

**CITY OF WEATHERFORD, OKLAHOMA**

**FINANCIAL STATEMENTS  
AND AUDITOR'S REPORTS**

**DECEMBER 31, 2016**

**CITY OF WEATHERFORD, OKLAHOMA**  
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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, 2016, 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.

#### **Basis for Qualified Opinions**

As described in Note 1, the City has included non-cash accounts receivable, net, and accrued compensated absences in the government-wide governmental activity and business-type activities in these modified cash basis financial statements. The business-type activities also has accrued interest payable for its revenue bonds payable. The following major funds have accounts receivable, net, recorded: General, PWA, and the nonmajor aggregate remaining governmental funds. The PWA major fund have accrued interest payable recorded. Both the PWA and Stafford Museum major funds have accrued compensated absences recorded.

The effect of the above transactions would affect the modified cash basis financial statements as follows:

	<u>Increase (Decrease)</u>
Government-wide	
Governmental Activity	
Assets	\$ ( 4,657)
Liabilities	(663,085)
Net Position	658,428
Revenues	10,518
Expenditures	50,786
Business-type Activity	
Assets	(132,811)
Liabilities	(220,541)
Net Position	87,730
Revenues	55,448
Expenses	( 76,068)

## Fund Financial Statements

### General

Assets	( 2,607)
Liabilities	-0-
<u>Fund Balance</u>	( 2,607)
Revenues	( 2,250)
Expenditures	( 1,187)

### Non-major Governmental

Assets	( 2,050)
Liabilities	-0-
Net Position	( 2,050)
Revenues	12,768
Expenditures	-0-

### PWA

Assets	(132,812)
Liabilities	(218,227)
Net Position	85,415
Revenues	55,448
Expenses	( 77,251)

### Stafford Museum

Assets	-0-
Liabilities	( 2,314)
Net Position	2,314
Revenues	-0-
Expenses	1,184

## Qualified Opinions

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinions" paragraph above, 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 the major funds General, PWA, Stafford Museum, and the aggregate remaining governmental fund information of the City of Weatherford, Oklahoma, at December 31, 2016, 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 - 49 and the pension funding progress as prepared from information provided by the actuary on page 50 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 August 31, 2017, 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

August 31, 2017



**CITY OF WEATHERFORD, OKLAHOMA**  
**STATEMENT OF ASSETS, LIABILITIES, AND NET POSITION**  
**MODIFIED CASH BASIS**  
**DECEMBER 31, 2016**

	PRIMARY GOVERNMENT		
	GOVERN- MENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL
<b>ASSETS</b>			
Cash on Hand	\$ 1,680	\$ 310	\$ 1,990
Cash in Bank, Including Time Deposits	4,735,495	1,804,925	6,540,420
Accounts Receivable, Net	58,518	369,840	428,358
Restricted Assets:			
Cash in Bank, Including Time Deposits	52,904	654,885	707,789
Short Term Investments, at Cost		1,881,645	1,881,645
Account Receivable		0	0
<b>TOTAL ASSETS</b>	<u>4,848,597</u>	<u>4,711,605</u>	<u>9,560,202</u>
<b>LIABILITIES</b>			
Accounts Payable	40,768	19,397	60,165
Unapplied Payments		4,821	4,821
Accrued Interest Payable		41,779	41,779
Customer Deposits		183,700	183,700
Long-term Liabilities:			
Due Within One Year	328,847	1,713,793	2,042,640
Due in More Than One Year	478,844	12,167,410	12,646,254
<b>TOTAL LIABILITIES</b>	<u>848,459</u>	<u>14,130,900</u>	<u>14,979,359</u>
<b>NET POSITION</b>			
Net Debt used for Capital Assets	(144,606)	(13,477,926)	(13,622,532)
Restricted for:			
Debt Service		2,304,040	2,304,040
Capital Improvements, Net of Debt		0	0
Restricted Sales Tax/ Capital Impr.	1,172,655		1,172,655
Tourism and Promotions	169,330		169,330
Permanent Fund (Nonexpendable)	52,904		52,904
Other Purposes	93,801		93,801
Unrestricted	2,656,054	1,754,591	4,410,645
<b>TOTAL NET POSITION (DEFICIT)</b>	<u>\$ 4,000,138</u>	<u>\$ (9,419,295)</u>	<u>\$ (5,419,157)</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, 2016**

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		TOTAL
					GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	
<b>PRIMARY GOVERNMENT</b>							
<b>Governmental Activities:</b>							
Mayor and Commissioners	\$ 88,345	\$	\$	\$	\$ (88,345)	\$	\$ (88,345)
City Attorney	17,249				(17,249)		(17,249)
Administration	256,653				(256,653)		(256,653)
Data Processing	23,019				(23,019)		(23,019)
Municipal Court	170,509				(170,509)		(170,509)
Police Department	2,273,923	197,761			(2,076,162)		(2,076,162)
Fire Department	1,227,430	4,620			(1,222,810)		(1,222,810)
Street Department (Div. I)	455,762				(455,762)		(455,762)
Street Department (Div. II)	1,015,282		107,493		(907,789)		(907,789)
Central Garage	167,292				(167,292)		(167,292)
Parks Department	427,865				(427,865)		(427,865)
Cemetery Department	69,001	53,407			(15,594)		(15,594)
Swimming Pool	50,225	8,591			(41,634)		(41,634)
Inspection Department	223,527	59,396			(164,131)		(164,131)
Economic Development	131,593		95,323		(36,270)		(36,270)
Library	14,013				(14,013)		(14,013)
Senior Citizens	206,560	13,862			(192,698)		(192,698)
Custodian	15,608				(15,608)		(15,608)
Airport	346,089	344,333			(1,756)		(1,756)
Recycling	15,741	41,985			26,244		26,244
Capital Outlays	2,082,411			307,846	(1,774,565)		(1,774,565)
Interest Expense	16,217				(16,217)		(16,217)
Restricted Sales Tax Payments:							
Hospital Authority	102,522			102,522	0		0
Local University	697,146			697,146	0		0
Public School	102,522			102,522	0		0
Capital Improvements				1,148,241	1,148,241		1,148,241
General Expense:							
Workers Compensation	123,143				(123,143)		(123,143)
Utilities	265,519				(265,519)		(265,519)
Insurance	120,113				(120,113)		(120,113)
Gasoline, Diesel & Oil	74,176				(74,176)		(74,176)
Other Materials and Service	394,668				(394,668)		(394,668)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>11,174,123</b>	<b>723,955</b>	<b>202,816</b>	<b>2,358,277</b>	<b>(7,889,075)</b>	<b>0</b>	<b>(7,889,075)</b>
<b>Business-type Activities:</b>							
Administration	130,542					(130,542)	(130,542)
Data Processing	21,218					(21,218)	(21,218)
Water & Sewer Maintenance	766,222	1,866,499				1,100,277	1,100,277
Sewer Plant	573,226	1,335,078				761,852	761,852
Sanitation Department	1,208,631	1,766,631				558,000	558,000
Stafford Museum	261,393	104,866				(156,527)	(156,527)
General Expenses:							
Workers Compensation	77,671					(77,671)	(77,671)
Utilities	351,299					(351,299)	(351,299)
Insurance	76,341					(76,341)	(76,341)
Gasoline, Diesel & Oil	85,069					(85,069)	(85,069)
Bad Debt Expense	34,969					(34,969)	(34,969)
Other Materials, Services & Charges	90,778					(90,778)	(90,778)
Interest Expense	561,301					(561,301)	(561,301)
Trustee Fees Paid	6,000					(6,000)	(6,000)
Capital Improvements	426,610					(426,610)	(426,610)
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>4,671,270</b>	<b>5,073,074</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>401,804</b>	<b>401,804</b>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 15,845,393</b>	<b>\$ 5,797,029</b>	<b>\$ 202,816</b>	<b>\$ 2,358,277</b>	<b>(7,889,075)</b>	<b>401,804</b>	<b>(7,487,271)</b>
<b>General Revenues</b>							
Sales and Use Taxes					6,542,362		6,542,362
Tobacco Tax					98,889		98,889
Hotel/Motel Tax					242,916		242,916
Franchise Taxes					448,524		448,524
Intergovernmental Revenue					302,304	40,434	342,738
Charges for Services					5,547		5,547
Rents and Royalties					25,120		25,120
Leases and Easements					2,304		2,304
Property Lease Revenue					2,800		2,800
Connecting and Transfer Fees						61,460	61,460
Late Penalties						55,561	55,561
Interest Income					30,326	10,323	40,649
Donations					242,670	12,000	254,670
Recovery of Expenditures					28,701	3,935	32,636
Insurance Proceeds					56,193		56,193
Sales of Capital Assets					21,732		21,732
Miscellaneous Income					21,144	40,966	62,110
<b>Transfers</b>					<u>(703,767)</u>	<u>703,767</u>	<u>0</u>
<b>Total General Revenues and Transfers</b>					<u>7,367,765</u>	<u>928,446</u>	<u>8,296,211</u>
<b>Change in Net Position</b>					<u>(521,310)</u>	<u>1,330,250</u>	<u>808,940</u>
<b>NET POSITION</b>							
Beginning of Year					4,521,448	(10,749,545)	(6,228,097)
							<u>0</u>
End of Year					<u>\$ 4,000,138</u>	<u>\$ (9,419,295)</u>	<u>\$ (5,419,157)</u>

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, 2016**

	<b>GENERAL 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	4,190,262	545,233	4,735,495
Due from (to) Other Funds	(22,633)	22,633	0
Accounts Receivable, Net	56,468	2,050	58,518
Restricted Assets:			
Cash in Bank, Including Time Deposits		52,904	52,904
			0
<b>TOTAL ASSETS</b>	<b>\$ 4,225,527</b>	<b>\$ 623,070</b>	<b>\$ 4,848,597</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts Payable	\$ 168	\$ 40,600	\$ 40,768
			0
<b>TOTAL LIABILITIES</b>	<b>168</b>	<b>40,600</b>	<b>40,768</b>
<b>FUND BALANCES</b>			
Nonspendable:			
Permanent Funds		52,904	52,904
Restricted	1,172,655	263,131	1,435,786
Committed		181,830	181,830
Assigned		119,875	119,875
Unassigned	3,052,704	(35,270)	3,017,434
<b>TOTAL FUND BALANCES</b>	<b>4,225,359</b>	<b>582,470</b>	<b>4,807,829</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 4,225,527</b>	<b>\$ 623,070</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.	(144,606)
Long-term accrued compensated absences are reported in the General Long-term Debt Account Group and therefore are not reported in the funds.	<u>(663,085)</u>
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$ <u>4,000,138</u></b>

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, 2016**

<b>REVENUES</b>	<b>GENERAL FUND</b>	<b>OTHER GOVERN- MENTAL FUNDS</b>	<b>TOTAL GOVERN- MENTAL FUNDS</b>
Sales and Use Tax	\$ 6,542,362	\$	\$ 6,542,362
Restricted Sales Tax	2,050,431		2,050,431
Tobacco Tax	98,889		98,889
Hotel/Motel Tax		242,916	242,916
Franchise Taxes	448,524		448,524
Licenses, Permits & Inspections	59,396		59,396
Charges for Services		5,547	5,547
Cemetery Lots & Services	48,735	4,672	53,407
Swimming Pool	8,591		8,591
Senior Citizens		13,862	13,862
Fire Department		4,620	4,620
Recycling		41,985	41,985
Fines	197,761		197,761
Rents & Royalties	25,120		25,120
Leases & Easements	2,304		2,304
Property Lease Revenue		2,800	2,800
Economic Development	95,323		95,323
Recovery of Expenditures	28,701		28,701
Intergovernmental Revenue	373,933	343,710	717,643
Interest	30,141	185	30,326
Airport Rental and Fuel		344,333	344,333
Property Sales	14,332	7,400	21,732
Insurance Proceeds	56,193		56,193
Donations	153,625	89,045	242,670
Other Miscellaneous	15,802	5,342	21,144
<b>TOTAL REVENUES</b>	<u>10,250,163</u>	<u>1,106,417</u>	<u>11,356,580</u>
<b>EXPENDITURES</b>			
Mayor and Commissioners	88,345		88,345
City Attorney	17,249		17,249
Administration	300,640		300,640
Data Processing	23,019		23,019
Municipal Court	168,306		168,306
Police Department	2,271,330		2,271,330
Fire Department	1,203,839	12,112	1,215,951
Street Department (Div. I)	473,577		473,577
Street Department (Div. II)	1,015,282		1,015,282
Central Garage	166,164		166,164
Parks Department	459,648		459,648
Cemetery Department	68,420		68,420
Swimming Pool	50,225		50,225
Inspection Department	201,890		201,890
Economic Development	130,080		130,080
Library	14,013		14,013
Senior Citizens	195,690	10,350	206,040
Custodian	15,608		15,608
Airport		346,130	346,130
Recycling		15,741	15,741
Capital Outlays	1,640,045	442,366	2,082,411
Principal		226,935	226,935
Interest Expense		16,217	16,217
Restricted Sales Tax Payments:			
Hospital Authority	102,522		102,522
Local University	697,146		697,146
Public School	102,522		102,522

(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, 2016**  
(Continued)

	<u>GENERAL FUND</u>	<u>OTHER GOVERN- MENTAL FUNDS</u>	<u>TOTAL GOVERN- MENTAL FUNDS</u>
General Expense:			
Workers Compensation	123,143		123,143
Utilities	265,519		265,519
Insurance	120,113		120,113
Gasoline, Diesel & Oil	74,176		74,176
Other Materials and Service	133,717	260,951	394,668
<b>TOTAL EXPENDITURES</b>	<u>10,122,228</u>	<u>1,330,802</u>	<u>11,453,030</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)</b>	<u>127,935</u>	<u>(224,385)</u>	<u>(96,450)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	604,213	327,836	932,049
Transfers (Out)	<u>(1,576,441)</u>	<u>(59,375)</u>	<u>(1,635,816)</u>
<b>TOTAL OTHER FINANCING</b>	<u>(972,228)</u>	<u>268,461</u>	<u>(703,767)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(844,293)</u>	<u>44,076</u>	<u>(800,217)</u>
<b>FUND BALANCE</b>			
Beginning of Year	5,069,652	538,394	5,608,046
			0
End of Year	<u>\$ 4,225,359</u>	<u>\$ 582,470</u>	<u>\$ 4,807,829</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, 2016**

<b>NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS</b>	\$	(800,217)
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.		51,972
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		226,935
		226,935
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$</b>	<b>(521,310)</b>
		(521,310)

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, 2016**

	<b>BUSINESS-TYPE ACTIVITIES</b>		
	<b>PWA</b>	<b>STAFFORD MUSEUM</b>	<b>TOTAL</b>
<b>ASSETS</b>			
Current Assets:			
Petty Cash	\$ 60	\$ 250	\$ 310
Cash in Bank, Including Time Deposits	1,803,291	1,634	1,804,925
Restricted Assets:			
Cash in Bank, Including Time Deposits	654,885		654,885
Short Term Investments, at Fair Value	1,881,645		1,881,645
Accounts Receivable, Net	369,840		369,840
Total Current Assets	<u>4,709,721</u>	<u>1,884</u>	<u>4,711,605</u>
Noncurrent Assets:			
			0
<b>TOTAL ASSETS</b>	<u>\$ 4,709,721</u>	<u>\$ 1,884</u>	<u>\$ 4,711,605</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	\$ 19,397	\$	\$ 19,397
Unapplied Payments	4,821		4,821
Accrued Interest Payable	41,779		41,779
Customer Meter Deposits	183,700		183,700
Current Portion of Long-term Liabilities	1,711,947	1,846	1,713,793
Total Current Liabilities	<u>1,961,644</u>	<u>1,846</u>	<u>1,963,490</u>
Noncurrent Liabilities:			
Accrued Compensated Absences	104,576	468	105,044
Capital Lease Obligations	332,366		332,366
Revenue Bonds Payable	11,730,000		11,730,000
Total Noncurrent Liabilities	<u>12,166,942</u>	<u>468</u>	<u>12,167,410</u>
<b>TOTAL LIABILITIES</b>	<u>14,128,586</u>	<u>2,314</u>	<u>14,130,900</u>
<b>NET POSITION (DEFICIT)</b>			
Net Debt used for Capital Assets	(13,477,926)		(13,477,926)
Restricted for Debt Service	2,304,040		2,304,040
Restricted for Capital Improvements - Net of Debt	0		0
Unrestricted	1,555,021	(430)	1,554,591
Designated for Water System Improv.	200,000		200,000
			0
<b>TOTAL NET POSITION (DEFICIT)</b>	<u>(9,418,865)</u>	<u>(430)</u>	<u>(9,419,295)</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 4,709,721</u>	<u>\$ 1,884</u>	<u>\$ 4,711,605</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, 2016**

	<b>BUSINESS-TYPE ACTIVITIES</b>		
	<b>PWA</b>	<b>STAFFORD MUSEUM</b>	<b>TOTAL</b>
<b>OPERATING REVENUES</b>			
Water, Sewer & Garbage	\$ 4,932,058	\$	\$ 4,932,058
Meter Installation	36,150		36,150
Connecting & Transfer Fees	61,460		61,460
Late Penalties	55,561		55,561
Intergovernmental Revenue	40,434		40,434
Recovery of Expenses	3,935		3,935
Retail Sales from Gift Shop		47,997	47,997
Admissions		50,932	50,932
Rental of Facilities		3,502	3,502
Membership Fees		2,435	2,435
Donations	12,000		12,000
Other Miscellaneous Revenue	40,172	794	40,966
<b>TOTAL OPERATING REVENUES</b>	<b>5,181,770</b>	<b>105,660</b>	<b>5,287,430</b>
<b>OPERATING EXPENSES</b>			
Administration	130,542	170,869	301,411
Data Processing	21,218		21,218
Water & Sewer Maintenance	766,222		766,222
Sewer Plant	411,641		411,641
Sewer CMON	161,585		161,585
Sanitation Department	1,208,631		1,208,631
Gift Shop Purchases for Resale		22,984	22,984
General Expenses:			
Workers Compensation	77,671		77,671
Utilities	351,299		351,299
Insurance	76,341		76,341
Gasoline, Diesel & Oil	85,069		85,069
Bad Debt Expense	34,969		34,969
Other Materials, Services & Charges	90,778	67,540	158,318
<b>TOTAL OPERATING EXPENSES</b>	<b>3,415,966</b>	<b>261,393</b>	<b>3,677,359</b>
<b>INCOME (LOSS) FROM OPERATIONS</b>	<b>1,765,804</b>	<b>(155,733)</b>	<b>1,610,071</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest and Dividend Income	10,323		10,323
Interest Expense	(561,301)		(561,301)
Trustee Fees Paid	(6,000)		(6,000)
Capital Improvements	(416,709)	(9,901)	(426,610)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>(973,687)</b>	<b>(9,901)</b>	<b>(983,588)</b>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>792,117</b>	<b>(165,634)</b>	<b>626,483</b>
<b>TRANSFERS IN (OUT)</b>			
Transfers In	1,160,053	147,801	1,307,854
Transfers (Out)	(604,087)		(604,087)
<b>NET TRANSFERS</b>	<b>555,966</b>	<b>147,801</b>	<b>703,767</b>
<b>CHANGE IN NET POSITION</b>	<b>1,348,083</b>	<b>(17,833)</b>	<b>1,330,250</b>
<b>NET POSITION</b>			
Beginning of Year	(10,766,948)	17,403	(10,749,545)
End of Year	<u>\$ (9,418,865)</u>	<u>\$ (430)</u>	<u>\$ (9,419,295)</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, 2016**

	<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	\$ 5,087,211	\$ 105,660	\$ 5,192,871
Cash Paid to Suppliers and Other Services	(1,852,013)	(90,524)	(1,942,537)
Cash Paid to Employees for Services and Benefits	(1,487,616)	(172,052)	(1,659,668)
<b>Net Cash Provided by (Used for) Operating Activities</b>	<u>1,747,582</u>	<u>(156,916)</u>	<u>1,590,666</u>
<b>Cash Flows from Noncapital Financing Activities</b>			
Transfer In	1,160,053	147,801	1,307,854
Transfer (Out)	(604,087)		(604,087)
Payment of Due to Other Funds			0
<b>Net Cash Provided by Noncapital Financing Activities</b>	<u>555,966</u>	<u>147,801</u>	<u>703,767</u>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Capital Lease Obligations Principal Borrowed	178,512		178,512
Interest Paid on Revenue Bond Payable and Capital Lease Obligations	(564,806)		(564,806)
Principal Paid on Revenue Bond Payable and Capital Lease Obligations	(1,649,882)		(1,649,882)
Trustee Fees Paid	(6,000)		(6,000)
Acquisition of Capital Assets	(416,709)	(9,901)	(426,610)
<b>Net Cash (Used for) Capital and Related Financing Activities</b>	<u>(2,458,885)</u>	<u>(9,901)</u>	<u>(2,468,786)</u>
<b>Cash Flows from Investing Activities</b>			
Interest and Dividends Received on Cash and Investments	10,323		10,323
<b>Net Cash Provided by Investing Activities</b>	<u>10,323</u>	<u>0</u>	<u>10,323</u>
<b>(Decrease) in Cash and Cash Equivalents</b>	(145,014)	(19,016)	(164,030)
<b>Balance of Cash and Cash Equivalents</b>			
Beginning of Year	4,484,895	20,900	4,505,795
End of Year	<u>\$ 4,339,881</u>	<u>\$ 1,884</u>	<u>\$ 4,341,765</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, 2016**

(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	\$ 1,348,083	\$ (17,833)	\$ 1,330,250
Adjustments to Reconcile Change in Net Position to Net Cash and Cash Equivalents Provided by (Used for) Operating Activities			
Interest Income	(10,323)		(10,323)
Interest Expense	564,806		564,806
Trustee Fees Paid	6,000		6,000
Acquisition of Capital Assets	416,709	9,901	426,610
Transfers (In)	(1,160,053)	(147,801)	(1,307,854)
Transfers Out	604,087		604,087
Changes in Assets and Liabilities:			
(Increase) in Accounts Receivable	(95,575)		(95,575)
Increase in Allowance for Loss	28,474		28,474
(Decrease) in Accounts Payable	(4,420)		(4,420)
Increase in Unapplied Payments	591		591
(Decrease) in Accrued Interest Payable	(3,505)		(3,505)
Increase (Decrease) in Accrued Compensated Absences	52,283	(1,183)	51,100
Increase in Customer Deposits	425		425
Total Adjustments	399,499	(139,083)	260,416
<b>Net Cash and Cash Equivalents Provided by (Used for) Operating Activities</b>	<b>\$ 1,747,582</b>	<b>\$ (156,916)</b>	<b>\$ 1,590,666</b>

The accompanying notes are an integral part of these statements.

**CITY OF WEATHERFORD, OKLAHOMA  
STATEMENT OF FIDUCIARY NET POSITION  
DECEMBER 31, 2016**

<b>ASSETS</b>	<b>AGENCY FUNDS</b>
Cash in Bank, Including Time Deposits	\$ <u>1,909</u>
<b>TOTAL ASSETS</b>	<b>\$ <u><u>1,909</u></u></b>
<b>LIABILITIES</b>	
Accounts Payable	\$ <u>1,909</u>
<b>TOTAL LIABILITIES</b>	<b>\$ <u><u>1,909</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, 2016**

**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, 2016**

**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 within the limitations of the modified cash basis of accounting. These limitations are that the modified cash basis of accounting financial statements are not intended to be representative of the complete economic financial position of the City. Certain significant assets and liabilities may be excluded for the modified cash basis financial statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. 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 limited 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

**CITY OF WEATHERFORD, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING DECEMBER 31, 2016**

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

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

is required to be displayed in three components: 1) net investment in capital assets (net debt used for 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 mortgages or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Since the City does not capitalize its capital assets nor depreciate them in these financial statements, then the amounts shown are the borrowings used to purchase capital assets. 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, 2016**

**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 or limited by the modified cash basis of accounting. The general fund is always presented as a major fund.

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 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 (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.

**CITY OF WEATHERFORD, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING DECEMBER 31, 2016**

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

**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. The modified cash basis of accounting is a comprehensive basis of accounting other than generally accepted accounting principles.

Under the modified cash basis of accounting, revenues are recognized when cash is received and expenditures (expenses) are recognized when actually paid, with modifications that have substantial support arising from the cash receipt or disbursement transactions or events. Professional standards do not specifically define the modified cash basis of accounting, but current accounting literature states it should not include accounts receivable or accruals. The auditor's report is modified since these financial statements include those items for consistency purposes. 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 since they are considered "in substance" a cash transaction.



**CITY OF WEATHERFORD, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING DECEMBER 31, 2016**

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

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

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 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, 2016, 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 cost (cost approximates 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.

**CITY OF WEATHERFORD, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING DECEMBER 31, 2016**

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

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

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. 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 up to two full weeks (but not less than one full week) of vacation time over and 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 along-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, 2016**

**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, 2016**

**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 and then sweep it back into the checking account as needed. 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, 2016**

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

At December 31, 2016, 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	\$3,863,857	\$4,069,058
Not Insured, Collateral Held by Pledging Bank's Agent in City's Name	248,695	349,713
Subtotal	<u>4,112,552</u>	<u>4,418,771</u>
Not Insured Mutual Fund	<u>3,137,566</u>	<u>3,861,048</u>
Total	<u>\$7,250,118</u>	<u>\$8,279,819</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	\$ 52,904
Total Governmental	<u>\$ 52,904</u>

**CITY OF WEATHERFORD, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING DECEMBER 31, 2016**

**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	\$ 183,700	\$	\$ 183,700
Revenue Bond Projects		7,011	7,011
Revenue Bonds Debt Ser.	<u>471,185</u>	<u>1,874,634</u>	<u>2,345,819</u>
Total Business-Type Act.	<u>\$ 654,885</u>	<u>\$ 1,881,645</u>	<u>\$2,536,530</u>
Fiduciary - Agency Fund			
Summer Recreation			
Employee Contributions	<u>\$ 1,909</u>	<u>\$</u>	<u>\$ 1,909</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 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, 2016**

**4. Accounts Receivable, Net.**

The City has the following accounts receivable as of December 31, 2016:

	<u>Governmental Act.</u>		<u>Business-Type Act.</u>	
	General	Other	PWA	Stafford
	Fund	Gov't		Museum
Accounts Receivable	\$ 96,085	\$ 2,050	\$ 32,649	\$
Water, Sewer, Sanitation and Late Charges			261,007	
Golf Course Receivable	53,861		237,028	
Allowance for Loss	<u>(93,478)</u>		<u>(160,844)</u>	
Net Accounts Receivable	<u>\$ 56,468</u>	<u>\$ 2,050</u>	<u>\$369,840</u>	<u>\$ -0-</u>

**5. Long-term Liabilities.**

Long-term liabilities consist of the following:

	<u>Governmental Act.</u>		<u>Business-Type Act.</u>	
	Within	More Than	Within	More Than
	One Year	One Year	One Year	One Year
Compensated Absences	\$ 195,006	\$ 468,079	\$ 54,321	\$ 105,044
Revenue Bonds Payable			1,525,000	11,730,000
Capital Lease Oblig.	133,841	10,765	134,472	332,366
Total Long-term Liab.	<u>\$ 328,847</u>	<u>\$ 478,844</u>	<u>\$1,713,793</u>	<u>\$12,167,410</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, 2016**

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

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

is \$5,163,095. Remaining annual principal and interest requirements range from \$1,213,353 to \$1,341,920. For the current year, principal and interest paid by the Authority and the total pledged sales tax revenues were \$1,157,303 and \$2,050,431, 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 \$11,512,265. 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 \$823,222 and \$1,765,804, respectively.

A summary of the changes in revenue bonds payable follows:

	Series 2010 Sales Tax	Series 2010 Utility
Payable at December 31, 2015	\$5,695,000	\$ 8,985,000
Debt Retired	(965,000)	(460,000)
Payable at December 31, 2016	<u>\$4,730,000</u>	<u>\$ 8,525,000</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>
2017	1,525,000	513,005
2018	1,630,000	465,205
2019	1,755,000	410,115
2020	1,805,000	347,812
2021	540,000	280,768
2022 - 2026	3,050,000	1,064,380
2027 - 2030	2,950,000	339,075
	<hr/>	<hr/>
Total	<u>\$13,255,000</u>	<u>\$3,420,360</u>



**CITY OF WEATHERFORD, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING DECEMBER 31, 2016**

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

**Capital Lease Obligations.**

**Governmental Activities.**

**Golf Equipment.**

On March 1, 2013, 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.

**Police Department.**

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. Last payment is due December 22, 2016, and it has been paid off.

On December 22, 2015, the City executed a capital lease agreement with Ally Financial for the lease purchase of 8 police vehicles. Total purchase price was \$272,534 with a down payment of \$ 96,090. The remaining \$176,444 was financed with a lease purchase agreement with terms calling for annual payments of \$96,090 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		
	Equipment	Police	Total
Balance at 12/31/15	\$ 96,349	\$275,192	\$371,541
New Debt			
Debt Retired	(42,489)	(184,446)	(226,935)
Balance at 12/31/16	\$ 53,860	\$ 90,746	\$144,606

**CITY OF WEATHERFORD, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING DECEMBER 31, 2016**

**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, 2016.

Year Ending December 31	<u>Governmental Type Activities</u>		
	<u>Golf</u>		
	<u>Equipment</u>	<u>Police</u>	<u>Total</u>
2017	43,652	96,091	139,743
2018	10,794		10,794
2019			
Net Minimum Lease Payments	54,446	96,091	150,537
Less Amount Representing Interest	(586)	(5,345)	(5,931)
Present Value of Net Minimum Lease Payments	<u>\$ 53,860</u>	<u>\$90,746</u>	<u>\$144,606</u>
Principal due within 1 year	<u>\$ 43,095</u>	<u>\$90,746</u>	<u>\$133,841</u>

**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

**CITY OF WEATHERFORD, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING DECEMBER 31, 2016**

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

**Capital Lease Obligations (continued).**

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 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 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.

The authority has a lease purchase agreement for a new clubhouse for the Prairie West golf course for \$178,512. The lease purchase documents were executed on May 11, 2016, by the Weatherford Public Works Authority and a local bank. 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 payments of \$1,850 from May to October and \$1,000 from November to April of the following year, interest rate at 2.60%, 60 month term with a balloon payment.

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 12/31/15	\$ 124,259	\$ 79,202	\$ 309,747	\$ 513,208
New Debt		178,512		178,512
Debt Retired	(106,815)	(22,152)	(95,915)	( 224,882)
Balance at 12/31/16	<u>\$ 17,444</u>	<u>\$235,562</u>	<u>\$ 213,832</u>	<u>\$ 466,838</u>

**CITY OF WEATHERFORD, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING DECEMBER 31, 2016**

**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, 2016.

Year Ending December 31	Business Type Activities			
	Fire Truck	Golf Course	Airport Hanger	Total
2017	17,546	32,604	93,770	143,920
2018		69,280	93,771	163,051
2019		17,100	31,463	48,563
2020		17,100		17,100
2021		118,022		118,022
Net Minimum Lease Payments	17,546	254,106	219,004	490,656
Less Amount Representing Interest	(102)	(18,544)	(5,172)	(23,818)
Present Value of Net Minimum Lease Payments	\$ 17,444	\$235,562	\$213,832	\$ 466,838
Principal due within 1 year	\$ 17,444	\$ 26,697	\$ 90,331	\$ 134,472

**6. 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.

**CITY OF WEATHERFORD, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING DECEMBER 31, 2016**

**6. Pension Plans (continued).**

**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 9.33% and 9.75%, effective July 1, 2015 and 2016, respectively, for the City, Authority, and Stafford Museum. The employee contribution rate is fixed by the terms of the plan at 6.25% of participant payroll. (The City Commission approved changing the employee contribution rate to 6.25% beginning January 1, 2016, at its October 31, 2015 meeting). 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. 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 7/1/2016, the plan has an actuarial value of assets of \$4,371,874 with an unfunded actuarial accrued liability of \$1,173,633. This liability is not recorded in these financial statements but disclosed here as a commitment. The annual amount to amortize the unfunded actuarial liability over 26 years is \$103,866 per the actuarial report. In the other supplementary information section is the schedule of progress toward funding the retirement program from information prepared by the actuary.

**Annual Pension Cost.** The City, Authority, and Stafford Museum contributed \$261,679, \$157,511 and \$14,577, respectively, and the employees contributed \$199,631 to the plans for the year ending December 31, 2016.

**CITY OF WEATHERFORD, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
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**6. 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) normal retirement age of 65, and c) no post-retirement cost-of-living adjustments. 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.

**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, or on-line at <http://www.ok.gov/fprs/>.

**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. 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.

**CITY OF WEATHERFORD, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING DECEMBER 31, 2016**

**6. Pension Plans (continued).**

**Annual Pension Cost.** During the year ended December 31, 2016, the City contributed \$1,200 for voluntary fire fighters and \$109,679 for paid fire fighters to the Plan. Paid fire fighters contributed \$70,508 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 \$3,407,833 at June 30, 2016 (Plan's year end). This liability is not recorded in these financial statements but disclosed here as a commitment.

**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 or on-line at <http://www.ok.gov/opprs/>.

**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.

**CITY OF WEATHERFORD, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
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**6. Pension Plans (continued).**

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, 2016, the City contributed \$127,261 to the Plan. Employees contributed \$78,314 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) 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 net pension liability at the 7.5% discount rate was calculated by the Plan's auditors to be \$514,932 at June 30, 2016 (Plan's year end). This liability is not recorded in these financial statements but disclosed here as a commitment.

**7. 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, 2016, employees contributed \$4,250 to this plan.



**CITY OF WEATHERFORD, OKLAHOMA  
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FOR THE YEAR ENDING DECEMBER 31, 2016**

**8. 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, 2016, the City's loss retention level was unknown. At June 30, 2016, its loss retention level was \$125,345. 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 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.

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

The business-type activities on the Statement of Assets, Liabilities and Net Position-Modified Cash Basis show a deficit net position balance of \$(9,419,295) because of the net debt used for capital assets sub-title. This deficit is the result of the City not capitalizing the Public Works Authority 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.

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

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, 2016, this time deposit balance had exceeded \$200,000. This designated amount is shown on the proprietary funds statement of assets, liabilities, and net position-modified cash basis under unrestricted net position.

**CITY OF WEATHERFORD, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
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**11. 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, 2016, follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers (Out)</u>
Governmental Funds:		
General Fund	\$ 604,213	\$ (1,576,441)
Other Governmental Funds	327,836	( 59,375)
Proprietary Fund Type:		
Public Works Authority	1,160,053	( 604,087)
Stafford Museum	<u>147,801</u>	<u>                    </u>
Total	<u>\$2,239,903</u>	<u>\$ (2,239,903)</u>

**12. Commitments and Contingencies.**

The City has various construction contracts under various stages of completion at December 31, 2016. 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 October 31, 2014, the City and the Department of Transportation of the State of Oklahoma signed a project agreement to align East Main Street and East Main Street frontage road at Washington Avenue and close the I-40 east bound exit 82 off ramp east of Washington Avenue. The Department of Transportation will provide 80% and the City will provide 20% of the construction cost. The City paid \$759,677 in 2016 and an additional \$297,244 in 2017. Upon completion and acceptance of the project, these amounts will be adjusted for the actual construction costs.

In July, 2016, the City Commissioners approved phase 3 of the exit 82 project between the City and Oklahoma Department of Transportation. Estimated construction cost was \$3,000,000 with the City share being 20% (\$600,000). Upon completion and acceptance of the project, these amounts will be adjusted for the actual construction costs.

**CITY OF WEATHERFORD, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
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**13. 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.

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 \$4,428,868, \$651,331, and \$651,331, respectively, at December 31, 2016.

CITY OF WEATHERFORD, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

**14. Fund Balance Classifications.**

	<u>GENERAL FUND</u>	<u>OTHER GOVERN- MENTAL FUNDS</u>	<u>TOTAL GOVERN- MENTAL FUNDS</u>
<b>FUND BALANCES:</b>			
Nonexpendable:			
Permanent Fund Principal	\$	\$ 52,904	\$ 52,904
Restricted for:			
Rural Fire Protection		22,162	22,162
Cemetery Improvements		10,638	10,638
Tourism (Hotel/Motel Tax)		169,330	169,330
Donors Restrictions		16,286	16,286
Emergency Management		19,300	19,300
Police Department		25,415	25,415
Restricted Sales Tax/Capital Improvements	1,172,655		1,172,655
Committed to:			
Fire Department		12,724	12,724
Senior Citizens Department		39,440	39,440
Police Department		58,376	58,376
Recycling Program		71,290	71,290
Assigned to:			
Parks and Recreation		5,233	5,233
Fire Department		982	982
Senior Citizens Department		4,061	4,061
Airport Operations		38,291	38,291
Emergency Management		25,804	25,804
CDBG Grant Fund		4,423	4,423
Police Department		29	29
Property Lease Fund		41,052	41,052
Unassigned:	3,052,704	(35,270)	3,017,434
Total Fund Balances	\$ <u>4,225,359</u>	\$ <u>582,470</u>	\$ <u>4,807,829</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, 2016

	NONMAJOR SPECIAL REVENUE FUNDS													
	CEMETERY CARE FUND	CDBG 14585 GRANT 05 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	10,638	4,423	5,233	22,162	13,706	43,501	71,290	35,991	169,330	168,959	545,233			545,233
Restricted Assets:														
Cash in Bank, Including Time Deposits											0	52,904		52,904
Due from Other Funds									22,633		22,633			22,633
Accounts Receivable, Net								2,050			2,050			2,050
<b>TOTAL ASSETS</b>	<u>\$ 10,638</u>	<u>\$ 4,423</u>	<u>\$ 5,233</u>	<u>\$ 22,162</u>	<u>\$ 13,706</u>	<u>\$ 43,501</u>	<u>\$ 71,290</u>	<u>\$ 38,291</u>	<u>\$ 169,330</u>	<u>\$ 191,592</u>	<u>\$ 570,166</u>	<u>\$ 0</u>	<u>\$ 52,904</u>	<u>\$ 623,070</u>
<b>LIABILITIES</b>														
Accounts Payable	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$ 40,600	\$ 40,600	\$	\$	\$ 40,600
Due to Other Funds											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>0</u>	<u>0</u>	<u>40,600</u>	<u>40,600</u>	<u>0</u>	<u>0</u>	<u>40,600</u>
<b>FUND EQUITY</b>														
Nonspendable											0		52,904	52,904
Restricted	10,638			22,162					169,330	61,001	263,131			263,131
Committed					12,724	39,440	71,290			58,376	181,830			181,830
Assigned		4,423	5,233		982	4,061		38,291		66,885	119,875			119,875
Unassigned										(35,270)	(35,270)			(35,270)
<b>TOTAL FUND EQUITY</b>	<u>10,638</u>	<u>4,423</u>	<u>5,233</u>	<u>22,162</u>	<u>13,706</u>	<u>43,501</u>	<u>71,290</u>	<u>38,291</u>	<u>169,330</u>	<u>150,992</u>	<u>529,566</u>	<u>0</u>	<u>52,904</u>	<u>582,470</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u>\$ 10,638</u>	<u>\$ 4,423</u>	<u>\$ 5,233</u>	<u>\$ 22,162</u>	<u>\$ 13,706</u>	<u>\$ 43,501</u>	<u>\$ 71,290</u>	<u>\$ 38,291</u>	<u>\$ 169,330</u>	<u>\$ 191,592</u>	<u>\$ 570,166</u>	<u>\$ 0</u>	<u>\$ 52,904</u>	<u>\$ 623,070</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, 2016

NONMAJOR SPECIAL REVENUE FUNDS														
	CEMETERY CARE FUND	CDBG 14585 GRANT 05 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	\$ 2,541				\$ 4,620	\$ 13,862	\$ 41,985			\$ 5,547	\$ 68,555			\$ 68,555
Intergovernmental Revenue				0						343,710	343,710			343,710
Hotel/Motel Tax								242,916			242,916			242,916
Property Sales	2,131			7,400							9,531			9,531
Interest Income					34	13					47		138	185
Airport Rental and Fuel								344,333			344,333			344,333
Property Lease Revenue										2,800	2,800			2,800
Miscellaneous				137			85	3,207	1,891	22	5,342			5,342
Donations	100		285	10,050				150		78,460	89,045			89,045
<b>TOTAL REVENUES</b>	<b>4,772</b>	<b>0</b>	<b>285</b>	<b>17,587</b>	<b>4,654</b>	<b>13,875</b>	<b>42,070</b>	<b>347,690</b>	<b>244,807</b>	<b>430,539</b>	<b>1,106,279</b>	<b>0</b>	<b>138</b>	<b>1,106,417</b>
<b>EXPENDITURES</b>														
Personal Services								130,173			130,173			130,173
Principal											0	226,935		226,935
Interest											0	16,217		16,217
Capital Outlay				2,368				9,975		430,023	442,366			442,366
Other Materials and Services			3,510		12,112	10,350	15,741	215,957	199,092	58,349	515,111			515,111
<b>TOTAL EXPENDITURES</b>	<b>0</b>	<b>0</b>	<b>3,510</b>	<b>2,368</b>	<b>12,112</b>	<b>10,350</b>	<b>15,741</b>	<b>356,105</b>	<b>199,092</b>	<b>488,372</b>	<b>1,087,650</b>	<b>243,152</b>	<b>0</b>	<b>1,330,802</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>4,772</b>	<b>0</b>	<b>(3,225)</b>	<b>15,219</b>	<b>(7,458)</b>	<b>3,525</b>	<b>26,329</b>	<b>(8,415)</b>	<b>45,715</b>	<b>(57,833)</b>	<b>18,629</b>	<b>(243,152)</b>	<b>138</b>	<b>(224,385)</b>
<b>OTHER FINANCING SOURCES (USES)</b>														
Transfers In								4,087		80,597	84,684	243,152		327,836
Transfers (Out)										(59,283)	(59,283)		(92)	(59,375)
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)</b>	<b>4,772</b>	<b>0</b>	<b>(3,225)</b>	<b>15,219</b>	<b>(7,458)</b>	<b>3,525</b>	<b>26,329</b>	<b>(4,328)</b>	<b>45,715</b>	<b>(36,519)</b>	<b>44,030</b>		<b>46</b>	<b>44,076</b>
<b>FUND BALANCE</b>														
Beginning of Year	5,866	4,423	8,458	6,943	21,164	39,976	44,961	42,619	123,615	187,511	485,536		52,858	538,394
											0			0
End of Year	<u>\$ 10,638</u>	<u>\$ 4,423</u>	<u>\$ 5,233</u>	<u>\$ 22,162</u>	<u>\$ 13,706</u>	<u>\$ 43,501</u>	<u>\$ 71,290</u>	<u>\$ 38,291</u>	<u>\$ 169,330</u>	<u>\$ 150,992</u>	<u>\$ 529,566</u>	<u>\$ 0</u>	<u>\$ 52,904</u>	<u>\$ 582,470</u>

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, 2016

OTHER NONMAJOR SPECIAL REVENUE FUNDS																		
	MUNICIPAL COURT FUND	PROPERTY LEASE FUND	UNCLAIMED PROPERTY FUND	TRANSPORTATION ENFORCEMENT PROJECT STP-120E(179)EH	OKLAHOMA COMMUNITY DEVELOPMENT BLOCK GRANT 16292 CDBG 14	COMBINED OTHER FEDERAL AND STATE GRANT FUND	ARMORY BUILDING FUND	DARE PROJECT FUND	EMERGENCY MANAGEMENT FUND	TODDLER PLAYGROUND SPECIAL PROJECTS FUND	F. P. L. SPECIAL PROJECTS FUND	HIGHWAY TREE GRANT FUND	NARCOTIC CONTROL FUND	FEDERAL AVIATION ADMINISTRATION GRANT FAA 16-17	WESTERN OK LAW ENFORCEMENT SUMMIT FUND	POLICE FINGERPRINT FUND	POLICE GUN AND EQUIPMENT FUND	TOTAL OTHER NONMAJOR FUND
<b>ASSETS</b>																		
Cash in Bank, Including Time Deposits	\$ 40,600	\$ 41,052	\$ 13,007	\$	\$	\$	\$ 1,500	\$ 11,914	\$ 45,104	\$ (15,633)	\$ 2,686	\$	\$ 38,433	\$ (17,290)	\$ 151	\$ (17,980)	\$ 25,415	\$ 168,959
Due from Other Funds										22,633								22,633
Accounts Receivable, Net																		0
<b>TOTAL ASSETS</b>	<b>\$ 40,600</b>	<b>\$ 41,052</b>	<b>\$ 13,007</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1,500</b>	<b>\$ 11,914</b>	<b>\$ 45,104</b>	<b>\$ 7,000</b>	<b>\$ 2,686</b>	<b>\$ 0</b>	<b>\$ 38,433</b>	<b>\$ (17,290)</b>	<b>\$ 151</b>	<b>\$ (17,980)</b>	<b>\$ 25,415</b>	<b>\$ 191,592</b>
<b>LIABILITIES</b>																		
Accounts Payable	\$ 40,600	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$ 40,600
Due to Other Funds																		0
<b>TOTAL LIABILITIES</b>	<b>40,600</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>0</b>	<b>0</b>	<b>0</b>	<b>40,600</b>
<b>FUND EQUITY</b>																		
Restricted							1,500		19,300	7,000	2,686		5,100				25,415	61,001
Committed			12,985					11,914					33,326		151			58,376
Assigned		41,052	22						25,804				7					66,885
Unassigned													(17,290)			(17,980)		(35,270)
<b>TOTAL FUND EQUITY</b>	<b>0</b>	<b>41,052</b>	<b>13,007</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,500</b>	<b>11,914</b>	<b>45,104</b>	<b>7,000</b>	<b>2,686</b>	<b>0</b>	<b>38,433</b>	<b>(17,290)</b>	<b>151</b>	<b>(17,980)</b>	<b>25,415</b>	<b>150,992</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 40,600</b>	<b>\$ 41,052</b>	<b>\$ 13,007</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1,500</b>	<b>\$ 11,914</b>	<b>\$ 45,104</b>	<b>\$ 7,000</b>	<b>\$ 2,686</b>	<b>\$ 0</b>	<b>\$ 38,433</b>	<b>\$ (17,290)</b>	<b>\$ 151</b>	<b>\$ (17,980)</b>	<b>\$ 25,415</b>	<b>\$ 191,592</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, 2016

OTHER NONMAJOR SPECIAL REVENUE FUNDS																		
	MUNICIPAL COURT FUND	PROPERTY LEASE FUND	UNCLAIMED PROPERTY FUND	TRANSPORTATION ENFORCEMENT PROJECT STP-120E(179)EH	OKLAHOMA COMMUNITY DEVELOPMENT BLOCK GRANT 16292 CDBG 14	COMBINED OTHER FEDERAL AND STATE GRANT FUND	ARMORY BUILDING FUND	DARE PROJECT FUND	EMERGENCY MANAGEMENT FUND	TODDLER PLAYGROUND SPECIAL PROJECTS FUND	F. P. L. SPECIAL PROJECTS FUND	HIGHWAY TREE GRANT FUND	NARCOTIC CONTROL FUND	FEDERAL AVIATION ADMINISTRATION GRANT FAA 16-17	WESTERN OK LAW ENFORCEMENT SUMMIT FUND	POLICE FINGERPRINT FUND	POLICE GUN AND EQUIPMENT FUND	TOTAL OTHER NONMAJOR FUND
<b>REVENUES</b>																		
Intergovernmental Revenue	\$	\$	\$	\$	\$ 116,500	\$ 11,385	\$	\$	\$ 35,864	\$	\$	\$	\$ 2,507	\$ 179,961	\$ 3,040	\$	\$	\$ 343,710
Charges for Services																		5,547
Property Lease Revenue		2,800																2,800
Miscellaneous			22															22
Donations								12,800		7,000	25,000						33,660	78,460
<b>TOTAL REVENUES</b>	<u>0</u>	<u>2,800</u>	<u>22</u>	<u>0</u>	<u>116,500</u>	<u>11,385</u>	<u>0</u>	<u>12,800</u>	<u>35,864</u>	<u>7,000</u>	<u>25,000</u>	<u>0</u>	<u>2,507</u>	<u>179,961</u>	<u>3,040</u>	<u>0</u>	<u>33,660</u>	<u>430,539</u>
<b>EXPENDITURES</b>																		
Personnel Services																		0
Capital Outlay					155,368	48,473								199,957		17,980	8,245	430,023
Repayment of Grant Funds																		0
Other Materials and Services			1,338					886	28,195		24,641		400		2,889			58,349
<b>TOTAL EXPENDITURES</b>	<u>0</u>	<u>0</u>	<u>1,338</u>	<u>0</u>	<u>155,368</u>	<u>48,473</u>	<u>0</u>	<u>886</u>	<u>28,195</u>	<u>0</u>	<u>24,641</u>	<u>0</u>	<u>400</u>	<u>199,957</u>	<u>2,889</u>	<u>17,980</u>	<u>8,245</u>	<u>488,372</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	0	2,800	(1,316)	0	(38,868)	(37,088)	0	11,914	7,669	7,000	359	0	2,107	(19,996)	151	(17,980)	25,415	(57,833)
<b>OTHER FINANCING SOURCES (USES)</b>																		
Transfers In					38,868	39,023								2,706				80,597
Transfers (Out)				(53,226)		(1,935)						(4,122)						(59,283)
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)</b>	0	2,800	(1,316)	(53,226)	0	0	0	11,914	7,669	7,000	359	(4,122)	2,107	(17,290)	151	(17,980)	25,415	(36,519)
<b>FUND BALANCE</b>																		
Beginning of Year		38,252	14,323	53,226			1,500		37,435		2,327	4,122	36,326					187,511
End of Year	<u>\$ 0</u>	<u>\$ 41,052</u>	<u>\$ 13,007</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,500</u>	<u>\$ 11,914</u>	<u>\$ 45,104</u>	<u>\$ 7,000</u>	<u>\$ 2,686</u>	<u>\$ 0</u>	<u>\$ 38,433</u>	<u>\$ (17,290)</u>	<u>\$ 151</u>	<u>\$ (17,980)</u>	<u>\$ 25,415</u>	<u>\$ 150,992</u>

See accompanying auditor's report.

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

DECEMBER 31, 2016

	<u>AIRPORT MUSEUM &amp; GIFT SHOP FUND</u>	<u>STAFFORD MEMBERSHIP FUND</u>	<u>TOTAL</u>
<b>ASSETS</b>			
Petty Cash	\$ 250	\$	\$ 250
Cash in Bank	1,634		1,634
Due from Other Funds			0
	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL ASSETS</b>	<u>\$ 1,884</u>	<u>\$ 0</u>	<u>\$ 1,884</u>
<b>LIABILITIES</b>			
Accounts Payable	\$	\$	\$ 0
Accrued Compensated Absences	<u>2,314</u>	<u>          </u>	<u>2,314</u>
<b>TOTAL LIABILITIES</b>	<u>2,314</u>	<u>0</u>	<u>2,314</u>
<b>NET POSITION</b>			
Unrestricted	<u>(430)</u>	<u>          </u>	<u>(430)</u>
<b>TOTAL NET POSITION</b>	<u>(430)</u>	<u>0</u>	<u>(430)</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 1,884</u>	<u>\$ 0</u>	<u>\$ 1,884</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, 2016**

	<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	\$ 47,997	\$	\$ 47,997
Admissions	50,932		50,932
Rental of Facilities	3,502		3,502
Membership and Other Fees	1,000	1,435	2,435
Miscellaneous Revenue	794		794
Donations			0
<b>TOTAL OPERATING REVENUES</b>	<u>104,225</u>	<u>1,435</u>	<u>105,660</u>
<b>OPERATING EXPENSES</b>			
Compensation and Benefits	170,869		170,869
Gift Shop Purchases for Resale	22,984		22,984
Other Materials and Services	56,211	11,329	67,540
<b>TOTAL OPERATING EXPENSES</b>	<u>250,064</u>	<u>11,329</u>	<u>261,393</u>
<b>(LOSS) FROM OPERATIONS</b>	<u>(145,839)</u>	<u>(9,894)</u>	<u>(155,733)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Capital Outlay	(9,901)		(9,901)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>(9,901)</u>	<u>0</u>	<u>(9,901)</u>
<b>(LOSS) BEFORE TRANSFERS</b>	<u>(155,740)</u>	<u>(9,894)</u>	<u>(165,634)</u>
<b>TRANSFERS IN (OUT)</b>			
Transfers In	147,801		147,801
Transfers (Out)			0
<b>NET TRANSFERS</b>	<u>147,801</u>	<u>0</u>	<u>147,801</u>
<b>CHANGE IN NET POSITION</b>	<u>(7,939)</u>	<u>(9,894)</u>	<u>(17,833)</u>
<b>NET POSITION</b>			
Beginning of Year	7,509	9,894	17,403
			0
End of Year	<u>\$ (430)</u>	<u>\$ 0</u>	<u>\$ (430)</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, 2016**

	BUDGET		ACTUAL	VARIANCE -
	ORIGINAL	FINAL		FAVORABLE
				(UNFAVORABLE)
<b>REVENUES</b>				
Sales and Use Tax	\$ 8,995,000	\$ 8,995,000	\$ 6,542,362	\$ (2,452,638)
Restricted Sales Tax	2,137,500	2,137,500	2,050,431	(87,069)
Tobacco Tax	105,000	105,000	98,889	(6,111)
Franchise Taxes	464,000	464,000	448,524	(15,476)
Licenses, Permits & Inspections	61,000	61,000	59,396	(1,604)
Intergovernmental Revenue	177,000	177,000	373,933	196,933
Cemetery Lots & Services	40,000	40,000	48,735	8,735
Swimming Pool	7,000	7,000	8,591	1,591
Fines	192,000	192,000	197,761	5,761
Rents & Royalties	70,000	70,000	25,120	(44,880)
Leases & Easements	2,500	2,500	2,304	(196)
Economic Development	93,000	93,000	95,323	2,323
Recovery of Expenditures	105,000	105,000	28,701	(76,299)
Interest	15,500	15,500	30,141	14,641
Property Sales	5,000	5,000	14,332	9,332
Insurance Proceeds			56,193	56,193
Donations	2,200	2,200	153,625	151,425
Other Miscellaneous	6,000	6,000	15,802	9,802
<b>TOTAL REVENUES</b>	<b>12,477,700</b>	<b>12,477,700</b>	<b>10,250,163</b>	<b>(2,227,537)</b>
<b>EXPENDITURES</b>				
Mayor and Commissioners	96,200	86,631	88,345	(1,714)
City Attorney	19,009	17,250	17,249	1
Administration	354,930	300,713	300,640	73
Municipal Court	172,315	168,308	168,306	2
Police Department	2,296,907	2,269,834	2,271,330	(1,496)
Fire Department	1,246,277	1,188,774	1,203,839	(15,065)
Street Department (Div. I)	469,855	473,581	473,577	4
Street Department (Div. II)	832,232	1,015,282	1,015,282	0
Central Garage	171,972	166,167	166,164	3
Parks Department	465,591	459,653	459,648	5
Cemetery Department	90,286	68,434	68,420	14
Swimming Pool	52,000	50,225	50,225	0
Inspection Department	143,374	201,893	201,890	3
Data Processing	26,500	23,020	23,019	1
Economic Development	137,885	130,083	130,080	3
Library	16,000	14,014	14,013	1
Senior Citizens	221,253	195,693	195,690	3
Building Maintenance	16,000	15,610	15,608	2
Capital Improvements	875,686	1,562,909	1,640,045	(77,136)
Interest Expense	1,500	1,500	0	1,500
Restricted Sales Tax Payments:				
Hospital Authority	106,875	106,875	102,522	4,353
Local University	726,750	726,750	697,146	29,604
Public School	106,875	106,875	102,522	4,353
General Expense:				
Workers Compensation	120,000	123,143	123,143	0
Utilities	250,000	265,521	265,519	2
Insurance	155,000	121,923	120,113	1,810
Gasoline, Diesel & Oil	200,000	74,177	74,176	1
Other Materials and Service	103,900	95,403	133,717	(38,314)
<b>TOTAL EXPENDITURES</b>	<b>9,475,172</b>	<b>10,030,241</b>	<b>10,122,228</b>	<b>(91,987)</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, 2016**

(CONTINUED)

	BUDGET		ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)</b>	<u>3,002,528</u>	<u>2,447,459</u>	<u>127,935</u>	<u>(2,319,524)</u>
<b>OTHER FINANCIAL SOURCES (USES)</b>				
Transfers In	600,000	600,000	604,213	4,213
Transfers (Out)	<u>(3,488,639)</u>	<u>(3,442,604)</u>	<u>(1,576,441)</u>	<u>1,866,163</u>
<b>TOTAL OTHER FINANCIAL SOURCES (USES)</b>	<u>(2,888,639)</u>	<u>(2,842,604)</u>	<u>(972,228)</u>	<u>1,870,376</u>
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES</b>	<u>\$ 113,889</u>	<u>\$ (395,145)</u>	(844,293)	<u>\$ (449,148)</u>
<b>FUND BALANCE</b>				
Beginning of Year			5,069,652	
			<u>0</u>	
End of Year			<u>\$ 4,225,359</u>	

See the accompanying auditor's report.

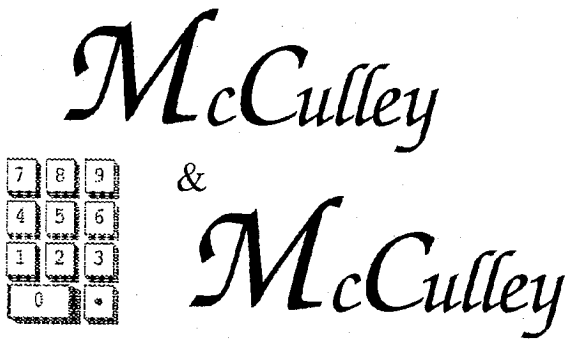
**Oklahoma Municipal Retirement Fund  
Employee Retirement System of Weatherford, Oklahoma**

**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%
7/1/2015	3,794,522	Actuarial	5,090,706	EAN	1,296,184	74.5%	2,657,615	48.8%
7/1/2016	4,371,874	Actuarial	5,545,507	EAN	1,173,633	78.8%	2,736,200	42.9%

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.



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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, 2016, and the related notes to the financial statements, which collectively comprise the City of Weatherford's financial statements and have issued our report dated August 31, 2017. 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. Our report was qualified for the respective modified cash basis financial statements of the governmental activities, the business-type activities, and the major funds General, PWA, Stafford Museum, and the aggregate remaining governmental fund information of the City of Weatherford, Oklahoma, at December 31, 2016, based upon different interpretations of what constitutes the modified cash basis of accounting.

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 and a significant deficiency.

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.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompany schedule of findings and responses as item #2 to be a significant deficiency.

#### 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.

*McCulley + McCulley*

Weatherford, Oklahoma

August 31, 2017

**CITY OF WEATHERFORD, OKLAHOMA  
STATEMENT OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDING DECEMBER 31, 2016**

**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.

**2. Municipal Court Accounting Records.**

CONDITION AND EFFECT - The City changed its municipal court record keeping system to the one offered by its software vendor. In 2016, the City used this system to post the receipts to the accounting records. The City also continued to post the former system accounting entries to the municipal court accounting records. No one was reviewing the accounting records and reconciling them to the municipal court bank statements for the year. The result of these activities overstated the cash in bank balances and the related liabilities and fine revenue. These balances have been adjusted for the audit.

RECOMMENDATION - When the City changes its systems, it needs to test the system at that time to ensure it is working properly. Accounting records should be reviewed and reconciled to the bank statements monthly.

RESPONSE - The City has contacted its software vendor and made changes as necessary. It will review and reconcile the accounting records to the bank statements monthly.

**CITY OF WEATHERFORD, OKLAHOMA  
PRIOR YEAR AUDIT FINDINGS AND RESPONSES  
FOR THE YEAR ENDING DECEMBER 31, 2016**

**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.

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