified that are not considered to be material weaknesses? *No*

Type of auditor’s report issued on compliance for major programs: *unqualified*

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? *No*

Identification of major programs:

<u>CFDA Number</u>	<u>Federal Program</u>
97.039	Hazard Mitigation Grant

Dollar threshold used to distinguish between type A and type B programs: *\$300,000*

Auditee qualified as low-risk auditee? *No*

Note: The City has not prepared a *Summary Schedule of Prior Audit Findings and Corrective Action Plan* as it did not undergo a single audit (Circular A-133) in the prior year and, consequently, there were no prior year findings.

**Section II – Financial Statement Finding**

No matters were reported.

**Section III – Federal Award Findings and Questioned Costs**

No matters were reported.