

CITY OF WEATHERFORD, OKLAHOMA

FINANCIAL STATEMENTS  
AND AUDITOR'S REPORTS

DECEMBER 31, 2013

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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, 2013, which collectively comprise the City's financial statements as listed in the table of contents.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to error or fraud.

### **Auditor's Responsibility**

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

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

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

#### **Unmodified Opinion**

In our opinion, the accompanying financial statements referred to above, present fairly in all material respects, the respective financial position-modified cash basis-of the governmental activities, the business-type activities, and each major fund, and the aggregate remaining fund information of the City of Weatherford, Oklahoma, at December 31, 2013, and the respective changes in financial position - modified cash basis - and the cash flows of the business-type activities for the year then ended, on the 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 opinion is 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 45 - 46 and the pension funding progress as prepared by the actuary on page 47 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 accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-profit Organizations, and is also not a required part of the financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards 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 December 29, 2014, 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.

*M. McCulley & M. McCulley*

Weatherford, Oklahoma

December 29, 2014

**CITY OF WEATHERFORD, OKLAHOMA**  
**STATEMENT OF ASSETS, LIABILITIES, AND NET POSITION**  
**MODIFIED CASH BASIS**  
**December 31, 2013**

	<b>PRIMARY GOVERNMENT</b>		
	<b>GOVERN- MENTAL ACTIVITIES</b>	<b>BUSINESS- TYPE ACTIVITIES</b>	<b>TOTAL</b>
<b>ASSETS</b>			
Cash on Hand	\$ 1,480	\$ 425	\$ 1,905
Cash in Bank, Including Time Deposits	4,862,519	1,572,536	6,435,055
Accounts Receivable, Net	223,884	131,195	355,079
Due from (to) Other Funds	(4,445)	4,445	0
Restricted Assets:			
Cash in Bank, Including Time Deposits	52,858	676,979	729,837
Short Term Investments, at Fair Value		6,186,650	6,186,650
Account Receivable		308	308
<b>TOTAL ASSETS</b>	<u>5,136,296</u>	<u>8,572,538</u>	<u>13,708,834</u>
<b>LIABILITIES</b>			
Accounts Payable	66,288	19,897	86,185
Deferred Revenue		4,419	4,419
Accrued Interest Payable		50,294	50,294
Customer Deposits		190,309	190,309
Long-term Liabilities:			
Due Within One Year	247,187	1,393,012	1,640,199
Due in More Than One Year	770,621	16,305,856	17,076,477
<b>TOTAL LIABILITIES</b>	<u>1,084,096</u>	<u>17,963,787</u>	<u>19,047,883</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets,	(38,829)	(13,273,783)	(13,312,612)
Restricted for:			
Debt Service		2,293,999	2,293,999
Capital Improvements, Net of Debt	810,849	0	810,849
Tourism and Promotions	209,105		209,105
Permanent Fund (Nonexpendable)	52,858		52,858
Other Purposes	124,337		124,337
Unrestricted	2,893,880	1,588,535	4,482,415
<b>TOTAL NET POSITION (DEFICIT)</b>	<u>\$ 4,052,200</u>	<u>\$ (9,391,249)</u>	<u>\$ (5,339,049)</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, 2013**

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CON- TRIBUTIONS	CAPITAL GRANTS AND CON- TRIBUTIONS	PRIMARY GOVERNMENT		TOTAL
					GOVERN- MENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	
<b>PRIMARY GOVERNMENT</b>							
<b>Governmental Activities:</b>							
Mayor and Commissioners	\$ 83,769	\$	\$	\$	\$ (83,769)	\$	\$ (83,769)
City Attorney	17,009				(17,009)		(17,009)
Administration	287,919				(287,919)		(287,919)
Data Processing	8,127				(8,127)		(8,127)
Municipal Court	112,789				(112,789)		(112,789)
Police Department	2,067,872	110,383			(1,957,489)		(1,957,489)
Fire Department	1,168,554	11,580			(1,156,974)		(1,156,974)
Street Department (Div. I)	424,653				(424,653)		(424,653)
Street Department (Div. II)	902,528		211,505		(691,023)		(691,023)
Central Garage	139,132				(139,132)		(139,132)
Parks Department	449,275				(449,275)		(449,275)
Cemetery Department	93,217	33,301			(59,916)		(59,916)
Swimming Pool	48,590	7,334			(41,256)		(41,256)
Inspection Department	119,453	82,802			(36,651)		(36,651)
Economic Development	109,286		90,745		(18,541)		(18,541)
Library	10,719				(10,719)		(10,719)
Senior Citizens	187,637	18,296			(169,341)		(169,341)
Custodian	16,888				(16,888)		(16,888)
Airport	481,980	499,807			17,827		17,827
Tourism	57,902				(57,902)		(57,902)
Recycling	12,824	22,303			9,479		9,479
Capital Outlays	1,936,689			821,611	(1,115,078)		(1,115,078)
Interest Expense	10,063				(10,063)		(10,063)
Restricted Sales Tax Payments:							
Hospital Authority	111,445			111,445	0		0
Local University	757,828			757,828	0		0
Public School	111,445			111,445	0		0
Capital Improvements				1,248,188	1,248,188		1,248,188
General Expense:							
Workers Compensation	119,844				(119,844)		(119,844)
Utilities	205,819				(205,819)		(205,819)
Insurance	147,639				(147,639)		(147,639)
Gasoline, Diesel & Oil	228,195				(228,195)		(228,195)
Other Materials and Service	344,121				(344,121)		(344,121)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>10,773,211</b>	<b>785,806</b>	<b>302,250</b>	<b>3,050,517</b>	<b>(6,634,638)</b>	<b>0</b>	<b>(6,634,638)</b>
<b>Business-type Activities:</b>							
Administration	114,820				(114,820)		(114,820)
Data Processing	23,001				(23,001)		(23,001)
Water & Sewer Maintenance	633,895	1,709,876		22,011	1,097,992	1,097,992	1,097,992
Sewer Plant	559,485	1,059,613			500,128	500,128	500,128
Sanitation Department	1,145,134	1,702,608			557,474	557,474	557,474
Stafford Museum	219,026	70,112	661		(148,253)	(148,253)	(148,253)
General Expenses:							
Workers Compensation	81,277				(81,277)		(81,277)
Utilities	362,805				(362,805)		(362,805)
Insurance	74,291				(74,291)		(74,291)
Gasoline, Diesel & Oil	38,371				(38,371)		(38,371)
Bad Debt Expense	17,003				(17,003)		(17,003)
Other Materials, Services & Charges	68,526				(68,526)		(68,526)
Interest Expense	670,600				(670,600)		(670,600)
Trustee Fees Paid	6,000				(6,000)		(6,000)
Capital Improvements	5,442,809				(5,442,809)		(5,442,809)
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>9,457,043</b>	<b>4,542,209</b>	<b>661</b>	<b>22,011</b>	<b>0</b>	<b>(4,892,162)</b>	<b>(4,892,162)</b>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 20,230,254</b>	<b>\$ 5,328,015</b>	<b>\$ 302,911</b>	<b>\$ 3,072,528</b>	<b>(6,634,638)</b>	<b>(4,892,162)</b>	<b>(11,526,800)</b>
<b>General Revenues</b>							
Sales and Use Taxes					7,205,872		7,205,872
Tobacco Tax					110,623		110,623
Hotel/Motel Tax					208,551		208,551
Franchise Taxes					417,024		417,024
Intergovernmental Revenue					103,380		103,380
Charges for Services					6,106		6,106
Rents and Royalties					103,880		103,880
Leases and Easements					3,454		3,454
Property Lease Revenue					28,000		28,000
Connecting and Transfer Fees						62,759	62,759
Late Penalties						51,300	51,300
Interest Income					11,963	9,001	20,964
Donations					58,131	12,000	70,131
Recovery of Expenditures					111,597	6,657	118,254
Insurance Proceeds					310,179		310,179
Sales of Capital Assets					5,319		5,319
Miscellaneous Income					5,690	11,861	17,551
<b>Transfers</b>					(922,093)	922,093	0
<b>Total General Revenues and Transfers</b>					<b>7,767,676</b>	<b>1,075,671</b>	<b>8,843,347</b>
<b>Change in Net Position</b>					<b>1,133,038</b>	<b>(3,816,491)</b>	<b>(2,683,453)</b>
<b>NET POSITION</b>							
Beginning of Year					2,919,162	(5,574,758)	(2,655,596)
End of Year					<b>\$ 4,052,200</b>	<b>\$ (9,391,249)</b>	<b>\$ (5,339,049)</b>

The accompanying notes are an integral part of these statements.

**CITY OF WEATHERFORD, OKLAHOMA**  
**STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES -**  
**GOVERNMENTAL FUNDS -**  
**MODIFIED CASH BASIS**  
**December 31, 2013**

	<b>GENERAL FUND</b>	<b>OTHER GOVERN- MENTAL FUNDS</b>	<b>TOTAL GOVERN- MENTAL FUNDS</b>
<b>ASSETS</b>			
Cash on Hand	\$ 1,230	\$ 250	\$ 1,480
Cash in Bank, Including Time Deposits	4,218,823	643,696	4,862,519
Due from (to) Other Funds		(4,445)	(4,445)
Accounts Receivable, Net	223,884		223,884
Restricted Assets:			
Cash in Bank, Including Time Deposits		52,858	52,858
			0
<b>TOTAL ASSETS</b>	<b>\$ 4,443,937</b>	<b>\$ 692,359</b>	<b>\$ 5,136,296</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts Payable	\$ 7,196	\$ 59,092	\$ 66,288
Note Payable	0		0
			0
<b>TOTAL LIABILITIES</b>	<b>7,196</b>	<b>59,092</b>	<b>66,288</b>
<b>FUND BALANCES</b>			
Nonspendable:			
Permanent Funds		52,858	52,858
Restricted	810,849	333,442	1,144,291
Committed		131,435	131,435
Assigned		116,631	116,631
Unassigned	3,625,892	(1,099)	3,624,793
<b>TOTAL FUND BALANCES</b>	<b>4,436,741</b>	<b>633,267</b>	<b>5,070,008</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 4,443,937</b>	<b>\$ 692,359</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.	(217,875)
Long-term note payable agreements are reported in the General Long-term Debt Account Group and therefore are not reported in the funds.	(34,960)
Long-term accrued compensated absences are reported in the General Long-term Debt Account Group and therefore are not reported in the funds.	(764,973)
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$ 4,052,200</b>

The accompanying notes are an integral part of these statements.

**CITY OF WEATHERFORD, OKLAHOMA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**  
**YEAR ENDED DECEMBER 31, 2013**

<b>REVENUES</b>	<b>GENERAL FUND</b>	<b>OTHER GOVERN- MENTAL FUNDS</b>	<b>TOTAL GOVERN- MENTAL FUNDS</b>
Sales and Use Tax	\$ 7,205,872	\$	\$ 7,205,872
Restricted Sales Tax	2,228,906		2,228,906
Tobacco Tax	110,623		110,623
Hotel/Motel Tax		208,551	208,551
Franchise Taxes	417,024		417,024
Licenses, Permits & Inspections	82,802		82,802
Charges for Services		6,106	6,106
Cemetery Lots & Services	30,983	2,318	33,301
Swimming Pool	7,334		7,334
Senior Citizens		18,296	18,296
Fire Department		11,580	11,580
Recycling		22,303	22,303
Fines	110,383		110,383
Rents & Royalties	103,880		103,880
Leases & Easements	3,454		3,454
Property Lease Revenue		28,000	28,000
Economic Development	90,745		90,745
Recovery of Expenditures	111,597		111,597
Intergovernmental Revenue	282,760	853,736	1,136,496
Interest	11,517	446	11,963
Airport Rental and Fuel		499,807	499,807
Property Sales	5,319		5,319
Insurance Proceeds	310,179		310,179
Donations	13,420	44,711	58,131
Other Miscellaneous	5,690		5,690
<b>TOTAL REVENUES</b>	<b>11,132,488</b>	<b>1,695,854</b>	<b>12,828,342</b>
<b>EXPENDITURES</b>			
Mayor and Commissioners	83,769		83,769
City Attorney	17,009		17,009
Administration	283,955		283,955
Data Processing	8,127		8,127
Municipal Court	112,600		112,600
Police Department	2,068,974		2,068,974
Fire Department	1,157,894	9,375	1,167,269
Street Department (Div. I)	425,134		425,134
Street Department (Div. II)	902,528		902,528
Central Garage	138,802		138,802
Parks Department	444,299		444,299
Cemetery Department	91,266		91,266
Swimming Pool	48,590		48,590
Inspection Department	117,799		117,799
Economic Development	107,840		107,840
Library	10,719		10,719
Senior Citizens	193,402	16,315	209,717
Custodian	16,888		16,888
Airport		480,403	480,403
Tourism	58,036		58,036
Recycling		12,824	12,824
Capital Outlays	715,794	1,220,895	1,936,689
Principal		130,758	130,758
Interest Expense		10,063	10,063
Restricted Sales Tax Payments:			
Hospital Authority	111,445		111,445
Local University	757,828		757,828
Public School	111,445		111,445

(Continued)

The accompanying notes are an integral part of these statements.

**CITY OF WEATHERFORD, OKLAHOMA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**  
**YEAR ENDED DECEMBER 31, 2013**  
(Continued)

	<u>GENERAL FUND</u>	<u>OTHER GOVERN- MENTAL FUNDS</u>	<u>TOTAL GOVERN- MENTAL FUNDS</u>
General Expense:			
Workers Compensation	119,844		119,844
Utilities	205,819		205,819
Insurance	147,639		147,639
Gasoline, Diesel & Oil	228,195		228,195
Other Materials and Service	156,016	188,105	344,121
<b>TOTAL EXPENDITURES</b>	<u>8,841,656</u>	<u>2,068,738</u>	<u>10,910,394</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)</b>	<u>2,290,832</u>	<u>(372,884)</u>	<u>1,917,948</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	21,700	591,082	612,782
Proceeds from Capital Lease	209,334		209,334
Transfers (Out)	(1,499,412)	(35,463)	(1,534,875)
<b>TOTAL OTHER FINANCING</b>	<u>(1,268,378)</u>	<u>555,619</u>	<u>(712,759)</u>
<b>NET CHANGE IN FUND BALANCES</b>	1,022,454	182,735	1,205,189
<b>FUND BALANCE</b>			
Beginning of Year	3,414,287	450,532	3,864,819
End of Year	<u>\$ 4,436,741</u>	<u>\$ 633,267</u>	<u>\$ 5,070,008</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 BALANCE OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF  
ACTIVITIES - MODIFIED CASH BASIS  
YEAR ENDED DECEMBER 31, 2013**

<b>NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS</b>	\$	1,205,189
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.		6,425
Proceeds from Capital Lease Agreements are reported in the government-wide financial statements as a liability and not as revenue as in the governmental fund financial statements.		(209,334)
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		130,758
		130,758
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$</b>	<b>1,133,038</b>
		1,133,038

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, 2013**

	<b>BUSINESS-TYPE ACTIVITIES</b>		
	<b>PWA</b>	<b>STAFFORD MUSEUM</b>	<b>TOTAL</b>
<b>ASSETS</b>			
Current Assets:			
Petty Cash	\$	\$ 425	\$ 425
Cash in Bank, Including Time Deposits	1,541,048	31,488	1,572,536
Restricted Assets:			
Cash in Bank, Including Time Deposits	676,979		676,979
Short Term Investments, at Fair Value	6,186,650		6,186,650
Accounts Receivable	308		308
Due from Other Funds		4,445	4,445
Accounts Receivable, Net	131,195		131,195
Total Current Assets	<u>8,536,180</u>	<u>36,358</u>	<u>8,572,538</u>
Noncurrent Assets:			
			0
<b>TOTAL ASSETS</b>	<u>\$ 8,536,180</u>	<u>\$ 36,358</u>	<u>\$ 8,572,538</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	\$ 19,648	\$ 249	\$ 19,897
Deferred Revenue	4,419		4,419
Accrued Interest Payable	50,294		50,294
Customer Meter Deposits	190,309		190,309
Current Portion of Long-term Liabilities	1,390,445	2,567	1,393,012
Total Current Liabilities	<u>1,655,115</u>	<u>2,816</u>	<u>1,657,931</u>
Noncurrent Liabilities:			
Accrued Compensated Absences	58,837	1,077	59,914
Capital Lease Obligations	225,942		225,942
Revenue Bonds Payable	16,020,000		16,020,000
Total Noncurrent Liabilities	<u>16,304,779</u>	<u>1,077</u>	<u>16,305,856</u>
<b>TOTAL LIABILITIES</b>	<u>17,959,894</u>	<u>3,893</u>	<u>17,963,787</u>
<b>NET POSITION (DEFICIT)</b>			
Net Investment in Capital Assets	(13,273,783)		(13,273,783)
Restricted for Debt Service	2,293,999		2,293,999
Restricted for Capital Improvements - Net of Debt	0		0
Unrestricted	1,356,070	32,465	1,388,535
Designated for Water System Improv.	200,000		200,000
			0
<b>TOTAL NET POSITION (DEFICIT)</b>	<u>(9,423,714)</u>	<u>32,465</u>	<u>(9,391,249)</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 8,536,180</u>	<u>\$ 36,358</u>	<u>\$ 8,572,538</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, 2013**

	<b>BUSINESS-TYPE ACTIVITIES</b>		
	<b>PWA</b>	<b>STAFFORD MUSEUM</b>	<b>TOTAL</b>
<b>OPERATING REVENUES</b>			
Water, Sewer & Garbage	\$ 4,441,947	\$	\$ 4,441,947
Intergovernmental Revenue	22,011		22,011
Meter Installation	30,150		30,150
Connecting & Transfer Fees	62,759		62,759
Late Penalties	51,300		51,300
Recovery of Expenses	6,657	0	6,657
Retail Sales from Gift Shop		29,721	29,721
Admissions		32,113	32,113
Rental of Facilities		6,485	6,485
Membership Fees		1,793	1,793
Donations	12,000	661	12,661
Other Miscellaneous Revenue	11,861		11,861
<b>TOTAL OPERATING REVENUES</b>	<u>4,638,685</u>	<u>70,773</u>	<u>4,709,458</u>
<b>OPERATING EXPENSES</b>			
Administration	114,820	140,315	255,135
Data Processing	23,001		23,001
Water & Sewer Maintenance	633,895		633,895
Sewer Plant	388,587		388,587
Sewer CMON	170,898		170,898
Sanitation Department	1,145,134		1,145,134
Gift Shop Purchases for Resale		12,604	12,604
General Expenses:			
Workers Compensation	81,277		81,277
Utilities	362,805		362,805
Insurance	74,291		74,291
Gasoline, Diesel & Oil	38,371		38,371
Bad Debt Expense	17,003		17,003
Other Materials, Services & Charges	68,526	66,107	134,633
<b>TOTAL OPERATING EXPENSES</b>	<u>3,118,608</u>	<u>219,026</u>	<u>3,337,634</u>
<b>INCOME (LOSS) FROM OPERATIONS</b>	<u>1,520,077</u>	<u>(148,253)</u>	<u>1,371,824</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest and Dividend Income	9,001		9,001
Interest Expense	(670,600)		(670,600)
Trustee Fees Paid	(6,000)		(6,000)
Capital Improvements	(5,423,320)	(19,489)	(5,442,809)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>(6,090,919)</u>	<u>(19,489)</u>	<u>(6,110,408)</u>
<b>(LOSS) BEFORE TRANSFERS</b>	<u>(4,570,842)</u>	<u>(167,742)</u>	<u>(4,738,584)</u>
<b>TRANSFERS IN (OUT)</b>			
Transfers In	1,006,677	150,067	1,156,744
Transfers (Out)	(234,651)		(234,651)
<b>NET TRANSFERS</b>	<u>772,026</u>	<u>150,067</u>	<u>922,093</u>
<b>CHANGE IN NET POSITION</b>	<u>(3,798,816)</u>	<u>(17,675)</u>	<u>(3,816,491)</u>
<b>NET POSITION</b>			
Beginning of Year	(5,624,898)	50,140	(5,574,758)
			0
End of Year	<u>\$ (9,423,714)</u>	<u>\$ 32,465</u>	<u>\$ (9,391,249)</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, 2013**

	<b>BUSINESS-TYPE ACTIVITIES</b>		
	<b>PWA</b>	<b>STAFFORD MUSEUM</b>	<b>TOTAL</b>
<b>Cash Flows from Operating Activities</b>			
Cash Received from Customers	\$ 4,816,188	\$ 70,773	\$ 4,886,961
Cash Paid to Suppliers and Other Services	(1,976,635)	(78,608)	(2,055,243)
Cash Paid to Employees for Services	(1,118,254)	(139,316)	(1,257,570)
<b>Net Cash Provided by (Used for) Operating Activities</b>	<u>1,721,299</u>	<u>(147,151)</u>	<u>1,574,148</u>
<b>Cash Flows from Noncapital Financing Activities</b>			
Transfer In	1,006,677	150,067	1,156,744
Transfer (Out)	(234,651)		(234,651)
			<u>0</u>
<b>Net Cash Provided by Noncapital Financing Activities</b>	<u>772,026</u>	<u>150,067</u>	<u>922,093</u>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Interest Paid on Revenue Bond Payable and Capital Lease Obligations	(673,490)		(673,490)
Principal Paid on Revenue Bond Payable and Capital Lease Obligations	(1,255,169)		(1,255,169)
Trustee Fees Paid	(6,000)		(6,000)
Acquisition of Capital Assets	(5,423,320)	(19,489)	(5,442,809)
<b>Net Cash (Used for) Capital and Related Financing Activities</b>	<u>(7,357,979)</u>	<u>(19,489)</u>	<u>(7,377,468)</u>
<b>Cash Flows from Investing Activities</b>			
Interest and Dividends Received on Cash and Investments	9,001		9,001
<b>Net Cash Provided by Investing Activities</b>	<u>9,001</u>	<u>0</u>	<u>9,001</u>
<b>(Decrease) in Cash and Cash Equivalents</b>	(4,855,653)	(16,573)	(4,872,226)
<b>Balance of Cash and Cash Equivalents</b>			
Beginning of Year	<u>13,260,330</u>	<u>48,486</u>	<u>13,308,816</u>
End of Year	<u>\$ 8,404,677</u>	<u>\$ 31,913</u>	<u>\$ 8,436,590</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, 2013**

(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	\$ (3,798,816)	\$ (17,675)	\$ (3,816,491)
Adjustments to Reconcile Change in Net Position to Net Cash and Cash Equivalents Provided by (Used for) Operating Activities			
Interest Income	(9,001)		(9,001)
Interest Expense	673,490		673,490
Trustee Fees Paid	6,000		6,000
Acquisition of Capital Assets	5,423,320	19,489	5,442,809
Transfers (In)	(1,006,677)	(150,067)	(1,156,744)
Transfers Out	234,651		234,651
Changes in Assets and Liabilities:			
Decrease in Accounts Receivable	163,910		163,910
Increase in Allowance for Loss	14,848		14,848
Increase in Accounts Payable	2,204	103	2,307
Increase in Deferred Revenue	1,830		1,830
(Decrease) in Accrued Interest Payable	(2,890)		(2,890)
Increase in Accrued Compensated Absences	6,667	999	7,666
Increase in Customer Deposits	11,763		11,763
Total Adjustments	5,520,115	(129,476)	5,390,639
<b>Net Cash and Cash Equivalents Provided by (Used for) Operating Activities</b>	<b>\$ 1,721,299</b>	<b>\$ (147,151)</b>	<b>\$ 1,574,148</b>

The accompanying notes are an integral part of these statements.

**CITY OF WEATHERFORD, OKLAHOMA  
STATEMENT OF FIDUCIARY NET POSITION  
December 31, 2013**

<b>ASSETS</b>	<b>AGENCY FUNDS</b>
Cash in Bank, Including Time Deposits	\$ <u>1,620</u>
<b>TOTAL ASSETS</b>	<b>\$ <u><u>1,620</u></u></b>
<b>LIABILITIES</b>	
Accounts Payable	\$ <u>1,620</u>
<b>TOTAL LIABILITIES</b>	<b>\$ <u><u>1,620</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, 2013**

**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, 2013**

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

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

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

**B. Financial Statements.**

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

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

**CITY OF WEATHERFORD, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING DECEMBER 31, 2013**

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

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

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

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

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

**CITY OF WEATHERFORD, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING DECEMBER 31, 2013**

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

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

The following funds are presented for the City:

**Governmental Funds.**

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

Other Governmental Funds - This column is the summarization of all the nonmajor governmental funds. These were known as special revenue funds, fiduciary funds, or debt service funds under the previous reporting model. Special revenue funds were used to account for all proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Fiduciary funds were trust or agency funds used to account for assets held by the City in a trustee capacity or as an agent. Trust funds are similar to governmental funds. Agency funds report resources held by the City in a purely custodial capacity (assets equals liabilities). 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,

**CITY OF WEATHERFORD, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING DECEMBER 31, 2013**

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

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

or other purposes. The City has two enterprise funds, the Weatherford Public Works Authority (PWA) and the Stafford Museum fund. Each fund is reported as a major fund.

**C. Basis of Accounting.**

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

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

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

**CITY OF WEATHERFORD, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING DECEMBER 31, 2013**

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

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

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, 2013, the City's policy is to write off known uncollectible utility accounts against the related income account and, if appropriate, send it to a collection agency. An allowance for loss has been established for potential unknown uncollectible utility and other accounts receivable.

**E. Short Term Investments.**

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

**F. Compensated Absences.**

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

Full-time employees earn between ten to twenty days of vacation time per year, depending upon their length of service to the City. Prior to March 1, 2009, unused vacation time did not

**CITY OF WEATHERFORD, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING DECEMBER 31, 2013**

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

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

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 for one full week above the earned two weeks while continuing to work and receive pay for the time worked.

Full-time union firefighters have different calculations for sick and vacation time based upon working shifts. Sick leave can accumulate up to 78 working shifts and be paid upon termination or retirement. Vacation time cannot be carried over or accumulated from year to year. Bargaining unit members who earn more than two weeks vacation each year may exercise the option of receiving pay for six shifts (144 hours) above the earned two weeks while continuing to work and receive pay for the time worked. Nothing over six shifts will be allowed.

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

**G. Payroll.**

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

**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.

**CITY OF WEATHERFORD, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING DECEMBER 31, 2013**

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

**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.

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, then 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.

**CITY OF WEATHERFORD, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING DECEMBER 31, 2013**

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

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

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City has a policy to require collateral for amounts in excess of FDIC levels. The FDIC temporarily insured noninterest-bearing transaction accounts in full through December 31, 2012. After December 31, 2012, these noninterest-bearing transactions accounts are combined with the interest-bearing transaction accounts to determine FDIC insurance levels.

At December 31, 2013, 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	\$3,745,883	\$3,935,574
Not Insured, Collateral Held by Pledging Bank's Agent in City's Name	271,069	392,585
Subtotal	<u>4,016,952</u>	<u>4,328,159</u>
Not Insured Mutual Fund	<u>3,149,560</u>	<u>3,334,733</u>
Total	<u>\$7,166,512</u>	<u>\$7,662,892</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.

**CITY OF WEATHERFORD, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING DECEMBER 31, 2013**

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

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

<u>Restricted Assets</u>	<u>Cash and Time Deposits</u>		
Governmental Activities:			
Permanent Fund -			
Cemetery Perpetual Care	\$ 52,858		
Total Governmental	<u>\$ 52,858</u>		
		<u>Cash and Time Deposits</u>	<u>Short Term Investments</u>
<u>Restricted Assets</u>			<u>Total</u>
Business-type Activities:			
Enterprise Funds:			
Public Works Authority:			
Customer Meter Deposits	\$ 190,001	\$	\$ 190,001
Revenue Bond Projects		4,329,335	4,329,335
Revenue Bonds Debt Ser.	<u>486,978</u>	<u>1,857,315</u>	<u>2,344,293</u>
Customer Meter Deposit Receivable			<u>308</u>
Total Business-Type Act.	<u>\$ 676,979</u>	<u>\$ 6,186,650</u>	<u>\$ 6,863,937</u>
Fiduciary - Agency Fund			
Summer Recreation			
Employee Contributions	<u>\$ 1,620</u>	<u>\$</u>	<u>\$ 1,620</u>

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

Total Customer Meter Deposits cash and time deposits and accounts receivable and the Summer Recreation Employee Contribution Fund cash in bank have a related liability account. Permanent fund is for the cemetery perpetual care trust fund. These funds represents the principal amounts donated to the cemetery trust for the special care of specified lots. These principal amounts can not 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

**CITY OF WEATHERFORD, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING DECEMBER 31, 2013**

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

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.

**4. Accounts Receivable, Net.**

The City has the following accounts receivable as of December 31, 2013:

	<u>Governmental Act.</u>		<u>Business-Type Act.</u>	
	General Fund	Other Gov't	PWA	Stafford Museum
Accounts Receivable	\$ 95,696	\$	\$ 15,154	\$
Water, Sewer, Sanitation and Late Charges			198,160	
Other Receivables			14,200	
Returned Checks			6,495	
Golf Course Receivable	214,006			
Allowance for Loss	(85,818)		(102,814)	
Net Accounts Receivable	<u>\$223,884</u>	<u>\$ -0-</u>	<u>\$131,195</u>	<u>\$ -0-</u>

**5. Note Payable - Governmental Activities.**

On July 1, 2008, the City executed a note with a local bank for the purpose of constructing golf cart sheds at the golf course. This note ballooned on December 28, 2012. Monthly payments are \$1,018 and interest rate on note is 4.125%. At maturity, the unpaid principal and interest are due. The golf course has agreed to reimburse the City for all monies expended. This note was paid off on February 8, 2013.

Payable at December 31, 2012	\$ 5,627
Debt Retired	( 5,627)
Payable at December 31, 2013	<u>\$ -0-</u>

**CITY OF WEATHERFORD, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
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**6. Long-term Liabilities.**

Long-term liabilities consist of the following:

	<u>Governmental Act.</u>		<u>Business-Type Act.</u>	
	<u>Within One Year</u>	<u>More Than One Year</u>	<u>Within One Year</u>	<u>More Than One Year</u>
Compensated Absences	\$ 166,222	\$ 598,751	\$ 35,836	\$ 59,914
Revenue Bonds Payable			1,260,000	16,020,000
Capital Lease Oblig.	80,965	171,870	97,176	225,942
Total Long-term Liab.	<u>\$ 247,187</u>	<u>\$ 770,621</u>	<u>\$1,393,012</u>	<u>\$16,305,856</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 is \$8,477,132. Annual principal and interest requirements range from \$949,783 to \$1,341,920. For the current year, principal and interest paid by the Authority and the total pledged sales tax revenues were \$999,532 and \$2,228,906, 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

**CITY OF WEATHERFORD, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING DECEMBER 31, 2013**

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

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

was \$11,115,000 with various annual maturities beginning December 1, 2011, and ending on December 1, 2030. Interest rates range from 2.2% to 4.50%. Total principal and interest remaining on this debt is \$13,984,113. 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 \$821,903 and \$1,520,077, respectively.

A summary of the changes in revenue bonds payable follows:

	<u>Series 2010 Sales Tax</u>	<u>Series 2010 Utility</u>
Payable at December 31, 2012	\$8,150,000	\$10,300,000
Debt Retired	(745,000)	(425,000)
Payable at December 31, 2013	<u>\$7,405,000</u>	<u>\$ 9,875,000</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>
2014 Due within 1 year	\$ 1,260,000	\$ 616,335
2015	1,340,000	589,025
2016	1,425,000	555,525
2017	1,525,000	513,005
2018	1,630,000	465,205
2019 - 2023	5,245,000	1,537,070
2024 - 2028	3,315,000	800,455
2029 - 2030	<u>1,540,000</u>	<u>104,625</u>
Total	<u>\$17,280,000</u>	<u>\$5,181,245</u>

**Capital Lease Obligations.**

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. Only 11 payments were made in 2013.

**CITY OF WEATHERFORD, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING DECEMBER 31, 2013**

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

**Capital Lease Obligations (continued).**

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

On June 15, 2011, the City executed a lease purchase agreement with Ford Motor Credit Company for the purpose of lease purchasing seven police cars. Annual payments are \$65,481 and interest rate is 5.75%. Agreement matures on June 15, 2013. First payment was due on June 15, 2011. This agreement was paid off in 2013.

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

On March 1, 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.

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

	<u>Type Activities</u>			
	<u>Business</u>	<u>Governmental</u>		
	<u>Fire Truck</u>	<u>Equipment</u>	<u>Irrigation</u>	<u>Police</u>
Balance at 12/31/12	\$ 408,287	\$	\$ 55,188	\$119,070
New Debt		209,334		
Debt Retired	( 85,170)	(30,289)	(20,228)	(80,241)
Balance at 12/31/13	<u>\$ 323,117</u>	<u>\$179,045</u>	<u>\$ 34,960</u>	<u>\$ 38,829</u>

**CITY OF WEATHERFORD, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING DECEMBER 31, 2013**

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

**Capital Lease Obligations (continued).**

The following is schedule by years of future minimum lease payments under capital leases as of December 31, 2013.

<u>Year Ending December 31</u>	<u>Business Type Activities</u>
	<u>Fire Truck</u>
2014	\$ 110,427
2015	110,427
2016	110,427
2017	17,306
2018	
Net Minimum Lease Payments	348,587
Less Amount Representing Interest	<u>( 25,470)</u>
Present Value of Net Minimum Lease Payments	<u>\$ 323,117</u>
Principal due within 1 year	<u>\$ 93,041</u>

<u>Year Ending December 31</u>	<u>Governmental Type Activities</u>			
	<u>Golf Equipment</u>	<u>Police Equipment</u>	<u>Golf Irrigation</u>	<u>Total</u>
2014	\$ 43,652	\$ 20,566	\$ 21,712	\$ 85,930
2015	43,652	20,566	14,245	78,463
2016	43,652			43,652
2017	43,652			43,652
2018	10,828			10,828
Net Minimum Lease Payments	185,436	41,132	35,957	262,525
Less Amount Representing Interest	<u>( 6,391)</u>	<u>(2,303)</u>	<u>( 997)</u>	<u>( 9,691)</u>
Present Value of Net Minimum Lease Payments	<u>\$ 179,045</u>	<u>\$ 38,829</u>	<u>\$ 34,960</u>	<u>\$ 252,834</u>
Principal due within 1 year	<u>\$ 41,040</u>	<u>\$ 19,040</u>	<u>\$ 20,885</u>	<u>\$ 80,965</u>

**CITY OF WEATHERFORD, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING DECEMBER 31, 2013**

**7. Conduit Debt Obligation.**

On September 13, 2001, the Trustees of the Weatherford Public Works Authority executed a note agreement with a bank and a non-profit organization to use the borrowing power of the Authority to secure financing for a special project by the non-profit organization. This note payable is payable solely from the payments received from the non-profit organization and the assets mortgaged and pledged by the non-profit organization to secure the note between the Authority and the non-profit organization. None of the City or Authority assets are pledged, obligated or expended for this note payable. Since this note does not constitute a debt or pledge of the faith and credit of the Authority, it has not been reported in the accompanying financial statements. Nor is the note receivable with the non-profit organization reported in the accompanying financial statements. On May 27, 2004, the Trustees agreed to refinance this note and add approximately \$435,000 to it for additional projects by the non-profit organization. Total amount authorized for the new note was \$700,000. At December 31, 2013, the outstanding principal note payable balance was \$ 27,157.

**8. 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. 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. Employees participated in both plans.

**Funding Policy.** The Fund's defined contribution plan is funded through selected rates of contributions as elected by each municipality. The defined contribution amounts were 2.34% for the City, Authority, and Stafford Museum, and 0.75% for the employees. The funds are credited to individual participant accounts and pooled for investment through the Fund.

**CITY OF WEATHERFORD, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING DECEMBER 31, 2013**

**8. Pension Plans (continued).**

All gains and/or losses are credited directly to each participant. Upon retirement, termination of employment, disability, or death, the vested portion of a participant's account is paid to the participant or beneficiary. This amount is based on an accumulation of employee and employer contributions, forfeitures, and earnings. Pension benefits are 100% vested after 10 years of service.

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

Pension benefits are 100% vested after 7 years of credited service. As of 1/1/2014, the plan has an actuarial value of assets of \$2,946,018 with an unfunded actuarial accrued liability of \$1,595,769. This liability is not recorded in these financial statements. The annual amount to amortize the unfunded actuarial liability over 29 years is \$131,590 per the actuarial report. In the other supplementary information section is the schedule of progress toward funding the retirement program as prepared by the actuary.

**Annual Pension Cost.** The City, Authority, and Stafford Museum contributed \$242,155, \$108,114 and \$12,286, respectively, and the employees contributed \$155,777 to the plans for the year ending December 31, 2013.

**Actuarial Assumptions.** Significant actuarial assumptions used include: a) a rate of return on the investment of present and future assets of 7.5%, b) normal retirement age of 65, and c) no cost-of-living allowance. The actuarial value of the Plan assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments. The Plan's unfunded actuarial accrued liability is calculated using the entry age normal (EAN) method. It is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2014, was 29 years.

**CITY OF WEATHERFORD, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING DECEMBER 31, 2013**

**8. Pension Plans (continued).**

**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.

**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 34% 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% from the employees for the paid fire fighters. These rates increased effective November 1, 2013, with the State contributing 36% of the Insurance Premium Tax, City contributes 14.0% of gross salary, and employees contribute 9.0% of gross salary. Fire fighters with 20 or more years of service may elect to participate in the Oklahoma Deferred Option Plan. Participation is limited to five years. Under this plan, retirement benefits are calculated based on compensation and service at the time of election. The retirement benefits plus half of the municipal contributions on behalf of the member are deposited into a deferred retirement account which earns interest. The other half of the municipal contributions goes into the retirement system. The member is no longer required to make contributions.

**Annual Pension Cost.** During the year ended December 31, 2013, the City contributed \$1,80 for voluntary fire fighters and \$95,952 for paid fire fighters to the Plan. Paid fire fighters contributed \$52,768 to the Plan. The actuarial valuation report, dated July 1, 2014, does not give disclosure information by municipality or employer.

**CITY OF WEATHERFORD, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING DECEMBER 31, 2013**

**8. 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) 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.

**Oklahoma Police Pension and Retirement System.**

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

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

**CITY OF WEATHERFORD, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING DECEMBER 31, 2013**

**8. Pension Plans (continued).**

**Annual Pension Cost.** During the year ended December 31, 2013, the City contributed \$103,038 to the Plan. Employees contributed \$63,091 to the Plan. The actuarial valuation report, dated July 1, 2014, does not give disclosure information by municipality or employer.

**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.

**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, 2013, employees contributed \$18,000 to this plan.

**CITY OF WEATHERFORD, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
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**9. Risk Management.**

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

The City participates in a workers compensation plan that carries a requirement for a self-funded retention level. At December 31, 2013, the City's loss retention level was unknown. At June 30, 2014, its loss retention level was \$89,482. 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.

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

The business-type activities on the Statement of Assets, Liabilities and Net Position show a deficit net position balance of \$(9,391,249), for its net investment in capital assets. This deficit is the result of the City not capitalizing its capital assets and depreciating them. The City's policy is to expend the costs of capital items, even if the funds were obtained from borrowed money. The borrowed money is shown as a liability. The amount that should be capitalized as capital assets and depreciated is not known.

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

Reserve for encumbrances consist of open encumbrances which represent commitments related to unperformed contracts for services and undelivered goods. The City has elected to close all open encumbrances at December 31, 2013. Any projects not completed will be budgeted in the next fiscal year.

The City Commissioners designated a time deposit for future water system improvements until the principal and interest balance equals or exceeds \$200,000. Any amount in excess of \$200,000 is not designated. At December 31, 2013, this time deposit balance had exceeded \$200,000. This designated amount is shown on the proprietary funds statement of assets, liabilities, and net position under unrestricted net position.

**CITY OF WEATHERFORD, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING DECEMBER 31, 2013**

**12. Interfund Transfers.**

The City periodically makes transfers to different funds to move funds from the other funds to increase their liquidity and ability to purchase goods and services or reflect interfund receivables/payables. Interfund transfers for the year ending December 31, 2013, follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers (Out)</u>
Governmental Funds:		
General Fund	\$ 21,700	\$ (1,499,412)
Other Governmental Funds	591,082	( 35,463)
Proprietary Fund Type:		
Public Works Authority	1,006,677	( 234,651)
Stafford Museum	<u>150,067</u>	<u>                    </u>
Total	<u>\$1,769,526</u>	<u>\$ (1,769,526)</u>

**13. Commitments and Contingencies.**

The City has various construction contracts under various stages of completion at December 31, 2013. Many of these construction contracts are being funded by the revenue bonds issued.

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

On April 30, 2010, the City and the Department of Transportation of the State of Oklahoma signed a project agreement to modify the Interstate 40 intersection at Washington Street. The Department of Transportation will provide 80% (\$4,000,000) and the City will provide 20% (\$1,000,000) of the estimated construction cost (\$5,000,000). At December 31, 2013, this agreement is still in effect and the City had contracted with an engineer. Construction began in 2014.

The Oklahoma Department of Commerce has granted the City \$150,000 for flood and drainage improvements. The City received \$43,250 as of December 31, 2013. Funding period is from May 30, 2011 through December 14, 2014.

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

**CITY OF WEATHERFORD, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING DECEMBER 31, 2013**

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

2012 to \$505,840, with federal funds being \$394,555 and local matching funds of \$111,285. Accumulated federal funds received were \$334,076 and funds spent were \$456,475 as of December 31, 2013.

**14. Restricted Sales Tax.**

The citizens of Weatherford approved an incremental 1% sales tax increase beginning on April 1, 2005 and ending September 30, 2010. On April 6, 2010, the citizens of Weatherford voted to extend the penny sales tax for 10 years to fund improvements as discussed below. This sales tax will be levied from October 1, 2010 to September 30, 2020.

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 \$757,828, \$111,445, and \$111,445, respectively, at December 31, 2013.

**CITY OF WEATHERFORD, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
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**15. Fund Balance Classifications.**

	GENERAL FUND	OTHER GOVERN- MENTAL FUNDS	TOTAL GOVERN- MENTAL FUNDS
<b>FUND BALANCES:</b>			
Nonexpendable:			
Permanent Fund Principal	\$	\$ 52,858	\$ 52,858
Restricted for:			
Rural Fire Protection		28,511	28,511
Cemetery Improvements		10,284	10,284
Tourism (Hotel/Motel Tax)		209,105	209,105
Donors Restrictions		1,000	1,000
Park and Recreation Grants		84,542	84,542
Capital Improvements	810,849		810,849
Committed to:			
Parks and Recreation		0	0
Fire Department		18,299	18,299
Senior Citizens Department		51,979	51,979
Police Department		33,395	33,395
Recycling Program		27,762	27,762
Assigned to:			
Parks and Recreation		14,886	14,886
Fire Department		900	900
Senior Citizens Department		3,604	3,604
Airport Operations		70,691	70,691
Property Lease Fund		26,550	26,550
Unassigned:			
Total Fund Balances	\$ <u>3,625,892</u>	\$ <u>(1,099)</u>	\$ <u>3,624,793</u>
	\$ <u><u>4,436,741</u></u>	\$ <u><u>633,267</u></u>	\$ <u><u>5,070,008</u></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, 2013

	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	10,284		14,886	32,956	19,199	55,583	27,829	70,491	209,105	203,363	643,696			643,696
Restricted Assets:														
Cash in Bank, Including Time Deposits											0		52,858	52,858
Due from Other Funds										0	0			0
Accounts Receivable, Net										0	0			0
<b>TOTAL ASSETS</b>	<u>\$ 10,284</u>	<u>\$ 0</u>	<u>\$ 14,886</u>	<u>\$ 32,956</u>	<u>\$ 19,199</u>	<u>\$ 55,583</u>	<u>\$ 27,829</u>	<u>\$ 70,741</u>	<u>\$ 209,105</u>	<u>\$ 203,363</u>	<u>\$ 643,946</u>	<u>\$ 0</u>	<u>\$ 52,858</u>	<u>\$ 696,804</u>
<b>LIABILITIES</b>														
Accounts Payable	\$	\$	\$	\$	\$	\$	67	50	\$	58,975	59,092	\$	\$	59,092
Due to Other Funds				4,445						0	4,445			4,445
<b>TOTAL LIABILITIES</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,445</u>	<u>0</u>	<u>0</u>	<u>67</u>	<u>50</u>	<u>0</u>	<u>58,975</u>	<u>63,537</u>	<u>0</u>	<u>0</u>	<u>63,537</u>
<b>FUND EQUITY</b>														
Nonspendable											0		52,858	52,858
Restricted	10,284			28,511					209,105	85,542	333,442			333,442
Committed					18,299	51,979	27,762			33,395	131,435			131,435
Assigned			14,886		900	3,604		70,691		26,550	116,631			116,631
Unassigned										(1,099)	(1,099)			(1,099)
<b>TOTAL FUND EQUITY</b>	<u>10,284</u>	<u>0</u>	<u>14,886</u>	<u>28,511</u>	<u>19,199</u>	<u>55,583</u>	<u>27,762</u>	<u>70,691</u>	<u>209,105</u>	<u>144,388</u>	<u>580,409</u>	<u>0</u>	<u>52,858</u>	<u>633,267</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u>\$ 10,284</u>	<u>\$ 0</u>	<u>\$ 14,886</u>	<u>\$ 32,956</u>	<u>\$ 19,199</u>	<u>\$ 55,583</u>	<u>\$ 27,829</u>	<u>\$ 70,741</u>	<u>\$ 209,105</u>	<u>\$ 203,363</u>	<u>\$ 643,946</u>	<u>\$ 0</u>	<u>\$ 52,858</u>	<u>\$ 696,804</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, 2013

	NONMAJOR SPECIAL REVENUE FUNDS										TOTAL NONMAJOR SPECIAL REVENUE	DEBT SERVICE FUND	PERMANENT FUND	TOTAL OTHER GOVERN- MENTAL
	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				
<b>REVENUES</b>														
Charges for Services	\$ 1,493	\$	\$	\$ 2,500	\$ 11,580	\$ 18,296	\$ 22,303	\$	\$	\$ 6,106	\$ 59,778	\$	\$	\$ 59,778
Intergovernmental Revenue		43,250					20,000			787,986	853,736			853,736
Hotel/Motel Tax								208,551			208,551			208,551
Property Sales	825										825			825
Interest Income					40	198					238		208	446
Airport Rental and Fuel								499,807			499,807			499,807
Property Lease Revenue										28,000	28,000			28,000
Donations			3,918	15,793						25,000	44,711			44,711
<b>TOTAL REVENUES</b>	<b>2,318</b>	<b>43,250</b>	<b>3,918</b>	<b>18,293</b>	<b>11,620</b>	<b>18,494</b>	<b>42,303</b>	<b>499,807</b>	<b>208,551</b>	<b>847,092</b>	<b>1,695,646</b>	<b>0</b>	<b>208</b>	<b>1,695,854</b>
<b>EXPENDITURES</b>														
Personal Services								102,606			102,606			102,606
Principal											0	130,758		130,758
Interest											0	10,063		10,063
Capital Outlay		247,553		17,188				40,453		915,701	1,220,895			1,220,895
Other Materials and Services		2,250	8,311		9,375	16,315	12,824	377,797	160,641	16,903	604,416			604,416
<b>TOTAL EXPENDITURES</b>	<b>0</b>	<b>249,803</b>	<b>8,311</b>	<b>17,188</b>	<b>9,375</b>	<b>16,315</b>	<b>12,824</b>	<b>520,856</b>	<b>160,641</b>	<b>932,604</b>	<b>1,927,917</b>	<b>140,821</b>	<b>0</b>	<b>2,068,738</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>2,318</b>	<b>(206,553)</b>	<b>(4,393)</b>	<b>1,105</b>	<b>2,245</b>	<b>2,179</b>	<b>29,479</b>	<b>(21,049)</b>	<b>47,910</b>	<b>(85,512)</b>	<b>(232,271)</b>	<b>(140,821)</b>	<b>208</b>	<b>(372,884)</b>
<b>OTHER FINANCING SOURCES (USES)</b>														
Transfers In		206,553						53,169		190,539	450,261	140,821		591,082
Transfers (Out)							(1,638)		(21,492)	(12,125)	(35,255)		(208)	(35,463)
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)</b>	<b>2,318</b>	<b>0</b>	<b>(4,393)</b>	<b>1,105</b>	<b>2,245</b>	<b>2,179</b>	<b>27,841</b>	<b>32,120</b>	<b>26,418</b>	<b>92,902</b>	<b>182,735</b>	<b>0</b>	<b>0</b>	<b>182,735</b>
<b>FUND BALANCE</b>														
Beginning of Year	7,966		19,279	27,406	16,954	53,404	(79)	38,571	182,687	51,486	397,674		52,858	450,532
											0			0
End of Year	\$ 10,284	\$ 0	\$ 14,886	\$ 28,511	\$ 19,199	\$ 55,583	\$ 27,762	\$ 70,691	\$ 209,105	\$ 144,388	\$ 580,409	\$ 0	\$ 52,858	\$ 633,267

See accompanying auditor's report.

CITY OF WEATHERFORD, OKLAHOMA  
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE -  
 OTHER NONMAJOR SPECIAL REVENUE FUNDS - MODIFIED CASH BASIS  
 December 31, 2013

OTHER NONMAJOR SPECIAL REVENUE FUNDS										
	MUNICIPAL COURT FUND	PROPERTY LEASE FUND	UNCLAIMED PROPERTY FUND	TRANSPORTATION ENFORCEMENT PROJECT STP-120E(179)EH	FEDERAL AVIATION ADMINISTRATION (FAA) 3-40- 0106-010-2012 GRANT FUND	F. P. L. SPECIAL PROJECTS FUND	GUN RANGE PROJECT	HIGHWAY TREE GRANT FUND	NARCOTIC CONTROL FUND	TOTAL OTHER NONMAJOR FUND
<b>ASSETS</b>										
Cash in Bank, Including Time Deposits	\$ 58,975	\$ 26,550	\$ 14,323	\$ 80,420	\$	\$ (1,099)	\$ 1,000	\$ 4,122	\$ 19,072	\$ 203,363
Due from Other Funds										0
Accounts Receivable, Net										0
<b>TOTAL ASSETS</b>	<b>\$ 58,975</b>	<b>\$ 26,550</b>	<b>\$ 14,323</b>	<b>\$ 80,420</b>	<b>\$ 0</b>	<b>\$ (1,099)</b>	<b>\$ 1,000</b>	<b>\$ 4,122</b>	<b>\$ 19,072</b>	<b>\$ 203,363</b>
<b>LIABILITIES</b>										
Accounts Payable	\$ 58,975									\$ 58,975
Due to Other Funds										0
<b>TOTAL LIABILITIES</b>	<b>58,975</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>58,975</b>
<b>FUND EQUITY</b>										
Restricted				80,420			1,000	4,122		85,542
Committed			14,323						19,072	33,395
Assigned		26,550								26,550
Unassigned						(1,099)				(1,099)
<b>TOTAL FUND EQUITY</b>	<b>0</b>	<b>26,550</b>	<b>14,323</b>	<b>80,420</b>	<b>0</b>	<b>(1,099)</b>	<b>1,000</b>	<b>4,122</b>	<b>19,072</b>	<b>144,388</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 58,975</b>	<b>\$ 26,550</b>	<b>\$ 14,323</b>	<b>\$ 80,420</b>	<b>\$ 0</b>	<b>\$ (1,099)</b>	<b>\$ 1,000</b>	<b>\$ 4,122</b>	<b>\$ 19,072</b>	<b>\$ 203,363</b>

See accompanying auditor's report.

CITY OF WEATHERFORD, OKLAHOMA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCE - OTHER NONMAJOR SPECIAL REVENUE FUNDS  
 MODIFIED CASH BASIS  
 YEAR ENDING DECEMBER 31, 2013

	OTHER NONMAJOR SPECIAL REVENUE FUNDS									
	MUNICIPAL COURT FUND	PROPERTY LEASE FUND	UNCLAIMED PROPERTY FUND	TRANSPORTATION ENFORCEMENT PROJECT STP-120E(179)EH	FEDERAL AVIATION ADMINISTRATION (FAA) 3-40- 0106-010-2012 GRANT FUND	F. P. L. SPECIAL PROJECTS FUND	GUN RANGE PROJECT	HIGHWAY TREE GRANT FUND	NARCOTIC CONTROL FUND	TOTAL OTHER NONMAJOR FUND
<b>REVENUES</b>										
Intergovernmental Revenue	\$	\$	\$	\$ 292,583	\$ 495,403	\$	\$	\$	\$	\$ 787,986
Charges for Services									6,106	6,106
Property Lease Revenue		28,000								28,000
Donations						25,000				25,000
<b>TOTAL REVENUES</b>	<u>0</u>	<u>28,000</u>	<u>0</u>	<u>292,583</u>	<u>495,403</u>	<u>25,000</u>	<u>0</u>	<u>0</u>	<u>6,106</u>	<u>847,092</u>
<b>EXPENDITURES</b>										
Capital Outlay				402,702	483,278	29,721				915,701
Other Materials and Services		1,450				15,453				16,903
<b>TOTAL EXPENDITURES</b>	<u>0</u>	<u>1,450</u>	<u>0</u>	<u>402,702</u>	<u>483,278</u>	<u>45,174</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>932,604</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	0	26,550	0	(110,119)	12,125	(20,174)	0	0	6,106	(85,512)
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers In				190,539						190,539
Transfers (Out)		0			(12,125)					(12,125)
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)</b>	0	26,550	0	80,420	0	(20,174)	0	0	6,106	92,902
<b>FUND BALANCE</b>										
Beginning of Year			14,323			19,075	1,000	4,122	12,966	51,486
End of Year	<u>\$ 0</u>	<u>\$ 26,550</u>	<u>\$ 14,323</u>	<u>\$ 80,420</u>	<u>\$ 0</u>	<u>\$ (1,099)</u>	<u>\$ 1,000</u>	<u>\$ 4,122</u>	<u>\$ 19,072</u>	<u>\$ 144,388</u>

See accompanying auditor's report.

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

December 31, 2013

	<b>AIRPORT MUSEUM &amp; GIFT SHOP FUND</b>	<b>STAFFORD MEMBERSHIP FUND</b>	<b>TOTAL</b>
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Petty Cash	\$ 425	\$	\$ 425
Cash in Bank	14,617	16,871	31,488
Due from Other Funds	4,445		4,445
	<u>          </u>	<u>          </u>	<u>          </u>
	0		0
<b>TOTAL ASSETS</b>	<u>\$ 19,487</u>	<u>\$ 16,871</u>	<u>\$ 36,358</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ 249	\$	\$ 249
Accrued Compensated Absenses	3,644		3,644
	<u>          </u>	<u>          </u>	<u>          </u>
	3,893	0	3,893
<b>TOTAL LIABILITIES</b>	<u>          </u>	<u>          </u>	<u>          </u>
<b>NET POSITION</b>			
Unrestricted	15,594	16,871	32,465
	<u>          </u>	<u>          </u>	<u>          </u>
	0		0
<b>TOTAL NET POSITION</b>	<u>          </u>	<u>          </u>	<u>          </u>
	15,594	16,871	32,465
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 19,487</u>	<u>\$ 16,871</u>	<u>\$ 36,358</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, 2013**

	<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	\$ 29,721	\$	\$ 29,721
Admissions	32,113		32,113
Rental of Facilities	6,485		6,485
Membership Fees		1,793	1,793
Recovery of Expense			0
Donations	661		661
<b>TOTAL OPERATING REVENUES</b>	<b>68,980</b>	<b>1,793</b>	<b>70,773</b>
<b>OPERATING EXPENSES</b>			
Compensation and Benefits	140,315		140,315
Gift Shop Purchases for Resale	12,604		12,604
Other Materials and Services	57,761	8,346	66,107
<b>TOTAL OPERATING EXPENSES</b>	<b>210,680</b>	<b>8,346</b>	<b>219,026</b>
<b>INCOME (LOSS) FROM OPERATIONS</b>	<b>(141,700)</b>	<b>(6,553)</b>	<b>(148,253)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Capital Outlay	(19,489)		(19,489)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>(19,489)</b>	<b>0</b>	<b>(19,489)</b>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>(161,189)</b>	<b>(6,553)</b>	<b>(167,742)</b>
<b>TRANSFERS IN (OUT)</b>			
Transfers In	150,067		150,067
Transfers (Out)			0
<b>NET TRANSFERS</b>	<b>150,067</b>	<b>0</b>	<b>150,067</b>
<b>CHANGE IN NET POSITION</b>	<b>(11,122)</b>	<b>(6,553)</b>	<b>(17,675)</b>
<b>NET POSITION</b>			
Beginning of Year	26,716	23,424	50,140
			0
End of Year	\$ <u>15,594</u>	\$ <u>16,871</u>	\$ <u>32,465</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, 2013**

	<b>BUDGET</b>		<b>ACTUAL</b>	<b>VARIANCE -</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		<b>FAVORABLE</b> <b>(UNFAVORABLE)</b>
<b>REVENUES</b>				
Sales and Use Tax	\$ 6,971,416	\$ 6,871,416	\$ 7,205,872	\$ 334,456
Restricted Sales Tax	2,097,138	2,097,138	2,228,906	131,768
Tobacco Tax	108,600	108,600	110,623	2,023
Franchise Taxes	402,000	393,000	417,024	24,024
Licenses, Permits & Inspections	72,300	67,100	82,802	15,702
Intergovernmental Revenue	153,309	153,309	282,760	129,451
Cemetery Lots & Services	39,000	39,000	30,983	(8,017)
Swimming Pool	7,000	7,000	7,334	334
Fire Department	9,026	14,513	0	(14,513)
Fines	122,160	104,160	110,383	6,223
Rents & Royalties	55,000	100,000	103,880	3,880
Leases & Easements	4,500	4,500	3,454	(1,046)
Economic Development	89,000	89,000	90,745	1,745
Recovery of Expenditures	31,000	191,000	111,597	(79,403)
Interest	6,000	5,500	11,517	6,017
Property Sales	4,500	4,500	5,319	819
Insurance Proceeds			310,179	310,179
Donations	1,000	500	13,420	12,920
Other Miscellaneous	9,500	7,000	5,690	(1,310)
<b>TOTAL REVENUES</b>	<b>10,182,449</b>	<b>10,257,236</b>	<b>11,132,488</b>	<b>875,252</b>
<b>EXPENDITURES</b>				
Mayor and Commissioners	90,349	84,809	83,769	1,040
City Attorney	19,009	17,010	17,009	1
Administration	287,828	284,554	283,955	599
Municipal Court	83,973	112,624	112,600	24
Police Department	1,956,964	2,082,872	2,068,974	13,898
Fire Department	1,075,216	1,162,815	1,157,894	4,921
Street Department (Div. I)	365,563	426,720	425,134	1,586
Street Department (Div. II)	825,000	822,900	902,528	(79,628)
Central Garage	146,085	151,654	138,802	12,852
Parks Department	441,818	461,443	444,299	17,144
Cemetery Department	99,569	97,444	91,266	6,178
Swimming Pool	55,000	48,650	48,590	60
Inspection Department	116,242	119,288	117,799	1,489
Data Processing	15,500	9,000	8,127	873
Economic Development	115,229	111,445	107,840	3,605
Library	15,000	11,000	10,719	281
Senior Citizens	174,440	198,805	193,402	5,403
Building Maintenance	14,000	18,000	16,888	1,112
Tourism	116,786	61,162	58,036	3,126
Capital Improvements	1,107,000	770,573	715,794	54,779
Interest Expense	1,500	6,500	0	6,500
Restricted Sales Tax Payments:				
Hospital Authority	104,857	111,247	111,445	(198)
Local University	713,026	756,476	757,828	(1,352)
Public School	104,857	111,247	111,445	(198)
General Expense:				
Workers Compensation	120,000	119,844	119,844	0
Utilities	221,000	224,500	205,819	18,681
Insurance	160,000	160,000	147,639	12,361
Gasoline, Diesel & Oil	300,000	280,000	228,195	51,805
Other Materials and Service	88,719	120,269	156,016	(35,747)
<b>TOTAL EXPENDITURES</b>	<b>8,934,530</b>	<b>8,942,851</b>	<b>8,841,656</b>	<b>101,195</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, 2013**

(CONTINUED)

	BUDGET		ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)</b>	<u>1,247,919</u>	<u>1,314,385</u>	<u>2,290,832</u>	<u>976,447</u>
<b>OTHER FINANCIAL SOURCES (USES)</b>				
Transfers In	395,412	21,492	21,700	208
Proceeds from Capital Lease			209,334	209,334
Transfers (Out)	<u>(1,560,931)</u>	<u>(1,461,831)</u>	<u>(1,499,412)</u>	<u>(37,581)</u>
<b>TOTAL OTHER FINANCIAL SOURCES (USES)</b>	<u>(1,165,519)</u>	<u>(1,440,339)</u>	<u>(1,268,378)</u>	<u>171,961</u>
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES</b>	<u>\$ 82,400</u>	<u>\$ (125,954)</u>	1,022,454	<u>\$ 1,148,408</u>
<b>FUND BALANCE</b>				
Beginning of Year			3,414,287	
			<u>0</u>	
End of Year			<u>\$ 4,436,741</u>	

See the accompanying auditor's report.

Oklahoma Municipal Retirement Fund  
Employee Retirement System of Weatherford, Oklahoma

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Value of Assets	Asset Valuation Basis	Actuarial Accrued Liability (AAL)	Type	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
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%

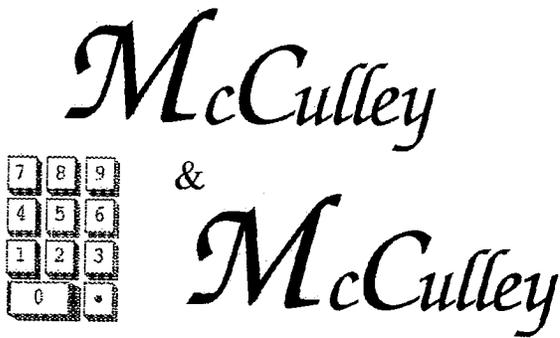
Covered payroll is the total annualized rate of pay as of the valuation date based on actual pay for the preceding year.

**CITY OF WEATHERFORD, OKLAHOMA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

<u>FEDERAL OR STATE AGENCY/PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS-THOUGH GRANTOR NUMBER/ OR GRANT ID NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
United States Department of Transportation:			
Direct Programs:			
Federal Aviation Administration	20.106	3-40-0106-010-2012	\$ 495,403
Subtotal of Direct Programs and Federal Aviation Administration			<u>495,403</u>
Pass-through Programs from:			
Oklahoma Department of Transportation	20.205	STP-120E(179)EH State Job No. 26892(04)	<u>292,583</u>
Subtotal of Pass-through Programs			<u>292,583</u>
Total United States Dept. of Transportation			<u>787,986</u>
United States Department of Housing and Urban Development			
Pass-through Programs from:			
Oklahoma Department of Commerce- Community Development Block Grant	14.228	14585 CDBG 05	<u>43,250</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ <u>831,236</u></b>

Note 1 This Schedule of Expenditures of Federal Awards is prepared on the modified cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the accompanying financial statements. Expenditures are limited to the amount of Federal awards received from the granting agency, and does not include expenditures of local matching funds. Since it presents only a selected portion of the operations of the City of Weatherford, Oklahoma, it is not intended to and does not present the total assets, liabilities, and net assets, changes in net assets, or cash flows of the City of Weatherford, Oklahoma.

See accompanying auditor's report.



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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, 2013, and the related notes to the financial statements, which collectively comprise the City of Weatherford's financial statements and have issued our report dated December 29, 2014. The City prepares its financial statements on the modified cash basis of accounting, which is an other comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

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

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

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 questioned costs 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 deficiencies described as item #2 in the accompanying statement of findings and questioned costs 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

December 29, 2014



Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
WITH REQUIREMENTS THAT COULD HAVE A DIRECT  
AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND  
ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE  
WITH OMB CIRCULAR A-133

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

Report on Compliance for each Major Federal Program

We have audited the City of Weatherford, Oklahoma's, compliance with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the City of Weatherford, Oklahoma's, major federal programs for the year ended December 31, 2013. The City of Weatherford, Oklahoma's, major federal programs are identified in the summary of auditor's results section of the accompanying statement of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of City of Weatherford, Oklahoma's, major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require

that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Weatherford, Oklahoma's, compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City of Weatherford, Oklahoma's, compliance with those requirements.

#### Opinion on Each Major Federal Program

In our opinion, the City of Weatherford, Oklahoma, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013.

#### Report on Internal Control Over Compliance

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

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

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

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

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

*McCulley + McCulley*

Weatherford, Oklahoma

December 29, 2014

**CITY OF WEATHERFORD, OKLAHOMA  
STATEMENT OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2013**

**A. SUMMARY OF AUDIT RESULTS.**

**FINANCIAL STATEMENTS.**

1. The auditor's report issued an unmodified opinion on the governmental activities, business-type activities, each major fund, and the aggregate remaining funds.
2. Internal control over financial reporting identified one material weakness and one significant deficiency during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements were disclosed during the audit.

**FEDERAL AWARDS.**

1. The auditor's report on compliance for the major federal award programs issued an unmodified opinion on all major federal award programs.
2. Internal control over major programs identified no material weakness.
3. No audit findings relative to the major federal award programs are reported in section C of this schedule.
4. The following programs were tested as a major program:  

CFDA 20.106 Department of Transportation  
Federal Aviation Administration  
Grant Nos. 3-40-0106-010-2012
5. The threshold for distinguishing Types A and B programs was \$300,000.
6. City of Weatherford, Oklahoma, was not considered to be a low risk auditee.

**CITY OF WEATHERFORD, OKLAHOMA  
STATEMENT OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDING DECEMBER 31, 2013**

**B. FINANCIAL STATEMENT FINDINGS.**

**Material Weaknesses:**

**1. Segregation of Duties.**

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

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

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

**Significant Deficiencies:**

**2. Customer Deposits Payable.**

**CONDITION AND EFFECT** - The City did not reconcile its customer deposits subsidiary ledgers to the general ledger accounts on a monthly basis after it converted its accounting and billing systems to a different software company in 2010. No end of the year customer deposit detail listing was produced to know what the customer deposit liability balance was per the billing system. These reports cannot be accurately reproduced after the fact. These conditions could result in material errors or fraud occurring and not be detected in a timely manner.

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

**RESPONSE** - The City began reconciling these accounts in August, 2014, but did not print or retain a detail customer deposits listing. They only printed the general ledger deposit reconciliation report generated by the computer system. The City will start producing and retaining the detail customer deposit listing monthly to better document the general ledger balances and the reconciling process.

CITY OF WEATHERFORD, OKLAHOMA  
STATEMENT OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDING DECEMBER 31, 2013

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS.

None.

**CITY OF WEATHERFORD, OKLAHOMA  
PRIOR YEAR AUDIT FINDINGS AND RESPONSES  
FOR THE YEAR ENDING DECEMBER 31, 2013**

**1. Segregation of Duties.**

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

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

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

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

**2. Miscellaneous Accounts Receivable.**

CONDITION AND EFFECT - The City has booked miscellaneous accounts receivable on its records beginning in the year ending December 31, 2008. Miscellaneous accounts receivable has been posted to the general fund, public works authority fund, cemetery care fund, airport operations fund, and airport museum fund. Since its inception, the miscellaneous accounts receivable billing records had not been reconciled appropriately to the respective funds general ledger. Numerous posting errors were noted in prior years. When the City changed software in late 2010, they continued to use the old software miscellaneous accounts receivable system but stopped posting its billings to the new general ledger after October, 2010. Payments received continued to be posted to the new general ledger system until December 31, 2010. No aging reports were printed or subsidiary trial balances were printed for the miscellaneous accounts receivable system during 2010. The balance of the miscellaneous accounts receivable for each fund at December 31, 2010, is not known. In March, 2011, the City started over with the miscellaneous accounts receivable and set it up on the new software system for all funds except the airport operations fund. This fund was set up in April, 2011. From April to July, 2011, the amounts billed were not posted to the general ledger. This was corrected in August, 2011, but only the current amounts billed were posted. No corrections were made for the previous month's errors. In

**CITY OF WEATHERFORD, OKLAHOMA  
PRIOR YEAR AUDIT FINDINGS AND RESPONSES  
FOR THE YEAR ENDING DECEMBER 31, 2013**

**2. Miscellaneous Accounts Receivable (continued).**

December, 2011, the City reconciled the miscellaneous accounts receivable system with the general ledger system and made adjustments to the accounts. It wasn't done again until August, 2012. Monthly reconciliations weren't done until 2013.

No formal policy exists concerning when an account should have more aggressive collection procedures performed or be written off. These conditions could result in material errors or fraud occurring and not be detected in a timely manner.

RECOMMENDATION - When the City changes software, they should test it out to make sure it is set up and operating correctly. The City should reconcile its miscellaneous accounts receivable records by fund with the respective fund general ledger at least monthly. Reconciling items for all types of accounts receivable should be reviewed and corrected as necessary. Monthly aging reports, account balance reports, and general ledger reports should be printed/saved monthly to ensure accuracy and document the reconciliation process. The City should consider adopting a formal policy concerning delinquent accounts and when more aggressive collection procedures should be done or the account written off.

RESPONSE - The City changed the person doing the miscellaneous accounts receivable in 2011. The City stated they will continue to print the aging reports and account balance reports and reconcile these account balances to the general ledger monthly in the future.

UPDATED COMMENT - The City did reconcile these receivable accounts beginning in June, 2013. Comment removed for the current audit report.

**3. Utility Accounts Receivable and Billing System.**

CONDITION AND EFFECT - The City converted its accounting and billing systems to a different software company during 2010. The general ledger was converted in August, 2010, and the billing system was converted in November, 2010. No one was reconciling the billing system balances to the new computer general ledger system after November, 2010. After the billing system conversion, the billing personnel quit reconciling the billing system balances to the general ledger since the software personnel told them they didn't need to do it. Consequently, no

**CITY OF WEATHERFORD, OKLAHOMA  
PRIOR YEAR AUDIT FINDINGS AND RESPONSES  
FOR THE YEAR ENDING DECEMBER 31, 2013**

**3. Utility Accounts Receivable and Billing System (continued).**

reconciling was done and no end of the month aging reports or account trial balances were produced to know what the billing system balances were. These reports cannot be accurately reproduced after the fact. The utility billing system does a report that can be produced called a general ledger reconciliation report. It is summarized by revenue codes and shows what revenue codes are tied to a particular general ledger account. These revenue codes agree to the aging report printed for the audit, but the aging report does not give a detail report for each revenue code. The aging report gives a detail report for each billing cycle, and only shows totals for each revenue code at the end of the report. It isn't very helpful in determining the detail of the general ledger account. One revenue code is tied to the allowance for loss general ledger account versus the utility accounts receivable general ledger account. The City did print and retain a utility accounts receivable general ledger reconciliation report and an account balance report as of January 3, 2012. Neither report agreed to the general ledger nor did they agree to one another for the utility system account balances. No explanation for the differences were noted. No aging report was produced for 2012. These conditions could result in material errors or fraud occurring and not be detected in a timely manner.

RECOMMENDATION - The Utility accounts receivable and billing system should be reconciled to the general ledger system at the end of each month. After conversion of the billing system to the new software, reconciliations should be done more frequently to ensure the billing system is operating as it should and that entries are properly being posted. End of the month aging schedules should be printed and retained. Utilization of the new billing system report for reconciling the accounts would have identified the problems noted above about the aging reports and enabled the City to seek corrections to the system. It would also have caught any problems (if any) with the software or input errors to the system. Recommend the City contact their software support personnel to have the aging reports give a detail of the general ledger balances. Since the system summarizes it currently by revenue code, then the aging report should be detailed by revenue code to make the report more useful. Aging reports should be printed each month and also used to determine the allowance for loss for financial reporting. Reconciliations should be done immediately and done daily until the City fully understands the new system and any and all problems are corrected. Then the reconciliations may be done less frequently but at least at the end of the month.

**CITY OF WEATHERFORD, OKLAHOMA  
PRIOR YEAR AUDIT FINDINGS AND RESPONSES  
FOR THE YEAR ENDING DECEMBER 31, 2013**

**3. Utility Accounts Receivable and Billing System (continued)**

RESPONSE - In March, 2013, the City adjusted the general ledger to agree with the utility billing reports. The City has contacted their support personnel to determine why the general ledger and billing systems did not stay in agreement. The City continued to balance these records thereafter.

UPDATED COMMENT - The City did implement this recommendation in March 2013. Reconciliations were done monthly thereafter. Comment removed for the current audit report.

**4. Reconciling the Pooled Bank Account**

CONDITION AND EFFECT - The City manually reconciled its pooled bank account until it converted its accounting system to a new software system in 2010. Then it began to use the accounting system bank reconciliation program to reconcile the general ledger to the bank statement. During the audit of this area, we found that the bank reconciliation really did not reconcile the general ledger to the bank statement. The cause of this problem is that when the City is posting its daily deposits to the books, it was combining the actual bank deposit with other types of deposits (such as credit card transactions and ach deposits) into one entry on the books. The bank statement would have each type of deposit posted individually. Then when the bank reconciliation was done on the computer, part of transaction would have cleared and the balance would still be outstanding. In order for the City to check off the amount that cleared, it would have to make another entry to show the amount that cleared. This resulted in a misstatement of the pooled cash book balance. Then if at the end of the bank reconciliation process, if the bank reconciliation did not balance, and the City had been over it several times, then the City would force the reconciliation to balance by making an entry to make it balance. The bank reconciliation system would not allow the next month reconciliation to begin until the previous month reconciliation was completed. The City continued to use the bank reconciliation system in this manner through 2011 and 2012.

RECOMMENDATION - The City should be posting its deposits on its books that will agree with the way the bank would post them. Or at least the bank reconciliation system should show them that way. This would allow the City to be able to use the accounting system bank reconciliation process effectively. Until this is changed, then the City should go back to the manual reconciliations and get true reconciling items. Correcting

**CITY OF WEATHERFORD, OKLAHOMA  
PRIOR YEAR AUDIT FINDINGS AND RESPONSES  
FOR THE YEAR ENDING DECEMBER 31, 2013**

**4. Reconciling the Pooled Bank Account (continued).**

entries should be made as necessary. The City shouldn't use the system bank reconciliation process until it can be done properly and effectively.

RESPONSE - The City has been able to get help from the support personnel and were able to reconcile the pooled bank account in 2013.

UPDATED COMMENT - The City were able to reconcile the pooled bank account in 2013. Comment removed in the current audit report.

**5. Customer Deposits Payable.**

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

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

RESPONSE - The City has been working on getting these accounts corrected. Should be corrected in 2013.

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