

**CITY OF NEW CORDELL, OKLAHOMA  
NEW CORDELL, OKLAHOMA**

**ANNUAL FINANCIAL STATEMENTS  
AND ACCOMPANYING  
INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEAR ENDED  
JUNE 30, 2017**

**CITY OF NEW CORDELL, OKLAHOMA**  
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**CITY OF NEW CORDELL, OKLAHOMA**

LIST OF PRINCIPAL OFFICIALS

CITY COUNCIL

Bob Plummer, Mayor

J.C. Moser, City Administrator

Vicky Dunlap, NCUA & Council President

Cheryl Wedel

Steve McGlaughlin

Darryl Anthony

Earlene Smith

Loretta Waddell

Vona Hicks

Zetta Penner

CITY CLERK

Christie Cherry



**BRITTON, KUYKENDALL, & MILLER**  
CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITOR'S REPORT**

The Honorable Mayor and City Council  
City of New Cordell, Oklahoma

***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of New Cordell, Oklahoma, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City of New Cordell, Oklahoma's basic financial statements as listed in the Table of Contents.

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

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

***Auditor's Responsibility***

Our responsibility is to express opinions 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the 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 opinions.

***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 New Cordell, Oklahoma, as of June 30, 2017, 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 and budgetary comparison 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 New Cordell, Oklahoma's basic financial statements. The introductory section and combining and individual nonmajor fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 combining and individual nonmajor fund financial statements are 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 March 2, 2018, on our consideration of City of New Cordell, 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 New Cordell, Oklahoma's internal control over financial reporting and compliance.

  
BRITTON, KUYKENDALL & MILLER  
Certified Public Accountants

Weatherford, Oklahoma  
March 2, 2018

Our discussion and analysis of the City of New Cordell's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2017. Please read it in conjunction with the City's financial statements, which follow this section.

### **FINANCIAL HIGHLIGHTS**

- For the fiscal year ended June 30, 2017, the City's total net position decreased by \$355,211 or 6.18% from the prior year.
- During the year, City's expenses for governmental activities amounted to \$1,737,345 and were funded by program revenues of \$319,766 and further funded programs with taxes and other general revenues and transfers that totaled \$1,129,077.
- In the City's business-type activities, including utilities and economic development, program revenues exceeded expenses by \$439,412.
- At June 30, 2017, the General Fund reported an unassigned fund balance of \$93,683, a decrease of \$54,380.
- For budgetary reporting purposes, the General Fund reported actual revenues above final estimates of revenues by \$120,758 or 13.36%, while expenditures were under final appropriations by \$6,725 or 0.39%.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The financial statements presented herein include all of the activities of the City of New Cordell (the "City") and its component units using the integrated approach as prescribed by GASB Statement No. 34. 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) as well as all liabilities (including all long-term debt).

#### **Reporting the City as a Whole**

##### **The Statement of Net Assets 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 Assets 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 and liabilities 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 liabilities- as one way to measure the City's financial condition, or position. Over time, increases or decreases in the City's net position are 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 electric, 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 services 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.

*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 and the Statement of Revenues, Expenses, and Changes in Fund Net Position. 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 Assets**

The City's combined net position decreased from \$5,743,606 to \$5,388,395 between fiscal years 2017 and 2016. Net position of both governmental activities and business-type activities showed a decrease when compared to prior year.

**CITY OF NEW CORDELL, OKLAHOMA  
MANAGEMENT DISCUSSION & ANALYSIS  
JUNE 30, 2017**

	Governmental Activities		Business-Type Activities		Total		Difference	
	2016	2017	2016	2017	2016	2017	\$	%
<b>Current assets</b>	\$ 546,806	\$ 491,135	\$ 2,339,825	\$ 2,302,319	\$ 2,849,125	\$ 2,793,454	\$ (55,671)	-2%
Capital assets, net	2,223,523	2,288,542	2,135,493	2,021,023	4,359,016	4,309,565	(49,451)	-1%
Other non-current assets	65,793	-	-	-	65,793	-	(65,793)	0%
<b>Total assets</b>	<b>2,836,122</b>	<b>2,779,677</b>	<b>4,475,318</b>	<b>4,323,342</b>	<b>7,273,934</b>	<b>7,103,019</b>	<b>(170,915)</b>	<b>-2%</b>
<b>Deferred outflows</b>	<b>408,077</b>	<b>303,651</b>	<b>34,604</b>	<b>26,935</b>	<b>442,681</b>	<b>330,586</b>	<b>(112,095)</b>	<b>-25%</b>
Current liabilities	107,124	131,447	521,676	538,843	628,800	670,290	41,490	7%
Non-current liabilities	297,574	305,567	715,000	605,000	1,012,574	910,567	(102,007)	-10%
<b>Total liabilities</b>	<b>404,698</b>	<b>437,014</b>	<b>1,236,676</b>	<b>1,143,843</b>	<b>1,641,374</b>	<b>1,580,857</b>	<b>(60,517)</b>	<b>-4%</b>
<b>Deferred inflows</b>	<b>369,038</b>	<b>305,496</b>	<b>-</b>	<b>-</b>	<b>369,038</b>	<b>305,496</b>	<b>(63,542)</b>	<b>0%</b>
<b>Net position</b>								
Invested in capital assets, net of related debt	2,223,523	2,288,542	1,345,097	1,332,958	3,568,620	3,621,500	52,880	1%
Reserved restricted purp.	291,619	266,005	-	-	291,619	266,005	(25,614)	-9%
Unrestricted	(44,679)	(372,586)	1,928,046	1,873,476	1,883,367	1,500,890	(382,477)	-20%
<b>Total net position</b>	<b>\$ 2,470,463</b>	<b>\$ 2,181,961</b>	<b>\$ 3,273,143</b>	<b>\$ 3,206,434</b>	<b>\$ 5,743,606</b>	<b>\$ 5,388,395</b>	<b>\$ (355,211)</b>	<b>-6%</b>

**Changes in Net Assets**

For the year ended June 30, 2017, net assets of the primary government changed as follows:

	Governmental Activities		Business-type Activities		Governmental Activities		Business-type Activities		Difference	
	2016	2017	2016	2017	\$	%	\$	%	\$	%
<b>Revenues</b>										
Program revenues	\$ 269,143	\$ 319,766	\$ 3,955,904	\$ 3,973,040	\$ 50,623	19%	\$ 17,136	0%	\$ 33,487	19%
Taxes and other general revenues	940,130	558,625	43,642	64,331	(381,505)	-41%	20,689	47%	(361,816)	-41%
<b>Total revenues</b>	<b>1,209,273</b>	<b>878,391</b>	<b>3,999,546</b>	<b>4,037,371</b>	<b>(330,882)</b>	<b>-27%</b>	<b>37,825</b>	<b>1%</b>	<b>(368,057)</b>	<b>-27%</b>
<b>Expenses</b>										
General government	196,987	183,677	-	-	(13,310)	-7%	-	-	(13,310)	-7%
Public safety and judiciary	1,115,815	920,276	-	-	(195,539)	-18%	-	-	(195,539)	-18%
Transportation	407,299	412,640	-	-	5,341	1%	-	-	5,341	1%
Cultural, parks, and recreation	162,566	156,629	-	-	(5,937)	-4%	-	-	(5,937)	-4%
Public services	83,060	64,123	-	-	(18,937)	-23%	-	-	(18,937)	-23%
Electric	-	-	1,713,940	1,908,632	-	-	194,692	11%	194,692	11%
Water	-	-	764,792	716,793	-	-	(47,999)	-6%	(47,999)	-6%
Sewer	-	-	135,851	131,155	-	-	(4,696)	-3%	(4,696)	-3%
Sanitation	-	-	342,446	308,809	-	-	(33,637)	-10%	(33,637)	-10%
Customer service	-	-	375,738	409,299	-	-	33,561	9%	33,561	9%
Economic development	-	-	50,395	58,940	-	-	8,545	17%	8,545	17%
<b>Total expenses</b>	<b>1,965,727</b>	<b>1,737,345</b>	<b>3,383,162</b>	<b>3,533,628</b>	<b>(228,382)</b>	<b>-12%</b>	<b>150,466</b>	<b>4%</b>	<b>(73,916)</b>	<b>-12%</b>
Excess (deficiency) before transfers	(756,454)	(858,954)	616,384	503,743	(102,500)	14%	(112,641)	-18%	(112,641)	-18%
Transfers	662,427	570,452	(662,427)	(570,452)	(91,975)	-14%	91,975	-14%	(183,950)	-14%
<b>Increase (decrease) in net assets</b>	<b>\$ (94,027)</b>	<b>\$ (288,502)</b>	<b>\$ (46,043)</b>	<b>\$ (66,709)</b>	<b>\$ (194,475)</b>	<b>207%</b>	<b>\$ (20,666)</b>	<b>45%</b>	<b>\$ (215,141)</b>	<b>207%</b>

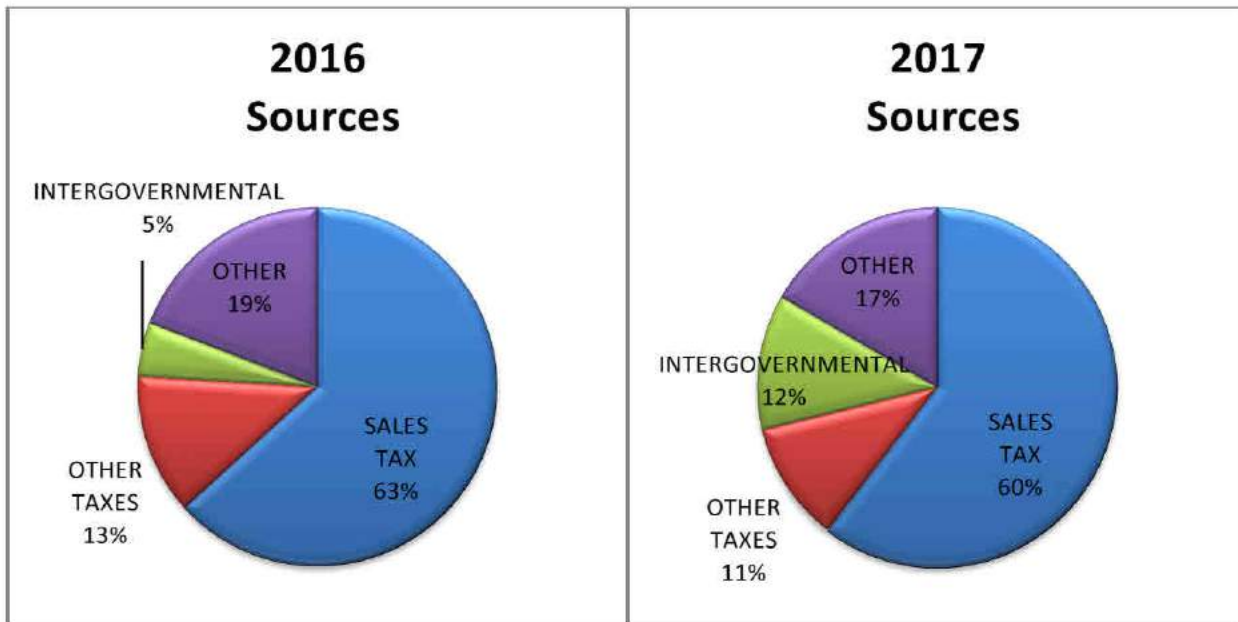
The City's governmental activities' decrease in net assets of \$288,502 is primarily attributable to the \$273,527 GASB 68 pension change. The business-type activities' decrease in net assets of \$66,709 is a function of the increased electric department expense. The results indicate that, as a whole, the City's financial condition decreased from the prior year.



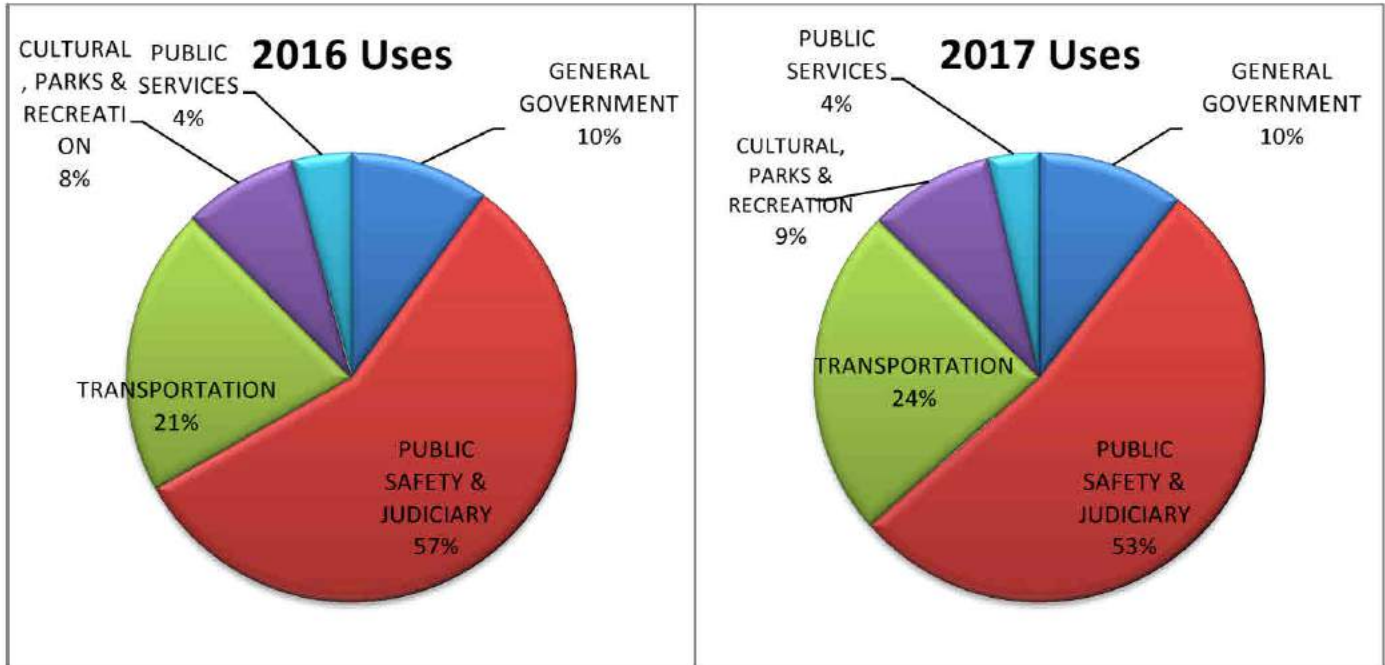
**Governmental Activities**

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.

The City's governmental activities were funded and used as follows:



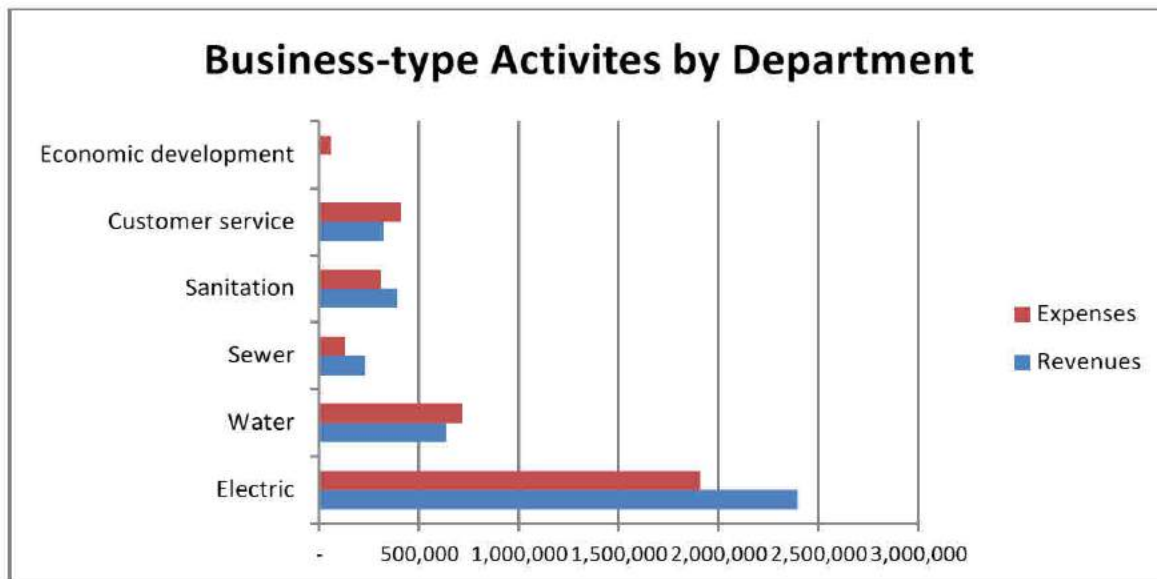
For the year ended June 30, 2016 and 2017, sales tax provided the most significant source of funding for governmental activities at 63% and 60%, respectively. Intergovernmental revenues increased as a funding source in fiscal year 2017 due to additional grants received in FY 2017.



Consistent between fiscal years, public safety and judiciary expenses were the largest use of governmental funds at 57% and 53% for 2016 and 2017, respectively.

**Business-type Activities**

Business-type activities are designed to cover their cost of operations. The following chart displays total revenues and total expenses of each business-type department for fiscal year 2017:



**A FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

As the City completed its 2017 fiscal year, the governmental funds reported a combined fund balance of \$359,688 or a 18.19% decrease from the prior year. The enterprise funds reported combined net assets of \$3,206,434 or a 2.04% decrease from 2016.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of June 30, 2017, the City had \$3,815,649 invested in capital assets, net of related debt, including vehicles and equipment for police and fire operations, park facilities, and street activities in governmental activities and electric lines, water lines and sewer lines in business-type activities. See table below.

**Primary Government Capital Assets (net of accumulated depreciation)**

	Governmental		Business-type		Total	
	<u>Activities</u>		<u>Activities</u>			
	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>
Land and improvements	1,204,878	1,172,425	111,135	111,135	1,316,013	1,283,560
Buildings	752,212	760,052	1,211,235	1,101,774	1,963,447	1,861,826
Machinery & equipment	264,133	346,985	252,098	272,166	516,231	619,151
Utility property & improvements	-	-	526,886	535,948	526,886	535,948
Construction in process	2,300	9,080	34,139	-	36,439	9,080
Totals	<u>\$ 2,223,523</u>	<u>\$ 2,288,542</u>	<u>\$ 2,135,493</u>	<u>\$ 2,021,023</u>	<u>\$ 4,359,016</u>	<u>\$ 4,309,565</u>

This year's more significant capital asset additions included:

- In Governmental Activities: \$48,875 for City Hall roof, \$9,149 for library gas unit, \$7,166 for sound system, \$9,408 for police computer system, \$38,059 and \$5,000 for police vehicles, \$20,000 for fire property purchase, \$3,160 for street parking area painting, \$2,680 for solar radar speed sign, \$39,102 for park bath house roof, \$6,853 for a diving board, \$4,333 for duo pool cleaner, \$48,376 for airport runway paving, \$16,198 for a EMS cot, and \$4,225 for a Kubota mower.
- In Business-type Activities: \$11,050 for a 3 phase pad mount, \$7,321 for various transformers, \$24,000 for a 2015 F150 pickup, \$3,100 for a fire hydrant, \$3,150 for an aqua tap pro tapping kit, \$4,799 for a GPS utility locator and transmitter, \$48,821 for waterline replacement, \$2,044 for a 5HP motor and pump, \$2,426 for a aerator turbine and drive shaft, \$5,722 for a 40MP pump, \$3,225 for 3 phase motors, \$1,743 for an industrial grade motor, \$1,500 for a man hole ring & cover, and \$26,000 for a 2015 F150 pickup.

**Long-Term Debt**

At year-end, the City had \$715,000 in outstanding long-term debt which represents a net decrease of \$110,000 from the prior year. The City's Changes in long-term debt by type of debt are as follows:

**Primary Government Long-Term Debt**

	Governmental		Business-type		Total	
	<u>Activities</u>		<u>Activities</u>			
	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>
Revenue bonds	\$ -	\$ -	\$ 825,000	\$ 715,000	\$ 825,000	\$ 715,000
Notes payable/capital leases	-	-	-	-	-	-
subtotal	-	-	825,000	715,000	825,000	715,000
less current portion	-	-	(110,000)	(110,000)	(110,000)	(110,000)
Totals	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 715,000</u>	<u>\$ 605,000</u>	<u>\$ 715,000</u>	<u>\$ 605,000</u>

**ECONOMIC FACTORS AND NEXT YEARS'S BUDGET AND RATES**

With the rebound in energy prices, Oklahoma employment has bottomed out and once again has begun to grow. The number of energy drilling rigs in Oklahoma has more than doubled since reaching a low in the summer of 2016. Although further energy price increases are not forecast, the recovery in the energy sector will propel the Oklahoma economy forward the remainder of 2017. The economic environment of the state sheds light on the local economy of the City.

The 2017-2018 budget is conservative and provides the financial resources necessary to continue the current level of City services, meet the demand of infrastructure issues, and position the community for continued growth.

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Clerk's Office at 101 East Main, Cordell, Oklahoma, 73632 or phone at (580) 832-3825.

**City of New Cordell, Oklahoma**  
**Statement of Net Position**  
**June 30, 2017**

<b>ASSETS</b>	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Current Assets:			
Cash, including time deposits	\$ 383,618	\$ 1,017,041	\$ 1,400,659
Investments	35,441	276,194	311,635
Interest receivable	4	37	41
Due from other funds	2,079	-	2,079
Taxes receivable	69,903	-	69,903
Accounts receivable (net)	-	516,209	516,209
Prepaid expenses	90	25,542	25,632
<b>Total current assets</b>	<b>491,135</b>	<b>1,835,023</b>	<b>2,326,158</b>
Restricted assets:			
Cash, including time deposits	-	259,431	259,431
Investments	-	207,865	207,865
<b>Total restricted assets</b>	<b>-</b>	<b>467,296</b>	<b>467,296</b>
Non-Current Assets:			
Land and construction in progress	1,194,205	111,135	1,305,340
Other capital assets (net of accumulated depreciation)	1,094,337	1,909,888	3,004,225
<b>Total noncurrent assets</b>	<b>2,288,542</b>	<b>2,021,023</b>	<b>4,309,565</b>
<b>Total assets</b>	<b>2,779,677</b>	<b>4,323,342</b>	<b>7,103,019</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred amount on refunding	-	26,935	26,935
Deferred amounts on pension obligations	303,651	-	303,651
	<b>\$ 303,651</b>	<b>\$ 26,935</b>	<b>\$ 330,586</b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	61,167	251,270	312,437
Wages and benefits payable	13,958	6,321	20,279
Compensated absences, current	54,243	9,384	63,627
Due to other funds	2,079	-	2,079
Notes payable, current	-	-	-
<b>Total current liabilities</b>	<b>131,447</b>	<b>266,975</b>	<b>398,422</b>
Liabilities payable from restricted assets:			
Accrued interest payable	-	7,386	7,386
Customer deposits payable	-	154,482	154,482
Bonds payable, current	-	110,000	110,000
<b>Total liabilities payable from restricted assets</b>	<b>-</b>	<b>271,868</b>	<b>271,868</b>
Noncurrent liabilities:			
Notes payable, non-current	-	-	-
Bonds payable, non-current	-	605,000	605,000
Net pension liability	305,567	-	305,567
<b>Total noncurrent liabilities</b>	<b>305,567</b>	<b>605,000</b>	<b>910,567</b>
<b>Total liabilities</b>	<b>437,014</b>	<b>1,143,843</b>	<b>1,580,857</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred amounts on pension obligations	464,353	-	464,353
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	2,288,542	1,332,958	3,621,500
Reserved for restricted purposes	266,005	-	266,005
Unrestricted	(372,586)	1,873,476	1,500,890
<b>Total net position</b>	<b>\$ 2,181,961</b>	<b>\$ 3,206,434</b>	<b>\$ 5,388,395</b>

See accompanying notes to financial statements.

**City of New Cordell, Oklahoma**  
**Statement of Activities**  
**For the Year Ended June 30, 2017**

Functions/Programs	Expenses	Program Revenues			Net (Expense)/ Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	
<b>Governmental activities:</b>					
<b>General government:</b>					
General government	\$ 84,185	\$ 19,705	\$ -	\$ -	\$ (64,480)
Administration	56,735	-	-	-	(56,735)
Grant Writing	42,757	-	-	-	(42,757)
Total general government	183,677	19,705	-	-	(163,972)
<b>Public safety and judiciary:</b>					
Legislative & judicial	44,776	-	-	-	(44,776)
Police	400,916	29,308	-	10,000	(361,608)
Fire	217,515	3,327	3,817	-	(210,371)
Code enforcement	50,205	-	-	-	(50,205)
Ambulance	188,855	99,461	8,814	-	(80,580)
Animal Control	18,009	-	-	-	(18,009)
Total public safety and judiciary	920,276	132,096	12,631	10,000	(765,549)
<b>Transportation:</b>					
Street	300,277	-	25,188	-	(275,089)
Airport	112,363	6,960	-	40,595	(64,808)
Total transportation	412,640	6,960	25,188	40,595	(339,897)
<b>Cultural, parks and recreation:</b>					
Park	94,878	-	-	-	(94,878)
Swimming pool	61,751	15,705	-	19,551	(26,495)
Total cultural, parks and recreation	156,629	15,705	-	19,551	(121,373)
<b>Public services:</b>					
Public works	-	-	-	32,831	32,831
Cemetery	12,444	4,504	-	-	(7,940)
City garage	51,679	-	-	-	(51,679)
Total public services	64,123	4,504	-	32,831	(26,788)
Total governmental activities	1,737,345	178,970	37,819	102,977	(1,417,579)
<b>Business-type activities:</b>					
Electric	1,908,632	2,392,970	-	-	484,338
Water	716,793	593,499	-	42,352	(80,942)
Sewer	131,155	228,881	-	-	97,726
Sanitation	308,809	391,935	-	-	83,126
Customer service	409,299	323,403	-	-	(85,896)
Economic development	58,940	-	-	-	(58,940)
Total business-type activities	3,533,628	3,930,688	-	42,352	439,412
<b>Total</b>	<b>\$ 5,270,973</b>	<b>\$ 4,109,658</b>	<b>\$ 37,819</b>	<b>\$ 145,329</b>	<b>\$ (978,167)</b>



**City of New Cordell, Oklahoma**  
**Statement of Activities (continued)**  
**For the Year Ended June 30, 2017**

**Changes in Net Assets:**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Net (expense)/revenue	\$ (1,417,579)	\$ 439,412	\$ (978,167)
General revenues:			
Taxes:			
Sales tax	695,818	-	695,818
Use tax	38,106	-	38,106
Franchise taxes	35,141	-	35,141
Alcoholic beverage tax	42,326	-	42,326
Cigarette tax	8,486	-	8,486
Oil & gas royalties	-	-	-
Investment income	928	6,726	7,654
Pension change	(273,527)	-	(273,527)
Penalties	-	38,759	38,759
Miscellaneous	11,347	18,846	30,193
Transfers-Internal activity	570,452	(570,452)	-
Total general revenues and transfers	<u>1,129,077</u>	<u>(506,121)</u>	<u>622,956</u>
Change in net position	(288,502)	(66,709)	(355,211)
Net position-beginning	2,470,463	3,273,143	5,743,606
Net position-ending	<u>\$ 2,181,961</u>	<u>\$ 3,206,434</u>	<u>\$ 5,388,395</u>

**City of New Cordell, Oklahoma**  
**Balance Sheet**  
**For the Year Ended June 30, 2017**

	<u>General Fund</u>	<u>Grant Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash, including time deposits	\$ 157,419	\$ 86,870	\$ 139,329	\$ 383,618
Investments	-	-	35,441	35,441
Interest receivable	-	-	4	4
Taxes receivable	67,621	-	2,282	69,903
Due from other funds	-	-	2,079	2,079
Prepaid expenses	90	-	-	90
Total assets	<u>\$ 225,130</u>	<u>\$ 86,870</u>	<u>\$ 179,135</u>	<u>\$ 491,135</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 61,167	\$ -	\$ -	\$ 61,167
Wages and benefits payable	13,958	-	-	13,958
Due to other funds	2,079	-	-	2,079
Compensated absences, current	54,243	-	-	54,243
Total liabilities	<u>131,447</u>	<u>-</u>	<u>-</u>	<u>131,447</u>
<b>FUND BALANCES</b>				
Restricted for:				
Capital projects fund	-	-	28,041	28,041
Special revenue funds	-	86,870	151,094	237,964
Unassigned	93,683	-	-	93,683
Total fund balances	<u>93,683</u>	<u>86,870</u>	<u>179,135</u>	<u>359,688</u>
Total liabilities and fund balances	<u>\$ 225,130</u>	<u>\$ 86,870</u>	<u>\$ 179,135</u>	<u>\$ 491,135</u>
Total fund balance- total governmental funds				359,688
Amounts reported for <i>governmental activities</i> in the statement of net position are different because:				
Land and capital assets, net of accumulated depreciation are not financial resources and, therefore, are not reported in the funds. See Note 3(B) for additional detail.				
Land and construction in process			1,194,205	
Capital assets			9,056,093	
Less: Accumulated depreciation			<u>(7,961,756)</u>	2,288,542
Net pension asset				-
Pension related deferred outflows				303,651
Net pension liability				(305,567)
Pension related deferred inflows				(464,353)
Long-term liabilities are not due and payable in the current period and are not reported in the funds.				
Net position of governmental activities				<u>\$ 2,181,961</u>

**City of New Cordell, Oklahoma**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Year Ended June 30, 2017**

	General Fund	Grant Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Sales taxes	\$ 695,818	\$ -	\$ -	\$ 695,818
Use taxes	38,106	-	-	38,106
Beverage tax	42,326	-	-	42,326
Franchise taxes	35,141	-	-	35,141
Cigarette tax	8,486	-	-	8,486
Licenses and permits	11,080	-	-	11,080
Oil and gas royalties	-	-	-	-
Fines and forfeitures	27,928	-	-	27,928
Investment income	425	-	503	928
Charges for services	118,988	-	682	119,670
Rental income	15,585	-	-	15,585
Intergovernmental	18,814	92,977	29,005	140,796
Miscellaneous	12,727	-	3,327	16,054
Total revenues	<u>1,025,424</u>	<u>92,977</u>	<u>33,517</u>	<u>1,151,918</u>
<b>EXPENDITURES</b>				
Current:				
General government:				
General government	63,015	-	-	63,015
Administration	55,570	1,165	-	56,735
Grant Writing	42,757	-	-	42,757
Total general government	<u>161,342</u>	<u>1,165</u>	<u>-</u>	<u>162,507</u>
Public safety and judiciary:				
Legislative & judicial	44,776	-	-	44,776
Police	390,941	-	-	390,941
Fire	202,810	-	1,834	204,644
Code enforcement	50,205	-	-	50,205
Ambulance	183,135	-	-	183,135
Animal Control	17,510	-	-	17,510
Total public safety and judiciary	<u>889,377</u>	<u>-</u>	<u>1,834</u>	<u>891,211</u>
Transportation:				
Street	264,415	-	14,673	279,088
Airport	8,769	-	-	8,769
Total transportation	<u>273,184</u>	<u>-</u>	<u>14,673</u>	<u>287,857</u>
Cultural, parks and recreation:				
Park	65,184	-	-	65,184
Swimming pool	60,146	1,605	-	61,751
Total cultural, parks and recreation	<u>125,330</u>	<u>1,605</u>	<u>-</u>	<u>126,935</u>
Public Services:				
Cemetery	9,923	-	-	9,923
City garage	51,679	-	-	51,679
Total public services	<u>61,602</u>	<u>-</u>	<u>-</u>	<u>61,602</u>
Debt service				
Capital lease obligation	-	-	-	-
Total debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital outlay	216,710	48,376	7,166	272,252
Total expenditures	<u>1,727,545</u>	<u>51,146</u>	<u>23,673</u>	<u>1,802,364</u>
Excess (deficiency) of revenues over expenditures	<u>(702,121)</u>	<u>41,831</u>	<u>9,844</u>	<u>(650,446)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	707,077	36,050	-	743,127
Transfers out	(59,336)	(88,414)	(24,925)	(172,675)
Total other financing sources and uses	<u>647,741</u>	<u>(52,364)</u>	<u>(24,925)</u>	<u>570,452</u>
Net change in fund balances	(54,380)	(10,533)	(15,081)	(79,994)
Fund balances - beginning	148,063	97,403	194,216	439,682
Fund balances - ending	<u>\$ 93,683</u>	<u>\$ 86,870</u>	<u>\$ 179,135</u>	<u>\$ 359,688</u>

**City of New Cordell, Oklahoma**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Year Ended June 30, 2017**

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Reconciliation of the change in fund balances - total governmental funds  
to the change in net position of governmental activities:

Net change in fund balances - total governmental funds \$ (79,994)  
Amounts reported for governmental activities in the Statement of Activities are  
different because:

Governmental funds report capital outlays as expenditures. However, in the  
statement of activities, the cost of those assets is allocated over their estimated  
useful lives and reported as depreciation expense.

Capital asset purchases capitalized	272,252	
Equipment disposed	-	
Depreciation expense	<u>(207,233)</u>	65,019

Government-Wide Statement of Activities report the cost of pension benefits  
earned net of employee contributions is reported as an element of pension. (273,527)  
The fund financial statements report pension contributions as expenditures

	-	
	<u>-</u>	<u>-</u>

Change in Net Position of Governmental Activities \$ (288,502)

**City of New Cordell, Oklahoma**  
**Statement of Net Position**  
**For the Year Ended June 30, 2017**

	<b>New Cordell Utilities Authority</b>	<b>Development Redevelopment Authority</b>	<b>Total Enterprise Funds</b>
<b>ASSETS</b>			
Current assets:			
Cash, including time deposits	\$ 1,012,102	\$ 4,939	\$ 1,017,041
Investment	276,194	-	276,194
Interest receivable	37	-	37
Due from other funds	-	-	-
Accounts receivable, net of allowance of \$38,711	516,209	-	516,209
Prepaid expenses	25,542	-	25,542
Total current assets	1,830,084	4,939	1,835,023
Noncurrent assets:			
Restricted assets:			
Cash, including time deposits	259,431	-	259,431
Investments	207,865	-	207,865
Total restricted assets	467,296	-	467,296
Noncurrent assets:			
Capital assets (net)	1,540,799	480,224	2,021,023
Total noncurrent assets	1,540,799	480,224	2,021,023
<b>Total assets</b>	3,838,179	485,163	4,323,342
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	251,270	-	251,270
Wages and benefits payable	6,321	-	6,321
Compensated absences, current	9,384	-	9,384
Due to other funds	-	-	-
Notes payable, current	-	-	-
Total current liabilities	266,975	-	266,975
Liabilities payable from restricted assets:			
Accrued interest payable	7,386	-	7,386
Customer deposits payable	154,482	-	154,482
Bonds payable, current	110,000	-	110,000
Total liabilities payable from restricted assets	271,868	-	271,868
Noncurrent liabilities:			
Notes payable, noncurrent	-	-	-
Bonds payable, noncurrent	605,000	-	605,000
Deferred amount on refunding	(26,935)	-	(26,935)
Bonds payable, net of unamortized discount/premium and deferred amount on refunding	578,065	-	578,065
Total noncurrent liabilities	578,065	-	578,065
<b>Total liabilities</b>	1,116,908	-	1,116,908
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	852,734	480,224	1,332,958
Unrestricted	1,868,537	4,939	1,873,476
<b>Total net position</b>	\$ 2,721,271	\$ 485,163	\$ 3,206,434

**City of New Cordell, Oklahoma**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**For the Year Ended June 30, 2017**

	<b>New Cordell Utilities Authority</b>	<b>Development Redevelopment Authority</b>	<b>Total Enterprise Funds</b>
<b><u>Operating revenues:</u></b>			
Charges for services:			
Electric charges	\$ 2,392,970	\$ -	\$ 2,392,970
Water charges	593,499	-	593,499
Sewer charges	228,881	-	228,881
Sanitation charges	391,935	-	391,935
Penalties	38,759	-	38,759
Total charges for services	3,646,044	-	3,646,044
Lease and rental income	1,250	-	1,250
Miscellaneous	18,846	-	18,846
Total operating revenues	<u>3,666,140</u>	<u>-</u>	<u>3,666,140</u>
<b><u>Operating expenses:</u></b>			
Cost of goods sold	2,226,783	-	2,226,783
Personal services	587,261	-	587,261
Materials and supplies	249,646	11,972	261,618
Other services and charges	183,726	6,200	189,926
Depreciation	189,151	40,768	229,919
Total operating expenses	<u>3,436,567</u>	<u>58,940</u>	<u>3,495,507</u>
Net operating income	229,573	(58,940)	170,633
<b><u>Nonoperating revenue (expense):</u></b>			
Investment income	6,711	15	6,726
Grant income	42,352	-	42,352
Interest expense	(30,452)	-	(30,452)
Amortization	(7,669)	-	(7,669)
Other income	322,153	-	322,153
Total nonoperating revenue (expense)	<u>333,095</u>	<u>15</u>	<u>333,110</u>
<b>Net Income before contributions and transfers</b>	562,668	(58,925)	503,743
Transfers from other funds	56,838	20,000	76,838
Transfers to other funds	(647,290)	-	(647,290)
<b>Change in net position</b>	(27,784)	(38,925)	(66,709)
Net position-beginning of year	2,749,055	524,088	3,273,143
Net position-end of year	<u>\$ 2,721,271</u>	<u>\$ 485,163</u>	<u>\$ 3,206,434</u>



City of New Cordell, Oklahoma  
Statement of Cash Flows  
For the Year Ended June 30, 2017

	New Cordell Utilities Authority	Development Redevelopment Authority	Total Enterprise Funds
<b><u>Cash flows from operating activities:</u></b>			
Receipts from customers	\$ 3,659,575	\$ -	\$ 3,659,575
Payments to suppliers	(2,652,426)	(18,172)	(2,670,598)
Payments to employees	(579,096)	-	(579,096)
Other operating revenues	18,846	-	18,846
<b>Net cash provided (used) by operating activities</b>	<b>446,899</b>	<b>(18,172)</b>	<b>428,727</b>
<b><u>Cash flows from non-capital financing activities:</u></b>			
Transfers from other funds	56,838	20,000	76,838
Transfers to other funds	(647,290)	-	(647,290)
Receipts on interfund loan agreements	-	-	-
Receipts from nonoperating income	322,153	-	322,153
<b>Net cash provided (used) by non-capital financing activities</b>	<b>(268,299)</b>	<b>20,000</b>	<b>(248,299)</b>
<b><u>Cash flows from capital and related financing activities:</u></b>			
Purchases of capital assets	(115,449)	-	(115,449)
Receipts from capital grants	42,352	-	42,352
Principal paid on capital debt	(110,000)	-	(110,000)
Interest paid on capital debt	(31,275)	-	(31,275)
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(214,372)</b>	<b>-</b>	<b>(214,372)</b>
<b><u>Cash flows from investing activities:</u></b>			
Purchase of investments	(2,572)	-	(2,572)
Investment income	6,706	15	6,721
<b>Net cash provided (used) by investing activities</b>	<b>4,134</b>	<b>15</b>	<b>4,149</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(31,638)</b>	<b>1,843</b>	<b>(29,795)</b>
Cash and cash equivalents, July 1, 2016	1,303,171	3,096	1,306,267
Cash & cash equivalents, June 30, 2017	<b>\$ 1,271,533</b>	<b>\$ 4,939</b>	<b>\$ 1,276,472</b>
Cash, including time deposits	\$ 1,012,102	\$ 4,939	\$ 1,017,041
Restricted cash, including time deposits	259,431	-	259,431
<b>Total cash and cash equivalents, end of year</b>	<b>\$ 1,271,533</b>	<b>\$ 4,939</b>	<b>\$ 1,276,472</b>
<b><u>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</u></b>			
Operating income (loss)	\$ 229,573	\$ (58,940)	\$ 170,633
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	189,151	40,768	229,919
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	8,764	-	8,764
(Increase) decrease in prepaids	1,421	-	1,421
Increase (decrease) in accounts payable	6,308	-	6,308
Increase (decrease) in wages & benefits payable	2,534	-	2,534
Increase (decrease) in compensated absences	5,631	-	5,631
Increase (decrease) in deposits subject to refund	3,517	-	3,517
Total adjustments	217,326	40,768	258,094
<b>Net cash provided (used) by operating activities</b>	<b>\$ 446,899</b>	<b>\$ (18,172)</b>	<b>\$ 428,727</b>

(1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. **Organization**

The City of New Cordell, Oklahoma (the "City") is incorporated under the provisions of the State of Oklahoma per Executive Department Proclamation on May 22, 1908. The City operates under the statutory Aldermanic form of government. The City provides the following services: public safety (police and fire), streets, utility (sanitation, water, sewer, and electric) planning and zoning, public improvements, library, airport, parks, and general administration.

***The Reporting Entity***

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

The financial statements of the City include the City's primary government and component units over which the City exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the City (as distinct from legal relationships).

Due to restrictions of the state constitution relating to the issuance of municipal debt, public trusts are created to finance City services with revenue bonds or other non-general obligation financing and provide for multi-year contracting. Financing services provided by these public trusts are solely for the benefit of the City. Public trusts created to provide financing services are blended into the City's primary government as an integral part of City operations although retaining separate legal identity. Component units that do not meet the criteria from blending are reported discretely.

**Blended Component Units Reported with Primary Government**

New Cordell Utilities Authority - created October 6, 1986 by Declaration of Trust and as amended by Amendment to Declaration of Trust dated 01/08/88, under Title 60, OS (1981) Section 176-804. The City has beneficial interest and the City Council members serve as Trustees of the Authority. City employees carry on the activities of the Authority.

Cordell Development and Redevelopment Authority - The City Council members serve as trustees of the Authority.

The Cordell Hospital Authority and the Cordell Recreation Authority are excluded from the financial reporting entity because the City's accountability does not extend beyond making appointments. Audited financial statements are available from the related organization.

B. **Basis of Presentation**

***Government-Wide Financial Statements:***

The government-wide financial statements include the statement of net position and statement of activities. These statements report financial information for the City as a whole. The statements distinguish governmental activities, generally supported by taxes and City general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers. Individual funds are not displayed by the statements.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services with usage fees, fines and forfeitures, and other charges to users of the City's services; (2) operating grants and contributions which finance annual operating activities; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. Taxes and other revenues sources not properly included with program revenues are reported as general revenues.

Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or utility services.

Certain reclassifications have been made to prior period balances in order to conform to the current period's presentation.

***Fund Financial Statements:***

Fund financial statements of the reporting entity are organized into funds each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. The City has no fiduciary funds.

***Measurement Focus and Basis of Accounting***

The financial statements of the City are prepared in accordance with accounting principles generally accepted in the United States of America, GAAP. The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

The government-wide statements report using the economic resources measurements focus and the accrual basis of accounting. Proprietary financial statements and financial statements of the City's component units also report using the same focus and basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The City considered revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenses are recorded when the related fund liability is incurred.

Major revenue sources susceptible to accrual include: sales and use taxes, intergovernmental revenues, and investment income. In general, other revenues are recognized when cash is received.

Operating income reported in the proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of provided goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

***Restricted Assets***

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed. Restricted assets and liabilities current in nature are reported with current assets and current liabilities in the financial statements.

***Use of Estimates***

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reporting amounts and disclosures; accordingly, actual results could differ from those estimates.

***Interfund Balances***

Generally, outstanding balances between funds reported and due to/due from other funds include outstanding charges by one fund to another for services or goods or miscellaneous receivables/payables between funds. Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year and are described as due to/due from other funds.

**C. Fund Types and Major Funds**

**Major Governmental Funds**

***General Fund***

The General Fund is the primary operating fund of the City and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in another fund.

***Grant Fund***

Accounts for funds received for grant programs

***Special Revenue Funds***

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trust or major capital projects) that are legally or administratively restricted to expenditures for specified purposes. The reporting entity includes the following special revenue funds:

FUND	BRIEF DESCRIPTION
Street and Alley	Accounts for commercial vehicle tax and gasoline excise tax legally restricted for street and alley repairs and maintenance.
Cemetery Care	Accounts for 12 1/2% of cemetery revenue restricted by State law for cemetery capital improvements.
Fireman Fund	Accounts for collection of rural fire fighting fees and is administratively restricted for fire department needs.
Disaster Fund	Accounts for funds spent in the City's response to the October 9, 2001 tornado and the winter ice storm.

***Capital Project Fund***

This fund is used to account for financial resources restricted for the acquisition or construction of specific capital projects or items (other than those financed by proprietary funds). The City of New Cordell has expanded its use to include major repairs with full board approval.

**PROPRIETARY FUND TYPES**

***Enterprise Funds***

Enterprise Funds are used to account for business-type activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes the following enterprises funds:

<u>FUND</u>	<u>BRIEF DESCRIPTION</u>
New Cordell Utilities Authority	Accounts for the activities of the authority in providing electric, water, wastewater, and solid waste services to the public.
Cordell Development & Redevelopment Authority	Accounts for economic development activities and for the operation of the theatre.

**D. Budgets and Budgetary Accounting**

***Budget Policy and Practice***

The City Administrator submits an annual budget to the City Council in accordance with the City Charter and the Oklahoma Municipal Budget Act. The budget is presented to the City Council for review, and public hearings are held to address priorities and the allocation of resources. In June, the City Council adopts the annual fiscal year budgets for City operating funds. Once approved, the City Council may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations. Public trusts submit budgets and other planning documents to their respective governing bodies. Other funds budgeted on a project-length basis are also subjected to the Council review and approval process.

***Budgetary Control***

Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department and object class as follows: personal services, other services and charges, supplies, capital outlay, transfers, and debt service. This legal level of control is by department within a fund. Expenditures may not exceed appropriations at this level. Budget revisions at this level are subject to final review by the City Council. Within these control levels, management may transfer appropriations without Council approval. Revisions to the budget are normally made throughout the year.

***Budget Basis of Accounting***

The combined statement of revenues, expenditures and changes in fund balances (budget and actual) present comparisons of legally adopted budgets with actual data on a budgetary basis. The budgetary basis of accounting differs from GAAP in that the cash basis of accounting is used. Revenues are budgeted in the year receipt is expected; and expenditures, which include encumbrances, are budgeted in the year that the applicable purchase orders are expected to be issued. All appropriations (including encumbered) lapse at year-end; any open encumbrances to be honored in the subsequent budget year are reappropriated in the new year's budget. As a result, no reserve for encumbrances is reported at year-end.

The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

**Cash and Investments**

For the purposes of the combined balance sheet and the statement of cash flows, "cash and cash equivalents" includes all demand deposits, savings accounts and certificates of deposits or short-term investments (including restricted assets) with an original maturity of three months or less. Deposits are stated at cost.

Investments are reported at fair value which is determined using market prices. Short-term investments are reported at cost, which approximates fair value. Securities traded on national or international exchanges are valued at the last reported sales price.

**Allowance for Uncollectible Accounts**

The City has established an allowance for collectible accounts based on management's prior experience. Management does not believe there are significant losses in excess of the allowance.

**Restricted Assets**

Restricted assets include current assets of proprietary fund types that are legally restricted as to their use. The restricted assets are primarily related investments restricted for customer refunds, and cash reserved for payment of the revenue bond obligation.

**Property, Plant and Equipment**

The accounting treatment over property, plant and equipment (fixed 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, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. Prior to July 1, 2003, governmental funds' infrastructure assets were not capitalized. These assets (back to July 1, 1980) have been valued at estimated historical cost.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Proprietary fund and similar component unit fixed assets are recorded in the respective funds or component units and depreciated using the straight-line method. When proprietary fund fixed assets are disposed, the cost and applicable accumulated depreciation is removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follows:

- |                                    |             |
|------------------------------------|-------------|
| • Buildings                        | 25-50 years |
| • Other improvements               | 10-50 years |
| • Machinery, furniture & equipment | 3-20 years  |
| • Infrastructure                   | 25-50 years |

**Fund Financial Statements:**

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

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The government only has one item that qualifies for reporting in this category. It is a deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will *not* be recognized as an inflow of resources (revenue) until that time. An example of an item which arises only under a modified accrual basis of accounting that qualifies for reporting in this category would be unavailable revenue from property taxes and special assessments. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. Those amounts would be deferred and recognized as an inflow of resources in the period that the amounts become available. The City has items related to pension obligations that qualify as a deferred inflow of resources.

**Long-Term Debt**

In the government-wide, proprietary, and component unit financial statements, outstanding debt is reported as liabilities. Bond issuance costs, bond discounts or premiums, and the difference between the reacquisition price and the net carrying value of refunded debt are capitalized and amortized over the terms of the respective bonds using a method that approximates the effective interest method.

**Compensated Absences**

Full-time, permanent employees are granted vacation benefits in varying amount to specified maximums depending on tenure with the City. Sick leave accrues to full-time, permanent employees to specified maximums. Generally, after one year of service, employees are entitled to all accrued vacation leave upon termination. The estimated liabilities include salary-related payments. Compensated absences are reported as accrued in the government-wide, proprietary, and fiduciary financial statements.



**Equity Classifications**

***Fund Balance***

The governmental fund financial statements report reserved fund balance for amounts not available for appropriation or legally restricted for specified purposes beyond the restrictions applicable to the fund.

***Net Assets***

Both proprietary fund financial statements and government-wide financial statements report net assets. Amounts invested in capital assets, net of related debt and legally restricted amounts are separated from unrestricted net assets.

***Invested in capital assets, net of related debt***

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

***Restricted net assets***

Amounts reported as restricted consist of net assets with constraints placed on their 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.

***Governmental Fund Balances***

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories list below:

***Nonspendable***

Fund balance associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned),

***Restricted***

Fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation,

***Committed***

Fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City Commission, the City's highest level of decision-making authority,

***Assigned***

Fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed, and

***Unassigned***

Fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications

**F. Revenues, Expenditures and Expenses**

***Sales Tax***

The City levied 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. The sales tax received is recorded as sales tax revenue within the general fund.

***Charges for Services***

Program revenues reported with governmental activities include charges for services like permits and fees, park charges, and fines and forfeitures. Business-type activity charges for services include all operating income of proprietary funds.

***Grants and Contributions***

Governmental grants and contributions primarily consist of grants from Federal and state agencies. The nature of the grant determines if it is reported as operating or capital program revenues.

Business-type activity grants and contributions include donations from others as well as grants from Federal and state agencies.



***Interfund Transfers***

Permanent reallocation of resources between funds of the reporting entity is classified as interfund transfers. Recurring transfers for operational purposes are classified as "operating transfers", while non-recurring transfers of equity are reported as "residual equity transfers."

**(2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

By its nature as local government unit, the City and its component units are subject to various federal, state and local laws and contractual regulations. An analysis of the City's compliance with significant laws and regulations and demonstration of its stewardship over city resources follows:

**A. Deficit Fund Net Assets/Fund Balance**

Deficits resulting from accrual reporting do not constitute violations of Oklahoma State Statutes.

The City reported no deficit fund balances or net assets for the fiscal year.

**B. Budget Requirements**

For the year ended June 30, 2017, the City complied, in all material respects, with the applicable budget laws.

**C. Debt Covenants**

The 2011 Series bonds held by the Cordell Utility Authority contain a number of covenants which are related to financial matters. The most significant of which is the Debt Service Coverage, whereby, pledged revenues less operating expenses shall provide Net Revenues Available for Debt Service equal to 1.20 times average annual debt service on the respective notes for the Authority. As calculated on the Schedule Debt Service Coverage Requirements in the Other Supplementary Schedules section of this report, the City complied with this requirement.

**E. Revenue Restrictions**

The City has various restrictions placed over certain revenue sources from state or local or administrative requirements. The primary restricted revenue sources include:

<b>REVENUE SOURCE</b>	<b>LEGAL RESTRICTIONS OF USE</b>
Gasoline Excise/Commercial Vehicle Tax	Street and Alley Purposes
Airport Revenue	Airport Operations and Debt Service
Cemetery Revenue (12.5%)	Cemetery Capital Improvements

**(3) DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS**

**A. Cash and Investments**

**Deposits**

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. The City's deposits are secured by collateral values at market or par, whichever is lower, less the amount covered by the Federal Deposit Insurance Corporation (FDIC). Deposited funds may be invested in certificates of deposit in institutions with an established record of fiscal health and service.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes.

**Investments**

The City invests primarily in certificates of deposit.

<u>Types of Investments</u>	<u>Fair Value/ Carrying Amount</u>	<u>Cost</u>	<u>Average Credit Quality/ Ratings (1)</u>	<u>Weighted Average Days to Maturity (2)</u>
<b>Primary government</b>				
<b><u>GOVERNMENTAL ACTIVITIES</u></b>				
Certificates of deposit	\$ 35,441	\$ 35,441	N/A	20.53
Total governmental activities	35,441	35,441		
<b><u>BUSINESS-TYPE ACTIVITIES</u></b>				
Certificates of deposit	\$ 484,059	\$ 484,059	N/A	316.61
Total business-type activities	484,059	484,059		
Total primary government investments	\$ 519,500	\$ 519,500		

Reconciliation to statement of net assets:

Investments

Governmental activities	\$ 35,441
Business-type activities	276,194
Business-type activities, restricted	207,865
	\$ 519,500

(1) Ratings are provided where applicable to indicate associated Credit Risk. N/A indicates not applicable.

At June 30, 2017 the City held restricted assets totaling \$467,296. Assets were restricted for the following purposes:

**Business-type activities:**

*Cash, including time deposits*

Debt service 2011 Revenue Bonds	\$ 246,167
Customer deposits	149,610
Board restrictions	71,519
	\$ 467,296

**B. PROPERTY, PLANT AND EQUIPMENT**

**Governmental Activities:**

A summary of the changes in the governmental activities fixed assets at June 30, 2017 follows:

	<u>Balance at June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2017</u>
Land and land improvements	\$ 1,181,964	\$ 3,161	\$ -	\$ 1,185,125
Buildings & structures	4,687,272	78,024	-	4,765,296
Machinery, furniture, & equipment	2,250,147	86,124	-	2,336,271
Improvements other than land	1,856,363	98,163	-	1,954,526
Construction in process	2,300	6,780	-	9,080
	9,978,046	272,252	-	10,250,298
Total	9,978,046	272,252	-	10,250,298
Less accumulated depreciation	7,754,523	207,233	-	7,961,756
	\$ 2,223,523	\$ 65,019	\$ -	\$ 2,288,542
Fixed assets, net				

**CITY OF NEW CORDELL, OKLAHOMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**Business-Type Activities:**

A summary of the proprietary fund types fixed assets at June 30, 2017 follows:

	<b>Balance at July 1, 2016</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance at June 30, 2017</b>
<b>Cordell Utility Authority:</b>				
Electric plant				
Land	\$ 308	\$ -	\$ -	\$ 308
Structures & improvements	95,609	-	-	95,609
Plant & equipment	484,276	12,142	-	496,418
Distribution system	1,059,978	7,321	-	1,067,299
	<u>1,640,171</u>	<u>19,463</u>	<u>-</u>	<u>1,659,634</u>
Water plant				
Land	11,649	-	-	11,649
Structures & improvements	1,114,688	-	-	1,114,688
Plant & equipment	981,067	36,114	-	1,017,181
Distribution system	1,251,374	52,698	-	1,304,072
	<u>3,358,778</u>	<u>88,812</u>	<u>-</u>	<u>3,447,590</u>
Sewer plant				
Structures & improvements	1,057,232	-	-	1,057,232
Plant & equipment	215,006	13,812	-	228,818
Distribution system	149,566	1,500	-	151,066
Equipment	22,662	1	-	22,663
	<u>1,444,466</u>	<u>15,313</u>	<u>-</u>	<u>1,459,779</u>
General and administrative				
Land	69,178	-	-	69,178
Structures & improvements	48,902	-	-	48,902
Equipment	303,392	-	-	303,392
Transportation equipment	360,422	26,000	-	386,422
	<u>781,894</u>	<u>26,000</u>	<u>-</u>	<u>807,894</u>
Ambulance garage	7,849	-	-	7,849
Construction in progress	34,139	-	34,139	-
Total	7,267,297	149,588	34,139	7,382,746
Less accumulated depreciation	5,652,796	189,151	-	5,841,947
Fixed assets, net	<u>\$ 1,614,501</u>	<u>\$ (39,563)</u>	<u>\$ (34,139)</u>	<u>\$ 1,540,799</u>
<b>Cordell Development/Redevelopment Authority:</b>				
Land	\$ 30,000	\$ -	\$ -	30,000
Building - Theater	906,556	-	-	906,556
Equipment - Theater	103,673	-	-	103,673
Total	<u>1,040,229</u>	<u>-</u>	<u>-</u>	<u>1,040,229</u>
Less: accumulated depreciation	519,237	40,768	-	560,005
Fixed assets, net	<u>\$ 520,992</u>	<u>\$ (40,768)</u>	<u>\$ -</u>	<u>\$ 480,224</u>
<b>Total Business-type activities, net</b>	<u>\$ 2,135,493</u>	<u>\$ (80,331)</u>	<u>\$ (34,139)</u>	<u>\$ 2,021,023</u>

**CITY OF NEW CORDELL, OKLAHOMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against its operations. Accumulated depreciation is reported on proprietary fund balance sheets.

All vehicles purchased by the Utility Authority are depreciated under the general and administrative transportation equipment.

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

Depreciation expense charges to governmental activities:

General government	\$ 21,170
Public safety & judiciary	29,065
Transportation	124,783
Cultural, parks & recreation	29,694
Public services	2,521
<b>Total governmental activities depreciation expense</b>	<b>\$ 207,233</b>

Depreciation expense charges to business-type activities:

Electric	\$ 36,884
Water	103,941
Customer service	6,938
Sewer	41,388
Economic development	40,768
<b>Total business-type activities depreciation expense</b>	<b>\$ 229,919</b>

**C. LONG-TERM DEBT**

The following is a summary of long-term debt for the year ended June 30, 2017:

**REVENUE BONDS PAYABLE:**

2011 Series New Cordell Utilities Authority Utility System Refunding Revenue Bonds original issue amount of \$1,300,000, dated February 28, 2011, issued by the New Cordell Utilities Authority, secured by the net revenue of the system, interest rates from 1.0% to 4.75%, final maturity on October 1, 2022.	\$ 715,000
Total revenue bonds payable	715,000
Less: unamortized deferred amount on refunding	(26,935)
<b>Net revenue bonds payable</b>	<b>\$ 688,065</b>

**Changes in Long-Term Debt:**

The following is a summary of changes in long-term debt for the year ended June 30, 2017:

<u>Type of Debt</u>	<u>Balance at July 1, 2016</u>	<u>Amount Issued</u>	<u>Amount Retired</u>	<u>Balance at June 30, 2017</u>	<u>Due within One Year</u>
Business-type activities					
Revenue bonds payable	825,000	-	110,000	715,000	110,000
Total governmental activities	<u>\$ 825,000</u>	<u>\$ -</u>	<u>\$ 110,000</u>	<u>\$ 715,000</u>	<u>\$ 110,000</u>
<b>Total primary government debt</b>	<b>\$ 825,000</b>	<b>\$ -</b>	<b>\$ 110,000</b>	<b>\$ 715,000</b>	<b>\$ 110,000</b>

**Annual Debt Service Requirements:**

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

Year Ending June 30	Governmental Activities	Business-type Activities			
	Capital Leases Payable	Notes Payable		Revenue Bonds	
		Principal	Interest	Principal	Interest
2018	\$ -	\$ -	\$ -	110,000	27,700
2019	-	-	-	115,000	23,619
2020	-	-	-	120,000	19,063
2021	-	-	-	120,000	14,112
2022	-	-	-	125,000	8,750
2023-2027	-	-	-	125,000	2,969
Totals	\$ -	\$ -	\$ -	\$ 715,000	\$ 96,213

**D. INTERFUND TRANSACTIONS AND BALANCES**

Operating transfers for the year ended June 30, 2017 were as follows:

<u>Operating Transfers</u>	<u>Transfer In</u>	<u>Transfer Out</u>
<b>GENERAL FUND:</b>		
Cordell Utility Authority	\$ 627,290	\$ 7,526
Street & alley	15,760	15,760
Firemans fund	24,925	-
Grant fund	39,102	36,050
<b>STREET &amp; ALLEY:</b>		
General fund	15,760	15,760
<b>FIREMANS FUND:</b>		
General fund	-	24,925
<b>GRANT FUND:</b>		
General fund	36,050	39,102
Cordell Utility Authority	-	49,312
<b>ENTERPRISE FUNDS - Cordell Utility Authority</b>		
General fund	7,526	627,290
Grant fund	49,312	-
Development & Redevelopment	-	20,000
<b>ENTERPRISE FUNDS - Development &amp; Redevelopment</b>		
Cordell Utility Authority	20,000	-
	<u>\$ 835,725</u>	<u>\$ 835,725</u>

**(4) RETIREMENT PLANS**

The City participates in two employee pension systems as follows:

<u>Name of Plan</u>	<u>Type of Plan</u>
Oklahoma Municipal Retirement Fund	Agent Multiple Employer – Defined Benefit Plan
Oklahoma Firefighters Pension and Retirement Fund	Cost Sharing Multiple Employer – Defined Benefit Plan

**A. Oklahoma Municipal Retirement Fund- Defined Benefit Plan**

Plan Description

Substantially all of the City's full-time employees, except firefighters, participate in a defined benefit pension plan adopted by the City and administered by the Oklahoma Municipal Retirement System (OMRF), which was established to administer

pension plans for municipal employees. OMRF issues a publically available financial report that can be obtained at [www.okmrf.org](http://www.okmrf.org).

**Benefits Provided**

OMRF provides retirement, disability, and death benefits. Retirement benefits are determined as 3 percent of the employee's final average compensation multiplied by the employee's years of service; final average compensation is the average of the 5 highest consecutive years of salaries out of the last 10 years of service. Vesting requires 7 years of service. Members are eligible for normal retirement at age 65 with 7 years of vested service. The benefit is payable immediately. Early retirement is available after age 55 with 7 years of vested service. Early retirement benefits are paid at the normal retirement age, or reduced 5% per year for commencement prior to the normal retirement age.

Disability retirement is provided for member's total and permanent disability after 7 or more years of service. The accrued benefit is payable upon disablement without reduction for early payment.

In-service death benefits are payable after vesting at 50% of the accrued benefit until the death of the spouse or remarriage. If the member was not vested at the time of in-service death, member contributions are returned, if any, with interest.

**Contributions**

Required contribution rates are actuarially measured each year and authorized through City Ordinance. Employees are required to contribute 0.0% of paid salary. For the year ended June 30, 2017, the City's contribution was 11.66%. Contributions to the pension plan from the City were \$106,625 for the year ended June 30, 2017.

**Membership**

Membership in the plan is as follows:

	<b>As of July 1, 2016</b>
Inactive employees & beneficiaries receiving benefits	20
Inactive employees entitled to but not yet receiving benefits	1
Active participants	24
<b>Total</b>	<b>45</b>

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPRRS**

At June 30, 2017, the City reported a liability of \$137,655 for its proportionate share of the net pension asset. The net pension asset was measured as of July 1, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension asset was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities, actuarially determined.

Changes to the actuarial valuation between the measurement date of the net pension liability and the City's reporting dates are not expected to have a significant effect on the net pension liability.

For the year ended June 30, 2017, the City recognized pension expense of \$65,510. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ -	\$ 123,831
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	347,031	140,261
Changes in proportion and differences between City contributions and proportionate share of contributions	-	-
City contributions subsequent to the measurement date	106,625	-
<b>Total</b>	<b>\$ 453,656</b>	<b>\$ 264,092</b>

Other amounts reported deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2018	\$	(25,515)
2019		(25,514)
2020		78,089
2021		55,879
2022		-
	<b>\$</b>	<b>82,939</b>



*Actuarial assumptions:* The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3 percent
Salary increases	5.07 percent, average
Investment rate of return	7.50 percent, net of pension plan investment expense and inflation

Mortality rates were based on the UP 1994 with projected mortality improvement. Valuation rates are projected for mortality improvement by the Society of Actuaries' table AA based upon the employee's year of birth.

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period ended July 1, 2007 through June 30, 2011.

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

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

*Discount rate:* The discount rate used to measure the total pension liability was 7.75 percent, as 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 the member's working career. 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. Therefore, no separate cash flow projection is required to determine the sufficiency of the plan assets. The 20 year tax free bond yield of 3.29% was used in the analysis.

Changes in the Net Pension Liability

	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a) - (b)</u>
<b>Balances at July 1, 2015</b>	4,389,106	4,454,899	(65,793)
<b>Changes for the year:</b>			
Service cost	80,984	-	80,984
Interest	332,915	-	332,915
Differences between expected and actual experience	(49,418)	-	(49,418)
Contributions - employer	-	131,546	(131,546)
Contributions - employee	-	-	-
Net investment income	-	38,240	(38,240)
Benefit payments, including refunds of employee contributions	(190,399)	(190,399)	-
Administrative expense	-	(8,753)	8,753
Other changes	-	-	-
<b>Net changes</b>	<u>174,082</u>	<u>(29,366)</u>	<u>203,448</u>
<b>Balances at July 1, 2016</b>	<u>\$ 4,563,188</u>	<u>\$ 4,425,533</u>	<u>\$ 137,655</u>

*Sensitivity of the City's proportionate share of the net pension liability (asset) to changes in the discount rate:*

The following presents the City's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.75 percent, as well as what the City's proportionate share of the 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:

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
City's proportionate share of the net pension liability/(asset)	706,116	137,655	(336,558)

*Pension plan fiduciary net position:* Detailed information about the pension plan's fiduciary net position is available in the separately issued OMRF financial report.

**B. Oklahoma Firefighters Pension and Retirement System**

Plan Description

The City of New Cordell, as the employer, participates in the Firefighters Pension & Retirement- a statewide, cost-sharing, multiple-employer defined benefit plan administered by the Oklahoma Firefighters Pension and Retirement System (FPRS). FPRS issues a publically available financial report that can be obtained at [www.ok.gov/FPRS](http://www.ok.gov/FPRS).

Benefits Provided

FPRS provides retirement, disability and death benefits to members of the plan.

Benefits for members hired prior to November 1, 2013 are determined as 2.5 percent of the employee's final average compensation times the employee's years of service and have reached the age of 50 or have completed 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 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 completed 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 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 years 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-the-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-the-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 State of Oklahoma has the authority to establish contribution obligations per state statute 11 O.S. Section 49.100 thru 49.143 et seq and are not based on actuarial calculations. Volunteer members have no contribution requirements; the City contributes \$60 per year for each volunteer. Employees are required to contribute 9% 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 \$18,293.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPPRS**

At June 30, 2015, the City reported a liability of \$297,574 for its proportionate share of the net pension liability. The net pension net pension liability was measured as of July 1, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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. The City's proportion was 0.028036%.

For the year ended June 30, 2016, the City recognized pension expense of \$47,316. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 5,879	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	10,549	32,731
Changes in proportion and differences between City contributions and proportionate share of contributions	117,027	-
City contributions subsequent to the measurement date	10,439	-
<b>Total</b>	<b>\$ 143,894</b>	<b>\$ 32,731</b>

Other amounts reported deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2017	\$ 8,657
2018	8,657
2019	22,321
2020	18,597
2021	18,485
Thereafter	24,007
	<b>\$ 100,724</b>

**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 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:

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, 2014, 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%	5.48%
Domestic equity	37%	9.61%
International equity	20%	9.24%
Real Estate	10%	7.76%
Other assets	13%	6.88%

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

**Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate:** The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	<b>1% Decrease (6.5%)</b>	<b>Current Discount Rate (7.5%)</b>	<b>1% Increase (8.5%)</b>
City's proportionate share of the net pension liability	386,372	297,574	223,103

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

**Other Post-Employment Benefits**

For the year ended June 30, 2016, the City provided no post-employment benefits (other than pension) to terminated employees.

**(5) COMMITMENTS AND CONTINGENCIES**

**A. Litigation**

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

While the outcome of the above noted proceedings cannot be predicted, due to the insurance coverage maintained by the City and the State statute relating to judgments, the City feels that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the City.

**B. Leasing Arrangements**

Pursuant to Ordinance No. 89-2, on January 16, 1989, the City entered into a 15 year lease with the Cordell Hospital Authority, leasing all hospital related real property, equipment and facilities plus future additions and improvements made by the City. Consideration of this lease is the installation and construction of improvements and operation of the facilities by the Authority. This lease was extended for 15 years beginning on January 17, 2004 and ending on January 17, 2019.

On June 20, 1989, a 50 year lease agreement dated December 5, 1988, was filed between the City and the New Cordell Utilities Authority. The City leased to the Authority all existing water and sanitary sewer system, related equipment, real property and unexplored leases and contracts. The Authority, for consideration of the lease, agrees to obtain financing and expend proceeds for extensions and improvements of facilities; and to set fair rates sufficient to pay debt service and facility operation expenses.

**C. Grant Program Involvement**

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

**City of New Cordell, Oklahoma**  
**Combining Balance Sheet**  
**For the Year Ended June 30, 2017**

	Special Revenue				Total Special Rev Funds	Capital Projects Fund	Total Other Governmental Funds
	Street & Alley Fund	Cemetery Care Fund	Fireman's Fund	Disaster Fund			
<b>ASSETS</b>							
Cash, including time deposits	\$ 78,438	\$ 7,444	\$ 14,706	\$ 10,700	\$ 111,288	\$ 28,041	\$ 139,329
Investments	-	35,441	-	-	35,441	-	35,441
Interest receivable	-	4	-	-	4	-	4
Due from other funds	2,079	-	-	-	2,079	-	2,079
Accounts receivable, taxes	2,282	-	-	-	2,282	-	2,282
<b>Total assets</b>	<b>\$ 82,799</b>	<b>\$ 42,889</b>	<b>\$ 14,706</b>	<b>\$ 10,700</b>	<b>\$ 151,094</b>	<b>\$ 28,041</b>	<b>\$ 179,135</b>
<b>LIABILITIES</b>							
JUNE 30, 2015	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>							
Restricted for:							
Special revenue funds	82,799	42,889	14,706	10,700	151,094	-	151,094
Capital projects fund	-	-	-	-	-	28,041	28,041
<b>Total fund balances</b>	<b>82,799</b>	<b>42,889</b>	<b>14,706</b>	<b>10,700</b>	<b>151,094</b>	<b>28,041</b>	<b>179,135</b>
<b>Total liabilities and fund balances</b>	<b>\$ 82,799</b>	<b>\$ 42,889</b>	<b>\$ 14,706</b>	<b>\$ 10,700</b>	<b>\$ 151,094</b>	<b>\$ 28,041</b>	<b>\$ 179,135</b>

**City of New Cordell, Oklahoma**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Year Ended June 30, 2017**

	Special Revenue				Capital Projects Fund	Total Nonmajor Governmental Funds
	Street & Alley Fund	Cemetery Care Fund	Fireman's Funds	Disaster Fund		
<b>REVENUES</b>						
Oil & gas royalties	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment income	219	148	-	42	409	503
Charges for services	-	682	-	-	682	682
Intergovernmental programs	25,188	-	3,817	-	29,005	29,005
Miscellaneous	-	-	3,327	-	3,327	3,327
Total revenues	<u>25,407</u>	<u>830</u>	<u>7,144</u>	<u>42</u>	<u>33,423</u>	<u>94</u>
<b>EXPENDITURES</b>						
Current:						
General government:						
General government	-	-	-	-	-	-
Total general government	-	-	-	-	-	-
Public safety and judiciary:						
Police	-	-	-	-	-	-
Fire	-	-	1,834	-	1,834	1,834
Total public safety and judiciary	-	-	1,834	-	1,834	1,834
Transportation:						
Street	14,673	-	-	-	14,673	14,673
Airport	-	-	-	-	-	-
Total transportation	14,673	-	-	-	14,673	14,673
Cultural, parks and recreation:						
Cemetery	-	-	-	-	-	-
Total cultural, parks and recreation	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	7,166
Total expenditures	14,673	-	1,834	-	16,507	7,166
Excess (deficiency) of revenues over expenditures	10,734	830	5,310	42	16,916	(7,072)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in/(out)	-	-	(24,925)	-	(24,925)	(24,925)
Total other financing sources and uses	-	-	(24,925)	-	(24,925)	(24,925)
Net change in fund balances	10,734	830	(19,615)	42	(8,009)	(7,072)
Fund balances - beginning	72,065	42,059	34,321	10,658	159,103	35,113
Fund balances - ending	<u>\$ 82,799</u>	<u>\$ 42,889</u>	<u>\$ 14,706</u>	<u>\$ 10,700</u>	<u>\$ 151,094</u>	<u>\$ 28,041</u>
						<u>\$ 179,135</u>



CITY OF NEW CORDELL, OKLAHOMA  
 Schedule of Debt Service Coverage Requirements  
 For the Year Ended June 30, 2017

Revenue Bond Coverage:

Gross revenue available for debt service:	
Operating revenue for Cordell Utility Authority	\$ 3,666,140
Gross revenue available for debt service	<u>3,666,140</u>
Operating expenses for Cordell Utility Authority excluding depreciation and amortization	(3,247,416)
Net revenues available for debt service	<u>\$ 418,724</u>
Debt service requirements:	
Average annual debt service - revenue bonds 2011	<u>\$ 107,692</u>
Computed coverage	<u>3.89</u>
Coverage requirement	<u>1.20</u>

The accompanying notes are an integral part of these statements.

City of New Cordell, Oklahoma  
General Fund  
For the Year Ended June 30, 2017

	Original Budget	Revisions	Revised Budget	Actual	Variance - Favorable (Unfavorable)
<b>REVENUES</b>					
Sales taxes	\$ 650,000	\$ -	\$ 650,000	\$ 695,475	\$ 45,475
Use taxes	36,000	-	36,000	37,595	1,595
Beverage tax	36,000	-	36,000	42,390	6,390
Cigarette tax	7,900	-	7,900	8,458	558
Licenses & permits	10,000	-	10,000	11,080	1,080
Franchise taxes	35,000	-	35,000	35,141	141
Fines and forfeitures	20,000	-	20,000	27,928	7,928
Charges for services	88,648	-	88,648	118,988	30,340
Rental income	12,400	-	12,400	15,585	3,185
Intergovernmental	-	-	-	18,814	18,814
Investment income	400	-	400	425	25
Miscellaneous	7,500	-	7,500	12,727	5,227
<b>Total revenues</b>	<b>903,848</b>	<b>-</b>	<b>903,848</b>	<b>1,024,606</b>	<b>120,758</b>
<b>EXPENDITURES</b>					
General government:					
General government	40,594	25,000	65,594	65,101	493
Administration	62,974	49,200	112,174	111,651	523
Grant writing	31,500	11,000	42,500	41,503	997
<b>Total general government</b>	<b>135,068</b>	<b>85,200</b>	<b>220,268</b>	<b>218,255</b>	<b>2,013</b>
Public safety and judiciary:					
Legislative and judicial	75,500	(30,023)	45,477	44,718	759
Police	462,551	19,000	481,551	480,943	608
Ambulance	213,324	(13,000)	200,324	200,222	102
Fire	226,197	(18,500)	207,697	207,376	321
Code enforcement	47,850	2,950	50,800	50,027	773
Animal Control	21,833	(4,000)	17,833	17,346	487
<b>Total public safety and judiciary</b>	<b>1,047,255</b>	<b>(43,573)</b>	<b>1,003,682</b>	<b>1,000,632</b>	<b>3,050</b>
Transportation:					
Street	278,256	(11,000)	267,256	266,525	731
Airport	12,500	(3,900)	8,600	8,467	133
<b>Total transportation</b>	<b>290,756</b>	<b>(14,900)</b>	<b>275,856</b>	<b>274,992</b>	<b>864</b>
Cultural, parks and recreation:					
Park	70,457	(7,150)	63,307	63,060	247
Swimming pool	131,619	(25,127)	106,492	106,407	85
<b>Total cultural, parks and recreation</b>	<b>202,076</b>	<b>(32,277)</b>	<b>169,799</b>	<b>169,467</b>	<b>332</b>
Public Services:					
Public works	-	-	-	-	-
Cemetery	22,000	(7,500)	14,500	14,119	381
City garage	63,495	(10,450)	53,045	52,960	85
<b>Total public services</b>	<b>85,495</b>	<b>(17,950)</b>	<b>67,545</b>	<b>67,079</b>	<b>466</b>
<b>Total expenditures</b>	<b>1,760,650</b>	<b>(23,500)</b>	<b>1,737,150</b>	<b>1,730,425</b>	<b>6,725</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(856,802)</b>	<b>23,500</b>	<b>(833,302)</b>	<b>(705,819)</b>	<b>127,483</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers in	870,000	-	870,000	707,077	(162,923)
Operating transfers out	-	60,000	60,000	(59,336)	(119,336)
<b>Net other financing sources (uses)</b>	<b>870,000</b>	<b>60,000</b>	<b>930,000</b>	<b>647,741</b>	<b>(282,259)</b>
<b>Excess of revenues and other financing sources over (under) expenditures and other uses</b>	<b>13,198</b>	<b>83,500</b>	<b>96,698</b>	<b>(58,078)</b>	<b>(154,776)</b>
Fund balance at beginning of year (Non-GAAP budgetary basis):					
Appropriated for current year budget	140,000	-	140,000	193,202	53,202
<b>Fund balance at beginning of year (Non-GAAP budgetary basis)</b>	<b>140,000</b>	<b>-</b>	<b>140,000</b>	<b>193,202</b>	<b>53,202</b>
<b>Fund balance at end of year (Non-GAAP budgetary basis)</b>	<b>\$ 153,198</b>	<b>\$ 83,500</b>	<b>\$ 236,698</b>	<b>\$ 135,124</b>	<b>\$ (101,574)</b>
<b>ADJUSTMENTS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES</b>					
Revenue and transfer accruals				816	
Expenditure and transfer accruals				(42,257)	
<b>Fund balance at end of year (GAAP basis)</b>				<b>\$ 93,683</b>	

**Schedules of Required Supplementary Information**

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

**Oklahoma Fire Pension Retirement Plan**

	<u>2017*</u>	<u>2016*</u>
City's portion of the net pension liability (asset)	0.013744%	0.028036%
City's proportionate share of the net pension liability (asset)	\$ 167,912	\$ 297,524
City's covered-employee payroll	\$ 38,443	\$ 76,600
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	437%	388%
Plan fiduciary net position as a percentage of the total pension liability	64.87%	68.27%

\* The amount presented for each fiscal year were determined as of the fiscal year-end that occurred previous

**SCHEDULE OF CITY CONTRIBUTIONS**

**Oklahoma Fire Pension Retirement Plan**

	<u>2017*</u>	<u>2016*</u>
Contractually required contribution	\$ 5,382	\$ 10,724
Contributions in relation to the contractually required contribution	<u>(5,382)</u>	<u>(10,724)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 38,443	\$ 76,600
Contributions as a percentage of covered-employee payroll	14.00%	14.00%

Schedules of Required Supplementary Information

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS

Oklahoma Municipal Retirement Fund  
SINCE INITIAL APPLICATION

	<u>2017*</u>	<u>2016*</u>
<b>Total pension liability</b>		
Service cost	\$ 80,984	\$ 92,290
Interest	332,915	327,723
Changes in benefit terms	-	-
Differences between expected and actual experience	(49,418)	(165,762)
Changes in assumptions	-	-
Benefit payments, including refunds of employee contributions	(190,399)	(184,213)
<b>Net change in total pension liability</b>	<b>\$ 174,082</b>	<b>\$ 70,038</b>
<b>Total pension liability - beginning</b>	<b>4,389,106</b>	<b>4,319,068</b>
<b>Total pension liability - ending (a)</b>	<b><u>\$ 4,563,188</u></b>	<b><u>\$ 4,389,106</u></b>
<b>Plan fiduciary net position</b>		
Contributions - employer	131,546	117,146
Contributions - employee	-	-
Net investment income	38,240	122,575
Benefit payments, including refunds of employee contributions	(190,399)	(184,213)
Administrative expense	(8,753)	(9,101)
Other	-	-
<b>Net change in plan fiduciary net position</b>	<b>(29,366)</b>	<b>46,407</b>
<b>Plan fiduciary net position - beginning</b>	<b>4,454,899</b>	<b>4,408,492</b>
<b>Plan fiduciary net position - ending (b)</b>	<b><u>\$ 4,425,533</u></b>	<b><u>\$ 4,454,899</u></b>
<b>City's net pension liability - ending (a) - (b)</b>	<b><u>\$ 137,655</u></b>	<b><u>\$ (65,793)</u></b>
<b>Plan fiduciary net position as a percentage of the total pension liability (asset)</b>	<b>96.98%</b>	<b>101.50%</b>
<b>Covered-employee payroll</b>	<b>\$ 1,106,485</b>	<b>\$ 745,857</b>
<b>City's net pension liability as a percentage of covered-employee payroll</b>	<b>12.44%</b>	<b>-8.82%</b>



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

The Honorable Mayor and City Council  
City of New Cordell, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of New Cordell, Oklahoma, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise City of New Cordell, Oklahoma's basic financial statements, and have issued our report thereon dated March 2, 2018.

***Internal Control over Financial Reporting***

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

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

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

***Compliance and Other Matters***

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

***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Britton Kuykendall & Miller*  
BRITTON, KUYKENDALL AND MILLER  
Certified Public Accountants

Weatherford, Oklahoma  
March 2, 2018