



ANNUAL FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORTS

AS OF AND FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2015

**THE CITY OF GUTHRIE,
OKLAHOMA**

**ANNUAL FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORTS**

**AS OF AND FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2015**

**CITY OF GUTHRIE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended September 30, 2015**

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As of and for the Year Ended September 30, 2015

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of City of Guthrie, Oklahoma, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 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 accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information and the post-employment benefit plan information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the

required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Guthrie, Oklahoma's basic financial statements. The other supplementary information, as listed in the accompanying table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2016, on our consideration of the City of Guthrie, Oklahoma's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Guthrie, Oklahoma's internal control over financial reporting and compliance.



Oklahoma City, Oklahoma
June 30, 2016

**CITY OF GUTHRIE, OKLAHOMA
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MANAGEMENT DISCUSSION AND ANALYSIS

CITY OF GUTHRIE, OKLAHOMA
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Our discussion and analysis of the City of Guthrie’s financial performance provides an overview of the City’s financial activities for the fiscal year ended September 30, 2015. Please read it in conjunction with the City’s financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- For the fiscal year ended September 30, 2015, the City’s total net position increased by \$414,233 from the prior year restated net position.
- During the year, the City’s expenses for governmental activities were \$9.3 million and were funded by program revenues of \$3.2 million and further funded with taxes and other general revenues that totaled \$6.4 million.
- In the City’s business-type activities, such as utilities, expenses exceed program revenues by \$27,686.
- Sales and use taxes decreased by \$172,973 or 3.4% from the prior fiscal year. Considering the City’s sales tax rate of 3.00% in effect for both years, this translates into a decrease in taxable sales of \$5,765,767 million from the prior year.
- At September 30, 2015, the General Fund reported an unassigned fund balance of \$401,795, which is a decrease of 42.8% from the prior year unassigned fund balance due to the increase in committed fund balance for the rainy day fund.
- For budgetary reporting purposes, the General Fund reported revenues over estimates of \$112,992 or 1.7%, while expenditures were under the final appropriations by \$481,740 or 8.5%.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements presented herein include all of the activities of the City of Guthrie (the “City”) and its component units using the integrated approach as prescribed by GASB Statements No. 14, 34, 39 and 61. Included in this report are government-wide statements for each of two categories of activities – governmental and business-type. The government-wide financial statements present the complete financial picture of the City from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business type activities separately and combined. These statements include all assets of the City (including infrastructure capital assets), and deferred outflows as well as all liabilities (including all long-term debt), and deferred inflows.

About the City

The City of Guthrie is an incorporated municipality with a population of approximately 10,191 located in central Oklahoma. The City is a home rule charter form of government and operates under a charter that provides for three branches of government:

- Legislative – the City Council is a seven-member governing body elected by the citizens
- Executive – the City Manager is the Chief Executive Officer and is appointed by the City Council
- Judicial – the Municipal Judge is a practicing attorney appointed by the City Council

The City provides typical municipal services such as public safety, health and welfare, street and alley maintenance, parks and recreation, and certain utility services including water, wastewater, and sanitation.

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The City's Financial Reporting Entity

This annual report includes all activities for which the City of Guthrie City Council is fiscally responsible. These activities, defined as the City's financial reporting entity, are operated within separate legal entities that make up the primary government.

The City's financial reporting entity includes the primary government (City of Guthrie) and the component units as follows:

- **The City of Guthrie** – that operates the public safety, health and welfare, streets and highways, parks and recreation, and administrative activities
- **The City of Guthrie Public Works Authority** – (blended) that operates the water, sewer, and sanitation services of the City
- **The Guthrie Industrial Development Authority** – (blended) that operates to finance, develop and promote industrial development activities.
- **The Guthrie Public Transportation Authority** – (currently inactive) that, when active, operates to finance, acquire, construct, operate and provide improvements, services or facilities of the City.
- **The Guthrie Transportation Authority** – that operates to furnish and supply facilities, property and equipment for transportation needs regarding tourism.

Using This Annual Report

This annual report is presented in a format that substantially meets the presentation requirements of the Governmental Accounting Standards Board (GASB) in accordance with generally accepted accounting principles. The presentation includes financial statements that communicate the City's financial condition and changes therein at two distinct levels:

- **The City as a Whole** (a government-wide presentation)
- **The City's Funds** (a presentation of the City's major and aggregate non-major funds)

The City's various government-wide and fund financial statements are presented throughout this annual report and are accompanied by:

- **Management's Discussion and Analysis** – that provides useful analysis that facilitates a better understanding of the City's financial condition and changes therein.
- **Footnotes** - that elaborate on the City's accounting principles used in the preparation of the financial statements and further explain financial statement elements
- **Supplemental Information** – that provide additional information about specified elements of the financial statements, such as budgetary comparison information

Reporting the City as a Whole

The Statement of Net Position and the Statement of Activities

One of the most frequently asked questions about the City's finances is, "Has the City's overall financial condition improved, declined or remained steady over the past year?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets, deferred outflows, liabilities and deferred inflows using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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

As mentioned above, in the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

- **Governmental activities** -- Most of the City's basic services are reported here, including the police, fire, general administration, streets, and parks. Sales taxes, franchise fees, fines, and state and federal grants finance most of these activities.
- **Business-type activities** -- The City charges a fee to customers to help cover all or most of the cost of certain services it provides. The City's water, wastewater, and sanitation activities are reported here.

Reporting the City's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money.

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

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Proprietary funds - When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Fund Net Position and Statement of Cash Flows. In fact, the City’s enterprise funds are essentially the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows.

A FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Position

Net position may serve over time as a useful indicator of a government’s financial position. The City’s combined net position increased from \$31.9 million to \$27.3 million between fiscal years 2014 and 2015, due to the impact of the inclusion of non-current liabilities related to unfunded pension activity and related deferred inflows and deferred outflows, caused by the implementation of new GASB pension statements 68 and 71.

TABLE 1
NET POSITION (In Thousands)

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	*			*			*		
	2015	2014		2015	2014		2015	2014	
Current assets	\$ 5,691	\$ 5,457	4%	\$ 2,884	\$ 2,934	-2%	\$ 8,575	\$ 8,391	2%
Capital assets, net	15,886	16,328	-3%	29,200	29,661	-2%	45,086	45,989	-2%
Other non-current assets	-	-	0%	134	148	-9%	134	148	-9%
Total assets	<u>21,577</u>	<u>21,785</u>	-1%	<u>32,218</u>	<u>32,743</u>	-2%	<u>53,795</u>	<u>54,528</u>	-1%
Deferred outflows of resources	1,218	-	100%	96	-	100%	1,314	-	100%
Current liabilities	675	722	-7%	1,514	1,567	-3%	2,189	2,289	-4%
Non-current liabilities	6,175	1,220	406%	18,206	19,154	-5%	24,381	20,374	20%
Total liabilities	<u>6,850</u>	<u>1,942</u>	253%	<u>19,720</u>	<u>20,721</u>	-5%	<u>26,570</u>	<u>22,663</u>	17%
Deferred inflows of resources	1,117	-	100%	135	-	100%	1,252	-	100%
Net position									
Net investment in capital assets	15,567	15,567	0%	10,096	9,577	5%	25,663	25,144	2%
Restricted	2,244	2,488	-10%	146	120	22%	2,390	2,608	-8%
Unrestricted	(2,984)	1,788	-267%	2,217	2,324	-5%	(767)	4,112	-119%
Total net position	<u>\$ 14,827</u>	<u>\$ 19,843</u>	-25%	<u>\$ 12,459</u>	<u>\$ 12,021</u>	4%	<u>\$ 27,286</u>	<u>\$ 31,864</u>	-14%

* prior year not restated for MD&A purposes

The largest portion of the City’s net position reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. For 2015, this net investment in capital assets amounted to \$25.7 million. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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A major portion of the City's net position, \$2.4 million, also represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is available to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position for both the governmental and business-type activities.

The 267% decrease in governmental unrestricted net position is due to the implementation of GASB Pension Statements 68 and 71 in the current year.

Changes in Net Position

For the year ended September 30, 2015, net position of the primary government changed as follows:

**TABLE 2
CHANGES IN NET POSITION (In Thousands)**

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2015	2014		2015	2014		2015	2014	
Revenues									
Charges for service	\$ 2,231	\$ 1,753	27%	\$ 5,540	\$ 5,257	5%	\$ 7,771	\$ 7,010	11%
Operating grants and contributions	677	599	13%	11	-	100%	688	599	15%
Capital grants and contributions	271	658	-59%	-	-	-	271	658	-59%
Taxes	5,592	5,799	-4%	-	-	-	5,592	5,799	-4%
Intergovernmental revenue	152	148	3%	-	-	-	152	148	3%
Investment income	10	8	25%	12	16	-25%	22	24	-8%
Miscellaneous	786	304	159%	23	185	-88%	809	489	65%
Total revenues	9,719	9,269	5%	5,586	5,458	2%	15,305	14,727	4%
Expenses									
General government	1,873	1,963	-5%	-	-	-	1,873	1,963	-5%
Public safety	4,813	4,649	4%	-	-	-	4,813	4,649	4%
Streets	829	838	-1%	-	-	-	829	838	-1%
Culture, parks and recreation	901	873	3%	-	-	-	901	873	3%
Airport	771	717	8%	-	-	-	771	717	8%
Economic development	85	68	25%	-	-	-	85	68	25%
Interest on long-term debt	40	36	11%	-	-	-	40	36	11%
Water	-	-	-	3,080	2,874	7%	3,080	2,874	7%
Wastewater	-	-	-	1,336	1,390	-4%	1,336	1,390	-4%
Sanitation	-	-	-	1,162	1,270	-9%	1,162	1,270	-9%
Total expenses	9,312	9,144	2%	5,578	5,534	1%	14,890	14,678	1%
Excess (deficiency) before transfers	407	125	226%	8	(76)	-111%	415	49	747%
Transfers	(451)	152	-397%	451	(152)	-397%	-	-	0%
Change in net position	(44)	277	-116%	459	(228)	-301%	415	49	747%
Beginning net position (restated for 2015)	14,870	19,566	-24%	12,001	12,249	-2%	26,871	31,815	-16%
Ending net position	\$ 14,826	\$ 19,843	-25%	\$ 12,460	\$ 12,021	4%	\$ 27,286	\$ 31,864	-14%

*prior year not restated for MD&A purposes

Explanations for changes in excess of 20% and \$100,000 are as follows:

Governmental Activities:

Charges for services increased by 27% due mostly to ambulance fee revenue.

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Capital grants and contributions revenue decreased 59% due to a large airport grant in prior year.

Miscellaneous revenue increased 159% due to a forgiveness of an OWRB loan in the current year.
 Transfers decreased 116% due to an operating transfer from Business-type to Governmental activities in prior year.

Business-Type Activities:

Miscellaneous Revenue decreased 88% due to insurance proceeds in prior year.

Transfers decreased 116% due to an operating transfer from Business-type to Governmental activities in prior year.

Governmental Activities

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

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

	<u>Total Expense</u>		<u>% Inc.</u> <u>(Dec.)</u>	<u>Net Revenue</u>		<u>% Inc.</u> <u>(Dec.)</u>
	<u>of Services</u>			<u>(Expense)</u>		
	*			*		
	<u>2015</u>	<u>2014</u>		<u>2015</u>	<u>2014</u>	
General government	\$ 1,874	\$ 1,963	-5%	(\$1,611)	(\$1,820)	11%
Public safety	4,813	4,649	4%	(2,675)	(3,019)	11%
Streets	829	838	-1%	(487)	(508)	4%
Culture, parks and recreation	901	873	3%	(710)	(728)	2%
Airport	770	717	7%	(523)	45	-1262%
Economic development	85	68	25%	(85)	(68)	-25%
Interest on long-term debt	40	36	11%	(40)	(36)	-11%
Total	<u>\$ 9,312</u>	<u>\$ 9,144</u>	2%	<u>(\$6,131)</u>	<u>(\$6,134)</u>	0%

* prior year not restated for MD&A purposes

Explanations for significant changes are listed above under Table 2.

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

	Total Expense		% Inc. Dec.	Net Revenue (Expense)		% Inc. Dec.
	of Services			of Services		
	2015	2014	2015	2014		
Water	\$ 3,080	\$ 2,874	7%	\$ (78)	\$ (39)	-100%
Wastewater	1,336	1,390	-4%	(127)	(256)	50%
Sanitation	1,162	1,270	-9%	177	19	832%
Total	<u>\$ 5,578</u>	<u>\$ 5,534</u>	1%	<u>\$ (28)</u>	<u>\$ (276)</u>	90%

* prior year not restated for MD&A purposes

The City's business-type activities include utility services for water, wastewater, and sanitation.

A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed its 2015 fiscal year, the governmental funds reported a combined fund balance of \$5.1 million or a 3.2% increase due to a transfer from enterprise funds. The enterprise funds reported combined net position of \$12.5 million or a 3.8% increase from 2014 due to capital contributions.

Other fund highlights include:

- For the year ended September 30, 2015, the General Fund's total fund balance increased by \$401,722 or 15.1%.
- \$449,814 of fund balance in the General Fund is restricted for specific purposes while an additional \$1.7 million is committed for stabilization, and \$0.5 million is currently assigned for various purposes.

General Fund Budgetary Highlights

Over the course of the year, the City Council revised the General Fund budget various times. The revised budget included an increase in overall revenue projections (including transfers in) of 0.08% or \$7,001 and an increase in appropriations (including transfers out) of 0.1% or \$473,761. Actual revenues and transfers were over estimates by \$89,201 or 1.1%, while expenditures and transfers were under final appropriations by \$206,248 or 2.5%.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of September 30, 2015, the City had \$45 million invested in capital assets, net of depreciation, including police and fire equipment, buildings, park facilities, streets, and water lines and sewer lines. (See Table 5). This represents a net decrease of approximately \$0.9 million over last year.

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TABLE 5
Capital Assets
(In Thousands)
(Net of accumulated depreciation)

	Governmental		Business-Type		Total	
	Activities		Activities			
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Land	\$ 1,642	\$ 1,642	\$ 715	\$ 715	\$ 2,357	\$ 2,357
Buildings	1,814	1,893	15,451	15,911	17,265	17,804
Imp. other than buildings	3,361	3,633	70	79	3,431	3,712
Machinery, furniture and equipment	1,098	1,216	2,418	1,079	3,516	2,295
Infrastructure	7,671	7,808	-	-	7,671	7,808
Utility property	-	-	10,487	10,539	10,487	10,539
Construction in progress	300	135	58	1,337	358	1,472
Totals	<u>\$ 15,886</u>	<u>\$ 16,327</u>	<u>\$ 29,199</u>	<u>\$ 29,660</u>	<u>\$ 45,085</u>	<u>\$ 45,987</u>

This year's more significant capital asset additions included:

Cottonwood pump project	\$1,206,769
Town of Coyle Waterline extension	561,920

See Note 4 to the financial statements for more detail information on the City's capital assets and changes therein.

Long-Term Debt

At year-end, the City had \$20.8 million in long-term debt outstanding which represents a \$1 or 4.8% decrease from the prior year. The City's changes in long-term debt by type of debt are as follows:

TABLE 6
Long-Term Debt
(In Thousands)

	Governmental		Business-Type		Total		Total
	Activities		Activities				Percentage
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2014-2015</u>
Accrued absences	\$ 540	\$ 456	\$ 51	\$ 50	\$ 591	\$ 506	16.8%
Revenue bonds	-	-	2,620	2,835	2,620	2,835	-7.6%
Notes payable	160	162	16,268	17,249	16,428	17,411	-5.6%
Refundable grant obligation	105	118	-	-	105	118	-11.0%
Capital leases	594	599	-	-	594	599	-0.8%
Totals	<u>\$ 1,399</u>	<u>\$ 1,335</u>	<u>\$ 18,939</u>	<u>\$ 20,134</u>	<u>\$ 20,338</u>	<u>\$ 21,469</u>	-5.3%

See Note 5 to the financial statements for more detail information on the City's long-term debt and changes therein.

**CITY OF GUTHRIE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended September 30, 2015**

The Economic Outlook

In Fiscal Year 2016-17 the City of Guthrie and Guthrie Public Works Authority developed the budget with defined goals and conservative revenue projections. The adopted Fiscal Year 2016 budget, including all funds and transfers, is \$23,539,501 compared to \$23,837,573 originally budgeted in Fiscal Year 2015, a reduction of \$298,072. The City of Guthrie's primary sources of revenues are sales tax and utility revenues. The Fiscal Year 2016 Budget does predict a growth in sales tax over that was budgeted in Fiscal Year 2015. The challenges for Fiscal Year 2015-16 Budget included rising costs to provide utility services and future infrastructure needs of the City.

Contacting the City's Financial Management

This report is designed to provide our citizens, taxpayers, customers and creditors with an understanding of the City's finances and to demonstrate the City's accountability for the resources it receives. If you have questions about this report or need additional financial information, contact the City's Treasurer at 101 North Second Guthrie, Oklahoma 73044 or telephone at 405-282-2489.

**CITY OF GUTHRIE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended September 30, 2015**

BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE

CITY OF GUTHRIE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended September 30, 2015

Statement of Net Position– September 30, 2015

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 3,983,242	\$ 1,886,266	\$ 5,869,508
Investments	449,814	99,000	548,814
Accounts receivable, net of allowance	354,506	704,018	1,058,524
Internal balances	(129,619)	129,619	-
Due from other governmental agencies	873,730	-	873,730
Notes receivable, net of allowance (Note 3)	45,936	133,585	179,521
Net pension asset	112,988	65,622	178,610
Capital Assets:			
Land and construction in progress	1,942,239	772,861	2,715,100
Other capital assets, net of depreciation	13,943,613	28,426,819	42,370,432
Total Assets	<u>21,576,449</u>	<u>32,217,790</u>	<u>53,794,239</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amounts related to pensions	<u>1,217,635</u>	<u>95,917</u>	<u>1,313,552</u>
LIABILITIES			
Accounts payable and accrued expenses	199,152	57,583	256,735
Accrued interest payable	-	29,415	29,415
Due to depositors	-	399,368	399,368
Due to bondholders	26,611	-	26,611
Long-term liabilities			
Due within one year	449,688	1,027,313	1,477,001
Due in more than one year	1,345,824	18,205,522	19,551,346
Net pension liability	4,829,032	-	4,829,032
Total liabilities	<u>6,850,307</u>	<u>19,719,201</u>	<u>26,569,508</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred amounts related to pensions	<u>1,117,201</u>	<u>134,645</u>	<u>1,251,846</u>
NET POSITION			
Net investment in capital assets	15,567,131	10,096,358	25,663,489
Restricted for:			
Capital projects	2,003,273	-	2,003,273
Debt Service	455	146,359	146,814
Other projects	239,853	-	239,853
Unrestricted	(2,984,136)	2,217,144	(766,992)
Total net position	<u>\$ 14,826,576</u>	<u>\$ 12,459,861</u>	<u>\$ 27,286,437</u>

See accompanying notes to the basic financial statements.

**CITY OF GUTHRIE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended September 30, 2015**

Statement of Activities –Year Ended September 30, 2015

Functions/Programs	Expenses	Indirect Expense Allocation	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government								
Governmental Activities								
General Government	\$ 1,873,556	\$ -	\$ 261,088	\$ 1,150	\$ -	\$ (1,611,318)	\$ -	\$ (1,611,318)
Public Safety	4,812,715	-	1,425,159	547,154	165,030	(2,675,372)	-	(2,675,372)
Streets	828,800	-	237,428	103,989	-	(487,383)	-	(487,383)
Culture and Recreation	900,856	-	166,077	24,462	-	(710,317)	-	(710,317)
Airport	770,567	-	141,451	-	106,066	(523,050)	-	(523,050)
Economic Development	85,380	-	-	-	-	(85,380)	-	(85,380)
Interest on Long-term debt	39,893	-	-	-	-	(39,893)	-	(39,893)
Total governmental activities	<u>9,311,767</u>	<u>-</u>	<u>2,231,203</u>	<u>676,755</u>	<u>271,096</u>	<u>(6,132,713)</u>	<u>-</u>	<u>(6,132,713)</u>
Business-Type Activities:								
Water	2,183,558	896,354	2,991,532	10,649	-	-	(77,731)	(77,731)
Wastewater	748,803	587,440	1,209,227	-	-	-	(127,016)	(127,016)
Sanitation	953,260	208,833	1,339,154	-	-	-	177,061	177,061
General Government	566,962	(566,962)	-	-	-	-	-	-
Administration	359,799	(359,799)	-	-	-	-	-	-
Line Maintenance	758,973	(758,973)	-	-	-	-	-	-
Meter Operations	6,893	(6,893)	-	-	-	-	-	-
Total business-type activities	<u>5,578,248</u>	<u>-</u>	<u>5,539,913</u>	<u>10,649</u>	<u>-</u>	<u>-</u>	<u>(27,686)</u>	<u>(27,686)</u>
Total primary government	<u>\$ 14,890,015</u>	<u>\$ -</u>	<u>\$ 7,771,116</u>	<u>\$ 687,404</u>	<u>\$ 271,096</u>	<u>\$ (6,132,713)</u>	<u>\$ (27,686)</u>	<u>\$ (6,160,399)</u>
General revenues:								
Taxes:								
Sales and use taxes						\$ 4,916,675	\$ -	\$ 4,916,675
Franchise taxes and public service taxes						517,988	-	517,988
Hotel/motel taxes						157,725	-	157,725
Intergovernmental revenue not restricted to specific programs						151,974	-	151,974
Unrestricted investment earnings						9,962	11,676	21,638
Miscellaneous						785,820	22,812	808,632
Transfers						(451,305)	451,305	-
Total general revenues and transfers						<u>6,088,839</u>	<u>485,793</u>	<u>6,574,632</u>
Change in net position						(43,874)	458,107	414,233
Net position - beginning (restated)						14,870,450	12,001,754	26,872,204
Net position - ending						<u>\$ 14,826,576</u>	<u>\$ 12,459,861</u>	<u>\$ 27,286,437</u>

See accompanying notes to the basic financial statements.

**CITY OF GUTHRIE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended September 30, 2015**

BASIC FINANCIAL STATEMENTS - GOVERNMENTAL FUNDS

CITY OF GUTHRIE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended September 30, 2015

Governmental Funds Balance Sheet - September 30, 2015

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 2,034,384	\$ 1,948,858	\$ 3,983,242
Investments	449,814	-	449,814
Receivable from other governments	710,322	163,408	873,730
Due from other funds	69,241	155,943	225,184
Taxes receivable, net	66,833	34,680	101,513
Court fines receivable, net	71,460	-	71,460
Ambulance receivable, net	130,593	-	130,593
Utilities receivable, net	-	50,940	50,940
Note receivable, net	-	45,936	45,936
Total assets	<u>\$ 3,532,647</u>	<u>\$ 2,399,765</u>	<u>\$ 5,932,412</u>
 LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 18,611	\$ -	\$ 18,611
Accrued payroll payable	178,367	-	178,367
Due to other funds	162,076	192,727	354,803
Due to bondholders	26,611	-	26,611
Payable to other governments	2,003	-	2,003
Other payables	170	-	170
Total liabilities	<u>387,838</u>	<u>192,727</u>	<u>580,565</u>
Deferred inflows of resources:			
Deferred revenue	87,457	180,564	268,021
Fund balances:			
Restricted	449,814	1,793,767	2,243,581
Committed	1,718,271	-	1,718,271
Assigned	487,472	232,707	720,179
Unassigned	401,795	-	401,795
Total fund balances	<u>3,057,352</u>	<u>2,026,474</u>	<u>5,083,826</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 3,532,647</u>	<u>\$ 2,399,765</u>	<u>\$ 5,932,412</u>

See accompanying notes to the basic financial statements.

CITY OF GUTHRIE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended September 30, 2015

Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances – Year Ended September 30, 2015

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES			
Taxes	\$ 5,434,663	\$ 157,725	\$ 5,592,388
Intergovernmental	1,128,951	39,411	1,168,362
Licenses and permits	194,250	-	194,250
Charges for services	1,419,128	258,850	1,677,978
Fees and fines	221,189	-	221,189
Investment earnings	8,947	1,016	9,963
Miscellaneous	322,912	9,539	332,451
Total revenues	<u>8,730,040</u>	<u>466,541</u>	<u>9,196,581</u>
EXPENDITURES			
Current:			
General government	1,791,119	15,894	1,807,013
Public safety	4,848,600	-	4,848,600
Public works	589,607	-	589,607
Culture and recreation	685,721	54,811	740,532
Economic development	89,422	-	89,422
Airport	143,609	-	143,609
Capital outlay	224,518	1,455,789	1,680,307
Debt service:			
Principal	-	161,490	161,490
Interest and other charges	-	14,950	14,950
Total expenditures	<u>8,372,596</u>	<u>1,702,934</u>	<u>10,075,530</u>
Excess (deficiency) of revenues over expenditures	<u>357,444</u>	<u>(1,236,393)</u>	<u>(878,949)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from long-term debt	-	530,045	530,045
Proceeds from capital leases	-	129,239	129,239
Transfers in	1,903,117	345,555	2,248,672
Transfers out	(1,858,839)	(10,241)	(1,869,080)
Total other financing sources and uses	<u>44,278</u>	<u>994,598</u>	<u>1,038,876</u>
Net change in fund balances	401,722	(241,795)	159,927
Fund balances - beginning	2,655,630	2,268,269	4,923,899
Fund balances - ending	<u>\$ 3,057,352</u>	<u>\$ 2,026,474</u>	<u>\$ 5,083,826</u>

See accompanying notes to the basic financial statements.

CITY OF GUTHRIE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended September 30, 2015

Reconciliation of Governmental Funds and Government-Wide Financial Statements:

Total fund balance, governmental funds	\$ 5,083,826
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.	15,885,852
Net pension asset not reported in the funds	112,988
Pension related deferred outflows not reported in the funds	1,217,635
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.	268,021
Net pension liability	(4,829,032)
Some liabilities (such as Notes Payable, Capital Lease Contract Payable, Long-term Compensated Absences and Net OPEB Obligation), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.	(1,795,513)
Pension related deferred inflows not reported in the funds	(1,117,201)
Net Position of Governmental Activities in the Statement of Net Position	<u>\$ 14,826,576</u>

See accompanying notes to the basic financial statements.

CITY OF GUTHRIE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended September 30, 2015

Reconciliation of Governmental Funds and Government-Wide Financial Statements:

Net change in fund balances - total governmental funds:	\$	159,927
<p>Amounts reported for Governmental Activities in the Statement of Activities are different because:</p>		
<p>Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.</p>		
Capital asset purchases capitalized		746,128
Depreciation expense		(1,187,859)
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:</p>		
Change in deferred revenue		17,816
<p>Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:</p>		
Principal payments on long-term debt		148,304
Proceeds of long-term debt		(129,239)
<p>In the Statement of Activities, the net cost of pension benefits earned is calculated and is reported as pension expense. The fund financial statements report pension contributions as pension expenditures. This amount represents the difference between pension contributions and calculated pension expense.</p>		
		356,701
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:</p>		
Change in accrued interest payable		
Change in OPEB liability		(71,963)
Change in accrued compensated absences		(83,689)
Change in net position of governmental activities	\$	<u>(43,874)</u>

See accompanying notes to the basic financial statements.

**CITY OF GUTHRIE, OKLAHOMA
ANNUAL FINANCIAL REPORT
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BASIC FINANCIAL STATEMENTS - PROPRIETARY FUNDS

CITY OF GUTHRIE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended September 30, 2015

Proprietary Funds Statement of Net Position - September 30, 2015

	<u>Guthrie Public</u> <u>Works Authority</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,436,568
Restricted:	
Cash and cash equivalents	449,698
Investments	99,000
Due from other funds	134,115
Accounts receivable, net	704,018
Notes receivable, net	15,931
Total current assets	2,839,330
Non-current assets:	
Notes receivable	117,654
Net pension asset	65,622
Capital assets:	
Land and construction in progress	772,861
Other capital assets, net of accumulated depreciation	28,426,819
Total non-current assets	29,382,956
Total assets	32,222,286
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts related to pensions	95,917
 LIABILITIES	
Current liabilities:	
Accounts payable	28,541
Salaries payable	29,042
Accrued interest payable	29,415
Due to other funds	4,496
Deposits subject to refund	399,368
Compensated absences	5,046
Notes payable	1,022,267
Total current liabilities	1,518,175
Non-current liabilities:	
Compensated absences	45,411
Notes payable	18,081,055
Net OPEB obligation	79,056
Total non-current liabilities	18,205,522
Total liabilities	19,723,697
 DEFERRED INFLOWS OF RESOURCES	
Deferred amounts related to pensions	134,645
 NET POSITION	
Net investment in capital assets	10,096,358
Restricted for debt service	146,359
Unrestricted	2,217,144
Total net position	\$ 12,459,861

See accompanying notes to the basic financial statements.

CITY OF GUTHRIE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended September 30, 2015

Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Position - Year Ended September 30, 2015

	<u>Guthrie Public Works Authority</u>
REVENUES	
Water	\$ 2,991,532
Sewer	1,209,227
Sanitation	1,339,154
Rents and royalties	14,665
Miscellaneous	8,147
Total operating revenues	5,562,725
OPERATING EXPENSES	
General government	578,188
Administration	268,789
Water	682,311
Wastewater	328,513
Sanitation	807,892
Landfill operations	100,878
Line maintenance	586,781
Meter operations	79
Municipal pool	13,976
Depreciation	1,386,071
Total Operating Expenses	4,753,478
Operating income	809,247
NON-OPERATING REVENUES (EXPENSES)	
Interest and investment revenue	11,676
Operating grants and contributions	10,649
Interest expense	(824,770)
Total non-operating revenue (expenses)	(802,445)
Income before contributions and transfers	6,802
Capital contributions	830,897
Transfers in	1,542,876
Transfers out	(1,922,468)
Change in net position	458,107
Total net position - beginning (restated)	12,001,754
Total net position - ending	\$ 12,459,861

See accompanying notes to the basic financial statements.

CITY OF GUTHRIE, OKLAHOMA
ANNUAL FINANCIAL REPORT
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Proprietary Funds Statement of Cash Flows - Year Ended September 30, 2015

	<u>Guthrie Public Works Authority</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 5,503,229
Payments to suppliers and employees	(3,468,343)
Receipts of notes receivable	131,708
Receipts of customer meter deposits	136,512
Refunds of customer meter deposits	(106,138)
Interfund receipts/payments	<u>(32,662)</u>
Net cash provided by operating activities	<u>2,164,306</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	1,542,876
Transfers to other funds	<u>(1,922,468)</u>
Net cash provided by (used in) noncapital financing activities	<u>(379,592)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of capital assets	(94,123)
Proceeds from capital grant	10,649
Principal paid on debt	(980,856)
Interest and fiscal agent fees paid on debt	<u>(821,867)</u>
Net cash provided by (used in) capital and related financing activities	<u>(1,886,197)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments	(117,654)
Interest and dividends	<u>11,676</u>
Net cash provided by investing (used in) activities	<u>(105,978)</u>
Net increase (decrease) in cash and cash equivalents	(207,461)
Balances - beginning of year	<u>2,093,727</u>
Balances - end of year	<u>\$ 1,886,266</u>
Reconciliation to Statement of Net Position:	
Cash and cash equivalents	\$ 1,436,568
Restricted cash and cash equivalents - current	449,698
Total cash and cash equivalents, end of year	<u>\$ 1,886,266</u>
(Continued)	
Reconciliation of operating income to net cash provided by Operating Activities:	
Operating income	\$ 809,247
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	1,386,071
Change in assets and liabilities:	
Due from other funds	(36,632)
Due to other funds	3,970
Accounts receivable	(59,496)
Other receivable	131,708
Accounts payable	(67,540)
Net pension liability	(46,103)
Accrued salaries payable	1,364
Net OPEB obligation	9,982
Deposits subject to refund	30,374
Accrued compensated absences	1,361
Net cash provided by operating activities	<u>\$ 2,164,306</u>
Noncash activities:	
Contributed capital assets	\$ 830,897
	<u>\$ 830,897</u>

See accompanying notes to the basic financial statements.

CITY OF GUTHRIE, OKLAHOMA
ANNUAL FINANCIAL REPORT
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FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS

Footnotes to the Basic Financial Statements:

1. Summary of Significant Accounting Policies

A. Financial Reporting Entity

The City's financial reporting entity includes the primary government (City of Guthrie) and the blended component units as noted below. This annual report includes all activities for which the City of Guthrie City Council/Manager is fiscally responsible.

In determining the financial reporting entity, the City complies with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus – An Amendment of GASB Statement No. 14 and No. 34" and includes all component units for which the City is financially accountable.

The City of Guthrie – that provides the public safety, health and welfare, streets and highways, parks and recreation, and administrative activities.

The City of Guthrie has a population of approximately 10,191 located in central Oklahoma. The City is a Council/Manager form of government that provides for three branches of government:

- Legislative – the City Council is the governing body elected by the citizens
- Executive – the City Manager is the Chief Executive Officer and is appointed by the City Council
- Judicial – the Municipal Judge is a practicing attorney appointed by the City Council

The City provides typical municipal services such as public safety, street maintenance, culture, parks and recreation, airport, and certain utility services including water, wastewater, and sanitation.

Component Units:

- **The City of Guthrie Public Works Authority** –(Blended) that operates the water, sewer, and sanitation services of the City.
- **The Guthrie Industrial Development Authority** –(Blended) that operates to finance, develop and promote industrial development activities.
- **The Guthrie Public Transportation Authority** – (Currently inactive) that when active, operates to finance, acquire, construct, operate and provide improvements, services or facilities of the City.
- **The Guthrie Transportation Authority** – that operates to furnish and supply facilities, property and equipment for transportation needs regarding tourism.

Each of these component units are Public Trusts established pursuant to Title 60 of Oklahoma State law. Public Trusts (Authorities) have no taxing power. The Authorities are generally created to finance City services through issuance of revenue bonds or other non-general obligation debt and to enable the City Council to delegate certain functions to the governing body (Trustees) of the Authority. The Authorities generally retain title to assets which are acquired or constructed with Authority debt or other Authority generated resources. In addition, the City has leased certain existing assets at the creation for the

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Authorities to the Trustees on a long-term basis. The City, as beneficiary of the Public Trusts, receives title to any residual assets when a Public Trust is dissolved.

B. Basis of Presentation and Accounting

Government-Wide Financial Statements:

The statements of net position and activities are reported on the accrual basis of accounting and economic resources measurement focus. Under the accrual basis of accounting, revenues are recognized when earned and expenses (including depreciation and amortization) are recorded when the liability is incurred or economic asset used.

Program revenues in the Statement of Activities are revenues that are derived directly from each activity or from parties outside of the City's taxpayers. The City has the following program revenues in each activity:

- Public Safety – Fire, Police, Ambulance – fines and forfeitures, ambulance fees, fire run charges, 911 revenue and restricted operating and capital grants.
- Airport – rental fees, reimbursements from the City of Edmond, and capital grants.
- Streets – Commercial vehicle and gasoline excise tax shared by the State and other restricted operating grants.
- Culture, and recreation – cemetery revenues, lake fees, pool fees, library fees, operating and capital grants.
- General Government – licenses and permits, abatement fees, and restricted operating grants.

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

Governmental Funds:

The City's governmental funds include:

Major Fund:

General Fund

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

Special Revenue Funds:

- Guthrie/Oklahoma City Waterline Fund – accounts for the cost of developing a reliable source of water for the City and making certain other capital improvements to the municipal water and sewer systems.
- Hotel/Motel Tax Fund – accounts for hotel/motel tax revenues to be used in parks and promotion of tourism.
- Cemetery Care Fund – accounts for 12.5% of cemetery revenue restricted by State law for cemetery capital improvements.
- USDA Rural Development Fund – accounts for a Rural Business Enterprise grant to provide a revolving loan fund for small businesses.

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- Guthrie Industrial Development Authority – accounts for activity related to economic development and repayment of refundable grant obligation from the proceeds of a long-term note receivable.
- Grant Fund – accounts for grant activity.

Capital Project Fund – accounts for various capital projects.

Debt Service Fund – accounts for funds restricted for debt service.

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

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

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

Proprietary Funds:

The City's proprietary funds and are reported on the accrual basis of accounting and economic resources measure focus include:

Enterprise Fund

- Guthrie Public Works Authority Fund that accounts for the activities of the public trust in providing water, sewer, and sanitation services to the public.

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

C. Measurement Focus and Basis of Accounting

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

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities both governmental and business-like activities are presented using the economic resources measurement focus as defined in item b below.

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In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported along with deferred outflows and deferred inflows. Proprietary fund equity is classified as net position.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available". Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter (within 60 days of period end) to pay current liabilities. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

D. Assets, Liabilities, Deferred Outflows, Deferred Inflows and Equity

Cash and Investments

For the purposes of the statements of net position, balance sheets, and statement of cash flows, "cash and cash equivalents" includes all demand and savings accounts, and certificates of deposits or short-term investments with an original maturity of three months or less.

Investments are carried at fair value except for short-term U.S. Treasury obligations with a remaining maturity at the time of purchase of one year or less. Those investments are reported at amortized cost. Fair value is based on quoted market price.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include sales and use taxes, franchise

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taxes, grants, police fines, and ambulance fees. Business-type activities report utilities as its major receivables.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise tax, and grants and other similar intergovernmental revenues since they are usually both measurable and available. Non-exchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available.

Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Utility accounts receivable comprise the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

Capital Assets

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

Government-Wide Statements

In the government-wide financial statements, capital assets are accounted for as capital assets. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. Estimated historical cost was used to value the majority of the assets acquired prior to June 30, 1992.

Prior to October 1, 2003, governmental funds' infrastructure assets were not capitalized. These assets have been valued at estimated historical cost.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold of \$2,500 is used to report capital assets. The range of estimated useful lives by type of asset is as follows:

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

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Restricted Assets

Restricted assets include cash and investments of the proprietary fund that are legally restricted as to their use. The primary restricted assets are related to promissory note trustee accounts and utility meter deposits.

Long-Term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists of notes payable, capital leases, refundable grant obligations and accrued compensated absences.

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

Compensated Absences

The City's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. The liability for these compensated absences is recorded as long-term debt in the government-wide statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred.

Deferred Outflows and Inflows

Deferred outflows and inflows are the consumption or acquisition of net position by the City that are applicable to a future reporting period. At September 30, 2015, the City's deferred outflows of resources were comprised of pension related deferrals. Certain pension amounts are deferred, some as outflows and other as inflows, amortized as a component of pension expense in future periods.

Equity Classifications

Government-Wide Statements:

Equity is classified as net position and displayed in three components:

- a. *Net investment in capital assets* – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvements of those assets.
- b. *Restricted net position* - Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- c. *Unrestricted net position* - All other net position that does not meet the definition of “restricted.”

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Fund Statements:

Governmental fund equity is classified as fund balance. Fund balance is classified as nonspendable, restricted, committed, assigned and unassigned.

Proprietary fund equity is classified the same as in the government-wide statements.

E. Revenues, Expenditures, and Expenses

Sales Tax

The City presently levies a three cent sales tax on taxable sales within the City. The sales tax is collected by the Oklahoma Tax Commission and remitted to the City in the month following receipt by the Tax Commission. Sales tax proceeds, after recording in the General Fund, are distributed per City resolution to the GPWA with any unused portion subsequently returned to the General Fund. For the year ended September 30, 2015, the General Fund received on a cash basis \$4,628,629 of sales tax, of which \$1,542,876 was transferred to the Authority. Subsequently, the Authority transferred the full amount back to the City's General Fund.

Sales tax collected by the State in September and half of October 2015 and received by the City in October and half of November 2015, has been accrued and is included under the caption "Due from other governments" since they represent taxes on sales occurring prior to year-end.

Property Tax

Under State law, municipalities are limited in their ability to levy a property tax. Such tax may only be levied to repay principal and interest on general obligation bonded debt approved by voters and any court-assessed judgments.

For the year ended September 30, 2015, the City did not levy a property tax, and had no general obligation bonded debt or court-assessed judgments outstanding at September 30, 2015.

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

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G. Use of Estimates

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

2. Cash, Cash Equivalents, and Investments

At September 30, 2015, the reporting entity held the following deposits and investments:

Primary Government:

Type	Maturities	Credit Rating	Carrying Value
Deposits:			
Demand deposits			\$ 5,721,825
Cash on hand			1,325
Time deposit	11/26/2015		99,000
Time deposit	6/10/2016		449,814
			6,271,964
Investments:			
Federated Treasury Obligation #398		AAAm	146,358
			146,358
Total deposits and investments			\$ 6,418,322
 Reconciliation to Statement of Net Position:			
Cash and cash equivalents			\$ 5,869,508
Investments			548,814
			\$ 6,418,322

Custodial Credit Risk – Exposure to custodial credit risk related to deposits exists when the City holds deposits that are uninsured and uncollateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the City’s name: or collateralized without a written or approved collateral agreement. Exposure to custodial credit risk related to investments exists when the City holds investments that are uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the City’s name.

The City’s policy as it relates to custodial credit risk is to secure its uninsured deposits with collateral, valued at no more than market value, at least at a level of 110% of the uninsured deposits and accrued interest thereon. For investments in the Guthrie/OKC Waterline Fund, the trust agreement requires the investments to be collateralized with U. S. government-backed obligations. At September 30, 2015 the City was not exposed to custodial credit risk.

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Investment Interest Rate Risk - the City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Investment Credit Risk - The City has no investment policy that limits its investment choices other than the limitation of state law as follows:

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

Concentration of Investment Credit Risk - the City places no limit on the amount it may invest in any one issuer. Since the City has all investments in certificates of deposit, government securities, or money market accounts, there is no concentration of investment credit risk exposure.

Restricted Cash and Investments – The amounts reported as restricted assets of the proprietary fund statement of net position are comprised of amounts restricted for debt service, debt reserve, construction purposes, or refundable deposits. The restricted assets as of September 30, 2015 are as follows:

	Current	
	Cash and cash equivalents	Investments
Series 2012 Revenue Bond Interest Account	\$ 1	\$ -
Series 2012 Revenue Bond Account	146,358	-
2009 OWRB Trust Account	19	-
2008 OWRB Trust Account	21	-
Meter deposits	303,299	99,000
Total	\$ 449,698	\$ 99,000

3. Accounts and Notes Receivable

Accounts Receivable - Accounts receivable of the business-type activities consist of customers utilities services provided, both billed and unbilled, due at year end, reported net of allowance for uncollectible amounts. The governmental activities receivables include fines receivables.

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	Accounts Receivable	Less: Allowance for Uncollectible Accounts	Net Accounts Receivable
Governmental Activities:			
Franchise taxes	\$ 66,833	\$ -	\$ 66,833
Court fines	285,847	(214,387)	71,460
Ambulance fees	6,529,726	(6,399,133)	130,593
Other taxes	44,230	-	44,230
Street utilities	65,649	(24,259)	41,390
	<u>\$ 6,992,285</u>	<u>\$ (6,637,779)</u>	<u>\$ 354,506</u>
Business-Type Activities:			
Utilities	<u>\$ 1,147,925</u>	<u>\$ (443,907)</u>	<u>\$ 704,018</u>

Notes Receivable – Excel Jet – The Guthrie Industrial Development Authority has a \$375,000 note receivable with Excel-Jet with interest rates between 6% - 7%. The note was unsecured and matured in December 2013. The payments received on this note are used to secure two notes payable with Logan County Economic Development Council and Bancfirst. Monthly payments of \$4,849 began in January 2007. Management has determined that the receivable has been impaired and has provided an allowance for the entire note receivable. The company has made interest only payments on the note through the current fiscal year.

Notes Receivable – The City of Guthrie has a \$99,990 note receivable with an interest rate of 6%. The note is secured by a building and matures in October 2022. Payments of \$10,075 will be made annually.

Notes Receivable – The City of Guthrie has a \$10,000 note receivable with an interest rate of 4.5%. The note is secured by a building and matures in July 2023. Payments of \$1,000 will be made annually.

Note Receivable – The Guthrie Public Works Authority has a \$225,000 and a \$90,000 note receivable with certain individuals for the sale of the fire building and park barn. Each note has a 0% interest rate unless default occurs on the loan in which case, the note will bear a 10% interest rate. Events of default include failure to rehabilitate the property to occupancy status within 36 months of the date of the note and failure to meet minimum maintenance requirements within 12 months of the date of the note. However, an imputed interest rate of 4% has been applied. The notes are dated June 5, 2009 and mature on July 2023. Monthly payments are \$1,250 and \$500, respectively.

The activity on the notes receivable at September 30, 2015 is as follows:

	Balance 10/1/2014	Additions	Deductions	Balance 9/30/2015	Due Within One Year
Governmental Activities:					
Excel Jet	\$ 375,000	\$ -	\$ -	\$ 375,000	\$ -
(Less allowance for uncollectible account)	(375,000)	-	-	(375,000)	-
Building Loans	53,033	-	(7,097)	45,936	13,000
Total Governmental Activities, net	<u>\$ 53,033</u>	<u>\$ -</u>	<u>\$ (7,097)</u>	<u>\$ 45,936</u>	<u>\$ 13,000</u>
Business-Type Activities:					
Fire Building	\$ 103,062	\$ -	\$ (10,124)	\$ 92,938	\$ 11,476
Park Barn	44,577	-	(3,930)	40,647	4,455
Total Business-Type Activities	<u>\$ 147,639</u>	<u>\$ -</u>	<u>\$ (14,054)</u>	<u>\$ 133,585</u>	<u>\$ 15,931</u>

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4. Capital Assets and Depreciation

Capital Assets:

Capital assets consist of land, land improvement, construction in progress, buildings and building improvements, machinery and equipment, and infrastructure. Capital assets are reported at actual or estimated historical cost. Donated capital assets are recorded at their fair value at the date of donation. For the year ended September 30, 2015, capital assets balances changed as follows:

	Balance at October 1, 2014	Additions	Disposals	Balance at September 30, 2015
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,641,768	\$ -	\$ -	\$ 1,641,768
Construction in progress	134,582	590,106	424,217	300,471
Total capital assets not being depreciated	<u>1,776,350</u>	<u>590,106</u>	<u>424,217</u>	<u>1,942,239</u>
Other capital assets:				
Buildings	2,917,251	-	-	2,917,251
Improvements	6,566,417	-	-	6,566,417
Infrastructure	9,344,758	424,217	-	9,768,975
Machinery, furniture and equipment	6,550,201	156,022	54,347	6,651,876
Total other capital assets at historical cost	<u>25,378,627</u>	<u>580,239</u>	<u>54,347</u>	<u>25,904,519</u>
Less accumulated depreciation for:				
Buildings	1,024,523	78,981	-	1,103,504
Improvements	2,933,537	271,788	-	3,205,325
Infrastructure	1,535,352	562,520	-	2,097,872
Machinery, furniture and equipment	5,333,982	274,570	54,347	5,554,205
Total accumulated depreciation	<u>10,827,394</u>	<u>1,187,859</u>	<u>54,347</u>	<u>11,960,906</u>
Other capital assets, net	<u>14,551,233</u>	<u>(607,620)</u>	<u>-</u>	<u>13,943,613</u>
Governmental activities capital assets, net	<u>\$ 16,327,583</u>	<u>\$ (17,514)</u>	<u>\$ 424,217</u>	<u>\$ 15,885,852</u>
	Balance at October 1, 2014	Additions	Disposals	Balance at September 30, 2015
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 714,607	\$ -	\$ -	\$ 714,607
Construction in progress	1,337,236	860,263	2,139,245	58,254
Total capital assets not being depreciated	<u>2,051,843</u>	<u>860,263</u>	<u>2,139,245</u>	<u>772,861</u>
Other capital assets:				
Buildings	18,274,140	-	-	18,274,140
Improvements	253,402	-	-	253,402
Machinery, furniture and equipment	3,179,905	1,587,475	-	4,767,380
Utility property	24,526,126	616,527	-	25,142,653
Total other capital assets at historical cost	<u>46,233,573</u>	<u>2,204,002</u>	<u>-</u>	<u>48,437,575</u>
Less accumulated depreciation for:				
Buildings	2,363,566	459,669	-	2,823,235
Improvements	174,130	8,811	-	182,941
Machinery, furniture and equipment	2,101,136	248,523	-	2,349,659
Utility property improvements	13,985,853	669,068	-	14,654,921
Total accumulated depreciation	<u>18,624,685</u>	<u>1,386,071</u>	<u>-</u>	<u>20,010,756</u>
Other capital assets, net	<u>27,608,888</u>	<u>817,931</u>	<u>-</u>	<u>28,426,819</u>
Business-type activities capital assets, net	<u>\$ 29,660,731</u>	<u>\$ 1,678,194</u>	<u>\$ 2,139,245</u>	<u>\$ 29,199,680</u>

See accompanying footnotes to this schedule.

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Depreciation of capital assets is included in total expenses and is charged or allocated to the activities primarily benefiting from the use of the specific asset. Depreciation expense has been allocated as follows:

Governmental Activities:

General government	\$ 56,786
Public safety	174,465
Highways and streets	248,739
Culture, tourism, and recreation	79,879
Airport	627,990
Depreciation expense	<u>\$ 1,187,859</u>

Business-Type Activities:

Water	\$ 756,811
Sewer	335,684
Sanitation	31,607
Administration	96,939
Line maintenance	158,216
Meter operations	6,814
Depreciation expense	<u>\$ 1,386,071</u>

5. Long-Term Debt and Debt Service Requirements

For the year ended September 30, 2015, the reporting entity's long-term debt changed as follows:

<u>Type of Debt</u>	<u>Balance</u> <u>October 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>September 30, 2015</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities:					
Capital lease payable	\$ 598,863	\$ 129,239	\$ 134,517	\$ 593,585	\$ 364,753
Refundable grant obligation	117,708	-	12,500	105,208	12,500
Notes payable	161,592	-	1,287	160,305	18,419
Accrued compensated absences	456,473	438,665	354,977	540,161	54,016
Net OPEB obligation	324,290	71,963	-	396,253	-
Total Governmental Activities	<u>\$ 1,658,926</u>	<u>\$ 639,867</u>	<u>\$ 503,281</u>	<u>\$ 1,795,512</u>	<u>\$ 449,688</u>
Business-Type Activities:					
Notes Payable	\$ 17,249,178	\$ 527,325	\$ 1,508,181	\$ 16,268,322	\$ 797,267
Utility System Revenue and Sales Tax Note	2,835,000	-	215,000	2,620,000	225,000
Accrued compensated absences	49,096	47,110	45,749	50,457	5,046
Net OPEB obligation	69,074	9,982	-	79,056	-
Total Business-Type Activities	<u>20,202,348</u>	<u>584,417</u>	<u>1,768,930</u>	<u>19,017,835</u>	<u>1,027,313</u>
Total Long-Term Debt	<u>\$ 21,861,274</u>	<u>\$ 1,224,284</u>	<u>\$ 2,272,211</u>	<u>\$ 20,813,347</u>	<u>\$ 1,477,001</u>

Reconciliation to Statement of Net Position:

Governmental Activities:

Due within one year	\$ 449,688
Due in more than one year	1,345,824
Total Governmental Activities Long-Term Liabilities	<u>\$ 1,795,512</u>

Business-Type Activities:

Due within one year	\$ 1,027,313
Due in more than one year	18,205,522
Total Business-Type Activities Long-Term Liabilities	<u>\$ 19,232,835</u>

The governmental capital lease obligations are paid by the general fund. Governmental accrued compensated absences will be liquidated by the general fund. Governmental notes payable and the refundable grant obligation are paid by the Guthrie Industrial Development Authority.

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Governmental activities long-term debt:

Governmental activities long-term debt payables from net revenues include the following:

Capital Lease Obligations:

\$347,330 lease obligation for the purchase of a backhoe, grader and loader, payable in monthly installments of \$2,688 with an annual interest rate of 3.0%, final payment due September 2016.	\$	253,695
\$136,224 lease obligation for the purchase of 3 patrol cars, a F-150 and a bobcat, payable in 5 annual installments of \$28,462 with an annual interest rate of 2.19%, final payment due October 2017.		81,778
\$129,239 lease obligation for the purchase of 2 police cars, two 3/4 ton pickups and a 1 ton pickup, payable in 5 annual installments of \$27,127 with an annual interest rate of 1.95%, final		103,344
\$135,860 lease obligation for the purchase of a 2013 International Dump Truck, payable in 20 quarterly installments of \$7,117 with an annual interest rate of 1.50%, final payment due October 2018.		89,682
\$128,000 lease obligation for the purchase of 2013 Dodge 4x4 Type 1 Ambulance, payable in 48 monthly installments of \$8,292 with an annual interest rate of 1.7%, final payment due September 2017.		65,086
Total Capital Leases Payable	\$	<u>593,585</u>
Current portion	\$	364,753
Noncurrent portion		<u>228,832</u>
Total Capital Leases Payable	\$	<u>593,585</u>

Refundable Grant Obligation:

CDBG Refundable Grant Obligation contract #14402 dated March 1, 2003, original amount of \$250,000 with 0% interest rate, due in monthly installments of \$1,041 and an economic payback #9793, secured with lease revenue from Spirit Wing Aviation, final payment due March 2024.	\$	<u>105,208</u>
Total Refundable Grant Obligation	\$	<u>105,208</u>
Current portion	\$	12,500
Noncurrent portion		<u>92,708</u>
Total Refundable Grant Obligation	\$	<u>105,208</u>

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Note Payable:

Note Payable to Edmond Economic Development Authority dated October 1, 2012, original amount \$185,000 with annual interest rate of 1.5%, final installment due July 1, 2022, secured with airport revenues.

	\$ 160,305
Total Notes Payable	<u>\$ 160,305</u>
Current portion	\$ 18,419
Noncurrent portion	141,886
Total Notes Payable	<u>\$ 160,305</u>

Accrued Compensated Absences:

	\$ 54,016
Current portion	\$ 54,016
Noncurrent portion	486,145
Total Accrued Compensated Absences	<u>\$ 540,161</u>

Business-type activities long-term debt payable from net revenues generated by and taxes pledged to the City's business-type activities include the following:

Notes Payable:

2004 SRF Note Payable to Oklahoma Water Resources Board dated September 1, 2004, original amount of \$607,000 with an annual interest rate of 2.17% due in semi-annual installments of principal and interest beginning March 15, 2005, final installment due September 15, 2024, payable from and secured by utility revenues.

\$ 321,190

2008 SRF Note Payable to Oklahoma Water Resources Board dated January 19, 2009, original amount of \$7,320,000 with an annual interest rate of 4.51% due in semi-annual installments of principal and interest beginning March 15, 2011, final installment due September 15, 2030, payable from and secured by utility revenues.

6,637,809

2009 SRF Note Payable to Oklahoma Water Resources Board dated January 19, 2009, original amount of \$8,000,000 with an annual interest rate of 4.51% due in semi-annual installments of principal and interest beginning March 15, 2011, final installment due September 15, 2030, payable from and secured by utility revenues.

7,297,551

2010 CW Note Payable to Oklahoma Water Resources Board dated December 1, 2010, original amount of \$4,375,000 with an annual interest rate of 3.13% due in semi-annual installments of principal and interest beginning March 15, 2012, final installment due September 15, 2032, payable from and secured by utility revenues.

	2,226,772
Total Notes Payable	<u>\$ 16,483,322</u>
Current portion	\$ 797,267
Noncurrent portion	15,686,055
Total Notes Payable	<u>\$ 16,483,322</u>

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Utility System and Sales Tax Revenue Note

2013 Series Utility System and Sales Tax Revenue Bonds original issue amount of \$2,975,000, dated July 24, 2013, issued by Guthrie Public Works Authority, secured by certain utility revenue and pledged sales tax, and a security interest in the personal property used in conjunction with the water and sewer systems, interest rate of 2.76%, final maturity October 1, 2025.

	\$ 2,620,000
Total Revenue Bonds Payable	\$ 2,620,000
	\$ 225,000
Current portion	\$ 225,000
Noncurrent portion	2,395,000
Total Revenue Bonds Payable	\$ 2,620,000

Accrued Compensated Absences:

	\$ 5,046
	45,411
Current portion	\$ 5,046
Noncurrent portion	45,411
Total Accrued Compensated Absences	\$ 50,457

Debt Service Requirements to Maturity:

<u>Year Ending September 30,</u>	Governmental Activities					
	Refundable Grant Obligations		Capital Lease obligations		Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 12,500	\$ -	\$ 364,753	\$ 13,717	\$ 18,419	\$ 208
2017	12,500	-	113,183	4,116	18,442	185
2018	12,500	-	81,963	2,494	18,465	162
2019	12,500	-	33,686	1,051	18,488	139
2020	12,500	-	-	32	18,511	116
2021-2025	42,708	-	-	-	67,980	232
Totals	\$ 105,208	\$ -	\$ 593,585	\$ 21,410	\$ 160,305	\$ 1,042

Amount remaining to be drawn

<u>Year Ending September 30,</u>	Business Type Activities			
	Notes Payable		Utility System Revenue and Sales Tax Note	
	Principal	Interest	Principal	Interest
2016	\$ 797,267	\$ 709,910	\$ 225,000	\$ 70,794
2017	834,087	673,090	225,000	64,584
2018	870,536	636,641	230,000	58,305
2019	908,606	598,571	240,000	51,888
2020	946,775	560,402	240,000	45,264
2021-2025	5,382,273	2,134,325	1,320,000	121,302
2026-2030	6,490,212	852,809	140,000	1,931
2031	253,566	8,074	-	-
Totals	\$ 16,483,322	\$ 6,173,822	\$ 2,620,000	\$ 414,068

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Defeased Bonds Outstanding:

The Guthrie Public Works Authority has defeased an outstanding bond issue by placing deposits in irrevocable trusts and escrow accounts for the purchase of U.S. government securities to pay the principal and interest on the defeased bonds as they are due and payable. For financial reporting purposes, both the defeased bonds outstanding and the escrowed securities have been excluded from the financial statements. At year-end, the remaining outstanding defeased bonds were as follows:

<u>Defeased Bonds Outstanding:</u>	<u>Outstanding at September 30, 2015</u>
1977 Series Bonds - Public Works Authority	
Total Defeased Bonds Outstanding	<u>\$30,000</u>

6. Net Position and Fund Balances

Fund Statements:

Fund balance is classified as nonspendable, restricted, committed, assigned and unassigned. These classifications are defined as:

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

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

The following tables show the fund balance classifications as shown on the Governmental Funds Balance Sheet:

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	General Fund	Other Governmental Funds	TOTAL Governmental
Fund Balances (Deficit):			
Restricted for:			
East Village Infrastructure	\$ 449,814	\$ -	\$ 449,814
Specified water and sewer projects	-	1,544,047	1,544,047
E911	-	9,412	9,412
Industrial Development	-	21,879	21,879
Tourism	-	53,432	53,432
Parks	-	36,590	36,590
Cemetery	-	27,113	27,113
Revolving loan program for small businesses	-	100,809	100,809
Grant programs	-	30	30
Debt Service	-	455	455
Sub-total Restricted	<u>449,814</u>	<u>1,793,767</u>	<u>2,243,581</u>
Committed to:			
Stabilization	1,718,271	-	1,718,271
Sub-total Committed	<u>1,718,271</u>	<u>-</u>	<u>1,718,271</u>
Assigned to:			
Capital projects	-	98,194	98,194
Airport	226,011	-	226,011
Tourism/parks	-	23,930	23,930
Grant programs	-	110,583	110,583
Public Safety	261,461	-	261,461
Sub-total Assigned	<u>487,472</u>	<u>232,707</u>	<u>720,179</u>
Unassigned:	401,795	-	401,795
TOTAL FUND BALANCES	<u>\$ 3,057,352</u>	<u>\$ 2,026,474</u>	<u>\$ 5,083,826</u>

Net position is displayed in three components:

- a. *Net investment in capital assets* - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- b. *Restricted net position* - Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or 2) law through constitutional provisions or enabling legislation.

The restrictions are as follows:

	State Statutes	Enabling Legislation	Contractual Agreements	Total
Governmental Activities:				
Capital Projects:				
General Fund - specific GHM Projects	\$ -	\$ -	\$ 449,814	\$ 449,814
Capital Improvement Fund	-	9,412	-	9,412
Guthrie/OKC Waterline Fund	-	1,544,047	-	1,544,047
Sub-total Capital Projects	<u>-</u>	<u>1,553,459</u>	<u>449,814</u>	<u>2,003,273</u>
Debt Service:				
Sinking Fund	455	-	-	455
Other				
USDA Rural Development Fund	-	-	100,809	100,809
Hotel Motel Tax Fund	90,022	-	-	90,022
Grant Fund	30	-	-	30
GIDA	-	21,879	-	21,879
Cemetery Care Fund	27,113	-	-	27,113
Sub-total Other	<u>117,165</u>	<u>21,879</u>	<u>100,809</u>	<u>239,853</u>
Total Governmental Activities	<u>117,620</u>	<u>1,575,338</u>	<u>550,623</u>	<u>2,243,581</u>
TOTAL RESTRICTED NET POSITION	<u>\$ 117,620</u>	<u>\$ 1,575,338</u>	<u>\$ 550,623</u>	<u>\$ 2,243,581</u>

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c. *Unrestricted net position* - All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

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

Stabilization Reserve

On August 21, 2012, the City Council adopted Ordinance No. 3239 which established requirements for a stabilization reserve for the General Fund. This ordinance requires that funds be set aside for the purpose of stabilization.

The minimum amount to be set aside for the General Fund stabilization is 12% of General Fund non-capital operating expenses excluding transfers as of the most recent annual audit. The maximum amount is 30% of the same items.

When the balance is less than the minimum, it shall be funded with not less than 75% of assigned and unassigned General Fund balance as of the most recent financial statements. When the balance is greater than the minimum but less than the maximum, it shall be funded with 50% of assigned and unassigned General Fund fund balance as of the most recent financial statements.

Amounts held that are above the minimum balance may be spent for the following purposes:

- a. Expenditures for emergency situations for life, health or public safety issues for which no existing appropriations exist
- b. Situations where a significant revenue declaim in excess of 5% of General Fund original budgeted estimated revenues (excluding transfer in) arises that could not have been foreseen, and for which new revenue is not available and transfers of existing appropriations are not considered feasible or appropriate in maintaining existing service levels;
- c. Correcting the results of an inaccurate estimate, accounting error, or budgeting error in excess of 5% of General Fund original budgeted estimated revenues (excluding transfers)
- d. Expenditures where the proposed use is of a nonoperational nature involving capital or technical purchases having a useful life of greater than five years that will improve the efficiency of the City government. These efficiency improvements should result in tangible benefits that can be measured financially, through better service to the citizens, or an increased productivity for City employees.
- e. Expenditures where the proposed use is of a nonrecurring nature, such as start-up costs of a program whose ongoing costs are otherwise funded, matching funds for a grant, or up-front payment of grant eligible expenses to be reimbursed by grant revenues. These expenditures should result in tangible benefits that can be measured financially, through better service to the citizens, or an increased productivity for City employees.

Amounts held that are below the minimum balance may be spent for the following purposes:

- a. Expenditures for emergency situations for life, health or public safety issues for which no existing appropriations exist
- b. Situations where a significant revenue declaim in excess of 5% of General Fund original budgeted estimated revenues (excluding transfer in) arises that could not have been foreseen,

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and for which new revenue is not available and transfers of existing appropriations are not considered feasible or appropriate in maintaining existing service levels;

- c. Correcting the results of an inaccurate estimate, accounting error, or budgeting error in excess of 5% of General Fund original budgeted estimated revenues (excluding transfers)

The amount of cash in the stabilization reserve account at September 30, 2015 is \$783,119, with an additional amount of cash that is due from another General Fund bank account of \$935,152 for a total amount of \$1,718,271.

The Guthrie Public Works Authority adopted Resolution No. 2012-10 with similar funding requirements and allowable spending purposes. The amount of cash in the stabilization reserve account at September 30, 2015 is \$351,397, with an additional amount of cash that is due from another GPWA bank account of \$479,120 for a total of \$830,517. For financial statement classification purposes, this amount is included in the unrestricted net position amount for \$2,217,144 on the GPWA's Statement of Net Position.

7. Internal and Interfund Balances and Transfers

The City's policy is to eliminate interfund transfers and balances in the statements of activities and net position to avoid the grossing up of balances. Only the residual balances transferred between governmental and business-type activities are reported as internal transfers and internal balances and then offset in the total column in the government-wide statements. Interfund transfers and balances between funds are not eliminated in the fund financial statements.

Transfers:

Internal transfers between funds and activities for the year ended September 30, 2015 were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose of Transfer</u>	
General Fund	GPWA	1,542,876	Sales Tax transfer	
General Fund	Grant Fund	151,030	Grant match	
Grant Fund	General Fund	10,241	Grant expenses	
GPWA	General Fund	1,542,876	Sales Tax transfer	
GPWA	General Fund	350,000	Operating transfer	
General Fund	Capital Project Fund	164,933	Capital asset purchase	
GPWA	Capital Project Fund	29,592	Capital asset purchase	
Total		<u>\$ 3,791,548</u>		
Reconciliation to Fund Financial Statements:				
	<u>Transfers In</u>	<u>Transfers Out</u>	<u>GW Capital Asset Transfers</u>	<u>Net Transfers</u>
Governmental Funds	\$ 2,248,672	\$ (1,869,080)	(830,897)	\$ (451,305)
Proprietary Funds	1,542,876	(1,922,468)	830,897	\$ 451,305
	<u>3,791,548</u>	<u>(3,791,548)</u>	-	-

Balances:

Interfund receivable and payables at September 30, 2015 were comprised of the following:

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Due From	Due To	Amount	Nature of Balance
General Fund	Grant Fund	151,297	Expenditures paid by other funds
Grant Fund	General Fund	10,975	Expenditures paid by other funds
GPWA	General Fund	3,876	Expenditures paid by other funds
General Fund	Guthrie Industrial Development Fund	3,725	Expenditures paid by other funds
General Fund	Hotel/Motel Tax Fund	301	Deposit in wrong fund
Grant Fund	GPWA	10,649	Expenditures paid by other funds
GPWA	Capital Improvement Fund	620	Deposit in wrong fund
Capital Improvement Fund	GPWA	97,427	Expenditures paid by other funds
Capital Improvement Fund	GPWA	19,286	Debt payment
General Fund	GPWA	6,753	Deposit in wrong fund
Guthrie Industrial Development Fund	General Fund	149	Deposit in wrong fund
Grant Fund	General Fund	54,241	Expenditures paid by other funds
Total		\$ 359,299	

Reconciliation to Fund Financial Statements:

	Due From	Due To	Net Internal Balances
Governmental Funds	\$ 225,184	\$ (354,803)	\$ (129,619)
Proprietary Funds	704,018	(4,496)	699,522
Total	\$ 929,202	\$ (359,299)	\$ 569,903

8. Prior Period Adjustments

Beginning net position was restated as of September 30, 2015 as follows:

	Enterprise Fund	Government-Wide	
		Governmental Activities	Business-type Activities
Beginning net position, as previously reported	\$ 12,020,963	\$ 19,842,760	\$ 12,020,963
Implementation of GASB Statements 68 & 71, recognition of beginning net pension liability (asset), deferred inflows and deferred outflows	(19,209)	(4,972,310)	(19,209)
Beginning net position, restated	\$ 12,001,754	\$ 14,870,450	\$ 12,001,754

9. Pledged Future Revenues

Utility Net Revenues Pledge – The City has pledged the net water and sewer utility revenues to repay the following notes payable: \$607,000 of 2004 SRF, \$7,320,000 of 2008 SRF, \$8,000,000 of 2009 SRF and \$4,375,000 of 2010 SRF Oklahoma Water Resources Board Notes Payable. The City has also pledged 1% of sales tax to repay the \$2,975,000 of 2013 Utility System and Sales Tax Revenue Note. Proceeds from the bonds provided for the purchase or construction of water and utility systems. The bonds are payable from pledged net water and sewer utility revenues through 2030. The total principal and interest payable for the remainder of the life of these bonds is \$25,691,212). Pledged sales tax and net water and sewer utility revenues in the current fiscal year were \$2,162,884. Debt service payments of \$1,801,252 for the current fiscal year were 83% of total pledged revenues for these notes.

Sales tax revenue represents a 3.0% tax on each dollar of taxable sales of which is recorded as follows:

- One cent is recorded in the General Fund which is pledged and transferred to the GPWA to assist in GPWA debt service coverage requirements. The unused portion of this one cent tax is then returned to the General Fund.

10. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee health and life; and natural disasters. The City manages these various risks of loss as follows:

- General Liability and Physical Property – Covered through participation in Oklahoma Municipal Assurance Group risk entity pool (1)
- Worker’s Compensation – Worker’s compensation is covered through participation in the Oklahoma Municipal Assurance Group risk entity pool (2)
- Employee’s Group Medical – Covered through purchased insurance with Principal Financial Group

(1) Liability Protection Plan

The basic insurance agreements cover claims against municipalities for all government functions, utilities, and services covered in the Plan. These include bodily injury, property damage, wrongful acts, personal injury, and related torts under the state tort claims law and federal civil rights laws. All public officials, employees, services, and municipal functions are covered unless they are specifically listed as exclusions in the Plan.

The title to all assets acquired by the Plan are vested in the Group. In the event of termination of the Group, such property shall belong to the then members of the Group in equal shares. Each participating City pays all costs, premiums, or other fees attributable to its respective participation in the Plan, and is responsible for its obligation under any contract entered into with the Plan.

Reserves for claim losses include provisions for reported claims on a case basis and an estimate of claims incurred but not reported limited by aggregate and individual loss levels as specified by the Plan's reinsurance contracts. These credits, if any, represent contingent liabilities of the Plan if the reinsurer was unable to meet its obligations under the reinsurance agreement.

The Plan's insurance agreements are reinsured for excess losses based upon the contract year. The significant components of each reinsurance contract can be obtained from the Plan's annual financial report.

(2) Worker’s Compensation

The title to all assets acquired by the Plan are vested in the Plan. In the event of termination of the Plan, such property shall belong to the then members of the Plan in equal shares. Each participating city pays for all costs, premiums, or other fees attributable to its respective participation in the Plan, policy or service established under the agreement establishing the Oklahoma Municipal Assurance Group, and is responsible for its obligations under any contract entered into with the Plan.

Specific aggregate stop loss coverage is provided by the State Insurance Fund and covers all claims above the loss reserve fund. The loss reserve fund amount for the fiscal year 2015 was \$138,309. Reserves for policy and contract claims provide for reported claims on a case basis and a provision for incurred but not reported claims limited to specific retention levels for each member as outlined in the Plan’s reinsurance agreement.

The Plan worker's compensation coverage is reinsured for losses in excess of respective retention levels. The reinsurance agreement covers losses incurred within the effective period of the agreement. Each Plan member's liability for claims losses is limited to their individual retention levels as outlined in the Plan's reinsurance agreement.

Management believes the insurance coverage listed above is sufficient to preclude any significant uninsured losses to the City. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

11. Commitments and Contingencies

Litigation:

The City is a party to various legal proceedings which normally occur in the course of governmental operations. The financial statements do not include accruals or provisions for loss contingencies that may result from these proceedings. State statutes provide for the levy of an ad valorem tax over a three-year period by a City Sinking Fund for the payment of any court assessed judgment rendered against the City. While the outcome of the above noted proceedings cannot be predicted, due to the insurance coverage maintained by the City and the State statute relating to judgments, the City feels that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the City.

The City and Guthrie Public Works Authority (Authority) who had multiple claims filed against them by the Rural Water, Sewer, and Solid Waste Management District No.1, Logan County (District) asserting that the City and Authority have allegedly violated monopoly protection held by the District as a result of outstanding loans from the United States Department of Agriculture. The litigation has proceeded through trial on a federal court case and judgment was awarded to the District against the City in an amount of one million two hundred thousand dollars (1,200,000.00), mol, with attorneys' fees possible being awarded in the future for the District. City will appeal said judgment. Settlement negotiations continue. If the judgment is upheld against the City, the damage award, if not covered by insurance, will be paid a state statute allows explained in the previous paragraph.

The City has prevailed in a State court case filed by the District and the City has been awarded in excess of five hundred thousand dollars (\$500,000.00) in attorneys' fees against the District. Three hundred thirty three thousand dollars (\$333,000.00) of those fees has been paid and were given to the City's insurer as it defended the action. Another two hundred thousand dollars (\$200,000.00) in attorneys' fees against the District and favor the City is pending.

Federal and State Award Programs:

The City of Guthrie participates in various federal or state grant/loan programs from year to year. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. The City has not been notified of any noncompliance with federal or state award requirements.

Any liability for reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

12. Pension Plan Participation

The City of Guthrie participates in three pension or retirement plans:

- Oklahoma Firefighter’s Pension and Retirement System (OFPRS) – a statewide cost-sharing plan.
- Oklahoma Police Pension and Retirement System (OPPRS) – a statewide cost-sharing plan.
- Oklahoma Municipal Retirement Fund (OkMRF) – an agent multiple-employer defined benefit plan.

Oklahoma Firefighter’s Pension and Retirement System

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

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

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

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

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

Contributions - The contributions requirements of the Plan are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 9% percent of their annual pay. Participating cities are required to contribute 14% of the employees’ annual pay. Contributions to the pension plan from the City were \$173,566. The State of Oklahoma also made on-behalf contributions to FPRS in the amount of \$413,984 during the calendar year and this is reported as both expense and revenue in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. In the government-wide Statement of Activities, revenue is recognized for the state’s on-behalf contributions on an accrual basis of \$439,944. These on-behalf payments did not meet the criteria of a special funding situation.

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Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At September 30, 2015, the City reported a liability of \$4,816,145 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The City's proportion of the net pension liability was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2015. Based upon this information, the City's proportion was 0.4538 percent.

For the year ended September 30, 2015, the City recognized pension expense of \$492,187. At September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 95,152	\$ -
Net difference between projected and actual earnings on pension plan investments	170,735	529,745
Changes in proportion and differences between City contributions and proportionate share of contributions	443,555	-
City contributions during measurement date	-	2,385
City contributions subsequent to the measurement date	41,270	-
Total	\$ 750,712	\$ 532,129

\$41,270 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
	2016	\$ (28,323)
	2017	(28,323)
	2018	(28,323)
	2019	148,259
	2020	87,994
	Thereafter	26,028
	Total	\$ 177,312

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

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

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

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

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

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

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

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

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Employers' net pension liability	\$ 6,253,273	\$ 4,816,145	\$ 3,610,839

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of the FPRS which can be located at www.ok.gov/FPRS.

Oklahoma Police Pension and Retirement System

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

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

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

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

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

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Contributions - The contributions requirements of the Plan are at an established rate determine by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 8% percent of their annual pay. Participating cities are required to contribute 13% of the employees' annual pay. Contributions to the pension plan from the City were \$120,952. The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of \$111,454 during the calendar year and this is reported as both expense and revenue in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$112,172. These on-behalf payments did not meet the criteria of a special funding situation.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At September 30, 2015, the City reported a liability of \$12,887 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2014. The City's proportion of the net pension asset was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2015. Based upon this information, the City's proportion was 0.3161 percent.

For the year ended September 30, 2015, the City recognized pension expense of \$56,647. At September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 71,262
Net difference between projected and actual earnings on pension plan investments	230,937	280,527
Changes in proportion and differences between City contributions and proportionate share of contributions	41,490	-
City contributions during measurement period	-	1,450
City contributions subsequent to the measurement date	29,343	-
Total	<u>\$ 301,770</u>	<u>\$ 353,239</u>

\$29,343 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$ (44,271)
2017	(44,271)
2018	(44,271)
2019	50,921
2020	1,080
	<u>\$ (80,812)</u>

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

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

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

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

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

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

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

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	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Employers' net pension liability (asset)	\$ 774,368	\$ 12,887	\$ (629,094)

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

Defined Benefit Plan - Oklahoma Municipal Retirement Fund

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

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

Eligibility Factors and Benefit Provisions

<u>As of 07/01/15</u> <u>Provision</u>	<u>OMRF Plan</u>
a. Eligible to Participate	Full-time, non-uniformed employees of the City or Authority upon hire if less than age 60.
b. Contribution Requirements:	
- Authorization	By City ordinance
- Actuarially Determined	Yes
- Employer Rate	8.32% of covered payroll
- Employee Rate	3.69% of covered payroll
c. Period Required to Vest	10 years of credited service
d. Eligibility for Distribution	- Normal retirement at age 65 with 10 years of service - Early retirement at age 55 with 10 years of service

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- Disability retirement upon disability with 10 years of service
- Death benefit with 10 years of service for married employees

- e. Benefit Determination Base Final average salary – the average of the five highest consecutive annual salaries out of the last 10 calendar years of service

- f. Benefit Determination Methods:
 - Normal Retirement 2.625% of final average salary multiplied by credited years of service

 - Early Retirement Actuarially reduced benefit based upon age and years of service at termination.

 - Disability Retirement Benefit computed as for normal retirement based upon age and service at termination

 - Death Benefit 50% of employee’s accrued benefit, but terminates upon spouse re-marriage

 - Prior to 10 Years Service Return of employee contributions with accrued interest

- g. Form of Benefit Payments Normal form is a 60 months certain and life thereafter basis. Employee may elect. With City consent, optional form based on actuarial equivalent.

Employees Covered by Benefit Terms

Active Employees	58
Deferred Vested Former Employees	2
Retirees or Retiree Beneficiaries	<u>10</u>
Total	<u>70</u>

Contribution Requirements - The City Council has the authority to set and amend contribution rates by ordinance for the OkMRF defined benefit plan in accordance with O.S. Title 11, Section 48-102. The contribution rates for the current fiscal year have been made in accordance with an actuarially determined rate. The actuarially determined rate is 7.47% of covered payroll as of 7-1-14 and 6.77% of covered payroll as of 7-1-15. For the year ended September 30, 2015 the City recognized \$138,867 of employer contributions to the plan which equals the actuarially determined amount based on covered payroll of \$3,022,811. Employees’ contribution is 3.69% of covered payroll as of 7-1-14 and 7-1-15.

Actuarial Assumptions

Date of Last Actuarial Valuation	July 1, 2014
a. Actuarial cost method	Entry age normal
b. Rate of Return on Investments and Discount Rate	7.75%

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c. Projected Salary Increase	Varies between 7.42% and 4% based on age
d. Post Retirement Cost-of-Living Increase	Benefits (attributable to service prior to 1/1/2010) in payment status are adjusted each July 1 st based on the percentage change in the CPI. The maximum increase or decrease in any year is 3%.
e. Inflation Rate	3%
f. Mortality Table	UP 1994, with projected mortality improvement
g. Percent of married employees	100%
h. Spouse age difference	3 years (female spouses younger)
i. Turnover	Select and ultimate rates Ultimate rates are age-related as shown Additional rates per thousand are Added during the first 5 years: Year 1: 215 Year 2: 140 Year 3: 95 Year 4: 65 Year 5: 40
j. Date of last experience study	September 2012 for fiscal years 2007 thru 2011

Discount Rate – The discount rate used to value benefits was the long-term expected rate of return on plan investments, 7.75% since the plan’s net fiduciary position is projected to be sufficient to make projected benefit payments.

The City has adopted a funding method that is designed to fund all benefits payable to participants over the course of their working careers. Any differences between actual and expected experience are funded over a fixed period to ensure all funds necessary to pay benefits have been contributed to the trust before those benefits are payable. Thus, the sufficiency of pension plan assets was made without a separate projection of cash flows.

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

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

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

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SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances Beginning of Year	\$ 4,872,335	\$ 5,273,843	\$ (401,508)
Changes for the Year:			
Service cost	165,947	-	165,947
Interest expense	370,915	-	370,915
Differences between expected and actual experience	30,985	-	30,985
Contributions--City	-	140,558	(140,558)
Contributions--members	-	67,223	(67,223)
Net investment income	-	148,170	(148,170)
Benefits paid	(175,951)	(175,951)	-
Plan administrative expenses	-	(11,002)	11,002
Change in deferred contributions made subsequent to the measurement date	-	-	-
Net Changes	<u>391,896</u>	<u>168,998</u>	<u>222,898</u>
Balances End of Year	<u>\$ 5,264,231</u>	<u>\$ 5,442,841</u>	<u>\$ (178,610)</u>

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Net Pension Liability (Asset)	\$ 539,434	\$ (178,610)	\$ (765,613)

The City reported \$12,345 in pension expense for the year ended September 30, 2015. At September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 26,495	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	202,457	366,478
City contributions subsequent to the measurement date	32,118	-
Total	<u>\$ 261,070</u>	<u>\$ 366,478</u>

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Amortization of Pension Deferrals: \$32,118 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2016. Any other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2016	\$ (67,054)
2017	(67,054)
2018	(67,054)
2019	55,104
2020	4,491
Thereafter	4,041
	\$ (137,526)

13. Annual OPEB Cost and Net OPEB Obligation

Plan Description: The City provides post-retirement benefit options for health care, and prescription drug benefits for retired employees and their dependents that elect to make required contributions. The benefits are provided in accordance with State law, police and firefighter's union contracts and the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). The relationship for these benefits is not formalized in a contract or plan document, only a few sentences in the administrative policy. These benefits are considered for accounting purposes to be provided in accordance with a single employer substantive plan. A substantive plan is one in which the plan terms are understood by the city and plan members. This understanding is based on communications between the employers and plan member and the historical pattern of practice with regard to the sharing of benefit costs. Substantially all of the government's employees may become eligible for those post-retirement benefits if they reach normal retirement age while working for the City.

Funding Policy. The contribution requirement of the City is an implicit subsidy. The implicit subsidy is not a direct payment from the employer on behalf of the member but rather stems from retiree contribution levels that are less than the claims cost as retiree ages. Since claims experience for employees and non-Medicare eligible retirees are pooled when determining premiums, these retired members pay a premium based on a pool of members that, on average, are younger and healthier. There is an implicit subsidy from the employee group since the premiums paid by the retirees are lower than they would have been if the retirees were insured separately. The subsidies are valued using the difference between the age-based claims costs and the premium paid by the retiree.

The amount required to fund the implicit rate is based on projected pay-as-you-go financing requirements. For fiscal year 2015, the City contributed \$5,038 to the plan. Plan members receiving benefits contributed \$5,038, or 100 percent of the total premiums, through their required contribution of \$400.00 per month for retiree-only coverage and \$536.02 for retiree and spouse medical coverage.

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the

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City's annual OPEB cost, the amount actually contributed to the plan, and changes in the City's net OPEB obligation for the year ended September 30, 2015:

Annual required contribution	\$ 98,443
Interest on net OPEB obligation	9,179
Adjustment to annual required contribution	<u>(20,639)</u>
Annual OPEB cost	86,983
Contributions made	<u>(5,038)</u>
Increase in net OPEB obligation	81,945
Net OPEB obligation—beginning of year	<u>393,364</u>
Net OPEB obligation—end of year	<u><u>\$ 475,309</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net unfunded OPEB obligation for 2015 was as follows:

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Unfunded OPEB Obligation</u>
6/30/13	\$86,986	5.79%	\$311,422
6/30/14	\$81,942	6.1%	\$393,364
6/30/15	\$86,983	5.79%	\$475,309

Funded Status and Funding Progress. As of February 12, 2014, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$832,247, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$832,247. The covered payroll (annual payroll of active employees covered by the plan) was \$4.0 million, and the ratio of the UAAL to the covered payroll was 18 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the February 12, 2014, actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a 4 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 4.62 percent initially, varying annually based upon dependent rates. There were no assets to determine the actuarial value of assets. The UAAL is being amortized over 30 years as level payments. The remaining amortization period at September 30, 2015, was twenty-five years.

13. New Accounting Pronouncements

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

Statement No 72, *Fair Value Measurement and Application* was issued in February 2015 and addresses accounting and financial reporting issues related to fair value measurements. It provides guidance for determining a fair value measurement for financial reporting purposes and also for applying fair value to certain investments and disclosures related to all fair value measurements. This statement is effective for periods beginning after June 15, 2015. The City has not yet determined the impact that implementation of GASB 72 will have on its net position.

Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68* was issued in June 2015 and establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68 for pension plans and pensions that are within their respective scopes. The requirements of this Statement that address accounting and financial reporting by employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68 are effective for financial statements for fiscal years beginning after June 15, 2016, and the requirements of this Statement that address financial reporting for assets accumulated for purposes of providing those pensions are effective for fiscal years beginning after June 15, 2015. The requirements of this Statement is for pension plans that are within the scope of Statement 67 or for pensions that are within the scope of Statement 68 are effective for fiscal years beginning after June 15, 2015. The City has not yet determined the impact that implementation of GASB 73 will have on its net position.

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Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* was issued in June 2015, and replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*. This Statement is effective for financial statements for fiscal years beginning after June 15, 2016. The City has not yet determined the impact that implementation of GASB 74 will have on its net position.

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* was issued in June 2015, and addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For a defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. This Statement is effective for fiscal years beginning after June 15, 2017. The City has not yet determined the impact that implementation of GASB 75 will have on its net position.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* was issued in June 2015, and was issued to identify the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015. The City has not yet determined the impact that implementation of GASB 76 will have on its net position.

GASB Statement No. 77, *Tax Abatement Disclosures* was issued in August 2015, and establishes financial reporting standards for tax abatement agreements entered into by state and local governments. The disclosures required by this Statement encompass tax abatements resulting from both (a) agreements that are entered into by the reporting government and (b) agreements that are entered into by other governments and that reduce the reporting government’s tax revenues. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015. The City has not yet determined the impact that implementation of GASB 77 will have on its net position.

GASB Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans* – GASB 78 was issued in December 2015, and amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers, and (3) has no predominant state or local governmental employer. The requirements of this Statement are effective for financial statements for periods beginning after December

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15, 2015. The City has not yet determined the impact that implementation of GASB 78 will have on its net position.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants* – GASB 79 was issued in December 2015, and establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the criteria. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing. Those provisions are effective for reporting periods beginning after December 15, 2015. The City has not yet determined the impact that implementation of GASB 79 will have on its net position.

GASB Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14* – GASB 80 was issued January 2016, and amends the blending requirements for the financial statement presentation of component units. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2016. The City has not yet determined the impact that implementation of GASB 80 will have on its net position.

GASB Statement No. 81, *Irrevocable Split Interest Agreements* – GASB 81 was issued March 2016, and provides accounting and financial reporting guidance for irrevocable split-interest agreements in which a government is a beneficiary. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016. The City has not yet determined the impact that implementation of GASB 80 will have on its net position.

GASB Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68 and No. 73* – GASB 82 was issued March 2016, and addresses certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. The City has not yet determined the impact that implementation of GASB 82 will have on its net position.

14. Subsequent Events

On October 20, 2015, the City Council adopted Ordinance No. 3276 which established modified requirements for a stabilization reserve for the General Fund. This ordinance requires that funds be set aside for the purpose of stabilization.

The minimum amount to be set aside for the General Fund stabilization is \$1,000,000.

When the balance is less than the minimum, it shall be funded with not less than 75% of assigned and unassigned General Fund balance as of the most recent financial statements.

Amounts held that are above the minimum balance may be spent for the following purposes:

- a. Expenditures for emergency situations for life, health or public safety issues for which no existing appropriations exist
- b. Situations where a significant revenue declaim in excess of 5% of General Fund original budgeted estimated revenues (excluding transfer in) arises that could not have been foreseen, and for which new revenue is not available and transfers of existing appropriations are not considered feasible or appropriate in maintaining existing service levels;
- c. Correcting the results of an inaccurate estimate, accounting error, or budgeting error in excess of 5% of General Fund original budgeted estimated revenues (excluding transfers)
- d. Expenditures where the proposed use is of a nonoperational nature involving capital or technical purchases having a useful life of greater than five years that will improve the efficiency of the City government. These efficiency improvements should result in tangible benefits that can be measured financially, through better service to the citizens, or an increased productivity for City employees.
- e. Expenditures where the proposed use is of a nonrecurring nature, such as start-up costs of a program whose ongoing costs are otherwise funded, matching funds for a grant, or up-front payment of grant eligible expenses to be reimbursed by grant revenues. These expenditures should result in tangible benefits that can be measured financially, through better service to the citizens, or an increased productivity for City employees.

Amounts held that are below the minimum balance may be spent for the following purposes:

- f. Expenditures for emergency situations for life, health or public safety issues for which no existing appropriations exist
- g. Situations where a significant revenue declaim in excess of 5% of General Fund original budgeted estimated revenues (excluding transfer in) arises that could not have been foreseen, and for which new revenue is not available and transfers of existing appropriations are not considered feasible or appropriate in maintaining existing service levels;
- h. Correcting the results of an inaccurate estimate, accounting error, or budgeting error in excess of 5% of General Fund original budgeted estimated revenues (excluding transfers)

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Budgetary Comparison Schedule (Budgetary Basis) General Fund – Year Ended September 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts,</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget -</u> <u>Positive (Negative)</u>
REVENUES				
Taxes	\$ 5,404,000	\$ 5,443,001	\$ 5,404,063	\$ (38,938)
Licenses and permits	119,180	113,000	185,021	72,021
Intergovernmental	290,000	294,000	285,503	(8,497)
Charges for services	172,500	156,680	203,253	46,573
Fees and fines	210,000	255,000	206,488	(48,512)
Investment earnings	2,200	2,200	3,084	884
Miscellaneous	279,448	220,448	309,909	89,461
Total revenues	<u>6,477,328</u>	<u>6,484,329</u>	<u>6,597,321</u>	<u>112,992</u>
EXPENDITURES				
Departmental:				
<i>General Government:</i>				
General government	1,126,407	1,020,564	854,562	166,002
City manager	235,945	240,740	240,735	5
Human resources	184,743	181,287	181,283	4
City clerk	147,188	122,745	122,739	6
Building services	93,587	91,705	91,561	144
Planning and zoning	202,250	145,390	145,270	120
Economic development	80,526	89,028	89,024	4
Vehicle maintenance	152,718	152,850	152,679	171
Total General Government	<u>2,223,364</u>	<u>2,044,309</u>	<u>1,877,853</u>	<u>166,456</u>
<i>Public Safety:</i>				
Police administration	486,720	727,946	711,773	16,173
Police operations	853,199	832,528	832,523	5
Criminal investigations	146,705	104,114	102,131	1,983
Police support	171,422	105,965	105,962	3
Communications	168,084	161,927	161,924	3
Animal Control	102,748	103,051	103,043	8
Code Compliance	107,374	99,277	99,217	60
Total Public Safety	<u>2,036,252</u>	<u>2,134,808</u>	<u>2,116,573</u>	<u>18,235</u>
<i>Street:</i>				
Street	580,347	603,120	600,989	2,131
Total Street	<u>580,347</u>	<u>603,120</u>	<u>600,989</u>	<u>2,131</u>
<i>Culture and Recreation:</i>				
Library	213,770	212,402	212,397	5
Parks	413,221	472,315	469,260	3,055
Total Culture and Recreation	<u>626,991</u>	<u>684,717</u>	<u>681,657</u>	<u>3,060</u>
Total Expenditures	<u>5,466,954</u>	<u>5,466,954</u>	<u>5,277,072</u>	<u>189,882</u>
Excess (deficiency) of revenues over expenditures	<u>1,010,374</u>	<u>1,017,375</u>	<u>1,320,249</u>	<u>302,874</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,916,667	1,916,667	1,892,876	(23,791)
Transfers out	(2,927,041)	(2,934,042)	(2,910,250)	23,792
Total other financing sources and uses	<u>(1,010,374)</u>	<u>(1,017,375)</u>	<u>(1,017,374)</u>	<u>1</u>
Net change in fund balances	-	-	302,875	302,875
Fund balances - beginning	-	-	2,562,907	2,562,907
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,865,782</u>	<u>\$ 2,865,782</u>

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Footnotes to Budgetary Comparison Schedules:

1. The budgetary comparison schedule is reported on a non-GAAP budgetary basis that report revenues and expenditures on a modified cash basis. For budgetary purposes expenditures are recorded in the period the invoice is received, except for payroll expenditures that are recorded when paid.
2. The legal level of appropriation control is the department level within a fund. Transfers of appropriation within a fund require the approval of the City Council. All supplemental appropriations require the approval of the City Commission. Supplemental appropriations must be filed with the Office of the State Auditor and Inspector.
3. The budgetary basis differs from the modified accrual basis as shown in the schedule below:

	General Fund
Total revenue - budgetary basis	\$ 8,490,197
Total expenses - budgetary basis	<u>(8,187,322)</u>
Change in fund balance - budgetary basis	302,875
Revenue accruals	622,575
Expenditure accruals	<u>(1,221,568)</u>
Change in fund balance - GAAP basis	<u><u>\$ (296,118)</u></u>

Schedules of Required Supplementary Information
Oklahoma Firefighters Pension & Retirement System

Schedule of the City of Guthrie's Proportionate Share of
the Net Pension Liability

Last 10 Fiscal Years

	<u>2015</u>
City's proportion of the net pension liability	0.453751%
City's proportionate share of the net pension liability	\$ 4,816,145
City's covered-employee payroll	\$ 1,200,607
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	401%
Plan fiduciary net position as a percentage of the total pension liability	68.27%

Notes to Schedule:

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

Schedules of Required Supplementary Information
Oklahoma Firefighters Pension & Retirement System

Schedule of the City of Guthrie Contributions

Last 10 Fiscal Years

	<u>2015</u>
Statutorially required contribution	\$ 173,566
Contributions in relation to the statutorially required contribution	<u>173,566</u>
Contribution deficiency (excess)	<u>\$ -</u>
City's covered-employee payroll	\$ 1,239,757
Contributions as a percentage of covered- employee payroll	14.00%

Notes to Schedule:

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

Schedules of Required Supplementary Information

Oklahoma Police Pension & Retirement System

Schedule of the City of Guthrie's Proportionate Share of
the Net Pension Liability

Last 10 Fiscal Years

	<u>2015</u>
City's proportion of the net pension liability	0.3161%
City's proportionate share of the net pension liability	\$ 12,887
City's covered-employee payroll	\$ 892,431
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	1.44%
Plan fiduciary net position as a percentage of the total pension liability	99.82%

Notes to Schedule:

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

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Oklahoma Police Pension & Retirement System

Schedule of the City of Guthrie Contributions

Last 10 Fiscal Years

	<u>2015</u>
Statutorially required contribution	\$ 120,952
Contributions in relation to the statutorially required contribution	<u>120,952</u>
Contribution deficiency (excess)	<u>\$ -</u>
City's covered-employee payroll	\$ 930,400
Contributions as a percentage of covered- employee payroll	13.00%

Notes to Schedule:

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

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**Required Supplementary Information
Oklahoma Municipal Retirement Fund**

Schedule of Changes in Net Pension Liability and Related Ratios	Last Fiscal Year
	2015
Total pension liability	
Service cost	\$ 165,947
Interest	370,915
Changes of benefit terms	-
Differences between expected and actual experience	30,985
Changes of assumptions	-
Benefit payments, including refunds of member contributions	(175,951)
Net change in total pension liability	391,896
Total pension liability - beginning	4,872,335
Total pension liability - ending (a)	\$ 5,264,231
Plan fiduciary net position	
Contributions - employer	\$ 140,558
Contributions - member	67,223
Net investment income	148,170
Benefit payments, including refunds of member contributions	(175,951)
Administrative expense	(11,002)
Other	-
Net change in plan fiduciary net position	168,998
Plan fiduciary net position - beginning	5,273,843
Plan fiduciary net position - ending (b)	\$ 5,442,841
Net pension liability (asset) - ending (a) - (b)	\$ (178,610)
Plan fiduciary net position as a percentage of the total pension liability	103.39%
Covered employee payroll	\$ 1,804,317
Net pension liability (asset) as a percentage of covered-employee payroll	-9.90%

Notes to Schedule:

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

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**Required Supplementary Information
Oklahoma Municipal Retirement Fund**

Schedule of Employer Contributions	Last Fiscal Year
	2015
Actuarially determined contribution	\$ 138,867
Contributions in relation to the actuarially determined contribution	138,867
Contribution deficiency (excess)	<u>\$ -</u>
Covered employee payroll	\$ 1,903,453
Contributions as a percentage of covered-employee payroll	7.30%

Notes to Schedule:

1. Only the current fiscal year is presented because 10-year data is not yet available.
2. Latest Valuation Date: July 1, 2014
3. Actuarially determined contribution rate is calculated as of July 1, 2013 and July 1, 2014
October 2014 through June 2015 contributions were at a rate of 7.47%.
July 2015 through September 2015 contributions were at a rate of 6.77%
4. Methods and assumptions used to determine contribution rates:
 - Actuarial cost method - Entry age normal
 - Amortization method - Level percent of payroll, closed
 - Remaining amortization period - 29 years
 - Asset valuation method - Actuarial:
 - Smoothing period - 4 years
 - Recognition method - Non-asymptotic
 - Corridor - 70% - 130%
 - Salary increases - 4.00% to 7.42% (varies by attained age)
 - Investment rate of return - 7.50%

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

	October 1, 2009	September 30, 2013
Actuarial accrued liability - AAL (a)	\$762,663	\$832,247
Actuarial value of plan assets (b)	-	-
Unfunded actuarial accrued liability – UAAL (funding excess) (a) – (b)	\$762,663	\$832,247
Funded ratio (b)/(a)	0%	0%
Covered payroll (c)	\$1,826,439	\$3,998,000
UAAL (funding excess) as a % of covered payroll [UAAL/(c)]	41.8%	18%

Three year trend information is not available because only two actuarial valuations have been done since GASB 45 implementation.

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OTHER SUPPLEMENTARY INFORMATION

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Combining Balance Sheet – Nonmajor Governmental Funds – September 30, 2015

	<u>Guthrie Oklahoma City Waterline Fund</u>	<u>Hotel Motel Tax Fund</u>	<u>Cemetery Care Fund</u>	<u>Grant Fund</u>	<u>USDA Rural Development</u>	<u>Guthrie Industrial Development Fund</u>	<u>Capital Project Fund</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
ASSETS									
Cash and cash equivalents	\$ 1,544,047	\$ 78,971	\$ 27,113	\$ 35,181	\$ 54,873	\$ 18,303	\$ 189,915	\$ 455	\$ 1,948,858
Receivable from other governments	-	-	-	163,408	-	-	-	-	163,408
Due from other funds	-	301	-	151,297	-	3,725	620	-	155,943
Taxes receivable, net	-	34,680	-	-	-	-	-	-	34,680
Utilities receivable, net	-	-	-	-	-	-	50,940	-	50,940
Note receivable, net	-	-	-	-	45,936	-	-	-	45,936
Total assets	<u>\$ 1,544,047</u>	<u>\$ 113,952</u>	<u>\$ 27,113</u>	<u>\$ 349,886</u>	<u>\$ 100,809</u>	<u>\$ 22,028</u>	<u>\$ 241,475</u>	<u>\$ 455</u>	<u>\$ 2,399,765</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Due to other funds	-	\$ -	\$ -	\$ 75,865	\$ -	\$ 149	\$ 116,713	\$ -	\$ 192,727
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,865</u>	<u>-</u>	<u>149</u>	<u>116,713</u>	<u>-</u>	<u>192,727</u>
Deferred inflows of resources:									
Deferred revenue	-	-	-	163,408	-	-	17,156	-	180,564
Fund balances:									
Restricted	1,544,047	90,022	27,113	30	100,809	21,879	9,412	455	1,793,767
Assigned	-	23,930	-	110,583	-	-	98,194	-	232,707
Total fund balances	<u>1,544,047</u>	<u>113,952</u>	<u>27,113</u>	<u>110,613</u>	<u>100,809</u>	<u>21,879</u>	<u>107,606</u>	<u>455</u>	<u>2,026,474</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 1,544,047</u>	<u>\$ 113,952</u>	<u>\$ 27,113</u>	<u>\$ 349,886</u>	<u>\$ 100,809</u>	<u>\$ 22,028</u>	<u>\$ 241,475</u>	<u>\$ 455</u>	<u>\$ 2,399,765</u>

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Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – For the Year Ended September 30, 2015

	<u>Guthrie Oklahoma City Waterline Fund</u>	<u>Hotel Motel Tax Fund</u>	<u>Cemetery Care Fund</u>	<u>Grant Fund</u>	<u>USDA Rural Development</u>	<u>Guthrie Industrial Development Fund</u>	<u>Capital Project Fund</u>	<u>Debt Service</u>	<u>Total-Other Governmental Funds</u>
REVENUES									
Taxes	\$ -	\$ 157,725	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 157,725
Intergovernmental	-	-	-	39,411	-	-	-	-	39,411
Charges for services	-	-	11,180	-	-	14,900	232,770	-	258,850
Investment earnings	187	205	67	196	101	48	212	-	1,016
Miscellaneous	-	8,493	-	1,046	-	-	-	-	9,539
Total revenues	<u>187</u>	<u>166,423</u>	<u>11,247</u>	<u>40,653</u>	<u>101</u>	<u>14,948</u>	<u>232,982</u>	<u>-</u>	<u>466,541</u>
EXPENDITURES									
Current:									
General government	15,811	-	-	-	-	-	83	-	15,894
Culture and recreation	-	54,647	164	-	-	-	-	-	54,811
Debt Service:									
Principal	-	-	-	-	-	13,787	147,703	-	161,490
Interest and other charges	-	-	-	-	-	1,433	13,517	-	14,950
Capital Outlay	271,890	61,607	15,897	196,403	-	-	909,992	-	1,455,789
Total Expenditures	<u>287,701</u>	<u>116,254</u>	<u>16,061</u>	<u>196,403</u>	<u>-</u>	<u>15,220</u>	<u>1,071,295</u>	<u>-</u>	<u>1,702,934</u>
Excess (deficiency) of revenues over expenditures	(287,514)	50,169	(4,814)	(155,750)	101	(272)	(838,313)	-	(1,236,393)
OTHER FINANCING SOURCES (USES)									
Proceeds from long-term debt	-	-	-	-	-	2,720	527,325	-	530,045
Proceeds from capital leases	-	-	-	-	-	-	129,239	-	129,239
Transfers in	-	-	-	151,030	-	-	194,525	-	345,555
Transfers out	-	-	-	(10,241)	-	-	-	-	(10,241)
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>140,789</u>	<u>-</u>	<u>2,720</u>	<u>851,089</u>	<u>-</u>	<u>994,598</u>
Net change in fund balances	(287,514)	50,169	(4,814)	(14,961)	101	2,448	12,776	-	(241,795)
Fund balances - beginning	1,831,561	63,783	31,927	125,574	100,708	19,431	94,830	455	2,268,269
Fund balances - ending	<u>\$ 1,544,047</u>	<u>\$ 113,952</u>	<u>\$ 27,113</u>	<u>\$ 110,613</u>	<u>\$ 100,809</u>	<u>\$ 21,879</u>	<u>\$ 107,606</u>	<u>\$ 455</u>	<u>\$ 2,026,474</u>

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Combining Balance Sheet – General Fund Accounts – September 30, 2015

	<u>General Fund</u>	<u>Fire/EMS Cash</u>	<u>Airport Account</u>	<u>General Fund Stabilization Account</u>	<u>Total General Fund Accounts</u>
ASSETS					
Cash and cash equivalents	\$ 913,863	115,455	\$ 221,947	\$ 783,119	\$ 2,034,384
Investments	449,814	-	-	-	449,814
Receivable from other governments	676,725	-	33,597	-	710,322
Due from other funds/accounts	58,117	43,509	149	935,152	1,036,927
Taxes receivable, net	66,833	-	-	-	66,833
Court fines receivable, net	71,460	-	-	-	71,460
Ambulance receivable, net	-	130,593	-	-	130,593
Total assets	<u>\$ 2,236,812</u>	<u>\$ 289,557</u>	<u>\$ 255,693</u>	<u>\$ 1,718,271</u>	<u>\$ 4,500,333</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 18,611	\$ -	\$ -	\$ -	\$ 18,611
Accrued payroll payable	178,367	-	-	-	178,367
Due to other funds/accounts	1,126,037	-	3,725	-	1,129,762
Due to bondholders	26,611	-	-	-	26,611
Payable to other governments	2,003	-	-	-	2,003
Other payables	170	-	-	-	170
Total liabilities	<u>1,351,799</u>	<u>-</u>	<u>3,725</u>	<u>-</u>	<u>1,355,524</u>
Deferred inflows of resources:					
Deferred revenue	<u>33,404</u>	<u>28,096</u>	<u>25,957</u>	<u>-</u>	<u>87,457</u>
Fund balances:					
Restricted	449,814	-	-	-	449,814
Committed	-	-	-	1,718,271	1,718,271
Assigned	-	261,461	226,011	-	487,472
Unassigned	401,795	-	-	-	401,795
Total fund balances	<u>851,609</u>	<u>261,461</u>	<u>226,011</u>	<u>1,718,271</u>	<u>3,057,352</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 2,236,812</u>	<u>\$ 289,557</u>	<u>\$ 255,693</u>	<u>\$ 1,718,271</u>	<u>\$ 4,500,333</u>

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Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – General Fund Accounts – For the Year Ended September 30, 2015

	<u>General Fund</u>	<u>Fire/EMS Cash</u>	<u>Airport Account</u>	<u>General Fund Stabilization Account</u>	<u>Total General Fund Accounts</u>
REVENUES					
Taxes	\$ 5,434,663	\$ -	\$ -	\$ -	\$ 5,434,663
Intergovernmental	837,924	10,975	280,052	-	1,128,951
Licenses and permits	194,250	-	-	-	194,250
Charges for services	203,253	1,094,824	121,051	-	1,419,128
Fees and fines	221,189	-	-	-	221,189
Investment earnings	4,431	403	207	3,906	8,947
Miscellaneous	313,945	8,967	-	-	322,912
Total revenues	<u>7,209,655</u>	<u>1,115,169</u>	<u>401,310</u>	<u>3,906</u>	<u>8,730,040</u>
EXPENDITURES					
Current:					
General government	1,791,119	-	-	-	1,791,119
Public safety	2,678,395	2,170,205	-	-	4,848,600
Public works	589,607	-	-	-	589,607
Culture and recreation	685,721	-	-	-	685,721
Economic development	89,422	-	-	-	89,422
Airport	-	-	143,609	-	143,609
Capital outlay	48,575	-	175,943	-	224,518
Total expenditures	<u>5,882,839</u>	<u>2,170,205</u>	<u>319,552</u>	<u>-</u>	<u>8,372,596</u>
Excess (deficiency) of revenues over expenditures	<u>1,326,816</u>	<u>(1,055,036)</u>	<u>81,758</u>	<u>3,906</u>	<u>357,444</u>
OTHER FINANCING SOURCES (USES)					
Interfund/interaccount transfers in	1,903,117	1,210,833	105,130	351,249	3,570,329
Interfund/interaccount transfers out	<u>(3,526,051)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,526,051)</u>
Total other financing sources and uses	<u>(1,622,934)</u>	<u>1,210,833</u>	<u>105,130</u>	<u>351,249</u>	<u>44,278</u>
Net change in fund balances	(296,118)	155,797	186,888	355,155	401,722
Fund balances - beginning	1,147,727	105,664	39,123	1,363,116	2,655,630
Fund balances - ending	<u>\$ 851,609</u>	<u>\$ 261,461</u>	<u>\$ 226,011</u>	<u>\$ 1,718,271</u>	<u>\$ 3,057,352</u>

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Combining Schedule of Net Position – Enterprise Fund Accounts – September 30, 2015

	<u>GPWA</u>	<u>Water Treatment Plant Account</u>	<u>Meter Deposit Account</u>	<u>CMOM Account</u>	<u>GPWA Stabilization Account</u>	<u>Total</u>
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 63,763	\$ 546,795	\$ 73,911	\$ 400,702	\$ 351,397	\$ 1,436,568
Investments	-	-	-	-	-	-
Restricted:						
Cash and cash equivalents	146,359	40	303,299	-	-	449,698
Investments	-	-	99,000	-	-	99,000
Due from other funds	117,243	151,701	-	78,114	479,120	826,178
Accounts receivable, net	516,904	126,469	-	60,645	-	704,018
Notes receivable	15,931	-	-	-	-	15,931
Total current assets	<u>860,200</u>	<u>825,005</u>	<u>476,210</u>	<u>539,461</u>	<u>830,517</u>	<u>3,531,393</u>
Non-current assets:						
Notes receivable, net	117,654	-	-	-	-	117,654
Net pension asset	65,622	-	-	-	-	65,622
Capital assets:						
Land and construction in progress	712,101	60,760	-	-	-	772,861
Other capital assets, net of accumulated depreciation	14,895,593	13,531,226	-	-	-	28,426,819
Total non-current assets	<u>15,790,970</u>	<u>13,591,986</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,382,956</u>
Total assets	<u>16,651,170</u>	<u>14,416,991</u>	<u>476,210</u>	<u>539,461</u>	<u>830,517</u>	<u>32,914,349</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred amounts related to pensions	<u>95,917</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>95,917</u>
LIABILITIES						
Current liabilities:						
Accounts payable	28,541	-	-	-	-	28,541
Salaries payable	29,042	-	-	-	-	29,042
Accrued interest payable	-	26,478	-	2,937	-	29,415
Due to other funds	693,669	656	1,609	625	-	696,559
Deposits subject to refund	-	-	399,368	-	-	399,368
Compensated absences	5,046	-	-	-	-	5,046
Notes payable	255,058	662,810	-	104,399	-	1,022,267
Total current liabilities	<u>1,011,356</u>	<u>689,944</u>	<u>400,977</u>	<u>107,961</u>	<u>-</u>	<u>2,210,238</u>
Non-current liabilities:						
Compensated absences	45,411	-	-	-	-	45,411
Notes payable	2,686,132	13,272,550	-	2,122,373	-	18,081,055
Net OPEB obligation	79,056	-	-	-	-	79,056
Total non-current liabilities	<u>2,810,599</u>	<u>13,272,550</u>	<u>-</u>	<u>2,122,373</u>	<u>-</u>	<u>18,205,522</u>
Total liabilities	<u>3,821,955</u>	<u>13,962,494</u>	<u>400,977</u>	<u>2,230,334</u>	<u>-</u>	<u>20,415,760</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred amounts related to pensions	<u>134,645</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>134,645</u>
NET POSITION						
Net investment in capital assets	12,666,504	(343,374)	-	(2,226,772)	-	10,096,358
Restricted for debt service	146,359	-	-	-	-	146,359
Unrestricted	(22,376)	797,871	75,233	535,899	830,517	2,217,144
Total net position	<u>\$ 12,790,487</u>	<u>\$ 454,497</u>	<u>\$ 75,233</u>	<u>\$ (1,690,873)</u>	<u>\$ 830,517</u>	<u>\$ 12,459,861</u>

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Combining Schedule of Revenues, Expenses, and Changes in Net Position – Enterprise Fund Accounts – Year Ended September 30, 2015

	<u>GPWA</u>	<u>Water Treatment Plant Account</u>	<u>Meter Deposit Account</u>	<u>CMOM Account</u>	<u>GPWA Stabilization Account</u>	<u>Total</u>
REVENUES						
Charges for services:						
Water	\$ 2,630,359	\$ 361,173	\$ -	\$ -	\$ -	\$ 2,991,532
Sewer	866,749	-	-	342,478	-	1,209,227
Sewer	1,339,154	-	-	-	-	1,339,154
Rents and royalties	14,665	-	-	-	-	14,665
Miscellaneous	8,147	-	-	-	-	8,147
Total operating revenues	<u>4,859,074</u>	<u>361,173</u>	<u>-</u>	<u>342,478</u>	<u>-</u>	<u>5,562,725</u>
OPERATING EXPENSES						
General government	578,108	-	-	80	-	578,188
Administration	268,789	-	-	-	-	268,789
Water	682,311	-	-	-	-	682,311
Wastewater	328,513	-	-	-	-	328,513
Sanitation	803,700	-	-	4,192	-	807,892
Landfill operations	100,878	-	-	-	-	100,878
Line maintenance	586,781	-	-	-	-	586,781
Meter operations	-	-	79	-	-	79
Municipal pool	13,976	-	-	-	-	13,976
Depreciation	1,009,331	376,740	-	-	-	1,386,071
Total operating expenses	<u>4,372,387</u>	<u>376,740</u>	<u>79</u>	<u>4,272</u>	<u>-</u>	<u>4,753,478</u>
Operating income (loss)	<u>486,687</u>	<u>(15,567)</u>	<u>(79)</u>	<u>338,206</u>	<u>-</u>	<u>809,247</u>
NON-OPERATING REVENUES (EXPENSES)						
Interest and investment revenue	6,258	544	2,083	1,038	1,753	11,676
Operating grants and contributions	10,649	-	-	-	-	10,649
Interest expense	(88,336)	(665,389)	-	(71,045)	-	(824,770)
Total non-operating revenue (expenses)	<u>(71,429)</u>	<u>(664,845)</u>	<u>2,083</u>	<u>(70,007)</u>	<u>1,753</u>	<u>(802,445)</u>
Income (loss) before contributions and transfers	<u>415,258</u>	<u>(680,412)</u>	<u>2,004</u>	<u>268,199</u>	<u>1,753</u>	<u>6,802</u>
Capital contributions	830,897	-	-	-	-	830,897
Transfers in	1,567,326	716,045	-	-	8,085	2,291,456
Transfers out	(2,646,598)	-	(1,900)	(22,550)	-	(2,671,048)
Change in net position	166,883	35,633	104	245,649	9,838	458,107
Total net position - beginning (restated)	12,623,604	418,864	75,129	(1,936,522)	820,679	12,001,754
Total net position - ending	<u>\$ 12,790,487</u>	<u>\$ 454,497</u>	<u>\$ 75,233</u>	<u>\$ (1,690,873)</u>	<u>\$ 830,517</u>	<u>\$ 12,459,861</u>

**CITY OF GUTHRIE, OKLAHOMA
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**SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

State Grantor/Pass Through Agency		Award	Awards
Grantor/Program Title	Grant #	Amount	Expended
STATE AWARDS:			
Oklahoma Department of Emergency Management:			
Public Assistance Grant	FEMA-1989-DR-OK	\$ 1,775	\$ 1,775
Oklahoma Humanities Council:			
Library Grant	N/A	1,864	1,864
TOTAL STATE AWARDS		<u>\$ 3,639</u>	<u>\$ 3,639</u>

Footnotes to Schedule of Expenditures of State Awards:

1. The Schedule of Expenditures of State Awards is prepared on a modified accrual basis of accounting. The expenditures are recorded when the liability is incurred regardless of when the award proceeds are received.
2. The City has not been notified of any noncompliance with federal or state award requirements. Any liability for reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

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