

**CITY OF WEATHERFORD, OKLAHOMA**

**FINANCIAL STATEMENTS  
AND AUDITOR'S REPORTS**

**DECEMBER 31, 2014**

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## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Commissioners  
City of Weatherford, Oklahoma

We have audited the accompanying financial statements - modified cash basis - of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Weatherford, Oklahoma, as of and for the year ended December 31, 2014, which collectively comprise the City's 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 the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to error or fraud.

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the accompanying financial

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

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

### **Unmodified Opinions**

In our opinion, the accompanying financial statements referred to above, present fairly in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, and each major fund, and the aggregate remaining fund information of the City of Weatherford, Oklahoma, at December 31, 2014, and the respective changes in modified cash basis financial position and the cash flows of the business-type activities for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

### **Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to that matter.

### **Other Matters**

#### **Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's accompanying modified cash basis financial statements. The accompanying combining financial information presented in the Other Supplementary Information section is presented for purposes of additional analysis and is not a required part of the accompanying modified cash basis financial statements of the City of Weatherford, Oklahoma. The budgetary comparison information on pages 48 - 50 and the pension funding progress as prepared by the actuary on page 51 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of

the accompanying financial statements, and accordingly, we do not express an opinion or provide any assurance on it. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the accompanying modified cash basis financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the accompanying modified cash basis financial statements taken as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued a report dated October 20, 2015, on our consideration of the City of Weatherford, Oklahoma's, internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City of Weatherford, Oklahoma's internal control over financial reporting and compliance.

*McCulley & McCulley*

Weatherford, Oklahoma

October 20, 2015

**CITY OF WEATHERFORD, OKLAHOMA**  
**STATEMENT OF ASSETS, LIABILITIES, AND NET POSITION**  
**MODIFIED CASH BASIS**  
**DECEMBER 31, 2014**

	<b>PRIMARY GOVERNMENT</b>		
	<b>GOVERN- MENTAL ACTIVITIES</b>	<b>BUSINESS- TYPE ACTIVITIES</b>	<b>TOTAL</b>
<b>ASSETS</b>			
Cash on Hand	\$ 1,680	\$ 425	\$ 2,105
Cash in Bank, Including Time Deposits	5,543,333	2,002,951	7,546,284
Accounts Receivable, Net	174,934	287,870	462,804
Due from (to) Other Funds	301,656	(301,656)	0
Restricted Assets:			
Cash in Bank, Including Time Deposits	52,858	663,663	716,521
Short Term Investments, at Fair Value		3,791,741	3,791,741
Account Receivable		308	308
<b>TOTAL ASSETS</b>	<u>6,074,461</u>	<u>6,445,302</u>	<u>12,519,763</u>
<b>LIABILITIES</b>			
Accounts Payable	69,865	35,249	105,114
Unapplied Payments		4,809	4,809
Accrued Interest Payable		48,045	48,045
Customer Deposits		180,957	180,957
Long-term Liabilities:			
Due Within One Year	316,818	1,580,135	1,896,953
Due in More Than One Year	744,630	15,255,914	16,000,544
<b>TOTAL LIABILITIES</b>	<u>1,131,313</u>	<u>17,105,109</u>	<u>18,236,422</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	(211,793)	(14,712,451)	(14,924,244)
Restricted for:			
Debt Service		2,296,839	2,296,839
Capital Improvements, Net of Debt	1,038,766	0	1,038,766
Tourism and Promotions	167,247		167,247
Permanent Fund (Nonexpendable)	52,858		52,858
Other Purposes	120,493		120,493
Unrestricted	3,775,577	1,755,805	5,531,382
<b>TOTAL NET POSITION (DEFICIT)</b>	<u>\$ 4,943,148</u>	<u>\$ (10,659,807)</u>	<u>\$ (5,716,659)</u>

The accompanying notes are an integral part of these statements.

**CITY OF WEATHERFORD, OKLAHOMA**  
**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**  
**YEAR ENDED DECEMBER 31, 2014**

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT		
					GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>PRIMARY GOVERNMENT</b>							
<b>Governmental Activities:</b>							
Mayor and Commissioners	\$ 91,030	\$	\$	\$	\$ (91,030)	\$	\$ (91,030)
City Attorney	18,952				(18,952)		(18,952)
Administration	317,325				(317,325)		(317,325)
Data Processing	20,980				(20,980)		(20,980)
Municipal Court	116,419				(116,419)		(116,419)
Police Department	2,120,466	217,853			(1,902,613)		(1,902,613)
Fire Department	1,234,177	12,466			(1,221,711)		(1,221,711)
Street Department (Div. I)	478,635				(478,635)		(478,635)
Street Department (Div. II)	737,867		111,164		(626,703)		(626,703)
Central Garage	151,981				(151,981)		(151,981)
Parks Department	544,223				(544,223)		(544,223)
Cemetery Department	99,966	48,829			(51,137)		(51,137)
Swimming Pool	49,746	7,371			(42,375)		(42,375)
Inspection Department	129,967	80,146			(49,821)		(49,821)
Economic Development	118,395		97,623		(20,772)		(20,772)
Library	13,001				(13,001)		(13,001)
Senior Citizens	202,821	22,693			(180,128)		(180,128)
Custodian	14,122				(14,122)		(14,122)
Airport	520,668	495,008			(25,660)		(25,660)
Recycling	20,397	31,299			10,902		10,902
Repayment of Grant Funds	11,613				(11,613)		(11,613)
Capital Outlays	2,542,783			134,485	(2,408,298)		(2,408,298)
Interest Expense	5,009				(5,009)		(5,009)
Restricted Sales Tax Payments:							
Hospital Authority	114,562			114,562	0		0
Local University	779,026			779,026	0		0
Public School	114,562			114,562	0		0
Capital Improvements				1,283,102	1,283,102		1,283,102
General Expense:							
Workers Compensation	94,405				(94,405)		(94,405)
Utilities	266,593				(266,593)		(266,593)
Insurance	123,594				(123,594)		(123,594)
Gasoline, Diesel & Oil	227,766				(227,766)		(227,766)
Other Materials and Service	377,761				(377,761)		(377,761)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>11,658,812</b>	<b>915,665</b>	<b>208,787</b>	<b>2,425,737</b>	<b>(8,108,623)</b>	<b>0</b>	<b>(8,108,623)</b>
<b>Business-type Activities:</b>							
Administration	123,949				(123,949)		(123,949)
Data Processing	13,404				(13,404)		(13,404)
Water & Sewer Maintenance	604,657	1,960,070		5,075	1,360,488	1,360,488	1,360,488
Sewer Plant	563,963	1,129,448			565,485	565,485	565,485
Sanitation Department	1,036,388	1,877,096			840,708	840,708	840,708
Stafford Museum	244,516	79,547	489		(164,480)	(164,480)	(164,480)
General Expenses:							
Workers Compensation	59,809				(59,809)	(59,809)	(59,809)
Utilities	391,953				(391,953)	(391,953)	(391,953)
Insurance	54,162				(54,162)	(54,162)	(54,162)
Gasoline, Diesel & Oil	78,140				(78,140)	(78,140)	(78,140)
Bad Debt Expense	6,145				(6,145)	(6,145)	(6,145)
Other Materials, Services & Charges	77,383				(77,383)	(77,383)	(77,383)
Interest Expense	631,338				(631,338)	(631,338)	(631,338)
Trustee Fees Paid	6,000				(6,000)	(6,000)	(6,000)
Capital Improvements	2,659,549				(2,659,549)	(2,659,549)	(2,659,549)
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>6,551,356</b>	<b>5,046,161</b>	<b>489</b>	<b>5,075</b>	<b>0</b>	<b>(1,499,631)</b>	<b>(1,499,631)</b>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 18,210,168</b>	<b>\$ 5,961,826</b>	<b>\$ 209,276</b>	<b>\$ 2,430,812</b>	<b>(8,108,623)</b>	<b>(1,499,631)</b>	<b>(9,608,254)</b>
<b>General Revenues</b>							
Sales and Use Taxes					7,529,709		7,529,709
Tobacco Tax					104,528		104,528
Hotel/Motel Tax					196,100		196,100
Franchise Taxes					424,721		424,721
Intergovernmental Revenue					74,216		74,216
Charges for Services					18,484		18,484
Rents and Royalties					67,757		67,757
Leases and Easements					2,454		2,454
Property Lease Revenue					14,400		14,400
Connecting and Transfer Fees						57,747	57,747
Late Penalties						50,406	50,406
Interest Income					12,293	3,171	15,464
Donations					132,757	12,000	144,757
Recovery of Expenditures					34,935	13,684	48,619
Insurance Proceeds					53,676		53,676
Sales of Capital Assets					411,129		411,129
Miscellaneous Income					3,175	13,301	16,476
<b>Transfers</b>					<b>(80,763)</b>	<b>80,763</b>	<b>(0)</b>
<b>Total General Revenues and Transfers</b>					<b>8,999,571</b>	<b>231,072</b>	<b>9,230,643</b>
<b>Change in Net Position</b>					<b>890,948</b>	<b>(1,268,558)</b>	<b>(377,610)</b>
<b>NET POSITION</b>							
Beginning of Year					4,052,200	(9,391,249)	(5,339,049)
End of Year					<b>\$ 4,943,148</b>	<b>\$ (10,659,807)</b>	<b>\$ (5,716,659)</b>

The accompanying notes are an integral part of these statements.

**CITY OF WEATHERFORD, OKLAHOMA  
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES -  
GOVERNMENTAL FUNDS -  
MODIFIED CASH BASIS  
DECEMBER 31, 2014**

	<b>GENERAL FUND</b>	<b>CDBG 14585 GRANT 05 FUND</b>	<b>OTHER GOVERN- MENTAL FUNDS</b>	<b>TOTAL GOVERN- MENTAL FUNDS</b>
<b>ASSETS</b>				
Cash on Hand	\$ 1,430	\$	\$ 250	\$ 1,680
Cash in Bank, Including Time Deposits	5,325,628	(301,656)	519,361	5,543,333
Due from (to) Other Funds	(41,800)	301,656	41,800	301,656
Accounts Receivable, Net	166,333		8,601	174,934
Restricted Assets:				
Cash in Bank, Including Time Deposits			52,858	52,858
				0
<b>TOTAL ASSETS</b>	<b>\$ 5,451,591</b>	<b>\$ 0</b>	<b>\$ 622,870</b>	<b>\$ 6,074,461</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 44,964	\$	\$ 24,901	\$ 69,865
				0
<b>TOTAL LIABILITIES</b>	<b>44,964</b>	<b>0</b>	<b>24,901</b>	<b>69,865</b>
<b>FUND BALANCES</b>				
Nonspendable:				
Permanent Funds			52,858	52,858
Restricted	1,038,766		287,740	1,326,506
Committed			162,916	162,916
Assigned			107,951	107,951
Unassigned	4,367,861		(13,496)	4,354,365
<b>TOTAL FUND BALANCES</b>	<b>5,406,627</b>	<b>0</b>	<b>597,969</b>	<b>6,004,596</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 5,451,591</b>	<b>\$ 0</b>	<b>\$ 622,870</b>	

Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Long-term capital lease agreements are reported in the General Long-term Debt Account Group and therefore are not reported in the funds.

(363,917)

Long-term accrued compensated absences are reported in the General Long-term Debt Account Group and therefore are not reported in the funds.

(697,531)

**NET POSITION OF GOVERNMENTAL ACTIVITIES**

**\$ 4,943,148**

The accompanying notes are an integral part of these statements.

**CITY OF WEATHERFORD, OKLAHOMA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**  
**YEAR ENDED DECEMBER 31, 2014**

	GENERAL FUND	CDBG 14585 GRANT 05 FUND	OTHER GOVERN- MENTAL FUNDS	TOTAL GOVERN- MENTAL FUNDS
<b>REVENUES</b>				
Sales and Use Tax	\$ 7,529,709	\$	\$	\$ 7,529,709
Restricted Sales Tax	2,291,252			2,291,252
Tobacco Tax	104,528			104,528
Hotel/Motel Tax			196,100	196,100
Franchise Taxes	424,721			424,721
Licenses, Permits & Inspections	80,146			80,146
Charges for Services			18,484	18,484
Cemetery Lots & Services	44,572		4,257	48,829
Swimming Pool	7,371			7,371
Senior Citizens			22,693	22,693
Fire Department			12,466	12,466
Recycling			31,299	31,299
Fines	217,853			217,853
Rents & Royalties	67,757			67,757
Leases & Easements	2,454			2,454
Property Lease Revenue			14,400	14,400
Economic Development	97,623			97,623
Recovery of Expenditures	34,935			34,935
Intergovernmental Revenue	176,080	105,850	37,935	319,865
Interest	11,889		404	12,293
Airport Rental and Fuel			495,008	495,008
Property Sales	411,129			411,129
Insurance Proceeds	53,676			53,676
Donations	77,696		55,061	132,757
Other Miscellaneous	3,175			3,175
<b>TOTAL REVENUES</b>	<u>11,636,566</u>	<u>105,850</u>	<u>888,107</u>	<u>12,630,523</u>
<b>EXPENDITURES</b>				
Mayor and Commissioners	91,030			91,030
City Attorney	18,952			18,952
Administration	318,085			318,085
Data Processing	20,980			20,980
Municipal Court	114,753			114,753
Police Department	2,210,286			2,210,286
Fire Department	1,226,958		13,110	1,240,068
Street Department (Div. I)	477,256			477,256
Street Department (Div. II)	737,867			737,867
Central Garage	152,833			152,833
Parks Department	527,597			527,597
Cemetery Department	99,678			99,678
Swimming Pool	49,746			49,746
Inspection Department	129,467			129,467
Economic Development	115,725			115,725
Library	13,001			13,001
Senior Citizens	183,246		14,037	197,283
Custodian	14,122			14,122
Airport			519,455	519,455
Recycling			20,397	20,397
Repayment of Grant Funds			11,613	11,613
Capital Outlays	1,216,155	1,185,821	140,807	2,542,783
Principal			80,921	80,921
Interest Expense			5,009	5,009
Restricted Sales Tax Payments:				
Hospital Authority	114,562			114,562
Local University	779,026			779,026
Public School	114,562			114,562

(Continued)

The accompanying notes are an integral part of these statements.

**CITY OF WEATHERFORD, OKLAHOMA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**  
**YEAR ENDED DECEMBER 31, 2014**  
(Continued)

	<b>GENERAL FUND</b>	<b>CDBG 14585 GRANT 05 FUND</b>	<b>OTHER GOVERN- MENTAL FUNDS</b>	<b>TOTAL GOVERN- MENTAL FUNDS</b>
General Expense:				
Workers Compensation	94,405			94,405
Utilities	266,593			266,593
Insurance	123,594			123,594
Gasoline, Diesel & Oil	227,766			227,766
Other Materials and Service	116,977	6,750	254,034	377,761
<b>TOTAL EXPENDITURES</b>	<b>9,555,222</b>	<b>1,192,571</b>	<b>1,059,383</b>	<b>11,807,176</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)</b>	<b>2,081,344</b>	<b>(1,086,721)</b>	<b>(171,276)</b>	<b>823,347</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	334,634	1,086,721	180,527	1,601,882
Proceeds from Capital Lease	192,004			192,004
Transfers (Out)	(1,638,096)		(44,549)	(1,682,645)
<b>TOTAL OTHER FINANCING</b>	<b>(1,111,458)</b>	<b>1,086,721</b>	<b>135,978</b>	<b>111,241</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>969,886</b>	<b>0</b>	<b>(35,298)</b>	<b>934,588</b>
<b>FUND BALANCE</b>				
Beginning of Year	4,436,741		633,267	5,070,008
End of Year	<u>\$ 5,406,627</u>	<u>\$ 0</u>	<u>\$ 597,969</u>	<u>\$ 6,004,596</u>

The accompanying notes are an integral part of these statements.

**CITY OF WEATHERFORD, OKLAHOMA  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF  
ACTIVITIES - MODIFIED CASH BASIS  
YEAR ENDED DECEMBER 31, 2014**

<b>NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS</b>	\$	934,588
Changes in total accrued compensated absences were reported in the government-wide financial statements as a departmental expense and are not reported in the governmental fund financial statements.		67,443
Proceeds from Capital Lease Agreements are reported in the government-wide financial statements as a liability and not as revenue as in the governmental fund financial statements.		(192,004)
Principal repayments from long-term Capital Lease Agreements are reported in the government-wide financial statements as a reduction of the liability and not as an expenditure as in the governmental fund financial statements		80,921
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$</b>	<b><u>890,948</u></b>

The accompanying notes are an integral part of these statements.

**CITY OF WEATHERFORD, OKLAHOMA**  
**STATEMENT OF ASSETS, LIABILITIES, AND NET POSITION**  
**ALL PROPRIETARY FUND TYPES**  
**MODIFIED CASH BASIS**  
**December 31, 2014**

	<b>BUSINESS-TYPE ACTIVITIES</b>		
	<b>PWA</b>	<b>STAFFORD MUSEUM</b>	<b>TOTAL</b>
<b>ASSETS</b>			
Current Assets:			
Petty Cash	\$	\$ 425	\$ 425
Cash in Bank, Including Time Deposits	1,984,056	18,895	2,002,951
Restricted Assets:			
Cash in Bank, Including Time Deposits	663,663		663,663
Short Term Investments, at Fair Value	3,791,741		3,791,741
Accounts Receivable	308		308
Due from Other Funds			0
Accounts Receivable, Net	287,870		287,870
Total Current Assets	<u>6,727,638</u>	<u>19,320</u>	<u>6,746,958</u>
Noncurrent Assets:			
			0
<b>TOTAL ASSETS</b>	<u>\$ 6,727,638</u>	<u>\$ 19,320</u>	<u>\$ 6,746,958</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	\$ 32,863	\$ 2,386	\$ 35,249
Due to Other Fund	301,656		301,656
Unapplied Payments	4,809		4,809
Accrued Interest Payable	48,045		48,045
Customer Meter Deposits	180,957		180,957
Current Portion of Long-term Liabilities	1,577,568	2,567	1,580,135
Total Current Liabilities	<u>2,145,898</u>	<u>4,953</u>	<u>2,150,851</u>
Noncurrent Liabilities:			
Accrued Compensated Absences	61,742	1,367	63,109
Capital Lease Obligations	512,805		512,805
Revenue Bonds Payable	14,680,000		14,680,000
Total Noncurrent Liabilities	<u>15,254,547</u>	<u>1,367</u>	<u>15,255,914</u>
<b>TOTAL LIABILITIES</b>	<u>17,400,445</u>	<u>6,320</u>	<u>17,406,765</u>
<b>NET POSITION (DEFICIT)</b>			
Net Investment in Capital Assets	(14,712,451)		(14,712,451)
Restricted for Debt Service	2,296,839		2,296,839
Restricted for Capital Improvements - Net of Debt	0		0
Unrestricted	1,542,805	13,000	1,555,805
Designated for Water System Improv.	200,000		200,000
			0
<b>TOTAL NET POSITION (DEFICIT)</b>	<u>(10,672,807)</u>	<u>13,000</u>	<u>(10,659,807)</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 6,727,638</u>	<u>\$ 19,320</u>	<u>\$ 6,746,958</u>

The accompanying notes are an integral part of these statements.

**CITY OF WEATHERFORD, OKLAHOMA**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES**  
**IN NET POSITION - PROPRIETARY FUND TYPE**  
**MODIFIED CASH BASIS**  
**YEAR ENDING DECEMBER 31, 2014**

	<b>BUSINESS-TYPE ACTIVITIES</b>		
	<b>PWA</b>	<b>STAFFORD MUSEUM</b>	<b>TOTAL</b>
<b>OPERATING REVENUES</b>			
Water, Sewer & Garbage	\$ 4,924,914	\$	\$ 4,924,914
Intergovernmental Revenue	5,075		5,075
Meter Installation	41,700		41,700
Connecting & Transfer Fees	57,747		57,747
Late Penalties	50,406		50,406
Recovery of Expenses	13,684	95	13,779
Retail Sales from Gift Shop		34,233	34,233
Admissions		35,564	35,564
Rental of Facilities		7,630	7,630
Membership Fees		2,025	2,025
Donations	12,000	489	12,489
Other Miscellaneous Revenue	13,301		13,301
<b>TOTAL OPERATING REVENUES</b>	<b>5,118,827</b>	<b>80,036</b>	<b>5,198,863</b>
<b>OPERATING EXPENSES</b>			
Administration	123,949	152,113	276,062
Data Processing	13,404		13,404
Water & Sewer Maintenance	604,657		604,657
Sewer Plant	418,041		418,041
Sewer CMON	145,922		145,922
Sanitation Department	1,036,388		1,036,388
Gift Shop Purchases for Resale		17,012	17,012
General Expenses:			
Workers Compensation	59,809		59,809
Utilities	391,953		391,953
Insurance	54,162		54,162
Gasoline, Diesel & Oil	78,140		78,140
Bad Debt Expense	6,145		6,145
Other Materials, Services & Charges	77,383	75,391	152,774
<b>TOTAL OPERATING EXPENSES</b>	<b>3,009,953</b>	<b>244,516</b>	<b>3,254,469</b>
<b>INCOME (LOSS) FROM OPERATIONS</b>	<b>2,108,874</b>	<b>(164,480)</b>	<b>1,944,394</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest and Dividend Income	3,171		3,171
Interest Expense	(631,338)		(631,338)
Trustee Fees Paid	(6,000)		(6,000)
Capital Improvements	(2,634,044)	(25,505)	(2,659,549)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>(3,268,211)</b>	<b>(25,505)</b>	<b>(3,293,716)</b>
<b>(LOSS) BEFORE TRANSFERS</b>	<b>(1,159,336)</b>	<b>(189,985)</b>	<b>(1,349,321)</b>
<b>TRANSFERS IN (OUT)</b>			
Transfers In	1,065,647	170,520	1,236,167
Transfers (Out)	(1,155,404)		(1,155,404)
<b>NET TRANSFERS</b>	<b>(89,757)</b>	<b>170,520</b>	<b>80,763</b>
<b>CHANGE IN NET POSITION</b>	<b>(1,249,093)</b>	<b>(19,465)</b>	<b>(1,268,558)</b>
<b>NET POSITION</b>			
Beginning of Year	(9,423,714)	32,465	(9,391,249)
End of Year	<u>\$ (10,672,807)</u>	<u>\$ 13,000</u>	<u>\$ (10,659,807)</u>

The accompanying notes are an integral part of these statements.

**CITY OF WEATHERFORD, OKLAHOMA**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPE**  
**MODIFIED CASH BASIS**  
**YEAR ENDING DECEMBER 31, 2014**

	<b>BUSINESS-TYPE ACTIVITIES</b>		
	<b>PWA</b>	<b>STAFFORD MUSEUM</b>	<b>TOTAL</b>
<b>Cash Flows from Operating Activities</b>			
Cash Received from Customers	\$ 4,947,025	\$ 80,036	\$ 5,027,061
Cash Paid to Suppliers and Other Services	(1,828,827)	(90,266)	(1,919,093)
Cash Paid to Employees for Services and Benefits	(1,156,319)	(151,823)	(1,308,142)
<b>Net Cash Provided by (Used for) Operating Activities</b>	<u>1,961,879</u>	<u>(162,053)</u>	<u>1,799,826</u>
<b>Cash Flows from Noncapital Financing Activities</b>			
Transfer In	1,065,647	170,520	1,236,167
Transfer (Out)	(853,748)		(853,748)
Receipt of Due from other Funds		4,445	4,445
			0
<b>Net Cash Provided by Noncapital Financing Activities</b>	<u>211,899</u>	<u>174,965</u>	<u>386,864</u>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Proceeds of New Capital Lease Obligations	545,636		545,636
Interest Paid on Revenue Bond Payable and Capital Lease Obligations	(633,587)		(633,587)
Principal Paid on Revenue Bond Payable and Capital Lease Obligations	(1,414,172)		(1,414,172)
Trustee Fees Paid	(6,000)		(6,000)
Acquisition of Capital Assets	(2,634,044)	(25,505)	(2,659,549)
<b>Net Cash (Used for) Capital and Related Financing Activities</b>	<u>(4,142,167)</u>	<u>(25,505)</u>	<u>(4,167,672)</u>
<b>Cash Flows from Investing Activities</b>			
Interest and Dividends Received on Cash and Investments	3,171		3,171
<b>Net Cash Provided by Investing Activities</b>	<u>3,171</u>	<u>0</u>	<u>3,171</u>
<b>(Decrease) in Cash and Cash Equivalents</b>	(1,965,217)	(12,593)	(1,977,810)
<b>Balance of Cash and Cash Equivalents</b>			
Beginning of Year	<u>8,404,677</u>	<u>31,913</u>	<u>8,436,590</u>
End of Year	<u>\$ 6,439,460</u>	<u>\$ 19,320</u>	<u>\$ 6,458,780</u>

(Continued on next page)

The accompanying notes are an integral part of these statements.

**CITY OF WEATHERFORD, OKLAHOMA**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPE**  
**MODIFIED CASH BASIS**  
**YEAR ENDING DECEMBER 31, 2014**

(CONTINUED)

	<b>BUSINESS-TYPE ACTIVITIES</b>		
	<b>PWA</b>	<b>STAFFORD MUSEUM</b>	<b>TOTAL</b>
<b>Reconciliation of Change in Net Position to Net Cash and Cash Equivalents Provided by (Used for) Operating Activities:</b>			
Change in Net Position	\$ (1,249,093)	\$ (19,465)	\$ (1,268,558)
Adjustments to Reconcile Change in Net Position to Net Cash and Cash Equivalents Provided by (Used for) Operating Activities			
Interest Income	(3,171)		(3,171)
Interest Expense	633,587		633,587
Trustee Fees Paid	6,000		6,000
Acquisition of Capital Assets	2,634,044	25,505	2,659,549
Transfers (In)	(1,065,647)	(170,520)	(1,236,167)
Transfers Out	1,155,404		1,155,404
Changes in Assets and Liabilities:			
(Increase) in Accounts Receivable	(162,840)		(162,840)
Increase in Allowance for Loss	6,165		6,165
Increase in Accounts Payable	13,215	2,137	15,352
Increase in Unapplied Payments	390		390
(Decrease) in Accrued Interest Payable	(2,249)		(2,249)
Increase in Accrued Compensated Absences	5,427	290	5,717
(Decrease) in Customer Deposits	(9,352)		(9,352)
Total Adjustments	3,210,973	(142,588)	3,068,385
<b>Net Cash and Cash Equivalents Provided by (Used for) Operating Activities</b>	<b>\$ 1,961,879</b>	<b>\$ (162,053)</b>	<b>\$ 1,799,826</b>

The accompanying notes are an integral part of these statements.

**CITY OF WEATHERFORD, OKLAHOMA**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**December 31, 2014**

<b>ASSETS</b>	<b>AGENCY FUNDS</b>
Cash in Bank, Including Time Deposits	\$ <u>1,591</u>
<b>TOTAL ASSETS</b>	<b>\$ <u><u>1,591</u></u></b>
<b>LIABILITIES</b>	
Accounts Payable	\$ <u>1,591</u>
<b>TOTAL LIABILITIES</b>	<b>\$ <u><u>1,591</u></u></b>
<b>NET POSITION</b>	

The accompanying notes are an integral part of these statements.

**CITY OF WEATHERFORD, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING DECEMBER 31, 2014**

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

The accounting policies of the City of Weatherford, Oklahoma, (the City) do not conform to accounting principles generally accepted in the United States of America as applicable to governments, as noted below. These standards are set by the Government Accounting Standards Board (GASB). However, the City reports on the modified cash basis of accounting as described below. The following is a summary of the more significant current policies.

**A. Reporting Entity.**

The City of Weatherford, Oklahoma, is an incorporated municipality under the provisions of the State of Oklahoma. It operates under the Mayor - Commission form of government with a home rule provision. The City provides the following services: public safety (fire & police), streets, parks and recreation, water, sewer, and sanitation utilities, and general administrative services.

The City, for financial purposes, includes all of the funds and account groups relevant to the operations of the City of Weatherford. The financial statements presented herein do not include agencies which have been formed under applicable state laws or separate and distinct units of government apart from the City of Weatherford.

The financial statements of the City include those of any separately administered organization that is within the scope of public service of the City or whose exclusion from a reporting entity's financial statements would be misleading. Scope of public service include those who benefit from the activity and whether it is conducted within the entity's geographic boundaries. Other criteria considered in determining which activities to report include the degree of oversight responsibility exercised by the Mayor and/or City Commission members.

Based on the foregoing criteria, the operations of the Weatherford Public Works Authority (the Authority) is included in the accompanying financial statements. The Trustees of the Authority are the same persons who are currently the members of the City Commission of the City of Weatherford and as such, they continue to hold office until their successors are elected to the governing board of the City of Weatherford. The City of Weatherford is the designated beneficiary of the Authority. Operations of the Weatherford Public Works Authority is reported as an enterprise fund in the proprietary fund type.

**CITY OF WEATHERFORD, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING DECEMBER 31, 2014**

**1. Summary of Significant Accounting Policies (continued).**

**A. Reporting Entity (continued).**

The City Commissioners also have the responsibility to confirm the appointment of the trustees of the Weatherford Industrial Trust. The City's accountability for this organization does not extend beyond ratifying these appointments.

**B. Financial Statements.**

Financial statements include a Statement of Assets, Liabilities, and Net Position - Modified Cash Basis and Statement of Activities - Modified Cash Basis for the government-wide and business-type activities. The government-wide financial statements report on the City as a whole. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All activities, both governmental and business-type, are reported in the government-wide financial statements using the modified cash basis of accounting versus the economic resources measurement focus and the accrual basis of accounting required by generally accepted accounting principles, which include long-term assets and receivables as well as long-term debt and obligations. The government-wide financial statements focus more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Generally, the effects of interfund activity has been removed from the government-wide financial statements. Net interfund activity and balances between governmental activities and business-type activities are shown in the government-wide financial statements.

The government-wide Statement of Assets, Liabilities, and Net Position - Modified Cash Basis reports all financial and capital resources of the City. It is displayed in a format of assets plus deferred outflows of resources, less liabilities less deferred inflows of resources equals net position, with the assets and liabilities shown in order of their relative liquidity. Since the City reports on the modified cash basis of accounting, it has no deferred outflows or deferred inflows of resources. Net position is required to be displayed in three components: 1) net investment in capital assets, 2) restricted, and 3) unrestricted. Net investment in capital assets are capital assets net of accumulated depreciation and reduced by the outstanding balances of any

**CITY OF WEATHERFORD, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING DECEMBER 31, 2014**

**1. Summary of Significant Accounting Policies (continued).**

**B. Financial Statements (continued).**

mortgages or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The City does not capitalize its capital assets nor depreciate them in these financial statements. Restricted Net Position are those with constraints placed on their use by either: 1) externally imposed by creditors (such as through debt covenants, grantors, contributors, or laws or regulations of other governments, or 2) imposed by law through constitutional provision or enabling legislation. Net position not otherwise classified as restricted are shown as unrestricted. Generally, the City would first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

The government-wide Statement of Activities - Modified Cash Basis demonstrates the degree to which the direct expenses of a functional category or activity are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity, 2) grant and contributions that are restricted to meeting the operational requirements of a particular function or activity, and 3) grants and contributions that are restricted to meeting the capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported instead as general revenues. General revenues normally support the net costs of the functions and programs not covered by program revenues.

Financial statements also include fund financial statements for the governmental and proprietary funds. The focus of the fund financial statements is on major funds, as defined by GASB Statement No. 34. Although this reporting model sets forth minimum criteria for determination of major funds based upon a percentage of assets, liabilities, revenues, or expenditures/expenses of fund category and of the governmental and enterprise funds combined, it also gives governments the option of displaying selected funds as major funds. Other nonmajor funds are combined into a single column on the fund financial statements.

**CITY OF WEATHERFORD, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING DECEMBER 31, 2014**

**1. Summary of Significant Accounting Policies (continued).**

**B. Financial Statements (continued).**

The following funds are presented for the City:

**Governmental Funds.**

General Fund - The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted in another fund. The general fund is always presented as a major fund.

CDBG 14585 Grant 05 Fund - This fund is a major special revenue fund and consists of the proceeds from this grant and the expenditures for flood and drainage issues within the City.

Other Governmental Funds - This column is the summarization of all the nonmajor governmental funds. These were known as special revenue funds, fiduciary funds, or debt service funds under the previous reporting model. Special revenue funds were used to account for all proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Fiduciary funds were trust or agency funds used to account for assets held by the City in a trustee capacity or as an agent. Trust funds are similar to governmental funds. Agency funds are reported as fiduciary funds as noted below in the reporting model. The cemetery perpetual care fund is presented as a permanent fund. Permanent funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs. Debt service funds were used to report the resources accumulated to pay the principal and interest on the City's general long-term debt obligations.

Fiduciary - Agency funds report resources held by the City in a purely custodial capacity (assets equals liabilities). This fund is reported separately from other governmental funds.

**Proprietary Fund Types.**

Enterprise Funds - Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises (ie. where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges); or

**CITY OF WEATHERFORD, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING DECEMBER 31, 2014**

**1. Summary of Significant Accounting Policies (continued).**

**B. Financial Statements (continued).**

(b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City has two enterprise funds, the Weatherford Public Works Authority (PWA) and the Stafford Museum fund. Each fund is reported as a major fund.

**C. Basis of Accounting.**

Basis of accounting refers to when revenues and expenditures (or expenses, as appropriate) are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The government-wide financial statements, governmental fund types, and proprietary fund types are all reported using the modified cash basis of accounting.

Under the modified cash basis of accounting, revenues are recognized when cash is received and expenditures (expenses) are recognized when actually paid, with certain exceptions. The City records accounts receivable and revenue on selected governmental funds, including establishing an allowance for loss and related expense for any uncollectible account receivable. The City has also established an accrued compensated absences liability and selected accounts payable for the governmental and proprietary type funds and records the related expenditure/expense. The Weatherford Public Works Authority uses a cycle utility billing system. The utility billings are accrued and recorded as accounts receivable and revenue when the customers are billed. Unbilled receivables are not recorded. Payments received in excess of the amount billed are recorded as unapplied payments. The Authority and Stafford Museum also record other billed receivables and revenue on its books. An allowance for loss and expense is recorded for any potential uncollectible utility and other receivables. The Authority records its revenue bonds as a liability and accrues the interest payable and related interest expense. Capital lease obligations are also recorded as a liability when incurred.

The above basis of accounting is a comprehensive basis of accounting other than generally accepted accounting principles. Under generally accepted accounting principles, the government-wide financial statements would be reported using the economic resources measurement focus and the accrual basis of accounting, as would the proprietary fund statements. Revenues would be recorded when earned

**CITY OF WEATHERFORD, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING DECEMBER 31, 2014**

**1. Summary of Significant Accounting Policies (continued).**

**C. Basis of Accounting (continued).**

and expenses would be recorded when a liability is incurred, regardless of the timing of the related cash flows. The governmental funds would use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues would be recognized when they become measurable and available. Expenditures would be generally recognized when the related fund liability is incurred, provided the liability normally would be liquidated with expendable available financial resources.

**D. Accounts Receivable, Net.**

The City periodically reviews the various funds accounts receivable for accounts which may not be collectible. For the year ending December 31, 2014, the City's policy is to write off known uncollectible utility accounts against the related income account and, if appropriate, send it to a collection agency. An allowance for loss has been established for potential unknown uncollectible utility and other accounts receivable.

**E. Short Term Investments.**

Short Term Investments are stated at fair value and consists of a money market fund held for proceeds of bond revenue bonds for capital projects, and money market funds held for payment of principal and interest on revenue bonds. Authorized legal investments include certificates of deposit (time deposits), money market funds, and obligations of the U. S. Government or its agencies.

**F. Compensated Absences.**

Full-time City of Weatherford, Weatherford Public Works Authority and Stafford Museum employees earn sick leave at the rate of 10 days per year which can accumulate up to 130 days. If accumulated sick leave is not used prior to resignation or termination, then the employees can receive payment for accumulated unused sick leave if they were employed by the City prior to March 1, 2009. If they were employed on or after March 1, 2009, the City will not pay for unused accumulated sick leave.

Full-time employees earn between ten to twenty days of vacation time per year, depending upon their length of service to the City. Prior to March 1, 2009, unused vacation time did not accumulate, but was lost if not taken during the year. City Commissioners approved a new employee handbook at its February 27, 2009, meeting.

**CITY OF WEATHERFORD, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING DECEMBER 31, 2014**

**1. Summary of Significant Accounting Policies (continued).**

**F. Compensated Absences (continued).**

Effective March 1, 2009, unused vacation time may be accumulated up to twice the amount of annual vacation time earned. The employee will be paid for unused vacation time upon termination or retirement. Those employees who earn more than two weeks vacation each year may exercise the option of receiving pay for one full week above the earned two weeks while continuing to work and receive pay for the time worked.

Full-time union firefighters have different calculations for sick and vacation time based upon working shifts. Sick leave can accumulate up to 78 working shifts. Each regular, full time firefighter hired before January 1, 2011, in good standing, and gives proper notice will be paid unused sick leave not to exceed 1,872 hours upon termination or retirement. Each regular, full time firefighter hired on or after January 1, 2011, with 20 years of service with the City, in good standing, and gives proper notice will be paid unused sick leave not to exceed 936 hours upon termination or retirement. Vacation time cannot be carried over or accumulated from year to year. Bargaining unit members who earn more than two weeks vacation each year may exercise the option of receiving pay for six shifts (144 hours) above the earned two weeks while continuing to work and receive pay for the time worked. Nothing over six shifts will be allowed.

The government-wide financial statements report the accrued compensated absences as a long-term liability. The current portion of this debt is estimated to be the amount earned within the past year. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources as they are considered matured, ie. when an employee resigns or retires. The proprietary funds report the liability as it is incurred.

**G. Payroll.**

The City of Weatherford, Weatherford Public Works Authority, and Stafford Museum pay their employees on a bi-weekly basis. These entities do not accrue for incurred (but not paid) payroll expenditures (or expenses).

**CITY OF WEATHERFORD, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING DECEMBER 31, 2014**

**1. Summary of Significant Accounting Policies (continued).**

**H. Operating Revenues and Expenses.**

Operating revenues and expenses consist of those revenues that result from the ongoing principal operations of the respective enterprise funds. Operating revenues consist primarily of charges for services. Nonoperating revenues and expenses consist of those revenues and expenses that are related to financing and investing type of activities and result from nonexchange transactions or ancillary activities.

**I. Fund Balance Classifications.**

The following fund balance classifications have been required by the Governmental Accounting Standards Board:

Nonspendable - Amounts that are not in a spendable form or are required to be maintained intact.

Restricted - Amounts that can be spent only for the specific purposes stipulated by external resource providers, or through enabling legislation. Effectively, restrictions may be changed or lifted only with the consent of resource providers.

Committed - Amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority (City Commissioners). Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally.

Assigned - Amounts intended to be used by the government for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. The City Commissioners has not officially adopted a policy on who can assign fund balance. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

**CITY OF WEATHERFORD, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING DECEMBER 31, 2014**

**1. Summary of Significant Accounting Policies (continued).**

**I. Fund Balance Classifications (continued).**

Unassigned - residual classification for the general fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. If another governmental fund has a fund balance deficit, than it will be reported as a negative amount in the unassigned classification in that fund. Positive unassigned amounts will be reported only in the general fund.

Generally, the City would first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted Net Position are available.

**2. Cash in Bank, Including Time Deposits, Short Term Investments and Restricted Assets.**

The City of Weatherford, Authority, and Stafford Museum maintain a common cash pool for use by all funds except the cemetery perpetual care fund, fire fund, and Pioneer Center fund, and certain other activities that require separate bank accounts with Federal Deposit Insurance Corporation (FDIC) insured banks. This common cash pool utilizes the bank's establishment of a "sweep account" in order to maximize earnings. This "sweep account" is a government obligations tax-managed mutual fund which are not deposits or obligations of any bank and not insured or guaranteed by the FDIC or any other government agency. The bank will sweep any excess available funds into this fund. As a result, the City reports these funds as cash in bank in these financial statements.

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City has a policy to require collateral for amounts in excess of FDIC levels.

**CITY OF WEATHERFORD, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING DECEMBER 31, 2014**

**2. Cash in Bank, Including Time Deposits, Short Term Investments and Restricted Assets (continued).**

At December 31, 2014, the City's cash in bank and time deposits are insured or collateralized as noted below:

<u>Total Deposits</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>
Insured by Federal Depository Insurance	\$4,225,706	\$4,446,159
Not Insured, Collateral Held by Pledging Bank's Agent in City's Name	269,415	357,126
Subtotal	<u>4,495,121</u>	<u>4,803,285</u>
Not Insured Mutual Fund	<u>3,769,275</u>	<u>3,937,044</u>
Total	<u>\$8,264,396</u>	<u>\$8,740,329</u>

The City of Weatherford and Weatherford Public Works Authority maintain a common cash and time deposit pool for the governmental activities and business-type activities. Income on the pooled cash is allocated equally between the general fund and Public Works Authority fund. Income on the pooled time deposits is allocated based upon the outstanding balance of the time deposit in the respective fund.

Restricted assets consist of cash in bank, including time deposits, and short term investments held for customer meter deposits and revenue bond indenture agreements. Detail is as follows:

<u>Restricted Assets</u>	<u>Cash and Time Deposits</u>
Governmental Activities:	
Permanent Fund -	
Cemetery Perpetual Care	\$ 52,858
Total Governmental	<u>\$ 52,858</u>

**CITY OF WEATHERFORD, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING DECEMBER 31, 2014**

**2. Cash in Bank, Including Time Deposits, Short Term Investments and Restricted Assets (continued).**

<u>Restricted Assets</u>	<u>Cash and Time Deposits</u>	<u>Short Term Investments</u>	<u>Total</u>
Business-type Activities:			
Enterprise Funds:			
Public Works Authority:			
Customer Meter Deposits	\$ 180,649	\$	\$ 180,649
Revenue Bond Projects		1,929,871	1,929,871
Revenue Bonds Debt Ser.	<u>483,014</u>	<u>1,861,870</u>	2,344,884
Customer Meter Deposit Receivable			<u>308</u>
Total Business-Type Act.	<u>\$ 663,663</u>	<u>\$ 3,791,741</u>	<u>\$4,455,712</u>
Fiduciary - Agency Fund			
Summer Recreation			
Employee Contributions	<u>\$ 1,591</u>	<u>\$</u>	<u>\$ 1,591</u>

The time deposits are held by the City or its agent and are in the City's name.

Total Customer Meter Deposits cash and time deposits and accounts receivable and the Summer Recreation Employee Contribution Fund cash in bank have a related liability account. Permanent fund is for the cemetery perpetual care trust fund. These funds represent the principal amounts donated to the cemetery trust for the special care of specified lots. These principal amounts cannot be expended by the City. Only the interest earned on these amounts may be expended. The Revenue Bonds Debt Service and Project investments are in a Short-term money market portfolio maintained by the trustee bank. The money market ratings are not known.

The money market funds are investments held by the trustee bank or the investment broker in the Authority's or Trust's name. They are not insured by the FDIC nor guaranteed by any government agency or the bank.

**3. Cash and Cash Equivalents.**

Cash and cash equivalents for cash flow presentation purposes includes the entity's cash on hand, cash in bank, including time deposits, short term investments, restricted cash in bank, including time deposits, and restricted short term investments.

**CITY OF WEATHERFORD, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING DECEMBER 31, 2014**

**4. Accounts Receivable, Net.**

The City has the following accounts receivable as of December 31, 2014:

	<u>Governmental Act.</u>		<u>Business-Type Act.</u>	
	General Fund	Other Gov't	PWA	Stafford Museum
Accounts Receivable	\$100,026	\$8,601	\$ 13,857	\$
Water, Sewer, Sanitation and Late Charges			284,237	
Other Receivables			308	
Returned Checks			6,495	
Golf Course Receivable	152,125		92,260	
Allowance for Loss	<u>(85,818)</u>		<u>(108,979)</u>	
Net Accounts Receivable	<u>\$166,333</u>	<u>\$8,601</u>	<u>\$288,178</u>	<u>\$ -0-</u>

**5. Long-term Liabilities.**

Long-term liabilities consist of the following:

	<u>Governmental Act.</u>		<u>Business-Type Act.</u>	
	<u>Within One Year</u>	<u>More Than One Year</u>	<u>Within One Year</u>	<u>More Than One Year</u>
Compensated Absences	\$ 147,978	\$ 549,553	\$ 38,358	\$ 63,109
Revenue Bonds Payable			1,340,000	14,680,000
Capital Lease Oblig.	168,840	195,077	201,777	512,805
Total Long-term Liab.	<u>\$ 316,818</u>	<u>\$ 744,630</u>	<u>\$1,580,135</u>	<u>\$15,255,914</u>

**Revenue Bonds Payable - Business-Type Activities.**

The Weatherford Public Works Authority has entered into several revenue bonds payable to bondholders. Debt issue costs and discounts on these bonds were expended as incurred.

On June 1, 2010, the Authority issued its Sales Tax Revenue Bonds (Weatherford Capital Improvement Projects) Series 2010, for financing the acquisition, construction, and improvement of multiple capital improvement projects for the City of Weatherford. The City has pledged to the Authority all its rights, title, and interest in the one percent Sales Tax Revenues approved by the electorate on December 13, 1988. These bonds are special limited obligations of the Authority, payable solely from the pledge of the one cent sales tax revenues collected by the City of Weatherford and the sales tax agreement pledging the sales tax revenues. Principal amount issued was \$9,430,000 with various annual maturities beginning December 1, 2011, and ending on December 1, 2020. Interest rates range from 2.15% to 3.70%. Total principal and interest remaining on this debt

**CITY OF WEATHERFORD, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING DECEMBER 31, 2014**

**5. Long-Term Liabilities (continued).**

**Revenue Bonds Payable - Business-type Activities (continued).**

is \$7,424,950. Remaining annual principal and interest requirements range from \$1,104,553 to \$1,341,920. For the current year, principal and interest paid by the Authority and the total pledged sales tax revenues were \$1,032,183 and \$2,291,252, respectively.

On June 1, 2010, the Authority also issued its Utility System Revenue Bonds, Series 2010, for financing the acquisition, construction, and improvement of the water, sanitary sewer and garbage systems, and facilities owned by and serving the City of Weatherford and leased to the Authority. These bonds are secured by a mortgage on the leasehold of the properties and by the net revenues of the leasehold of the water, sanitary sewer and garbage systems, and facilities owned by and serving the City of Weatherford and leased to the Authority. Principal amount issued was \$11,115,000 with various annual maturities beginning December 1, 2011, and ending on December 1, 2030. Interest rates range from 2.2% to 4.50%. Total principal and interest remaining on this debt is \$13,159,960. Remaining annual principal and interest requirements range from \$819,928 to \$824,653. For the current year, principal and interest paid by the Authority and the net operating revenue were \$824,153 and \$2,108,874, respectively.

A summary of the changes in revenue bonds payable follows:

	Series 2010 Sales Tax	Series 2010 Utility
Payable at December 31, 2013	\$7,405,000	\$ 9,875,000
Debt Retired	(820,000)	(440,000)
Payable at December 31, 2014	<u>\$6,585,000</u>	<u>\$ 9,435,000</u>

The following schedule of maturities of all the revenue bonds payable repayment requirements follows:

<u>Year ending December 31</u>	<u>Principal</u>	<u>Interest</u>
2015 Due within 1 year	\$ 1,340,000	\$ 589,025
2016	1,425,000	555,525
2017	1,525,000	513,005
2018	1,630,000	465,205
2019	1,755,000	410,115
2020 - 2024	4,100,000	1,341,390
2025 - 2029	3,460,000	655,320
2030	<u>785,000</u>	<u>35,325</u>
Total	<u>\$16,020,000</u>	<u>\$4,564,910</u>

**CITY OF WEATHERFORD, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING DECEMBER 31, 2014**

**5. Long-Term Liabilities (continued).**

**Capital Lease Obligations.**

**Governmental Activities.**

On August 24, 2010, the City executed a note with a local bank for the purpose of lease purchasing an irrigation system for the golf course. Monthly payments are \$1,810 and interest rate on the note is 3.25%. Note matures on September 1, 2015. The golf course has agreed to reimburse the City for all monies expended. The amount due from the golf course is shown as an account receivable.

On June 15, 2011, the City executed a lease purchase agreement with Ford Motor Credit Company for the purpose of lease purchasing seven police cars. Annual payments are \$65,481 and interest rate is 5.75%. Agreement matured on June 15, 2014, and was paid off.

On September 16, 2011, the City signed a lease purchase agreement with IBM Credit LLC for the purchase of computer equipment and systems for the police department. Total purchase price was \$95,336 with a down payment of \$20,567 and annual payments of \$20,566. The down payment was paid on December 28, 2011. Interest rate is 3.86%. Last payment is due October 1, 2015.

On March 1, 2014, the City executed a note with a local bank for the purpose of lease purchasing equipment for the golf course. Monthly payments are \$3,638 and interest rate on the note is 1.63%. Note matures on March 1, 2018. The golf course has agreed to reimburse the City for all monies expended. The amount due from the golf course is shown as an account receivable.

On December 22, 2014, the City executed a capital lease agreement with Ally Financial for the lease purchase of 8 police vehicles. Total purchase price was \$296,568 with a down payment of \$104,564. The remaining \$192,004 was financed with a lease purchase agreement with terms calling for annual payments of \$104,564 for 2 years at 5.89% interest.

A summary of the changes in the long term debt obligation of the governmental type activities follows:

	Governmental Type Activities			
	Golf	Golf	Police	Total
	Irrigation	Equipment		
Balance at 12/31/13	\$ 34,960	\$179,045	\$ 38,829	\$ 252,834
New Debt			192,004	192,004
Debt Retired	(20,878)	(41,003)	(19,040)	( 80,921)
Balance at 12/31/14	\$ 14,082	\$138,042	\$211,793	\$ 363,917

**CITY OF WEATHERFORD, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING DECEMBER 31, 2014**

**5. Long-Term Liabilities (continued).**

**Capital Lease Obligations (continued).**

The following is schedule by years of future minimum lease payments under capital leases for government type activities as of December 31, 2014.

Year Ending December 31	Governmental Type Activities			
	Golf <u>Irrigation</u>	Golf <u>Equipment</u>	<u>Police</u>	<u>Total</u>
2015	\$ 14,252	\$ 43,652	\$125,130	\$183,034
2016		43,652	104,564	148,216
2017		43,652		43,652
2018		10,866		10,866
Net Minimum Lease Payments	14,252	141,822	229,694	385,768
Less Amount Representing Interest	( 170)	(3,780)	(17,901)	(21,851)
Present Value of Net Minimum Lease Payments	\$ 14,082	\$138,042	\$211,793	\$363,917
Principal due within 1 year	\$ 14,082	\$ 41,713	\$113,045	\$168,840

**Business-Type Activities.**

The City Commission uses the borrowing power of the Weatherford Public Works Authority to fund purchases for the Authority and various departments of the City. The following summarizes the borrowings authorized and utilized.

On January 12, 2007, the City Commission approved the lease purchase of Bronto Aerial Fire Truck for \$875,000. The loan documents were executed on February 6, 2007, by the Weatherford Public Works Authority and a local bank. Terms call for 120 payments of \$9,202 at 4.75% interest. The loan is secured by the fire truck.

On February 28, 2014, the City Commission approved the lease purchase of 26 golf carts for the golf course for \$100,830. The lease purchase documents were executed on March 11, 2014, by the City of Weatherford, Weatherford Public Works Authority, and the Weatherford Golf Association and a local bank. The City is accounting for this transaction in the Authority's records. The Authority makes the payments to the bank and the golf course has agreed to reimburse the Authority for all monies expended. The amount due from the golf course is shown as an account receivable. Terms call for monthly

**CITY OF WEATHERFORD, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING DECEMBER 31, 2014**

**5. Long-Term Liabilities (continued).**

**Capital Lease Obligations (continued).**

payments of \$1,292, interest rate at 2.65%, 48 month term with a balloon payment (assumes the City will exercise its option(s) to renew the lease at the end of its fiscal year).

On February 28, 2014, the City Commission approved the lease purchase of an airport hanger up to \$450,320. The lease purchase documents were executed on April 7, 2014, by Weatherford Public Works Authority and a local bank. It has renewal option(s) for the Authority to renew the lease at the end of its fiscal year until paid in full. The actual loan documents were executed on May 13, 2014, and has had two amendments made to adjust the payment amounts for the actual amount borrowed (\$444,606). Current terms at December 31, 2014, call for the loan to be paid immediately in full upon lender's demand. Otherwise, monthly payments of \$7,814, interest rate at 1.97%, 53 months remaining term.

The Authority also has a lease agreement with a Corporation to lease this airport hanger for \$2,200 per month for 17 years. This operating lease has a renewable option for 5 years.

A summary of the changes in the long term debt obligation of business type activities follows:

	Business Type Activities			
	Fire Truck	Golf	Hanger	Total
Balance at 12/31/13	\$ 323,117	\$	\$	\$ 323,117
New Debt		101,030	444,606	545,636
Debt Retired	( 97,046)	( 8,770)	(48,355)	(154,171)
Balance at 12/31/14	<u>\$ 226,071</u>	<u>\$ 92,260</u>	<u>\$ 396,251</u>	<u>\$ 714,582</u>

**CITY OF WEATHERFORD, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING DECEMBER 31, 2014**

**5. Long-Term Liabilities (continued).**

**Capital Lease Obligations (continued).**

The following is schedule by years of future minimum lease payments under capital leases for business type activities as of December 31, 2014.

Year Ending December 31	Business Type Activities				Total
	Fire Truck	Golf Carts	Airport Hanger		
2015	\$110,427	\$ 15,504	\$ 93,771		\$ 219,702
2016	110,427	15,504	93,771		219,702
2017	17,450	15,504	93,770		126,724
2018		51,973	93,770		145,743
2019			39,055		39,055
Net Minimum Lease Payments	238,304	98,485	414,137		750,926
Less Amount Representing Interest	( 12,233)	(6,225)	(17,886)		(36,344)
Present Value of Net Minimum Lease Payments	<u>\$ 226,071</u>	<u>\$ 92,260</u>	<u>\$396,251</u>		<u>\$ 714,582</u>
Principal due within 1 year	<u>\$ 101,888</u>	<u>\$ 13,219</u>	<u>\$ 86,670</u>		<u>\$ 201,777</u>

**6. Conduit Debt Obligation.**

On September 13, 2001, the Trustees of the Weatherford Public Works Authority executed a note agreement with a bank and a non-profit organization to use the borrowing power of the Authority to secure financing for a special project by the non-profit organization. This note payable is payable solely from the payments received from the non-profit organization and the assets mortgaged and pledged by the non-profit organization to secure the note between the Authority and the non-profit organization. None of the City or Authority assets are pledged, obligated or expended for this note payable. Since this note does not constitute a debt or pledge of the faith and credit of the Authority, it has not been reported in the accompanying financial statements. Nor is the note receivable with the non-profit organization reported in the accompanying financial statements. At December 31, 2014, both the note payable and note receivable had been repaid.

**CITY OF WEATHERFORD, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING DECEMBER 31, 2014**

**7. Pension Plans.**

The City, Authority, and Stafford Museum participate in various retirement plans as more fully disclosed below:

**Oklahoma Municipal Retirement Fund.**

**Plan Description.** The City, Authority, and Stafford Museum participate in the Oklahoma Municipal Retirement Fund (the Fund) which provides coverage to substantially all full-time employees not covered by the Oklahoma Fire Fighters Pension and Retirement System and the Oklahoma Police Pension and Retirement System. The Fund provides retirement benefits based on members' final average compensation, age, and term of service, plus annual cost-of-living adjustments, if so elected. The Plan has not elected the post-retirement cost-of-living adjustments. A member is eligible for disability benefits upon becoming vested. The authority to amend and establish the benefit provisions of the Plan rests with the City Commissioners. This Plan offers both a defined contribution plan and defined benefit plan. Employees participated in both plans.

**Funding Policy.** The Fund's defined contribution plan is funded through selected rates of contributions as elected by each municipality. The defined contribution amounts were 2.34% for the City, Authority, and Stafford Museum, and 0.75% for the employees. The funds are credited to individual participant accounts and pooled for investment through the Fund. All gains and/or losses are credited directly to each participant. Upon retirement, termination of employment, disability, or death, the vested portion of a participant's account is paid to the participant or beneficiary. This amount is based on an accumulation of employee and employer contributions, forfeitures, and earnings. Pension benefits are 100% vested after 10 years of service.

The Fund's defined benefit plan is funded through an actuarial determined rate of contributions of 10.01% and 9.63%, effective July 1, 2013 and 2014, respectively, for the City, Authority, and Stafford Museum. The employee contribution rate is fixed by the terms of the plan at 5.25% of participant payroll. The City has elected to change the contribution rates in January and to pay 1% more than the required 2012 actuarial contribution rate of 10.66%. This makes the City contributing 11.66% to the defined benefit plan. Upon retirement, termination of employment, disability, or death, the accrued benefit payable is paid to the participant or beneficiary according to the plan provisions.

**CITY OF WEATHERFORD, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING DECEMBER 31, 2014**

**7. Pension Plans (continued).**

Pension benefits are 100% vested after 7 years of credited service. The Plan has changed the valuation date from the January 1 preceding the contribution effective date to the July 1 preceding the contribution effective date. As of 7/1/2014, the plan has an actuarial value of assets of \$3,239,713 with an unfunded actuarial accrued liability of \$1,293,038. This liability is not recorded in these financial statements. The annual amount to amortize the unfunded actuarial liability over 28 years is \$111,725 per the actuarial report. In the other supplementary information section is the schedule of progress toward funding the retirement program as prepared by the actuary.

**Annual Pension Cost.** The City, Authority, and Stafford Museum contributed \$236,718, \$109,663 and \$13,127, respectively, and the employees contributed \$155,402 to the plans for the year ending December 31, 2014.

**Actuarial Assumptions.** Significant actuarial assumptions used include: a) a rate of return on the investment of present and future assets of 7.5%, b) normal retirement age of 65, and c) no cost-of-living allowance. The actuarial value of the Plan assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments. The Plan's unfunded actuarial accrued liability is calculated using the entry age normal (EAN) method. It is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2014, was 28 years.

**Oklahoma Fire Fighters Pension and Retirement System.**

**Plan Description.** The City participates in the Oklahoma Fire Fighters Pension and Retirement System (the Plan) for its full-time paid and volunteer fire fighters. The Plan provides retirement, death and disability benefits to plan members and beneficiaries. The Plan is an agent multiple-employer (or municipality) contributory defined benefit pension plan. The authority to amend and establish the benefit provisions of the Plan rests with the Board of Trustees of the Plan. The Plan issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Oklahoma Fire Pension and Retirement System, c/o Oklahoma State Fire Fighters Association, 4545 N. Lincoln Blvd., Suite 265, Oklahoma City, OK 73105-3414.

**CITY OF WEATHERFORD, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING DECEMBER 31, 2014**

**7. Pension Plans (continued).**

**Funding Policy.** Voluntary firemen do not contribute to the Plan. The City contributes \$60 for each volunteer fireman as set by the Oklahoma Statutes. Contribution requirements of the Plan are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. The State normally contributes 36% of the Insurance Premium Tax to the Plan. These on-behalf payments are not recognized in these financial statements since the City reports on the modified cash basis. Contribution rates are 14.0% of gross salaries for the City and 9% from the employees for the paid fire fighters, effective November 1, 2013. Fire fighters with 20 or more years of service may elect to participate in the Oklahoma Deferred Option Plan. Participation is limited to five years. Under this plan, retirement benefits are calculated based on compensation and service at the time of election. The retirement benefits plus half of the municipal contributions on behalf of the member are deposited into a deferred retirement account which earns interest. The other half of the municipal contributions goes into the retirement system. The member is no longer required to make contributions.

**Annual Pension Cost.** During the year ended December 31, 2014, the City contributed \$900 for voluntary fire fighters and \$106,584 for paid fire fighters to the Plan. Paid fire fighters contributed \$63,293 to the Plan.

**Actuarial Assumptions.** Significant actuarial assumptions used include: a) a rate of return on the investment of present and future assets of 7.5%, b) a constant benefit level for voluntary fire fighters, c) projected salary increases ranging from 3.5% to 9% per year, and d) a cost-of-living allowance of at least 3% annually. The actuarial value of the Plan assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments. The Plan's unfunded actuarial accrued liability is calculated using the entry age actuarial cost method. It is being amortized as a level dollar amount on a closed basis. The amortization period was reset beginning July 1, 2014, to 30 years. The City of Weatherford's portion of the unfunded pension liability at the 7.5% discount rate was calculated by the Plan's auditors to be \$2,815,138 at June 30, 2014 (Plan's year end).

**CITY OF WEATHERFORD, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING DECEMBER 31, 2014**

**7. Pension Plans (continued).**

**Oklahoma Police Pension and Retirement System.**

**Plan Description.** The City approved participation in the Oklahoma Police Pension and Retirement System (the Plan) effective March 1, 2008, for its full-time paid police officers. The Plan provides retirement, death and disability benefits to plan members and beneficiaries. The Plan is an agent multiple-employer (or municipality) contributory defined benefit pension plan. The authority to amend and establish the benefit provisions of the Plan rests with the Board of Trustees of the Plan. The Plan issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Oklahoma Police Pension and Retirement System, 1001 N. W. 63<sup>rd</sup> Street, Suite 305, Oklahoma City, OK 73116-7335.

**Funding Policy.** Contribution requirements of the Plan are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. The State normally contributes an allocation of the insurance premium tax to the Plan. These on-behalf payments are not recognized in these financial statements since the City reports on the modified cash basis. Contribution rates are 13.0% of gross salaries for the City and 8% of gross salaries from the employees. Participants with 20 or more years of service may elect to participate in the Oklahoma Deferred Option Plan. Participation is limited to five years. Under this plan, retirement benefits are calculated based on compensation and service at the time of election. The retirement benefits plus half of the municipal contributions on behalf of the member are deposited into a deferred retirement account which earns interest. The other half of the municipal contributions goes into the retirement system. The member is no longer required to make contributions.

**Annual Pension Cost.** During the year ended December 31, 2014, the City contributed \$117,633 to the Plan. Employees contributed \$72,389 to the Plan.

**CITY OF WEATHERFORD, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING DECEMBER 31, 2014**

**7. Pension Plans (continued).**

**Actuarial Assumptions.** Significant actuarial assumptions used include: a) a rate of return on the investment of present and future assets of 7.5%, b) projected salary increases ranging from 4.5% to 17% per year, and c) a cost-of-living allowance of 3% annually. The actuarial value of the Plan assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a 5-year period. The Plan's unfunded actuarial accrued liability is calculated using the entry age actuarial cost method. It is being amortized as a level dollar amount on a closed basis. The amortization period at July 1, 2014, is 5 years and will be reset to five each year in the future. The City of Weatherford's portion of the over funded pension asset at the 7.5% discount rate was calculated by the Plan's auditors to be \$101,704 at June 30, 2014 (Plan's year end).

**8. Internal Revenue Code Section 457 Deferred Compensation Plan.**

The City has established a deferred compensation plan under Internal Revenue Code Section 457 for the purpose of enabling employees of the City to defer a portion of their compensation until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergencies. All amounts of compensation deferred pursuant to the plan, all property and rights purchased with such amounts, and all income attributable to such amounts, property, or rights, shall be held in trust for the exclusive benefit of participants and beneficiaries under the plan. During the year ending December 31, 2014, employees contributed \$16,250 to this plan.

**9. Risk Management.**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City purchases commercial insurance to manage these risks. Deductibles range from \$0 to \$5,000, depending upon the insurance coverage.

The City participates in a workers compensation plan that carries a requirement for a self-funded retention level. At December 31, 2014, the City's loss retention level was unknown. At June 30, 2014 and 2015, its loss retention level was \$89,482 and \$81,334, respectively. The City has a right to the return of any of these funds which have not been paid out in benefits and to receive the interest earnings on them, subject to the plan's bank charges

**CITY OF WEATHERFORD, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING DECEMBER 31, 2014**

**9. Risk Management (continued).**

and audit fees. The Plan purchases excess workers compensation insurance so the City's liability is limited to their retention level. Failure of the excess workers compensation insurer to honor its obligations could result in losses to the plan. However, the plan administrators believe the excess workers compensation insurer will be able to meet its contractual obligations.

**10. Net Position (Deficit) - Business Type Activities.**

The business-type activities on the Statement of Assets, Liabilities and Net Position show a deficit net position balance of \$(10,659,807) because of the net investment in capital assets. This deficit is the result of the City not capitalizing its capital assets and depreciating them. The City's policy is to expend the costs of capital items, even if the funds were obtained from borrowed money. The borrowed money is shown as a liability. The amount that could be capitalized as capital assets and depreciated is not known.

**11. Reservations and Designations of Unrestricted Net Position.**

Reserve for encumbrances consist of open encumbrances which represent commitments related to unperformed contracts for services and undelivered goods. The City has elected to close all open encumbrances at December 31, 2014. Any projects not completed will be budgeted in the next fiscal year.

The City Commissioners designated a time deposit for future water system improvements until the principal and interest balance equals or exceeds \$200,000. Any amount in excess of \$200,000 is not designated. At December 31, 2014, this time deposit balance had exceeded \$200,000. This designated amount is shown on the proprietary funds statement of assets, liabilities, and net position under unrestricted net position.

**CITY OF WEATHERFORD, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING DECEMBER 31, 2014**

**12. Interfund Transfers.**

The City periodically makes transfers to different funds to move funds from the other funds to increase their liquidity and ability to purchase goods and services or reflect interfund receivables/payables. Interfund transfers for the year ending December 31, 2014, follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers (Out)</u>
Governmental Funds:		
General Fund	\$ 334,634	\$ (1,638,096)
CDBG 14585 Grant	1,086,721	
Other Governmental Funds	180,527	( 44,549)
Proprietary Fund Type:		
Public Works Authority	1,065,647	(1,155,404)
Stafford Museum	<u>170,520</u>	<u>                    </u>
Total	<u>\$2,838,049</u>	<u>\$ (2,838,049)</u>

**13. Commitments and Contingencies.**

The City has various construction contracts under various stages of completion at December 31, 2014. Many of these construction contracts are being funded by the revenue bonds issued.

From time to time the City may receive a claim or litigation alleging damages suffered by the claimant. The City normally denies liability and the claim. The claim is then sent to their liability insurance company for disposition.

On April 30, 2010, the City and the Department of Transportation of the State of Oklahoma signed a project agreement to modify the Interstate 40 intersection at Washington Street. The Department of Transportation will provide 80% (\$4,000,000) and the City will provide 20% (\$1,000,000) of the estimated construction cost (\$5,000,000). Construction began in 2014.

The Oklahoma Department of Commerce has granted the City \$150,000 for flood and drainage improvements. The City received \$149,100 accumulative balance as of December 31, 2014. The remaining \$900 was received in 2015.

The City has a Transportation Enhancement Project agreement with the Oklahoma Department of Transportation for walking trail improvements. Originally approved for \$61,980, it was amended in

**CITY OF WEATHERFORD, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING DECEMBER 31, 2014**

**13. Commitments and Contingencies (continued).**

2012 to \$505,840, with federal funds being \$394,555 and local matching funds of \$111,285. Accumulated federal funds received were \$353,071 and funds spent were \$504,132 as of December 31, 2014.

Subsequent to December 31, 2014, the City has become involved in litigation with the owners of private property over responsibility to repair damages to the private property. The owners have filed for "inverse condemnation" and the City has filed for condemnation of the private property. Since these cases were filed in August, 2015, the ultimate outcome or potential exposure to loss for the City of Weatherford cannot be reasonably determined. Accordingly, no loss contingency has been recorded in these financial statements.

**14. Restricted Sales Tax.**

The citizens of Weatherford approved extending an incremental 1% sales tax increase on April 6, 2010. This sales tax will be levied from October 1, 2010 to September 30, 2020. The purpose of the ten year extension was to fund improvements as discussed below.

The purpose of the revenues will be to fund:

1. Structure and infrastructure improvements for the City of Weatherford (0.41 of 1%);
2. Assist in constructing a "Community Event Center" facility to be located on the campus of Southwestern Oklahoma State University with a dollar limit of \$7,000,000 (0.34 of 1%);
3. A Weatherford Revitalization Program with a dollar limit of \$3,100,000 (0.15 of 1%);
4. Assist the Weatherford Public School structure and infrastructure improvements with a dollar limit of \$1,150,000 (0.05 of 1%);
5. And to assist in constructing a new wing at the Weatherford Regional Hospital with a dollar limit of \$1,022,722 (0.05 of 1%).

Any amounts collected in excess of the dollar limits will be placed in the capital reserve fund of the City of Weatherford for future City capital projects.

CITY OF WEATHERFORD, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING DECEMBER 31, 2014

**14. Restricted Sales Tax (continued).**

The City remits to the university, public school, and hospital authority their portion of the restricted sales tax proceeds immediately after confirmation of the receipt of funds. Total accumulated funds paid to the university, public school, and hospital authority totaled \$2,970,937, \$436,902, and \$436,902, respectively, at December 31, 2014.

CITY OF WEATHERFORD, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014

**15. Fund Balance Classifications.**

	<u>GENERAL FUND</u>	<u>CDBG 14585 GRANT 05 FUND</u>	<u>OTHER GOVERN- MENTAL FUNDS</u>	<u>TOTAL GOVERN- MENTAL FUNDS</u>
<b>FUND BALANCES:</b>				
Nonexpendable:				
Permanent Fund Principal	\$	\$	\$ 52,858	\$ 52,858
Restricted for:				
Rural Fire Protection			27,370	27,370
Cemetery Improvements			14,541	14,541
Tourism (Hotel/Motel Tax)			167,247	167,247
Donors Restrictions			12,402	12,402
Park and Recreation Grants			56,880	56,880
Emergency Management			9,300	9,300
Capital Improvements	1,038,766			1,038,766
Committed to:				
Parks and Recreation			0	0
Fire Department			17,655	17,655
Senior Citizens Department			60,635	60,635
Police Department			45,962	45,962
Recycling Program			38,664	38,664
Assigned to:				
Parks and Recreation			11,799	11,799
Fire Department			925	925
Senior Citizens Department			3,799	3,799
Airport Operations			38,786	38,786
Emergency Management			18,135	18,135
Property Lease Fund			34,507	34,507
Unassigned:	4,367,861		(13,496)	4,354,365
Total Fund Balances	\$ <u>5,406,627</u>	\$ <u>0</u>	\$ <u>597,969</u>	\$ <u>6,004,596</u>

Restricted fund balances are funds with resources restricted by state statutes, federal guidelines, donor restrictions, or by the vote of the citizens of Weatherford.

Committed fund balances are special revenue funds that have been established by the governing body with resources used for specific purposes as noted.

Assigned fund balances are special revenue funds that have earned revenue or interest and represents the unexpended accumulated earnings obtained from the readily available records since fiscal year 1997. Any unexpended accumulated earnings prior to that time is considered to be committed.

The City of Weatherford has not established a formal policy on the order of spending. This report assumes that restricted resources will be expended first, then unrestricted (in this order - committed, assigned, and unassigned).

**OTHER SUPPLEMENTARY INFORMATION**

CITY OF WEATHERFORD, OKLAHOMA  
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES -  
 OTHER GOVERNMENTAL FUNDS - MODIFIED CASH BASIS  
 DECEMBER 31, 2014

	NONMAJOR SPECIAL REVENUE FUNDS													
	CEMETERY CARE FUND	JAG LLE- 2013 GRANT FUND	WESTERN OKLAHOMA HERITAGE CENTER FUND	RURAL FIRE PROTECTION FUND	FIREMEN FUND	PIONEER CENTER FUND	RECYCLING FUND	AIRPORT OPERATIONS FUND	HOTEL/MOTEL OPERATING FUND	OTHER NONMAJOR FUNDS	TOTAL NONMAJOR SPECIAL REVENUE	DEBT SERVICE FUND	PERMANENT FUND	TOTAL OTHER GOVERN- MENTAL
<b>ASSETS</b>														
Cash on Hand	\$	\$	\$	\$	\$	\$	\$	250	\$	\$	250	\$	\$	250
Cash in Bank, Including Time Deposits	14,541		11,799	27,370	18,580	64,434	38,664	31,187	167,247	145,539	519,361			519,361
Restricted Assets:														
Cash in Bank, Including Time Deposits											0		52,858	52,858
Due from Other Funds										41,800	41,800			41,800
Accounts Receivable, Net								8,601			8,601			8,601
<b>TOTAL ASSETS</b>	<u>\$ 14,541</u>	<u>\$ 0</u>	<u>\$ 11,799</u>	<u>\$ 27,370</u>	<u>\$ 18,580</u>	<u>\$ 64,434</u>	<u>\$ 38,664</u>	<u>\$ 40,038</u>	<u>\$ 167,247</u>	<u>\$ 187,339</u>	<u>\$ 570,012</u>	<u>\$ 0</u>	<u>\$ 52,858</u>	<u>\$ 622,870</u>
<b>LIABILITIES</b>														
Accounts Payable	\$	\$	\$	\$	\$	\$	\$	1,252	\$	23,649	24,901	\$	\$	24,901
Due to Other Funds										0	0			0
<b>TOTAL LIABILITIES</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,252</u>	<u>0</u>	<u>23,649</u>	<u>24,901</u>	<u>0</u>	<u>0</u>	<u>24,901</u>
<b>FUND EQUITY</b>														
Nonspendable											0		52,858	52,858
Restricted	14,541			27,370					167,247	78,582	287,740			287,740
Committed					17,655	60,635	38,664			45,962	162,916			162,916
Assigned			11,799		925	3,799		38,786		52,642	107,951			107,951
Unassigned										(13,496)	(13,496)			(13,496)
<b>TOTAL FUND EQUITY</b>	<u>14,541</u>	<u>0</u>	<u>11,799</u>	<u>27,370</u>	<u>18,580</u>	<u>64,434</u>	<u>38,664</u>	<u>38,786</u>	<u>167,247</u>	<u>163,690</u>	<u>545,111</u>	<u>0</u>	<u>52,858</u>	<u>597,969</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u>\$ 14,541</u>	<u>\$ 0</u>	<u>\$ 11,799</u>	<u>\$ 27,370</u>	<u>\$ 18,580</u>	<u>\$ 64,434</u>	<u>\$ 38,664</u>	<u>\$ 40,038</u>	<u>\$ 167,247</u>	<u>\$ 187,339</u>	<u>\$ 570,012</u>	<u>\$ 0</u>	<u>\$ 52,858</u>	<u>\$ 622,870</u>

See accompanying auditor's report.

CITY OF WEATHERFORD, OKLAHOMA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCE - OTHER GOVERNMENTAL FUNDS  
 MODIFIED CASH BASIS  
 YEAR ENDING DECEMBER 31, 2014

	NONMAJOR SPECIAL REVENUE FUNDS													
	CEMETERY CARE FUND	JAG LLE- 2013 GRANT FUND	WESTERN OKLAHOMA HERITAGE CENTER FUND	RURAL FIRE PROTECTION FUND	FIREMEN FUND	PIONEER CENTER FUND	RECYCLING FUND	AIRPORT OPERATIONS FUND	HOTEL/MOTEL OPERATING FUND	OTHER NONMAJOR FUNDS	TOTAL NONMAJOR SPECIAL REVENUE	DEBT SERVICE FUND	PERMANENT FUND	TOTAL OTHER GOVERN- MENTAL
<b>REVENUES</b>														
Charges for Services	\$ 1,600				\$ 12,466	\$ 22,693	\$ 31,299			\$ 18,484	\$ 86,542			\$ 86,542
Intergovernmental Revenue		9,640								28,295	37,935			37,935
Hotel/Motel Tax								196,100			196,100			196,100
Property Sales	2,657										2,657			2,657
Interest Income					25	195					220		184	404
Airport Rental and Fuel								495,008			495,008			495,008
Property Lease Revenue									14,400		14,400			14,400
Donations			3,122	20,164					31,775		55,061			55,061
<b>TOTAL REVENUES</b>	<b>4,257</b>	<b>9,640</b>	<b>3,122</b>	<b>20,164</b>	<b>12,491</b>	<b>22,888</b>	<b>31,299</b>	<b>495,008</b>	<b>196,100</b>	<b>92,954</b>	<b>887,923</b>	<b>0</b>	<b>184</b>	<b>888,107</b>
<b>EXPENDITURES</b>														
Personal Services								121,277			121,277			121,277
Principal											0	80,921		80,921
Interest											0	5,009		5,009
Repayment of Grant Funds										11,613	11,613			11,613
Capital Outlay		9,640		23,170				11,657		96,340	140,807			140,807
Other Materials and Services			6,209		13,110	14,037	20,397	398,178	227,541	20,284	699,756			699,756
<b>TOTAL EXPENDITURES</b>	<b>0</b>	<b>9,640</b>	<b>6,209</b>	<b>23,170</b>	<b>13,110</b>	<b>14,037</b>	<b>20,397</b>	<b>531,112</b>	<b>227,541</b>	<b>128,237</b>	<b>973,453</b>	<b>85,930</b>	<b>0</b>	<b>1,059,383</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>4,257</b>	<b>0</b>	<b>(3,087)</b>	<b>(3,006)</b>	<b>(619)</b>	<b>8,851</b>	<b>10,902</b>	<b>(36,104)</b>	<b>(31,441)</b>	<b>(35,283)</b>	<b>(85,530)</b>	<b>(85,930)</b>	<b>184</b>	<b>(171,276)</b>
<b>OTHER FINANCING SOURCES (USES)</b>														
Transfers In				20,000				14,662		59,935	94,597	85,930		180,527
Transfers (Out)				(18,135)				(10,463)	(10,417)	(5,350)	(44,365)		(184)	(44,549)
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)</b>	<b>4,257</b>	<b>0</b>	<b>(3,087)</b>	<b>(1,141)</b>	<b>(619)</b>	<b>8,851</b>	<b>10,902</b>	<b>(31,905)</b>	<b>(41,858)</b>	<b>19,302</b>	<b>(35,298)</b>	<b>0</b>	<b>0</b>	<b>(35,298)</b>
<b>FUND BALANCE</b>														
Beginning of Year	10,284		14,886	28,511	19,199	55,583	27,762	70,691	209,105	144,388	580,409		52,858	633,267
											0			0
End of Year	\$ 14,541	\$ 0	\$ 11,799	\$ 27,370	\$ 18,580	\$ 64,434	\$ 38,664	\$ 38,786	\$ 167,247	\$ 163,690	\$ 545,111	\$ 0	\$ 52,858	\$ 597,969

See accompanying auditor's report.

CITY OF WEATHERFORD, OKLAHOMA  
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES-  
 OTHER NONMAJOR SPECIAL REVENUE FUNDS - MODIFIED CASH BASIS  
 DECEMBER 31, 2014

OTHER NONMAJOR SPECIAL REVENUE FUNDS

	MUNICIPAL COURT FUND	PROPERTY LEASE FUND	UNCLAIMED PROPERTY FUND	TRANSPORTATION ENFORCEMENT PROJECT STP-120E(179)EH	OKLAHOMA AERONAUTICS COMMISSION GRANT OJA-11-F	FEDERAL EMERGENCY MANAGEMENT GRANT FUND	ARMORY BUILDING FUND	DARE PROJECT FUND	EMERGENCY MANAGEMENT FUND	TODDLER PLAYGROUND FUND	F. P. L. SPECIAL PROJECTS FUND	GUN RANGE PROJECT	HIGHWAY TREE GRANT FUND	NARCOTIC CONTROL FUND	TOTAL OTHER NONMAJOR FUND
<b>ASSETS</b>															
Cash in Bank, Including Time Deposits	\$ 23,649	\$ 34,507	\$ 14,323	\$ 51,758	\$ (11,613)	\$ (1,883)	\$ 1,500	\$ 1	\$ 27,435	\$ (41,800)	\$ 10,901	\$ 1,000	\$ 4,122	\$ 31,639	\$ 145,539
Due from Other Funds										41,800					41,800
Accounts Receivable, Net															0
<b>TOTAL ASSETS</b>	<b>\$ 23,649</b>	<b>\$ 34,507</b>	<b>\$ 14,323</b>	<b>\$ 51,758</b>	<b>\$ (11,613)</b>	<b>\$ (1,883)</b>	<b>\$ 1,500</b>	<b>\$ 1</b>	<b>\$ 27,435</b>	<b>\$ 0</b>	<b>\$ 10,901</b>	<b>\$ 1,000</b>	<b>\$ 4,122</b>	<b>\$ 31,639</b>	<b>\$ 187,339</b>
<b>LIABILITIES</b>															
Accounts Payable	\$ 23,649														\$ 23,649
Due to Other Funds															0
<b>TOTAL LIABILITIES</b>	<b>23,649</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>23,649</b>
<b>FUND EQUITY</b>															
Restricted				51,758			1,500	1	9,300		10,901	1,000	4,122		78,582
Committed			14,323											31,639	45,962
Assigned		34,507							18,135						52,642
Unassigned					(11,613)	(1,883)									(13,496)
<b>TOTAL FUND EQUITY</b>	<b>0</b>	<b>34,507</b>	<b>14,323</b>	<b>51,758</b>	<b>(11,613)</b>	<b>(1,883)</b>	<b>1,500</b>	<b>1</b>	<b>27,435</b>	<b>0</b>	<b>10,901</b>	<b>1,000</b>	<b>4,122</b>	<b>31,639</b>	<b>163,690</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 23,649</b>	<b>\$ 34,507</b>	<b>\$ 14,323</b>	<b>\$ 51,758</b>	<b>\$ (11,613)</b>	<b>\$ (1,883)</b>	<b>\$ 1,500</b>	<b>\$ 1</b>	<b>\$ 27,435</b>	<b>\$ 0</b>	<b>\$ 10,901</b>	<b>\$ 1,000</b>	<b>\$ 4,122</b>	<b>\$ 31,639</b>	<b>\$ 187,339</b>

See accompanying auditor's report.

CITY OF WEATHERFORD, OKLAHOMA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - OTHER NONMAJOR SPECIAL REVENUE FUNDS  
 MODIFIED CASH BASIS  
 YEAR ENDING DECEMBER 31, 2014

OTHER NONMAJOR SPECIAL REVENUE FUNDS

	MUNICIPAL COURT FUND	PROPERTY LEASE FUND	UNCLAIMED PROPERTY FUND	TRANSPORTATION ENFORCEMENT PROJECT STP-120E(179)EH	OKLAHOMA AERONAUTICS COMMISSION GRANT OJA-11-F	FEDERAL EMERGENCY MANAGEMENT GRANT FUND	ARMORY BUILDING FUND	DARE PROJECT FUND	EMERGENCY MANAGEMENT FUND	TODDLER PLAYGROUND FUND	F. P. L. SPECIAL PROJECTS FUND	GUN RANGE PROJECT	HIGHWAY TREE GRANT FUND	NARCOTIC CONTROL FUND	TOTAL OTHER NONMAJOR FUND
<b>REVENUES</b>															
Intergovernmental Revenue	\$	\$	\$	\$ 18,995	\$	\$	\$	\$	\$ 9,300	\$	\$	\$	\$	\$	\$ 28,295
Charges for Services														\$ 18,484	\$ 18,484
Property Lease Revenue		14,400					1,500	275		5,000	25,000				14,400
Donations															31,775
<b>TOTAL REVENUES</b>	<u>0</u>	<u>14,400</u>	<u>0</u>	<u>18,995</u>	<u>0</u>	<u>0</u>	<u>1,500</u>	<u>275</u>	<u>9,300</u>	<u>5,000</u>	<u>25,000</u>	<u>0</u>	<u>0</u>	<u>18,484</u>	<u>92,954</u>
<b>EXPENDITURES</b>															
Capital Outlay				47,657		1,883				46,800					96,340
Repayment of Grant Funds					11,613										11,613
Other Materials and Services		1,093						274			13,000			5,917	20,284
<b>TOTAL EXPENDITURES</b>	<u>0</u>	<u>1,093</u>	<u>0</u>	<u>47,657</u>	<u>11,613</u>	<u>1,883</u>	<u>0</u>	<u>274</u>	<u>0</u>	<u>46,800</u>	<u>13,000</u>	<u>0</u>	<u>0</u>	<u>5,917</u>	<u>128,237</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	0	13,307	0	(28,662)	(11,613)	(1,883)	1,500	1	9,300	(41,800)	12,000	0	0	12,567	(35,283)
<b>OTHER FINANCING SOURCES (USES)</b>															
Transfers In									18,135	41,800					59,935
Transfers (Out)		(5,350)													(5,350)
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)</b>	0	7,957	0	(28,662)	(11,613)	(1,883)	1,500	1	27,435	0	12,000	0	0	12,567	19,302
<b>FUND BALANCE</b>															
Beginning of Year		26,550	14,323	80,420							(1,099)	1,000	4,122	19,072	144,388
End of Year	\$ 0	\$ 34,507	\$ 14,323	\$ 51,758	\$ (11,613)	\$ (1,883)	\$ 1,500	\$ 1	\$ 27,435	\$ 0	\$ 10,901	\$ 1,000	\$ 4,122	\$ 31,639	\$ 163,690

See accompanying auditor's report.

**CITY OF WEATHERFORD, OKLAHOMA  
COMBINING STATEMENT OF ASSETS, LIABILITIES,  
AND NET POSITION - STAFFORD MUSEUM**

DECEMBER 31, 2014

	<u>AIRPORT MUSEUM &amp; GIFT SHOP FUND</u>	<u>STAFFORD MEMBERSHIP FUND</u>	<u>TOTAL</u>
<b>ASSETS</b>			
Petty Cash	\$ 425	\$	\$ 425
Cash in Bank	7,304	11,591	18,895
Due from Other Funds			0
	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL ASSETS</b>	<u>\$ 7,729</u>	<u>\$ 11,591</u>	<u>\$ 19,320</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ 2,386	\$	\$ 2,386
Accrued Compensated Absences	3,934		3,934
	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL LIABILITIES</b>	<u>6,320</u>	<u>0</u>	<u>6,320</u>
<b>NET POSITION</b>			
Unrestricted	1,409	11,591	13,000
	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL NET POSITION</b>	<u>1,409</u>	<u>11,591</u>	<u>13,000</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 7,729</u>	<u>\$ 11,591</u>	<u>\$ 19,320</u>

See accompanying auditor's report.

**CITY OF WEATHERFORD, OKLAHOMA  
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND  
 CHANGES IN NET POSITION - STAFFORD MUSEUM  
 MODIFIED CASH BASIS  
 YEAR ENDING DECEMBER 31, 2014**

	<b>AIRPORT MUSEUM &amp; GIFT SHOP FUND</b>	<b>STAFFORD MEMBERSHIP FUND</b>	<b>TOTAL</b>
<b>OPERATING REVENUES</b>			
Retail Sales from Gift Shop	\$ 34,233	\$	\$ 34,233
Admissions	35,564		35,564
Rental of Facilities	7,630		7,630
Membership Fees		2,025	2,025
Recovery of Expense	95		95
Donations	489		489
<b>TOTAL OPERATING REVENUES</b>	<b>78,011</b>	<b>2,025</b>	<b>80,036</b>
<b>OPERATING EXPENSES</b>			
Compensation and Benefits	152,113		152,113
Gift Shop Purchases for Resale	17,012		17,012
Other Materials and Services	68,086	7,305	75,391
<b>TOTAL OPERATING EXPENSES</b>	<b>237,211</b>	<b>7,305</b>	<b>244,516</b>
<b>INCOME (LOSS) FROM OPERATIONS</b>	<b>(159,200)</b>	<b>(5,280)</b>	<b>(164,480)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Capital Outlay	(25,505)		(25,505)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>(25,505)</b>	<b>0</b>	<b>(25,505)</b>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>(184,705)</b>	<b>(5,280)</b>	<b>(189,985)</b>
<b>TRANSFERS IN (OUT)</b>			
Transfers In	170,520		170,520
Transfers (Out)			0
<b>NET TRANSFERS</b>	<b>170,520</b>	<b>0</b>	<b>170,520</b>
<b>CHANGE IN NET POSITION</b>	<b>(14,185)</b>	<b>(5,280)</b>	<b>(19,465)</b>
<b>NET POSITION</b>			
Beginning of Year	15,594	16,871	32,465
			0
End of Year	\$ <u>1,409</u>	\$ <u>11,591</u>	\$ <u>13,000</u>

See accompanying auditor's report.

**CITY OF WEATHERFORD, OKLAHOMA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**  
**MODIFIED CASH BASIS**  
**YEAR ENDING DECEMBER 31, 2014**

	<b>BUDGET</b>		<b>ACTUAL</b>	<b>VARIANCE -</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		<b>FAVORABLE</b>
				<b>(UNFAVORABLE)</b>
<b>REVENUES</b>				
Sales and Use Tax	\$ 9,360,000	\$ 9,360,000	\$ 7,529,709	\$ (1,830,291)
Restricted Sales Tax	2,200,000	2,291,300	2,291,252	(48)
Tobacco Tax	110,000	110,000	104,528	(5,472)
Franchise Taxes	416,000	416,000	424,721	8,721
Licenses, Permits & Inspections	75,500	75,500	80,146	4,646
Intergovernmental Revenue	160,000	160,000	176,080	16,080
Cemetery Lots & Services	41,250	41,250	44,572	3,322
Swimming Pool	7,500	7,500	7,371	(129)
Fire Department			0	0
Fines	154,000	154,000	217,853	63,853
Rents & Royalties	80,000	80,000	67,757	(12,243)
Leases & Easements	3,500	3,500	2,454	(1,046)
Economic Development	100,000	100,000	97,623	(2,377)
Recovery of Expenditures	105,000	105,000	34,935	(70,065)
Interest	5,500	5,500	11,889	6,389
Property Sales	5,000	5,000	411,129	406,129
Insurance Proceeds			53,676	53,676
Donations	50,500	50,500	77,696	27,196
Other Miscellaneous	6,000	6,000	3,175	(2,825)
<b>TOTAL REVENUES</b>	<b>12,879,750</b>	<b>12,971,050</b>	<b>11,636,566</b>	<b>(1,334,484)</b>
<b>EXPENDITURES</b>				
Mayor and Commissioners	101,482	92,285	91,030	1,255
City Attorney	19,009	19,010	18,952	58
Administration	332,888	322,988	318,085	4,903
Municipal Court	87,556	117,577	114,753	2,824
Police Department	2,034,668	2,229,812	2,210,286	19,526
Fire Department	1,151,355	1,233,435	1,226,958	6,477
Street Department (Div. I)	454,629	489,300	477,256	12,044
Street Department (Div. II)	783,000	790,700	737,867	52,833
Central Garage	160,671	161,371	152,833	8,538
Parks Department	526,239	537,248	527,597	9,651
Cemetery Department	102,669	102,719	99,678	3,041
Swimming Pool	50,000	50,000	49,746	254
Inspection Department	127,913	131,470	129,467	2,003
Data Processing	32,500	32,500	20,980	11,520
Economic Development	122,851	125,085	115,725	9,360
Library	12,000	13,001	13,001	0
Senior Citizens	158,982	187,574	183,246	4,328
Building Maintenance	16,000	16,000	14,122	1,878
Capital Improvements	1,217,280	907,315	1,216,155	(308,840)
Interest Expense	1,500	3,000	0	3,000
Restricted Sales Tax Payments:				
Hospital Authority	112,500	112,500	114,562	(2,062)
Local University	765,000	765,000	779,026	(14,026)
Public School	112,500	112,500	114,562	(2,062)
General Expense:				
Workers Compensation	120,000	94,406	94,405	1
Utilities	215,000	266,724	266,593	131
Insurance	160,000	123,595	123,594	1
Gasoline, Diesel & Oil	200,000	227,766	227,766	0
Other Materials and Service	95,719	362,712	116,977	245,735
<b>TOTAL EXPENDITURES</b>	<b>9,273,911</b>	<b>9,627,593</b>	<b>9,555,222</b>	<b>72,371</b>

(Continued on next page)

See the accompanying auditor's report.

**CITY OF WEATHERFORD, OKLAHOMA  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND  
MODIFIED CASH BASIS  
YEAR ENDING DECEMBER 31, 2014**

(CONTINUED)

	BUDGET		ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)</b>	<u>3,605,839</u>	<u>3,343,457</u>	<u>2,081,344</u>	<u>(1,262,113)</u>
<b>OTHER FINANCIAL SOURCES (USES)</b>				
Transfers In	318,683	318,683	334,634	15,951
Proceeds from Capital Lease			192,004	192,004
Transfers (Out)	<u>(3,690,785)</u>	<u>(3,779,085)</u>	<u>(1,638,096)</u>	<u>2,140,989</u>
<b>TOTAL OTHER FINANCIAL SOURCES (USES)</b>	<u>(3,372,102)</u>	<u>(3,460,402)</u>	<u>(1,111,458)</u>	<u>2,348,944</u>
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES</b>	<u>\$ 233,737</u>	<u>\$ (116,945)</u>	969,886	<u>\$ 1,086,831</u>
<b>FUND BALANCE</b>				
Beginning of Year			4,436,741	
			<u>0</u>	
End of Year			<u>\$ 5,406,627</u>	

See the accompanying auditor's report.

**CITY OF WEATHERFORD, OKLAHOMA  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - MAJOR SPECIAL FUNDS  
MODIFIED CASH BASIS - CDBG 14585 GRANT 05 FUND  
YEAR ENDING DECEMBER 31, 2014**

	<u>BUDGET</u>	<u>ACTUAL</u>		<u>TOTAL</u>	<u>VARIANCE - FAVORABLE (UNFAVORABLE)</u>
	<u>2013</u>	<u>2014</u>			
<b>REVENUES</b>					
Intergovernmental Revenue:	\$	\$	\$	\$	\$
Oklahoma Department of Commerce	150,000	43,250	105,850	149,100	(900)
				0	0
<b>TOTAL REVENUES</b>	<u>150,000</u>	<u>43,250</u>	<u>105,850</u>	<u>149,100</u>	<u>(900)</u>
<b>EXPENDITURES</b>					
Administrative	9,000	2,250	6,750	9,000	0
Capital Outlays	443,925	247,553	1,185,821	1,433,374	(989,449)
<b>TOTAL EXPENDITURES</b>	<u>452,925</u>	<u>249,803</u>	<u>1,192,571</u>	<u>1,442,374</u>	<u>(989,449)</u>
<b>EXCESS OF REVENUES (UNDER) EXPENDITURES</b>	(302,925)	(206,553)	(1,086,721)	(1,293,274)	(990,349)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers (Out)				0	0
Transfers In	302,925	206,553	1,086,721	1,293,274	990,349
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	0	<u>\$ 0</u>
<b>FUND BALANCE</b>					
Beginning of Year				<u>                    </u>	
End of Year				<u>\$ 0</u>	

See the accompanying auditor's report.

**Oklahoma Municipal Retirement Fund  
Employee Retirement System of Weatherford, Oklahoma**

**SCHEDULE OF FUNDING PROGRESS**

<b>Actuarial Valuation Date</b>	<b>Value of Assets</b>	<b>Asset Valuation Basis</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Type</b>	<b>Unfunded AAL (UAAL)</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll</b>
1/1/2009	661,603	Actuarial	2,279,456	EAN	1,617,853	29.0%	2,202,808	73.4%
1/1/2010	1,012,096	Actuarial	3,098,983	EAN	2,086,888	32.7%	2,249,133	92.8%
1/1/2011	1,455,652	Actuarial	3,449,623	EAN	1,993,971	42.2%	2,369,576	84.1%
1/1/2012	1,884,886	Actuarial	3,728,616	EAN	1,843,729	50.6%	2,424,956	76.0%
1/1/2013	2,369,585	Actuarial	3,995,272	EAN	1,625,687	59.3%	2,433,866	66.8%
1/1/2014	2,946,018	Actuarial	4,541,787	EAN	1,595,769	64.9%	2,602,869	61.3%
7/1/2014	3,239,713	Actuarial	4,532,751	EAN	1,293,038	71.5%	2,515,639	51.4%

Covered Payroll is the total annualized rate of pay as of the valuation date based on actual pay for the preceding year.

Information taken from the actuarial reports for actuarial valuation date indicated.  
Actuarial valuation date was changed from January 1 to July 1 beginning 7/1/2014.

# McCulley



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# McCulley

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

To the Honorable Mayor and City Commissioners  
City of Weatherford, Oklahoma

We have audited 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, the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Weatherford, Oklahoma, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City of Weatherford's financial statements and have issued our report dated October 20, 2015. The City prepares its financial statements on the modified cash basis of accounting, which is an other comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

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

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying statement of findings and responses, we identified certain deficiencies in internal control that we considered to be a material weakness.

A deficiency in internal control exist 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. We consider the deficiencies described in the accompanying statement of findings and responses as item #1 to be a material weakness.

#### Compliance and Other Matters

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

#### City of Weatherford, Oklahoma's Response to Findings

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

#### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result 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.

*McCullough & McCullough*

Weatherford, Oklahoma

October 20, 2015

**CITY OF WEATHERFORD, OKLAHOMA  
STATEMENT OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDING DECEMBER 31, 2014**

**1. Segregation of Duties.**

CONDITION AND EFFECT - The City has employees in several departments who have inappropriate segregation of duties. In some instances, there may be a limited number of employees in these departments. These conditions could result in material errors or fraud occurring and not be detected in a timely manner.

RECOMMENDATION - The City should review its personnel assignments and segregate these duties to the extent possible.

RESPONSE - The City has limited personnel and cannot adequately segregate duties. It will review its personnel assignments and consider modification to the extent possible.

**CITY OF WEATHERFORD, OKLAHOMA  
PRIOR YEAR AUDIT FINDINGS AND RESPONSES  
FOR THE YEAR ENDING DECEMBER 31, 2014**

**1. Segregation of Duties.**

CONDITION AND EFFECT - The City has employees in several departments who have inappropriate segregation of duties. One employee can receive payments on utility bills, and post to the accounting and utility billing records. Others may do a combination of the above. These conditions could result in material errors or fraud occurring and not be detected in a timely manner.

RECOMMENDATION - The City should review its personnel assignments and segregate these duties to the extent possible. It is best not to have one individual who has access to the City's cash and posts to the accounting or billing records.

RESPONSE - The City has limited personnel and cannot adequately segregate duties. It will review its personnel assignments and consider modification to the extent possible.

UPDATED COMMENT - Situation the same. Comment revised and included in the current year's audit report.

**2. Customer Deposits Payable.**

CONDITION AND EFFECT - The City converted its accounting and billing systems to a different software company during 2010. The general ledger was converted in August, 2010, and the billing system was converted in November, 2010. During the period from August to November, the billing system entries were being posted to both computer systems. The City did not ensure that both general ledgers were in agreement with one another. Consequently, the two general ledger balances for customer deposits did not agree. When the billing system was converted to the new computer system, the City made an entry on the new computer general ledger to force the balance to agree with the final balance on the old billing system. No end of the year customer deposit detail listing was produced to know what the customer deposit liability balance was per the billing system. These reports cannot be accurately reproduced after the fact. These conditions could result in material errors or fraud occurring and not be detected in a timely manner.

RECOMMENDATION - Recommend the City print a customer deposit detail listing monthly and reconcile it to the general ledger to ensure all transactions are properly recorded.

RESPONSE - The City has been working on getting these accounts corrected. Should be corrected in 2014.

**CITY OF WEATHERFORD, OKLAHOMA  
PRIOR YEAR AUDIT FINDINGS AND RESPONSES  
FOR THE YEAR ENDING DECEMBER 31, 2014**

**2. Customer Deposits Payable (continued).**

UPDATED COMMENT - The City did not reconcile these customer meter deposits until August, 2014. A detail customer meter deposit listing was retained and reconciled on and after August, 2014. Comment removed for the current audit report.