THE CITY OF
PONCA CITY, OKLAHOMA

Financial Statements and
Independent Auditor's Report
as of and for the Year Ended
June 30, 2015

THE CITY OF PONCA CITY, OKLAHOMA

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THE CITY OF PONCA CITY, OKLAHOMA

List of Principal Officials

June 30, 2015

City Commission

Homer Nicholson, Mayor

Lanita Chapman
Ryan Austin
Mary Beth Moore
Nancy Rathbun

Finance Director/Clerk/Treasurer

Marc LaBossiere

STOTTS • ARCHAMBO
MUEGGENBORG & BARCLAY PC
Certified Public Accountants

JD Stotts, CPA Mark W. Archambo, CPA, CFP ™ Deborah E. Mueggenborg, CPA Tom K. Barclay, CPA, CFP ™ John Whipple, CPA

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Commission
The City of Ponca City, Oklahoma

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the fiduciary-presented component unit, each major fund, and the aggregate remaining fund information of *The City of Ponca City, Oklahoma*, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise *The City's* basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Ponca City Development Authority, which represent 100% of the assets, net position and revenues of the fiduciary-presented component unit. Those statements were audited by another auditor whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Ponca City Development Authority, is based solely on the report of the other auditor. 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 of material misstatement.

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An audit involves preforming 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, based on our audit and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the fiduciary-presented component unit, each major fund, and the aggregate remaining fund information of *The City of Ponca City, Oklahoma*, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and budgetary comparison information on pages 5-18, and 97-101 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 and the other auditor 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 Ponca City, Oklahoma*'s basic financial statements. The combining and individual nonmajor fund financial statements and other supplemental schedules 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 and other supplemental schedules 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, based on our audit, the procedures performed as described above, and the report of the other auditor, the combining and individual nonmajor fund financial statements and other supplemental schedules 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 January 20, 2016, on our consideration of *The City of Ponca City, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering *The City of Ponca City, Oklahoma*'s internal control over financial reporting and compliance.

Stotts, Archambo, Mueggenborg & Barclay, PC

Stotts, Archambo, Mueggenborg & Barclay, PC
Certified Public Accountants
Bartlesville, OK

January 20, 2016

THE CITY OF PONCA CITY, OKLAHOMA

Management Discussion and Analysis
June 30, 2015

Our discussion and analysis of the *City of Ponca City, Oklahoma*'s financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2015. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The City's total assets exceeded liabilities (net position) by $140,650,910 for the fiscal year ended June 30, 2015.
- Total net position are comprised of the following:
  - Capital assets, net of related debt, of $109,277,852 include property and equipment, net of accumulated depreciation.
  - Net assets of $116,553,420 are restricted by constraints imposed from outside the City, such as debt covenants, grantors, laws or regulations.
  - Unrestricted net assets of $14,819,638 represent the portion available to maintain the City's continuing obligations to citizens, creditors and employees.
- The General Fund increased its committed fund balance for operating reserve by $200,000 to $2,100,000 during the fiscal year.
- Sales and use tax revenue in the General Fund derived from a 2% rate to provide basic services totaled $8,627,585, an increase of 2.4% from the prior year.
- The Ponca City Utility Authority decreased its capital debt and refundable grant obligations by $16,011,669 during the year ended June 30, 2015.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements presented herein include all of the activities of the *City of Ponca City* (the "City") and its component units using the integrated approach as prescribed by GASB Statement No. 34 & 61. Included in this report are governmental-wide statements for each of two categories of activities – governmental and business-type, along with a discretely-presented component unit. 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.

See independent auditor's report as it relates to required supplementary information.

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Reporting the City as a Whole

The Statement of Net Position and the Statement of Activities

One of the most frequently asked questions about the City's finances is, "Has the City's overall financial condition improved, declined or remained steady over the past year?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets 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 it 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. Over time, increases or decreases in the City's net position is one indicator of whether its financial health is improving, deteriorating or remaining steady. However, you must consider other nonfinancial factors, such as changes in the City's tax base, the condition of the City's roads, and the quality of services to assess the overall health and performance of the City. There was an erosion in the overall net position, due to new accounting standards on pension liability.

As mentioned above, in the Statement of Net Position and the Statement of Activities, and throughout the report we divide the City into three 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, solid waste, airport and golf course activities are reported here.

- Fiduciary-presented component units – These account for activities of the City's reporting entity that do not meet the criteria for blending, specifically the Ponca City Development Authority (PCDA).

See independent auditor's report as it relates to required supplementary information.

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

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 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 by converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic service it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences of results in the Governmental Fund financial statements to those in the Government-Wide financial statements are explained in a reconciliation following each Governmental Fund financial statement.

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 Activities. 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.

See independent auditor's report as it relates to required supplementary information.

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Fund Financial Statements (continued)

Fiduciary funds – When the City is responsible for assets that – because of a trust arrangement or other fiduciary requirement – can be used only for trust beneficiaries or other parties, such as the Pension Trust Fund, these balances and activities are reported in fiduciary funds. The City is responsible for ensuring that the assets reported in these funds are used for their intended purpose. All of the City's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the City's government-wide financial statements because the City cannot use these assets to finance operations.

A FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by $140,650,910 at the close of the most recent fiscal year.

The largest portion of the City's net position reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related debt used to acquire those assets that are still outstanding. For Fiscal 2015, this investment in capital assets, net of related debt amounted to $109,277,852 . The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

See independent auditor's report as it relates to required supplementary information.

A FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (continued)

Net Position (continued)

Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	NET POSITION (in 000's)					
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current assets	$ 26,324	24,256	34,452	32,579	60,776	56,835
Capital assets, net	62,992	68,604	84,629	82,508	147,621	151,112
Other non-current assets	332	-	4,154	4,053	4,486	4,053
Total assets	89,648	92,860	123,235	119,140	212,883	212,000
Deferred outflows of resources	1,997	-	373	243	2,370	243
Current liabilities	3,463	4,295	11,016	12,843	14,479	17,138
Non-current liabilities	19,363	1,680	37,374	41,652	56,737	43,333
Total liabilities	22,826	5,975	48,390	54,495	71,216	60,471
Deferred inflows of resources	3,355	-	31	-	3,386	-
Net position						
Invested in capital assets, net of related debt	62,992	68,604	46,286	39,284	109,278	107,888
Restricted	11,095	10,189	5,458	5,388	16,553	15,577
Unrestricted	(8,623)	8,092	23,443	20,215	14,820	28,307
Total net position	$ 65,464	86,885	75,187	64,887	140,651	151,772

Another major portion of the City's net position, $16,553,420, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, $14,819,638, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets for the government as a whole, although erosion did occur in the unrestricted portion due to accounting standard changes regarding pension liability.

A FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (continued)

Changes in Net Position

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

	CHANGES IN NET POSITION (in 000's)					
	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues						
Program revenues	$ 9,003	9,449	58,702	57,609	67,705	67,058
Taxes and other general revenues	19,655	20,665	1,768	184	21,423	20,849
Total revenues	28,658	30,114	60,470	57,793	89,128	87,907
Expenses						
General government	8,581	9,029	-	-	8,581	9,029
Public safety	13,428	12,619	-	-	13,428	12,619
Streets and highways	5,606	5,690	-	-	5,606	5,690
Culture, parks and recreation	4,337	4,217	-	-	4,337	4,217
Community development	394	319	-	-	394	319
Economic development	2,157	2,106	-	-	2,157	2,106
Interest on long-tem debt	103	81	-	-	103	81
Utility Authority	-	-	43,651	44,721	43,651	44,721
Airport	-	-	1,751	1,933	1,751	1,933
Golf Course	-	-	839	813	839	813
Marland Estate	-	-	379	406	379	406
Total expenses	34,606	34,061	46,620	47,873	81,226	81,934
Excess (deficiency) before transfers	(5,948)	(3,947)	13,850	9,920	7,902	5,973
Transfers	2,860	5,721	(2,860)	(5,721)	-	-
Increase (decrease) in net position	$ (3,088)	1,774	10,990	4,199	7,902	5,973

The City's governmental activities' decrease in net assets of $3,088,194 plus a prior period adjustment related to accounting standard changes on pension liability represents a 24.65% decrease in net assets. The business-type activities' increase in net assets of $10,990,124 represents a 17.12% increase. The results indicate the City as a whole experienced a decrease in its financial condition from the prior year, due solely to accounting changes related to pension liability.

A FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (continued)

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 if restricted for a specific purpose.

For the year ended June 30, 2015, the City's governmental activities were funded as follows:

Governmental Activities Sources

A FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (continued)

Governmental Activities (continued)

For the year ended June 30, 2015, total expenses for governmental activities amounted to $34,606,691. Of these total expenses, taxes, other general revenues, and transfers funded $22,515,693. Operating and Capital Grants and Contributions funded $1,442,170. A total of $7,560,704 was received from charges for services. There were no significant changes from the prior year.

Net Revenue (Expense) of Governmental Activities

	Total Expense of Services		Net Revenue (Expense) of Services	
	2015	2014	2015	2014
General government	$ 8,581,132	9,028,868	(3,161,731)	(2,600,124)
Public safety	13,428,215	12,619,035	(10,625,009)	(10,063,083)
Streets and highways	5,605,933	5,689,675	(5,605,933)	(5,689,675)
Culture, parks and recreation	4,337,434	4,217,115	(3,821,784)	(3,992,253)
Community development	393,945	318,608	(129,328)	(79,549)
Economic development	2,156,899	2,105,883	(2,156,899)	(2,105,883)
Interest on long-term debt	103,133	80,780	(103,133)	(80,780)
Total	$ 34,606,691	34,059,964	(25,603,817)	(24,611,347)

Business-type Activities

In reviewing the business-type activities net (expense)/revenue, the following highlights should be noted:

- Total business-type activities reported an increase in net position of $10,990,124 for the year ended June 30, 2015.
- All individual activities reported net revenue for the year ended June 30, 2015, with the exception of Airport, the Golf Course, and the Marland Estate operations which reported net expenses of $316,825, $319,590, and $238,125 respectively.

A FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (continued)

Business-type Activities (continued)

		Total Expense of Services		Net Revenue (Expense) of Services	
		2015	**2014**	**2015**	**2014**
Electric	$	29,013,799	29,173,698	7,588,735	6,996,066
Water		4,927,888	5,036,316	2,500,790	1,934,414
Wastewater		3,941,216	3,927,369	1,759,351	1,398,725
Solid waste		3,733,535	3,830,360	816,973	698,634
Stormwater		138,114	168,268	291,449	220,241
Indirect costs		1,896,634	2,584,964	-	-
Airport		1,750,578	1,933,056	(316,825)	(900,110)
Golf Course		838,747	812,706	(319,590)	(351,723)
Marland Estate		378,366	405,531	(238,125)	(259,655)
Total	$	46,618,877	47,872,268	12,082,758	9,736,592

A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed its 2015 fiscal year, the governmental funds reported a combined fund balance of $65,464,232 or a 24.65% decrease from the prior year, due to an accounting standard change related to pension liability. The enterprise funds reported combined net assets of $75,186,678 or a 17.12% increase from Fiscal 2014.

A FINANCIAL ANALYSIS OF THE CITY'S FUNDS (continued)

Other fund highlights include:

- For the year ended June 30, 2015, the General Fund's total fund balance increased by $291,713 or 4.84%.
- Utility Authority debt coverage was 4.93% at the close of Fiscal 2015, up from 4.79% from that of the previous two fiscal years.
- The non-represented employee pension trust fund closed the calendar year with an increase in the fiduciary net position of 5.39%, from $21,578,763 at the beginning of fiscal year, to $22,742,664 at the close of the fiscal year on June 30, 2015.

General Fund Budgetary Highlights

Over the course of the year, the City Commission revised the General Fund budget at various times. The revised budget included an increase in the overall revenue projections of 3.33% or $703,243 and an increase in appropriations of 2.66% or $598,671.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2015, the City had $147,621,572 invested in capital assets, net of depreciation, including police and fire equipment, buildings, park facilities, water lines and sewer lines. (See table below.) This represents a net decrease of $3,490,334 or 2.31% over the previous year.

See independent auditor's report as it relates to required supplementary information.

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

Primary Government Capital Assets
(Net of accumulated deprecation)

	Governmental Activities		Business-Type Activities		Total	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**
Land	$ 728,214	728,214	1,202,654	1,202,654	1,930,868	1,930,868
Buildings	29,757,407	30,489,875	14,472,379	15,324,794	44,229,786	45,814,669
Improvements (other than buildings)	28,307,080	29,454,897	62,503,878	59,388,380	90,810,958	88,843,277
Machinery & Equipment	3,986,952	4,112,929	5,147,051	4,664,567	9,134,003	8,777,496
Construction in progress	212,476	3,818,108	1,303,481	1,927,488	1,515,957	5,745,596
Totals	$ 62,992,129	68,604,023	84,629,443	82,507,883	147,621,572	151,111,906

See Note 3.E. to the financial statements for more detail information on the City's capital assets and changes therein.

See independent auditor's report as it relates to required supplementary information.

Long-term Debt

At year-end, the City had $43,169,681 in long-term debt outstanding which represents a decrease of $17,083,244 or -28.351% from the prior year. This was the result of a decreased bond that was re-financed and paid off during the year. The City's changes in long-term debt by type of debt are as follows:

Primary Government Long-term Debt

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Compensated absences	$ 829,176	806,228	292,104	295,741	1,121,280	1,101,969
Judgment payable	1,294,402	1,031,328	-	-	1,294,402	1,031,328
Revenue bonds	-	-	25,475,000	40,600,000	25,475,000	40,600,000
Notes payable	-	-	12,710,970	13,346,899	12,710,970	13,346,899
Landfill closure/postclosure	-	-	2,604,519	3,958,479	2,604,519	3,958,479
Refundable grant obligation	-	-	157,750	214,250	157,750	214,250
Totals	$ 2,123,578	1,837,556	41,240,343	58,415,369	43,363,921	60,252,925

See Note 3.F. to the financial statements for more detail information on the City's long-term debt and changes therein.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Economic factors always play a key role in developing the City's budget. The economic downturn experienced in much of the country and Oklahoma in 2003 and 2004 was also felt in Ponca City. While sales tax collections decreased by 2.29% in Fiscal 2003 and another 0.44% in 2004, Fiscal 2005 closed with a slight increase of 0.30%, and was followed by increases of 5.60% in Fiscal 2006, 1.9% in Fiscal 2007, and 3.4% in Fiscal 2008. With the economy again contracting in late 2008 and through 2009, sales tax collections decreased in Fiscal 2009 by 2.2% and again in Fiscal 2010 by another 5.1%. A strong recovery began in Fiscal 2011, where sales tax collections increased by 5.2% over the prior year, and the recovery continued through Fiscal 2012 where sales tax collections increased by 7.9% from 2011. In Fiscal 2013 sales tax collections mellowed to an increase of 0.14%, and an increase was realized in Fiscal 2014 of 4.3% and Fiscal 2015 of 1.0% over the previous years.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES (continued)

The Fiscal 2015-16 budget was created with a primary emphasis on sustainability, as well as continued emphasis on performance measurement in City departments. This type of attention to cost versus community benefit of City services, including how we compare with peer cities and are measured by our users, will help guide operations to a more efficient and effective use of public funds.

The employee base of the City included 392 full-time positions for Fiscal 2016, a level that was flat from Fiscal 2015. While continued efforts for efficiency are likely, no layoffs are planned for the coming year.

Capital spending for the coming year is budgeted at $7,436,397, an increase of 3.01% from the prior year. Visible projects for fiscal 2015-16 include four marked sedans for the Police Department, a new brush truck for the Fire Department, a new asphalt patch truck for the Street Department, and exterior building cleaning and repair of the Ponca City Library. The Ponca City Utility Authority will see rehabilitation of the Industrial Park Water Storage Tank, construction of $1.3M in electric distribution system improvements, three new rear-load packer trucks for the Solid Waste Department, replacement of the Turkey Creek Sewer Crossing, and a $775,000 stormwater project to replace a large section of drainage channel near 14th Street and Highland Avenue.

As with the retail sector, there have been minimal inflation increases to utility rates approved by the City Commission for electric, water, wastewater, stormwater and solid waste utility services for Fiscal 2015-16.

The voter approved 5-year extension of a ½ cent dedicated sales and use tax for economic development effective February 1, 2014 will assist the Ponca City Development Authority in its mission to add jobs and diversify the City's economic base. Ponca City continues to serve as a regional shopping area. Other signs of progress include major investment in the Ponca City Regional Medical Center in facilities and staff as well as recent retail expansion into the Ponca City market by international retailers such as Atwoods, and addition of restaurants such as Rib Crib and Sakura. Continued growth can be seen today, with a new Golden Chick and LaQuinta Hotel under construction. Additions like these to our community are vitality the local economy and critical to the long-term health and welfare of Ponca City.

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 Finance Director's Office at 516 E. Grand Avenue, Ponca City, Oklahoma 74602 or phone at (580) 767-0303.

BASIC FINANCIAL STATEMENTS

THE CITY OF PONCA CITY, OKLAHOMA

Statement of Net Position

June 30, 2015

ASSETS	Primary Government: Governmental Activities	Primary Government: Business-type Activities	Total
Current assets:			
Cash and cash equivalents	$ 9,223,452	12,269,443	21,492,895
Investments	14,525,466	9,305,555	23,831,021
Restricted assets:			
Cash and cash equivalents	-	2,512,606	2,512,606
Investments	-	636,068	636,068
Prepaid insurance	27,575	-	27,575
Receivables:			
Accounts receivable, net of allowance	951,905	6,776,588	7,728,493
Other receivables, net of allowance	-	57,950	57,950
Accrued interest receivable	2,603	23,374	25,977
Internal balances	78,115	(78,115)	-
Due from other governments	1,332,796	39,066	1,371,862
Inventory	181,631	2,909,361	3,090,992
Total current assets	26,323,543	34,451,896	60,775,439
Non-current assets:			
Restricted assets:			
Cash and cash equivalents	-	2,309,297	2,309,297
Investment in joint venture	-	1,843,547	1,843,547
Capital assets:			
Non-depreciable	940,690	2,506,135	3,446,825
Depreciable, net of depreciation	62,051,439	82,123,308	144,174,747
Net pension asset	332,521	-	332,521
Total non-current assets	63,324,650	88,782,287	152,106,937
Total assets	89,648,193	123,234,183	212,882,376
Deferred outflows of resources			
Deferred amounts related to pensions	1,997,038	373,188	2,370,226

See accompanying notes to the financial statements

THE CITY OF PONCA CITY, OKLAHOMA

Statement of Net Position
June 30, 2015
(continued)

	Primary Government		
LIABILITIES	**Governmental Activities**	**Business-type Activities**	**Total**
Current liabilities:			
Accounts payable and accrued liabilities	$ 1,665,783	4,016,293	5,682,076
Retainage payable	25,324	58,460	83,784
Accrued interest payable	-	322,669	322,669
Advanced revenues	525,435	60,218	585,653
Due to component unit	171,127	-	171,127
Meter deposit liability	-	636,068	636,068
Current portion-due within one year:			
Judgments payable	551,796	-	551,796
Notes payable	-	1,768,747	1,768,747
Revenue bonds payable	-	4,080,000	4,080,000
Refundable grant obligations	-	44,000	44,000
Estimated liability for claims	440,526	-	440,526
Accrued compensated absences	82,918	29,211	112,129
Total current liabilities	3,462,909	11,015,666	14,478,575
Non-current liabilities-due in more than one year:			
Judgments payable	742,606	-	742,606
Notes payable	-	10,942,223	10,942,223
Revenue bonds payable	-	21,395,000	21,395,000
Refundable grant obligations	-	113,750	113,750
Estimated liability for claims	345,834	-	345,834
Accrued compensated absences	746,258	262,893	1,009,151
Net pension liability	17,486,750	2,036,836	19,523,586
Net OPEB obligation	41,460	18,854	60,314
Landfill closure/post-closure liability	-	2,604,519	2,604,519
Total non-current liabilities	19,362,908	37,374,075	56,736,983
Total liabilities	22,825,817	48,389,741	71,215,558
Deferred inflows of resources:			
Deferred amounts related to pensions	3,355,182	30,952	3,386,134
NET POSITION			
Net investment in capital assets	62,992,129	46,285,723	109,277,852
Restricted by:			
Enabling legislation	8,665,342	-	8,665,342
Statutory requirements	834,775	636,068	1,470,843
External contracts	1,595,332	4,821,903	6,417,235
Unrestricted	(8,623,346)	23,442,984	14,819,638
Total net position	$ 65,464,232	75,186,678	140,650,910

See accompanying notes to the financial statements

THE CITY OF PONCA CITY, OKLAHOMA

Statement of Activities

For the Fiscal Year Ended June 30, 2015

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues: Charges for Services and Fines	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Change in Net Position: Governmental Activities	Net (Expenses) Revenues and Change in Net Position: Business-type Activities	Net (Expenses) Revenues and Change in Net Position: Total
Primary Government:								
Governmental activities:								
General government	$ 8,581,132	-	5,419,401	-	-	(3,161,731)	-	(3,161,731)
Public safety	13,428,215	-	1,849,315	619,031	334,860	(10,625,009)	-	(10,625,009)
Streets and highways	5,605,933	-	-	-	-	(5,605,933)	-	(5,605,933)
Cultural, parks and recreation	4,337,434	-	196,623	13,947	305,080	(3,821,784)	-	(3,821,784)
Community development	393,945	-	95,365	-	169,252	(129,328)	-	(129,328)
Payment to PCDA	2,156,899	-	-	-	-	(2,156,899)	-	(2,156,899)
Interest on long-term debt	103,133	-	-	-	-	(103,133)	-	(103,133)
Total governmental activities	34,606,691	-	7,560,704	632,978	809,192	(25,603,817)	-	(25,603,817)
Business-type activities:								
Electric	29,013,799	1,317,906	37,920,440	-	-	-	7,588,735	7,588,735
Water	4,927,888	223,841	7,652,519	-	-	-	2,500,790	2,500,790
Wastewater	3,941,216	179,023	5,879,590	-	-	-	1,759,351	1,759,351
Solid waste	3,733,535	169,590	4,720,098	-	-	-	816,973	816,973
Stormwater	138,114	6,274	435,837	-	-	-	291,449	291,449
Indirect costs	1,896,634	(1,896,634)	-	-	-	-	-	-
Airport	1,750,578	-	953,553	-	480,200	-	(316,825)	(316,825)
Golf course	838,747	-	519,157	-	-	-	(319,590)	(319,590)
Marland Estate	378,366	-	140,241	-	-	-	(238,125)	(238,125)
Total business-type activities	46,618,877	-	58,221,435	-	480,200	-	12,082,758	12,082,758
Total primary government	$ 81,225,568	-	65,782,139	632,978	1,289,392	(25,603,817)	12,082,758	(13,521,059)

See accompanying notes to the financial statements

THE CITY OF PONCA CITY, OKLAHOMA

Statement of Activities

For the Fiscal Year Ended June 30, 2015

(continued)

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues: Charges for Services and Fines	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Change in Net Position: Governmental Activities	Net (Expenses) Revenues and Change in Net Position: Business-type Activities	Net (Expenses) Revenues and Change in Net Position: Total
General revenues:								
Taxes:								
Sales and use taxes - unrestricted						$ 8,627,585	-	8,627,585
Sales and use taxes - streets and highways						2,156,899	-	2,156,899
Sales and use taxes - economic development						2,156,899	-	2,156,899
Sales and use taxes - recreation center						2,156,899	-	2,156,899
Franchise and public service taxes						816,481	-	816,481
Hotel/motel taxes						702,792	-	702,792
Ad valorem taxes						617,931	-	617,931
Other taxes						22,626	-	22,626
Intergovernmental revenue not restricted to specific programs						273,672	-	273,672
Investment income						291,172	1,702,297	1,993,469
Miscellaneous						1,817,515	3,898	1,821,413
Special item - gain (loss) on sale of asset						14,933	61,390	76,323
Transfers - internal activity						2,860,219	(2,860,219)	-
Total general revenues and transfers						22,515,623	(1,092,634)	21,422,989
Change in net position						(3,088,194)	10,990,124	7,901,930
Net position - beginning of year, unadjusted						86,885,047	64,887,053	151,772,100
Prior period adjustment						(18,332,621)	(690,499)	(19,023,120)
Net position - beginning of year, adjusted						68,552,426	64,196,554	132,748,980
Net position - end of year						$ 65,464,232	75,186,678	140,650,910

See accompanying notes to the financial statements

THE CITY OF PONCA CITY, OKLAHOMA

Balance Sheet – Governmental Funds

June 30, 2015

ASSETS		**General Fund**	**Other Governmental Funds**	**Total Governmental Funds**
Cash and cash equivalents	$	3,400,688	2,881,726	6,282,414
Investments		3,107,105	7,828,317	10,935,422
Prepaid expense		-	-	-
Receivables:				
Due from other governments		684,497	648,299	1,332,796
Due from other funds		-	-	-
Accounts receivable, net		848,201	53,296	901,497
Total assets	$	8,040,491	11,411,638	19,452,129
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	$	1,193,029	305,203	1,498,232
Retainage payable		-	25,324	25,324
Due to component unit		-	171,127	171,127
Due to other funds		-	-	-
Advanced revenues		525,435	-	525,435
Total liabilities		1,718,464	501,654	2,220,118
Fund balances:				
Nonspendable		-	1,055,919	1,055,919
Restricted		-	6,088,145	6,088,145
Committed		2,285,465	-	2,285,465
Assigned		1,890,322	3,765,920	5,656,242
Unassigned		2,146,240	-	2,146,240
Total fund balances		6,322,027	10,909,984	17,232,011
Total liabilities and fund balances	$	8,040,491	11,411,638	19,452,129

See accompanying notes to the financial statements

THE CITY OF PONCA CITY, OKLAHOMA

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2015

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	$ 9,561,641	7,790,556	17,352,197
Intergovernmental	312,832	1,058,114	1,370,946
Charges for services	1,910,028	1,524	1,911,552
Fines and forfeitures	579,871	22,821	602,692
Licences and permits	145,485	-	145,485
Investment income	87,808	86,939	174,747
Miscellaneous	1,583,017	448,136	2,031,153
Total revenues	14,180,682	9,408,090	23,588,772
Expenditures:			
Current:			
General government	2,596,035	768,999	3,365,034
Public safety	14,635,612	34,015	14,669,627
Streets and highways	1,658,578	160,766	1,819,344
Culture, parks and recreation	2,859,559	389,839	3,249,398
Community development	-	376,770	376,770
Capital outlay	543,453	3,335,288	3,878,741
Debt service:			
Principal retirement	-	505,925	505,925
Interest and fiscal charges	-	103,133	103,133
Total expenditures	22,293,237	5,674,735	27,967,972
Excess (deficiency) of revenues over expenditures	(8,112,555)	3,733,355	(4,379,200)
Other financing sources (uses):			
Transfers in	9,378,587	597,428	9,976,015
Transfers out	(989,252)	(4,231,319)	(5,220,571)
Proceeds from sale of fixed asset	14,933	-	14,933
Proceeds from sale of judgment	-	768,999	768,999
Total other financing sources (uses)	8,404,268	(2,864,892)	5,539,376
Net change in fund balances	291,713	868,463	1,160,176
Fund balances - beginning of year	6,030,314	10,041,521	16,071,835
Fund balances - end of year	$ 6,322,027	10,909,984	17,232,011

See accompanying notes to the financial statements

THE CITY OF PONCA CITY, OKLAHOMA

Reconciliation of Governmental Funds and Government-wide Financial Statements
For the Fiscal Year Ended June 30, 2015

Total fund balance, governmental funds	$ 17,232,011
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.	62,953,025
Other long-term assets are not availabel to pay for current period expenditures and therefore are deferred in the funds.	
Net pension asset	332,521
Pension related deferred outflows	1,997,038
Some liabilities are not due and payable in the current period and are not included in the fund balance statement, but are included in the governmental activities of the Statement of Net Position.	
Judgment payable	(1,294,402)
Net pension liability	(17,486,750)
Net OPEB obligation	(41,460)
Accrued compensated absences liability	(820,690)
Pension related deferred inflows	(3,355,182)
Internal service funds are used by management to charge costs of certain activities that benefit multiple funds, such as self-insurance, vehicle maintenance, and other such costs, to individual funds. The assets and liabilities of certain of these internal service funds are reported in governmental activities in the Statement of Net Position:	
Internal service funds' net position	5,948,121
Net Position of Governmental Activities in the Statement of Net Posiion	$ 65,464,232

See accompanying notes to the financial statements

THE CITY OF PONCA CITY, OKLAHOMA

Reconciliation of Governmental Funds and Government-wide Financial Statements
For the Fiscal Year Ended June 30, 2015
(continued)

Net change in fund balances - total governmental funds:	$	1,160,176
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resouces. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.		
Capital asset purchases capitalized		3,728,877
Capital assets transferred to business-type activities		(4,039,907)
Depreciation expense		(5,297,190)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:		
Judgment payable proceeds received		(768,999)
Judgment payable principal payments		505,925
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
Change in net pension liability		870,817
Change in OPEB obligation		(11,467)
Change in accrued compensated absences		(22,948)
Internal service funds are used by management to charge the costs of certain activities, such as workers' compensation and health insurance, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.		786,522
Change in net position - statement of activities	$	(3,088,194)

See accompanying notes to the financial statements

THE CITY OF PONCA CITY, OKLAHOMA

Statement of Net Position
Proprietary Funds
June 30, 2015

ASSETS	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Ponca City Utility Authority	Ponca City Airport	Other Enterprise Funds	Total Enterprise Funds	
Current assets:					
Cash and cash equivalents	$ 11,890,896	302,319	76,228	12,269,443	2,941,038
Investments	9,124,542	-	181,013	9,305,555	3,590,044
Restricted assets:					
Cash and cash equivalents	2,512,606	-	-	2,512,606	-
Investments	636,068	-	-	636,068	-
Receivables:					
Due from other governments	-	39,066	-	39,066	-
Utility billing, net of allowance for uncollectible accounts	6,776,588	-	-	6,776,588	-
Accounts receivables - other	19,722	38,228	-	57,950	50,408
Accrued interest receivable	23,374	-	-	23,374	-
Due from other funds	-	-	-	-	78,115
Prepaid expenses	-	-	-	-	30,178
Inventory	2,813,576	34,431	61,354	2,909,361	181,631
Total current assets	33,797,372	414,044	318,595	34,530,011	6,871,414
Noncurrent assets:					
Restricted assets:					
Cash and cash equivalents	2,309,297	-	-	2,309,297	-
Investment in joint venture	1,843,547	-	-	1,843,547	-
Capital assets:					
Nondepreciable	1,360,604	685,661	459,870	2,506,135	-
Depreciable, net of accumulated depreciation	69,263,331	11,375,926	1,484,051	82,123,308	39,104
Total noncurrent assets	74,776,779	12,061,587	1,943,921	88,782,287	39,104
Total assets	108,574,151	12,475,631	2,262,516	123,312,298	6,910,518
Deferred outflows of resources:					
Deferred amounts related to pensions	335,268	12,463	25,457	373,188	-

See accompanying notes to the financial statements

THE CITY OF PONCA CITY, OKLAHOMA

Statement of Net Position
Proprietary Funds
June 30, 2015
(continued)

	Business-type Activities - Enterprise Funds				Governmental Activities -
LIABILITIES	**Ponca City Utility Authority**	**Ponca City Airport**	**Other Enterprise Funds**	**Total Enterprise Funds**	**Internal Service Funds**
Current liabilities:					
Accounts payable and accrued liabilities	$ 3,856,332	60,468	99,493	4,016,293	167,551
Accrued interest payable	322,669	-	-	322,669	-
Retainage payable	58,460	-	-	58,460	-
Meter deposit liability	636,068	-	-	636,068	-
Due to other funds	71,399	6,716	-	78,115	-
Advanced revenues	60,218	-	-	60,218	-
Current portion-due within one year:					
Refundable grant obligations	44,000	-	-	44,000	-
Estimated claims liability	-	-	-	-	440,526
Revenue bonds payable	4,080,000	-	-	4,080,000	-
Notes payable	1,768,747	-	-	1,768,747	-
Accrued compensated absences	24,864	1,912	2,435	29,211	849
Total current liabilities	10,922,757	69,096	101,928	11,093,781	608,926
Noncurrent liabilities-due within more than one year:					
Refundable grant obligations	113,750	-	-	113,750	-
Estimated liability for claims	-	-	-	-	345,834
Accrued compensated absences	223,766	17,210	21,917	262,893	7,637
Net pension liability	1,829,869	68,024	138,943	2,036,836	-
Net OPEB obligation	16,938	630	1,286	18,854	-
Landfill closure/post-closure liability	2,604,519	-	-	2,604,519	-
Revenue bonds payable	21,395,000	-	-	21,395,000	-
Notes payable, net of unamortized premium	10,942,223	-	-	10,942,223	-
Total noncurrent liabilities	37,126,065	85,864	162,146	37,374,075	353,471
Total liabilities	48,048,822	154,960	264,074	48,467,856	962,397
Deferred inflows of resources:					
Deferred amounts related to pensions	27,807	1,034	2,111	30,952	-
NET POSITION					
Net investment in capital assets	32,280,215	12,061,587	1,943,921	46,285,723	39,104
Restricted for debt service	4,821,903	-	-	4,821,903	-
Restricted for utility deposits	636,068	-	-	636,068	-
Restricted for emcumbrances	1,291,983	20,904	8,855	1,321,742	139,102
Unrestricted	21,802,621	249,609	69,012	22,121,242	5,769,915
Total net position	$ 60,832,790	12,332,100	2,021,788	75,186,678	5,948,121

See accompanying notes to the financial statements

THE CITY OF PONCA CITY, OKLAHOMA

Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2015

	Business-type Activities - Enterprise Funds				Governmental Activities -
	Ponca City Utility Authority	**Ponca City Airport**	**Other Enterprise Funds**	**Total Enterprise Funds**	**Internal Service Funds**
Operating Revenues:					
Pledged as security for revenue bonds:					
Charges for services:					
Electric	$ 37,810,720	-	-	37,810,720	-
Water	7,652,519	-	-	7,652,519	-
Solid waste	4,720,098	-	-	4,720,098	-
Wastewater	5,879,590	-	-	5,879,590	-
Unpledged:					
Charges for services:					
Airport	-	953,553	-	953,553	-
Marland Estate	-	-	140,241	140,241	-
Golf course	-	-	519,157	519,157	-
Stormwater	435,837	-	-	435,837	-
Other	109,720	-	-	109,720	6,575,265
Donations	-	-	-	-	
Miscellaneous	2,552	-	1,346	3,898	-
Total operating revenues	56,611,036	953,553	660,744	58,225,333	6,575,265
Operating Expenses:					
Electric	28,822,972	-	-	28,822,972	-
Water	4,597,694	-	-	4,597,694	-
Solid waste	3,733,535	-	-	3,733,535	-
Wastewater	3,686,378	-	-	3,686,378	-
Stormwater	138,114	-	-	138,114	-
Marland Estate	-	-	378,366	378,366	-
Golf course	-	-	838,747	838,747	-
Airport	-	1,750,578	-	1,750,578	-
Administrative	1,503,318	-	-	1,503,318	-
Motor pool	-	-	-	-	1,400,362
Insurance claims and administrative	-	-	-	-	4,537,246
Total operating expenses	42,482,011	1,750,578	1,217,113	45,449,702	5,937,608
Operating income (loss)	14,129,025	(797,025)	(556,369)	12,775,631	637,657

See accompanying notes to the financial statements

THE CITY OF PONCA CITY, OKLAHOMA

Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2015
(continued)

	Business-type Activities - Enterprise Funds				Governmental Activities -
	Ponca City Utility Authority	**Ponca City Airport**	**Other Enterprise Funds**	**Total Enterprise Funds**	**Internal Service Funds**
Non-Operating Revenues (Expenses):					
Pledged as security for revenue bonds:					
Investment income	$ 1,686,927	-	-	1,686,927	-
Unpledged revenues:					
Investment income	13,418	349	1,603	15,370	116,428
Miscellaneous	-	-	-	-	44,654
Interest expense and fiscal charges	(1,169,175)	-	-	(1,169,175)	-
Gain (loss) on asset retirement	61,390	-	-	61,390	-
Net non-operating revenues (expenses)	592,560	349	1,603	594,512	161,082
Income (loss) before contributions and transfers	14,721,585	(796,676)	(554,766)	13,370,143	798,739
Capital contributions	-	480,200	-	480,200	-
Capital asset transfers	3,915,588	48,877	77,659	4,042,124	-
Transfers in	2,347,753	120,113	408,378	2,876,244	-
Transfers out	(9,778,587)	-	-	(9,778,587)	(10,000)
Net transfers and capital contributions	(3,515,246)	649,190	486,037	(2,380,019)	(10,000)
Change in net position	11,206,339	(147,486)	(68,729)	10,990,124	788,739
Net position - beginning of year, unadjusted	50,168,092	12,513,907	2,205,054	64,887,053	5,161,599
Prior period adjustment	(541,641)	(34,321)	(114,537)	(690,499)	-
Net position - beginning of year, adjusted	49,626,451	12,479,586	2,090,517	64,196,554	5,161,599
Net position - end of year	$ 60,832,790	12,332,100	2,021,788	75,186,678	5,950,338

See accompanying notes to the financial statements

THE CITY OF PONCA CITY, OKLAHOMA

Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2015

	Business-type Activities - Enterprise Funds				Governmental Activities -
	Ponca City Utility Authority	Ponca City Airport	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers	$ 57,305,732	905,017	661,744	58,872,493	6,590,374
Payments to suppliers	(31,011,045)	(588,394)	(310,230)	(31,909,669)	(5,053,606)
Payments to employees	(7,750,401)	(296,836)	(685,590)	(8,732,827)	(815,600)
Receipts of customer meter deposits	37,465	-	-	37,465	-
Refunds of customer meter deposits	(39,345)	-	-	(39,345)	-
Net cash provided by (used in) operating activities	18,542,406	19,787	(334,076)	18,228,117	721,168
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers from other funds	2,347,753	120,113	408,378	2,876,244	-
Transfers to other funds	(9,778,587)	-	-	(9,778,587)	(10,000)
Net cash provided by (used in) noncapital financing activities	(7,430,834)	120,113	408,378	(6,902,343)	(10,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Proceeds from sale of capital assets	61,391	-	3,896	65,287	-
Purchases of capital assets	(4,309,645)	(534,055)	-	(4,843,700)	(2,217)
Principal paid or retired on capital debt	(5,767,534)	-	-	(5,767,534)	-
Proceeds from capital debt	935,866	-	-	935,866	-
Interest paid on capital debt	(940,404)	-	-	(940,404)	-
Receipt of capital contribution	-	480,200	-	480,200	-
Net cash provided by (used in) capital and related financing activities	(10,020,326)	(53,855)	3,896	(10,070,285)	(2,217)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchase of investments	(837,912)	-	(46,113)	(884,025)	(634,542)
Proceeds from sales and maturities of investments	-	-	3,383	3,383	-
Interest and dividends	1,700,344	349	1,603	1,702,296	116,428
Net cash provided by (used in) investing activities	862,432	349	(41,127)	821,654	(518,114)
Net increase (decrease) in cash and cash equivalents	1,953,678	86,394	37,071	2,077,143	190,837
Balances - beginning of year	14,759,121	215,925	39,157	15,014,203	2,750,201
Balances - end of year	$ 16,712,799	302,319	76,228	17,091,346	2,941,038

See accompanying notes to the financial statements

THE CITY OF PONCA CITY, OKLAHOMA

Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2015
(continued)

	Business-type Activities - Enterprise Funds				Governmental Activities -
	Ponca City Utility Authority	Ponca City Airport	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Reconciliation to Statement of Net Position:					
Cash and cash equivalents	$ 11,890,896	302,319	76,228	12,269,443	2,941,038
Current restricted cash and cash equivalents	2,512,606	-	-	2,512,606	-
Noncurrent restricted cash and cash equivalents	2,309,297	-	-	2,309,297	-
Total cash and cash equivalents, end of year	$ 16,712,799	302,319	76,228	17,091,346	2,941,038
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	$ 14,129,025	(797,025)	(556,369)	12,775,631	637,657
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:					
Depreciation expense	5,779,860	758,865	178,263	6,716,988	11,704
Miscellaneous revenue	-	-	-	-	44,654
Change in assets and liabilities:					
(Increase) decrease in receivables, net	692,816	(48,536)	1,000	645,280	(12,726)
(Increase) decrease in inventories	(62,457)	65,843	15,436	18,822	10,340
(Increase) decrease in deferred outflows	(92,290)	(12,463)	(25,457)	(130,210)	-
(Increase) decrease in prepaid expenses	-	-	-	-	16,352
(Increase) decrease in due from other funds	-	-	-	-	(16,819)
Increase (decrease) in accounts and other payables	(949,705)	32,263	27,946	(889,496)	51,277
Increase (decrease) in customer meter deposits payable	38,775	-	-	38,775	-
Increase (decrease) in due to other funds	11,602	5,217	-	16,819	(21,464)
Increase (decrease) in claims payable	-	-	-	-	(1,689)
Increase (decrease) in net pension liability	321,432	11,949	24,406	357,787	-
Increase (decrease) in OPEB obligation	4,192	146	28	4,366	-
Increase (decrease) in landfill closure/postclosure liability	(1,353,960)	-	-	(1,353,960)	-
Increase (decrease) in deferred inflows	27,807	1,034	2,111	30,952	-
Increase (decrease) in accrued compensated absences	(4,691)	2,494	(1,440)	(3,637)	1,882
Net cash provided by (used in) operating activities	$ 18,542,406	19,787	(334,076)	18,228,117	721,168
Non-cash Activities:					
Capital assets acquired through transfers from other funds	$ 3,915,588	48,877	77,659	4,042,124	2,217
Change in investments in joint venture	99,309	-	-	99,309	-
Net non-cash activities	$ 4,014,897	48,877	77,659	4,141,433	2,217

See accompanying notes to the financial statements

THE CITY OF PONCA CITY, OKLAHOMA

Statement of Fiduciary Net Position

Pension Trust Fund

June 30, 2015

ASSETS

Investments at contract value:	
Insurance contracts	$ 4,645,483
Investments at fair value:	
Unallocated insurance contracts:	
Bond and mortgage	1,304,485
International stock	3,978,632
Large cap stock index	12,681,815
Total unallocated insurance contracts:	17,964,932
Total Assets	$ 22,610,415

NET POSITION

Restricted for pension benefits	$ 22,610,415

See accompanying notes to the financial statements

THE CITY OF PONCA CITY, OKLAHOMA

Statement of Changes in Fiduciary Net Position
Pension Trust Fund
For the Fiscal Year Ended June 30, 2015

ADDITIONS:	
Employer contributions	$ 680,393
Investment income:	
Investment return	907,436
Total additions	1,587,829
DEDUCTIONS:	
Benefits paid to participants or beneficiaries	1,214,709
Administrative expense	22,741
Total deductions	1,237,450
Change in net position held in trust for pension benefits	350,379
Net position - beginning of year	22,260,036
Net position - end of year	$ 22,610,415

See accompanying notes to the financial statements

THE CITY OF PONCA CITY, OKLAHOMA

Statement of Fiduciary Net Position
Component Unit
Ponca City Development Authority
June 30, 2015

ASSETS	
Current assets:	
Cash and cash equivalents	$ 8,223,657
Receivables:	
Due from other governments	171,127
Prepaid expenses	7,556
Total current assets	8,402,340
Noncurrent assets:	
Capital assets:	
Nondepreciable	198,335
Depreciable, net of accumulated depreciation	3,645,008
Total noncurrent assets	3,843,343
Total Assets	12,245,683
LIABILITIES	
Current liabilities:	
Accounts payable	$ 30,866
Payroll taxes payable	7,659
Current portion:	
Accrued compensated absences	3,065
Total current liabilities	41,590
Noncurrent liabilities:	
Accrued compensated absences	27,588
Total noncurrent liabilities	27,588
Total Liabilities	69,178
NET POSITION	
Net investment in capital assets	3,843,343
Unrestricted	8,333,162
Total Net Position	$ 12,176,505

See accompanying notes to the financial statements

THE CITY OF PONCA CITY, OKLAHOMA

Statement of Revenues, Expenses and Changes in Fiduciary Net Position
Component Unit
Ponca City Development Authority
For the Fiscal Year Ended June 30, 2015

Operating Revenues:	
Payments from *City of Ponca City*	$ 2,156,898
Lease income	290,759
Total operating revenues	2,447,657
Operating Expenses:	
Accounting & legal	9,679
Depreciation	120,553
Dues and subscriptions	8,700
Existing industry	126,272
Fringe benefits	135,358
Insurance	34,247
Land improvements	6,077
Marketing	68,503
Meetings and conferences	17,048
Miscellaneous	26,358
New industry incentives and credits	122,425
Office supplies, postage, and printing	14,759
Payroll taxes	32,775
Rent	13,500
Salaries	503,041
Telephone	7,982
Total operating expenses	1,247,277
Operating income	1,200,380
Non-Operating Revenues :	
Interest income	40,342
Net non-operating revenues	40,342
Change in net position	1,240,722
Total net position - beginning of year	10,935,783
Total net position - end of year	$ 12,176,505

See accompanying notes to the financial statements

THE CITY OF PONCA CITY, OKLAHOMA

Statement of Cash Flows - Fiduciary
Component Unit
Ponca City Development Authority
For the Fiscal Year Ended June 30, 2015

CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	$ 2,651,698
Payments to suppliers	(1,100,236)
Net cash provided by operating activities	1,551,462
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition and construction of capital assets	(29,536)
Net cash provided (used) by capital and related financing activities	(29,536)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest income	40,342
Net cash provided by investing activities	40,342
Net increase in cash and cash equivalents	1,562,268
Balances - beginning of year	6,661,389
Balances - end of year	$ 8,223,657
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:	
Operating income	$ 1,200,380
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:	
Depreciation expense	120,553
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	204,041
(Increase) decrease in prepaid expenses	9,170
Increase (decrease) in accounts payable	11,874
Increase (decrease) in payroll taxes payable	6,793
Increase (decrease) in accrued compensated absences	(1,349)
Net cash provided by operating activities	$ 1,551,462

See accompanying notes to the financial statements

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Ponca City, Oklahoma's (*The City*) accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. Generally Accepted Accounting Principles (GAAP) and Generally Accepted Governmental Accounting Principles promulgated by the Governmental Accounting Standards Board (GASB). The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

1.A. Financial Reporting Entity

The City's financial reporting entity comprises the following:

Primary Government:	The City of Ponca City
Blended Component Units:	Ponca City Utility Authority Ponca City Municipal Authority Ponca City Public Works Authority
Fiduciary-Presented Component Unit:	Ponca City Development Authority

In determining the financial reporting entity, *The City* complies with the provisions of Governmental Accounting Standards Board Statement No. 61, The Financial Reporting Entity, and includes all component units of which *The City* is fiscally accountable.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BLENDED COMPONENT UNITS

Blended component units are separate legal entities that meet the GASB Statement No. 61 component unit criteria and whose governing body is the same or substantially the same as the City Commission, or the component unit provides services entirely to *The City*. These component units' funds are blended into *The City's* by appropriate fund type to comprise part of the primary government presentation.

Component units blended into the primary government's fund types are presented below:

Component Unit	Brief Description/Inclusion Criteria
Ponca City Utility Authority (PCUA)	Created March 23, 1970, to finance, develop and operate the electric, water, wastewater, stormwater and solid waste facilities. The current City Commission serves as the governing body (Trustees) of the PCUA. *The City* is able to impose its will on the PCUA because, by state law, all PCUA issuances of debt require a two-thirds approval of the City Commission. The PCUA funds are reported as enterprise funds within the primary government presentation. *The City* issues a separate report on only the PCUA.
Ponca City Municipal Authority (PCMA)	Established January 24, 1966, to collect and account for sewer connection fees on certain dedicated sewer lines. The current City Commission serves as the governing body (Trustees) of the PCMA. The Authority is presently inactive.
Ponca City Public Works Authority (PCPWA)	Established October 12, 1959, to collect and account for sewer connection fees on certain dedicated sewer lines. The current City Commission serves as the governing body (Trustees) of the PCPWA. The Authority is presently inactive.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

FIDUCIARY PRESENTED COMPONENT UNITS

Fiduciary-presented component units are separate legal entities that meet the GASB Statement No. 61 component unit criteria but do not meet the criteria for blending. *The City* has one component unit that is fiduciary-presented in *The City's* report as presented below:

Component Unit	Brief Description/Inclusion Criteria
Ponca City Development Authority (PCDA)	Created August 4, 1969, to promote and encourage the development of the utility, agricultural, commercial, health care and industrial resources in *The City of Ponca City, Oklahoma*. The Authority provides financing to businesses for the purpose of acquiring facilities and develops services in or near *The City*. The PCDA Board of Trustees is separate from the Mayor and City Commission. The PCDA is financially dependent on *The City*. *The City* maintains a beneficial interest in the PCDA. Their separately issued financial statements may be obtained at 102 S. 5th St. #3, Ponca City, OK 74601.

JOINT VENTURE

The City of Ponca City, Oklahoma is a participant with other local Oklahoma governments in the Association for Landfill Financial Assurance (ALFA) to fund landfill closure and post-closure care costs (see Note 3.D.). ALFA is a not-for-profit Oklahoma corporation authorized by state law and approved by the Oklahoma Department of Environmental Quality as a financial assurance mechanism for landfill closure and post-closure care costs on behalf of each ALFA participant. ALFA's board of directors consists of one representative from each government. Financial statements for the Association for Landfill Financial Assurance for the year ended June 30, 2015 may be obtained from its administrative offices at 100 E Street, Suite 200, Ardmore, OK 73401.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.B. BASIS OF PRESENTATION

Government-wide Financial Statements:

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except fiduciary funds. The statements distinguish between governmental and business-type activities. 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 services.

The statement of activities presents a comparison between the expenses and program revenues directly associated with the different governmental functions and business-type activities to arrive at the net revenue or expense of the function or activity prior to the use of taxes and other general revenues. Program revenues include (1) fees, fines and service charges generated by the program or activity, (2) operating grants and contributions that are restricted to meeting the operational requirements of the program or activity, and (3) capital grants and contributions that are restricted to meeting the capital requirement of the program or activity. The policy for allocating indirect expenses to functions is on a percentage basis of the activity.

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

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. 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. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of *The City* or meets the following criteria:

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Financial Statements: (continued)

a. Total assets, liabilities, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least ten percent (10%) of the corresponding total for all funds of that category or type, and

b. Total assets, liabilities, revenues or expenditures/expenses of the individual governmental fund or enterprise fund are at least five percent (5%) of the corresponding total for all governmental and enterprise funds combined.

c. A fund not meeting the criteria of (a) and (b), except that management has elected to report the fund as a major fund due to its significance to users of the financial statements.

All remaining governmental and enterprise funds not meeting the above criteria are aggregated and reported as nonmajor funds under the column titled Other Governmental Funds. The funds of the financial reporting entity are described below:

Governmental Funds

Governmental Fund Types

General Fund

The General Fund is the primary fund of *The City*, which accounts for all financial transactions not accounted for in other funds and certain Public Trust activities that require separate accountability for services rendered.

The City reports the General Fund as its major governmental fund and therefore it is displayed in a separate column.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Financial Statements: (continued)

Special Revenue Funds

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

Nonmajor Funds:
- Special Projects Fund
- Street and Alley Fund
- Hotel/Motel Tax Fund
- Community Development Fund
- Library Grant Fund
- Library State Aid Fund
- Miscellaneous Trust Fund
- Economic Development Fund

Capital Project Funds

The nonmajor Recreation Center Tax Fund, Street Improvement Project Fund and Capital Improvement Project Fund are used to account for and report financial resources that are restricted, committed, or assigned to expenditure capital outlays including the acquisition or construction of capital facilities or other capital assets.

Permanent Funds

Permanent Funds are used to account for and report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes of benefiting the reporting entity. The reporting entity includes the following permanent funds:

Nonmajor Funds:
- Matzene Book Fund
- Cann Estate Fund

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Financial Statements: (continued)

Debt Service Fund

As prescribed by State Law, the Debt Service Fund receives all ad valorem taxes paid to *The City* for the retirement of general obligation bonded debt. Such revenues are used for the payment of principal and interest on *The City's* court-assessed judgments.

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

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

Proprietary Funds

Proprietary Fund Types

Enterprise Funds

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

Proprietary operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Non-operating revenues and expenses of the proprietary funds include such items as investment earnings, interest expense and subsidies.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Financial Statements: (continued)

Internal Service Funds

The City's Internal Service Funds are used to account for the financing of services provided by one department to other departments of *The City*. Internal service funds are included in governmental activities in government-wide statements.

The City reports two major proprietary funds:

Ponca City Utility Authority – used to account for the operation and maintenance of *The City* electric, water, wastewater, stormwater and solid waste utility services.

Ponca City Airport Fund – used to account for the operation and maintenance of *The City* airport services.

Nonmajor enterprise funds include:

Marland Estate Fund
Lew Wentz Golf Course

Internal Service Funds:

Internal service funds include:

Motor Pool Fund
Insurance Imprest Fund

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fiduciary Fund Types

Trust Funds

Trust Funds are used to account for assets held by *The City* in a trustee capacity. Expendable Trust Funds are accounted for in essentially the same manner as proprietary funds. No non-expendable trust funds or pension funds are used and/or maintained. *The City* reports the Pension Trust Fund as a fiduciary fund.

Pension Trust Fund – used to account for the net position and changes therein of the Ponca City Employee Retirement System.

1.C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

Measurement Focus

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

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

a. All governmental funds utilize a *"current financial resources"* measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. The funds use fund balance as their measure of available spendable financial resources at the end of the period.

b. The proprietary fund utilizes an *"economic resources"* measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as not position.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus (continued)

Governmental Fund Financial Statements

c. The trust fund utilizes an *"economic resources"* measurement focus. The accounting objectives of this measurement focus are the determination of net income, financial position and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Trust fund equity is classified as net position.

d. Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

Basis of Accounting

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

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available". Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. *The City* has defined "available" as collected within 30 days. Sales and use taxes, franchise taxes, hotel/motel taxes, court fines and interest are considered susceptible to accrual. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general long-term debt principal and interest, claims and judgments, and accrued compensated absences, which are recorded as expenditures to the extent they have matured. Proceeds of general long-term debt and capital leases are reported as other financial sources.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.D. ASSETS, LIABILITIES AND NET POSITION

Cash and Cash Equivalents

For the purposes of the statements of net positon, balance sheets, and statement of cash flows, "cash and cash equivalents" includes all demand and savings accounts, money market investment in trust accounts, certificates of deposit and short-term investments with an original maturity of three months or less. Investments in open-ended mutual fund shares are also considered cash equivalents and are reported at the funds' current share prices.

Investments

Investments are carried at fair value using selected bases. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value as estimated by a broker/dealer. Investments of the pension trust fund are also carried at fair value. Securities of the pension trust fund traded on a national or international exchange are valued at the last reported sales price at current exchange rates. All non-negotiable long-term certificates of deposit are carried at cost.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts are based on historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include sales tax, franchise tax, grants, police fines, and ambulance fees. Business-type activities report utilities as its major receivables.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise tax, and grants and other similar intergovernmental revenues since they are usually both measurable and available. Non-exchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned only if paid within 30 days since they would be considered both measurable and available. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Utility accounts receivable comprise the majority of proprietary fund receivables. Allowances for uncollectible

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.D. ASSETS, LIABILITIES AND NET POSITION (continued)

Receivables (continued)

accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

Inventory

Inventories for the Enterprise Funds and General Fund are capitalized at cost and charged to expense on the first-in, first-out and average cost basis. Inventories for the general fund and all other funds are insignificant and purchases of such items are expensed.

Restricted Assets

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

Capital Assets and Depreciation

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

In the government-wide financial statements, property, plant and equipment are accounted for as capital assets. *The City's* capitalization threshold is $5,000. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. Street infrastructure assets acquired prior to July 1, 2003 and bridges acquired prior to July 1, 2004, are reported at estimated historical cost using deflated replacement costs. The cost of normal maintenance and repairs to these assets that do not add materially to the value of the asset or materially extend the assets' useful lives are not capitalized. Interest costs, net of interest earned on any invested capital debt proceeds, are capitalized when incurred by proprietary funds.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.D. ASSETS, LIABILITIES AND NET POSITION (continued)

Capital Assets and Depreciation (continued)

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

Buildings	50 years
Other improvements	25 years
Infrastructure	15-50 years
Equipment and vehicles	3-25 years

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

Deferred Outflows of Resources

Deferred outflows are the consumption of net position that are applicable to a future reporting period. At June 30, 2015, *The City* has deferred outflows of resources related to pension deferrals.

Deferred Inflows of Resources

Deferred inflows are the acquisition of net position by *The City* that are applicable to a future reporting period. At June 30, 2015, *The City* has deferred inflows of resources related to pension deferrals.

Long-term Debt

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.D. ASSETS, LIABILITIES AND NET POSITION (continued)

Long-term Debt (continued)

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists of accrued compensated absences and judgments payable.

Long-term debt is reported net of unamortized premiums, discounts and amounts deferred from refundings, if any. Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for the proprietary fund is the same in the fund statements as it is in the government-wide statements.

Compensated Absences

Under the terms of *The City's* personnel policies, *The City* employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is paid for accumulated vacation. The maximum accumulation for vacation is 30 days. However, upon retirement, the maximum days of accumulated vacation for which the employee can be reimbursed cannot exceed 20 days.

Sick leave accrues to full-time employees but is payable only for sick time actually taken. Therefore, *The City* does not record a liability for unused sick leave.

The estimated current portion of the liability for vested vacation attributable to *The City's* governmental funds is recorded as an expenditure and liability in the respective funds. The amounts attributable to proprietary funds and similar component units are charged to expense and credited to a corresponding liability in the applicable fund or component unit. The estimated liabilities include required salary-related payments.

Arbitrage Rebate

The proceeds from the *Ponca City Utility Authority's* tax exempt bond issues are subject to arbitrage rebate laws under the Internal Revenue Code. This arbitrage rebate limits the earnings on investment of tax exempt proceeds in non-purpose investments. The *Ponca City Utility Authority* had no arbitrage rebate liability at June 30, 2015.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.D. ASSETS, LIABILITIES AND NET POSITION (continued)

Pension

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positon of the Oklahoma Firefighters Pension & Retirement System (OFPRS), Oklahoma Police Pension & Retirement System (OPPRS), and the *City of Ponca City* Employees' Retirement System and additions to/deductions from these pension plans' fiduciary net position have been determined on the same basis as they are reported by each listed pension plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Income Taxes

As a municipal government, the income of *The* City and its public authorities, which is derived from the exercise of any essential governmental function, is not subject to federal or state income taxes.

Equity Classification

Government-wide Statements:

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

c. *Net investment in capital assets* – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

d. *Restricted net position* – Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.

e. *Unrestricted net position* – All other net position that do not meet the definition of "restricted".

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.D. ASSETS, LIABILITIES AND NET POSITION (continued)

Equity Classification (continued)

Governmental Fund Financial Statements:

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

a. Nonspendable – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact.

b. Restricted – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (City ordinances) .

   Enabling legislation authorizes *The City* to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that *The City* can be compelled by an external party (such as citizens, public interest groups, or the judiciary) to use resources created by enabling legislation only for the purpose specified by the legislation.

c. Committed - The committed fund balance classification includes amounts that can be used only for specific purposes imposed by (ordinance or resolution) of City Commission. Those committed amounts cannot be used for any other purpose unless the City Commission removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the City Commission, separate from the authorization to raise the underlying revenue; therefore, those constraints are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.D. ASSETS, LIABILITIES AND NET POSITION (continued)

Equity Classification (continued)

Governmental Fund Financial Statements: (continued)

d. Assigned – Amounts in the assigned fund balance classification are intended to be used by *The City* for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by City Commission or a City official delegated that authority by City Charter, ordinance or resolution.

e. Unassigned – Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned. *The City* applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within the unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

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

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

1.E. INTERNAL AND INTERFUND BALANCES AND ACTIVITIES

In the process of aggregating the financial information for the government-wide Statement of Net Position and Statement of Activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.E. INTERNAL AND INTERFUND BALANCES AND ACTIVITIES (continued)

Government-wide Financial Statements:

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

1. Internal balances – amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are reported as Internal Balances.

2. Internal activities – amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide statement of activities except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effect of interfund services between funds, if any, are not eliminated in the statement of activities.

3. Primary government and component unit activity and balances – resource flows between the primary government (*The City* and PCUA) and the fiduciary presented component unit (Ponca City Development Authority) are reported as if they were external transactions.

Fund Financial Statements:

Interfund activity, if any, within and among the governmental, proprietary fund and fiduciary categories is reported as follows in the fund financial statements:

1. Interfund loans – amounts provided with a requirement for repayment are reported as interfund receivables and payables.

2. Interfund services – sales or purchases of goods and services between funds are reported as revenues and expenditures/expenses.

3. Interfund reimbursements – repayments from funds responsible for certain expenditures/expenses to the funds that initially paid for them are not reported as reimbursements but as adjustments to expenditures/expenses in the respective funds.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.E. INTERNAL AND INTERFUND BALANCES AND ACTIVITIES (continued)

Fund Financial Statements:

4. Interfund transfers – flow of assets from one fund to another where repayment is not expected are reported as transfers in and out.

1.F. REVENUES, EXPENDITURES AND EXPENSES

Sales Tax

The City levies a three and one-half 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 Tax Commission receives the sales tax approximately one month after collection by vendors. The sales tax is allocated among four funds as follows:

- 2 cents recorded as revenue within the General Fund.

- ½ cent recorded as revenue within the Street Improvement Project Fund to account for maintenance and construction of street improvements per voter approval.

- ½ cent recorded as revenue within the Economic Development Fund to account for sales taxes restricted for economic development and subsequently transferred to the Ponca City Development Authority (a fiduciary fund presented component unit) per voter approval.

- ½ cent recorded as revenue within the Recreation Center Tax Fund to account for sales taxes restricted for specific capital projects per voter approval beginning October 1, 2007.

Sales tax collected by the State in June and July (which represent sales for May and June) and received by *The City* in July and August have been accrued and are included under the caption *Due from Other Governments*.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.F. REVENUES, EXPENDITURES AND EXPENSES (continued)

Property Tax

Under State law, municipalities are limited in their ability to levy a property tax. Such tax may only be levied to repay principal and interest on general obligation bonded debt approved by voters and any court-assessed judgments. At the present time, *The City* levies a property tax to fund the annual debt service requirements of court-assessed judgments.

The property tax levy, as determined by *The City's* debt service needs, is submitted to the County Excise Board for approval. County assessors, elected officials, determine the taxable value of real estate and personal property in the County. A State Board of Equalization hears complaints on real estate values with the power to equalize assessments. Under present State law, the ratio of assessed value to true value cannot be less than 11 percent or more than 13 ½ percent.

Property taxes levied by *The City* are billed and collected by Kay County Treasurer's Office and remitted to *The City* in the month following collection. Property taxes are levied normally in October and are due in equal installments on December 31 and March 31. Property taxes unpaid are attached by an enforceable lien on the property in the following October. For the year ended June 30, 2015, *The City's* net assessed valuation of taxable property was $116,403,365. The taxes levied by *The City* per $1,000 of net assessed valuation for the year ended June 30, 2015 was $5.30. In the fund financial statements, property taxes are recorded as revenue in the period levied to the extent they are collected within 30 days of year-end.

Operating Revenues and Expenses

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.F. REVENUES, EXPENDITURES AND EXPENSES (continued)

Cigarette, Tobacco, and Tobacco Products Tax

Beginning in January 2005, *The City* receives tax levied on wholesalers for cigarettes, tobacco and tobacco products. The tax is collected by the Oklahoma Tax Commission and remitted to *The City* in the month following receipt by the Tax Commission. The Tax Commission receives the tax approximately one month after accumulation by wholesalers. The cigarette, tobacco and tobacco products tax is allocated to the General Fund. The cigarette, tobacco and tobacco products tax collected by *The City* in July and August have been accrued and are included under the caption *Due from Other Governments.*

Expenditures and Expenses

In the government-wide statements, expenses are classified by function for both governmental and business-type activities. In the fund financial statements, expenditures are classified by character as current (further reported by function), capital outlay and debt service. In proprietary fund financial statements, expenses are reported by operating and non-operating. In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources. Fiduciary funds report additions and deductions to net position.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.G. USE OF ESTIMATES

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

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

By its nature as a local government unit, *The City* and its component units are subject to various federal, state and local laws and contractual regulations.

2.A. DEFICIT FUND BALANCES OR NET POSITION

Title 11, Section 17-211 of the Oklahoma Statutes prohibits the creation of a deficit fund balance in any individual fund of *The City* (excluding public trusts). At June 30, 2015, *The City* reported no individual fund deficits.

2.B. DEPOSITS AND INVESTMENTS REQUIREMENTS

In accordance with State Law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral valued at the lower of market or par. Acceptable collateral includes certain U.S. Government or Government Agency securities, certain State of Oklahoma or political subdivision debt obligations, surety bonds or certain letters of credit. As required by 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to *The City* must have a written collateral agreement approved by the board of directors or loan committee.

Investments of a City (excluding Public Trusts) are limited by State Law to the following:

a. Direct obligations of the U.S. Government, its agencies and instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State of Oklahoma is pledged.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

2.B. DEPOSITS AND INVESTMENTS REQUIREMENTS (continued)

b. Certificates of deposit or savings accounts either insured or secured with acceptable collateral with in-state financial institutions and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.

c. Negotiable certificates of deposit, prime bankers acceptances, prime commercial paper and repurchase agreements with certain limitations.

d. County, municipal or school district tax-supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality or school district.

e. Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator and in obligations of the National Mortgage Association.

f. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs a, b, c and d.

Public trusts and pension trust funds are not subject to the above noted investment limitations and are primarily governed by any restrictions in their trust or bond indentures.

2.C. DEBT RESTRICTIONS AND COVENANTS

General Long-term Debt

As required by the Oklahoma State Constitution, *The City* (excluding Public Trusts) may not incur any indebtedness that would require payment from resources beyond the current fiscal year revenue without first obtaining voter approval. As of June 30, 2015, *The City* had no general obligation debt.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY
(continued)

2.C. DEBT RESTRICTIONS AND COVENANTS (continued)

Notes Payable

The loan agreements with the Oklahoma Water Resources Board relating to construction notes payable of the PCUA contain a number of financial restrictions or covenants. These include covenants requiring a flow of funds through special accounts, reserve account balances and a notes payable debt service coverage requirement. The PCUA complied with the requirements of the loan agreements in all material respects for the fiscal year ended June 30, 2015.

Revenue Bond Debt

The bond indentures relating to the revenue bond issues of the PCUA contain a number of financial restrictions or covenants. These include covenants requiring a flow of funds through special accounts, required reserve account balances and revenue bond debt service coverage requirement. The PCUA complied with the requirements of the bond indentures in all material respects for the fiscal year ended June 30, 2015.

NOTE 3 – DETAIL NOTES – TRANSACTION CLASSES/ACCOUNTS

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, revenues and expenditures/expenses.

3.A. CASH, CASH EQUIVALENTS, AND INVESTMENTS

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

		Maturities in Years				
Type	**Fair Value**	**On Demand**	**Less Than One**	**1-5**	**6-10**	**More than 10**
Deposits:						
Petty cash	$ 6,000	6,000	-	-	-	-
Demand acounts	25,732,808	25,732,808	-	-	-	-
Time deposits	12,550,000	-	12,550,000	-	-	-
Trust money market account	4,821,903	4,821,903	-	-	-	-
Other	1,294,402	-	505,925	788,477	-	-
Total deposits	44,405,113	30,560,711	13,055,925	788,477	-	-
Investments:						
Equities/Fixed Income/Etc.	977,411	977,411	-	-	-	-
Agencies of the U.S. Govt.						
FHLMC/FMNA/FHLB1	5,399,363	-	-	-	-	5,399,363
Total investments	6,376,774	977,411	-	-	-	5,399,363
Pension fund investments:						
Insurance contract	4,645,483					
Unallocated insurance contracts	17,964,932					
Total deposits and investments	$ 73,392,302					
Reconcilations to Statement of Net Assets:						
Cash and cash equivalents	$ 21,492,895					
Investments	23,831,021					
Current restricted cash and cash equivalents	2,512,606					
Current restricted investments	636,068					
Noncurrent restricted cash and cash equivalents	2,309,297					
Pension fund investments	22,610,415					
Total	$ 73,392,302					

NOTE 3 – DETAIL NOTES – TRANSACTION CLASSES/ACCOUNTS (continued)

3.A. DEPOSITS AND INVESTMENTS (continued)

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

The City's policy as it relates to custodial credit risk is to secure its uninsured deposits with collateral, valued at no more than market value, at least at a level to cover the uninsured deposits and accrued interest thereon. At June 30, 2015, *The City* was not exposed to custodial credit risk.

Investment Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. *The City's* investment policy limits investments to those with a maturity no more than two years from the date of purchase, except for reserve funds, as a means of managing exposure to fair value losses arising from increasing interest rates. *The City* discloses its exposure to interest rate risk by disclosing the maturity date ranges of its various investments.

Investment Credit Risk – The City's investment policy limits investments to those allowed by state law applicable to municipalities. These investment limitations are described in Note 2.B. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. *The City* has no formal policy limiting investments based on credit rating, but discloses any such risk associated with their investments by reporting the credit quality ratings of investments in debt securities as determined by nationally recognized statistical rating organizations – rating agencies – as of the year end. Unless there is information to the contrary, obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

NOTE 3 – DETAIL NOTES – TRANSACTION CLASSES/ACCOUNTS (continued)

3.A. DEPOSITS AND INVESTMENTS (continued)

Concentration of Investment Credit Risk – Exposure to concentration of credit risk is considered to exist when investments in any one issuer represent a significant percent of the total investments of *The City* (any over five percent (5%) are disclosed). Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this consideration. *The City's* investment policy requires diversification of investments and indicates that, with the exception of U.S. Treasury securities and authorized pools, no more than 50% of *The City's* total investment portfolio will be invested in a single security type or with a single financial institution.

At June 30, 2015, *The City* had no concentration of credit risk as defined above.

At June 30, 2015, *The City's* pension fund investments in the Principal Financial Group – unallocated insurance contracts represented 54.43% of *The City's* total investments.

NOTE 3 – DETAIL NOTES – TRANSACTION CLASSES/ACCOUNTS (continued)

3.B. RECEIVABLES

Accounts Receivable

Accounts receivable of the governmental activities is net of allowance for uncollectible accounts on the statement of net position. Accounts receivable of the business-type activities includes customer s utilities services provided, both billed and unbilled, due at year end. It is *The City's* policy to write off uncollectible accounts throughout the year in the business-type activities and not to record an allowance for uncollectible accounts on the statement of net position.

The governmental activities receivables include fines, other taxes and miscellaneous receivables as follows:

Governmental Activities:	Ambulance	Taxes	Court	Other	Total
Accounts receivable	$ 1,205,470	124,327	1,401,821	143,719	2,875,337
Less: allowance for uncollectible accounts	(565,430)	-	(1,358,002)	-	(1,923,432)
Accounts receivable, net of allowance	$ 640,040	124,327	43,819	143,719	951,905

Business-type Activities:	Utility Accounts Receivable	Misc. Accounts Receivable	Total
Electric	$ 4,957,019	18,656	4,975,675
Water	912,112	-	912,112
Solid waste	509,532	-	509,532
Wastewater	664,556	-	664,556
Stormwater	49,998	-	49,998
Unapplied credits	(316,629)	-	(316,629)
Other	-	24,440	24,440
Lew Wentz Golf Course	-	-	-
Airport	-	38,228	38,228
Total	6,776,588	81,324	6,857,912
Less: allowance for uncollectible accounts	-	-	-
Accounts receivable, net of allowance	$ 6,776,588	81,324	6,857,912

NOTE 3 – DETAIL NOTES – TRANSACTION CLASSES/ACCOUNTS (continued)

3.C. RESTRICTED ASSETS

The amounts reported as restricted assets of the proprietary fund statement of net position are comprised of assets held by the trustee bank on behalf of the PCUA related to their required revenue bonds and notes payable, amounts set aside for landfill financial assurance, and deposits held for refund.

The restricted assets as of June 30, 2015, are as follows:

	Cash and Cash Equivalents		Investments	Investment in	
	Current	Noncurrent	Current	Joint Venture	Total
Revenue bond and note payable trustee accounts	$ 2,512,606	2,309,297	-	-	4,821,903
Landfill financial assurance	-	-	-	1,843,547	1,843,547
Deposits held for refund	-	-	636,068	-	636,068
Totals	$ 2,512,606	2,309,297	636,068	1,843,547	7,301,518

3.D. INVESTMENT IN JOINT VENTURE

As discussed in Note 1.A., in accordance with the terms of the joint venture agreement with ALFA, *PCUA* is obligated to pay a share of ALFA's operating budget each year in the form of participation fees. Through June 30, 2015, *PCUA* paid $22,328 in such fees, which were reported in Professional Service Fees.

The joint venture agreement also requires that *PCUA* establish a "Funding Program" through ALFA to accumulate the estimated costs of closing and providing thirty years of maintenance and monitoring of its landfill by the time the landfill ceases operations. The amounts required for the Funding Program are determined by formula. Each ALFA member deposits funds annually into a common escrow account managed by ALFA. *PCUA's* funding for 2014-2015 was $1,000. In that regard, *PCUA's* proportionate share of the net investment earnings in the escrow account, which includes unrealized gains and losses on investments, amounts to $99,309 which is reported as "Income (Loss) from Joint Venture".

NOTE 3 – DETAIL NOTES – TRANSACTION CLASSES/ACCOUNTS (continued)

3.D. INVESTMENT IN JOINT VENTURE (continued)

The sum of the deposits made and *PCUA's* share of the net income or loss on the escrow account represents the equity interest in this joint venture. At June 30, 2015, *PCUA's* equity interest totaled $1,843,547 which is reported as "Investment in ALFA" on the statement of net position. For the year ended June 30, 2015, the "Investment in Joint Venture" balance changed as follows:

Beginning investment in joint venture	$ 1,743,238
Current year contributions	1,000
Net loss in escrow fund	99,309
Ending investment in joint venture	$ 1,843,547

NOTE 3 – DETAIL NOTES – TRANSACTION CLASSES/ACCOUNTS (continued)

3.E. CAPITAL ASSETS

For the year ended June 30, 2015, capital assets balances changed as follows:

	Balance at July 1, 2014	Additions	Transfers	Disposals	Balance at June 30, 2015
Governmental activities:					
Non-depreciable:					
Land	$ 728,214	-	-	-	728,214
Construction-in-progress	3,818,108	520,850	(4,126,482)	-	212,476
Total non-depreciable assets at historical cost	4,546,322	520,850	(4,126,482)	-	940,690
Depreciable:					
Buildings	41,377,187	-	-	(40,000)	41,337,187
Improvements	122,471,850	2,404,044	207,616	-	125,083,510
Machinery and equipment	11,737,071	829,958	(125,813)	(182,183)	12,259,033
Total depreciable assets at historical cost	175,586,108	3,234,002	81,803	(222,183)	178,679,730
Less accumulated depreciation:					
Buildings	(10,887,312)	(732,468)	-	40,000	(11,579,780)
Improvements	(93,016,953)	(3,759,477)	-	-	(96,776,430)
Machinery and equipment	(7,624,142)	(816,949)	(13,173)	182,183	(8,272,081)
Total accumulated depreciation	(111,528,407)	(5,308,894)	(13,173)	222,183	(116,628,291)
Net depreciable assets	64,057,701	(2,074,892)	68,630	-	62,051,439
Governmental activities capital assets, net	$ 68,604,023	(1,554,042)	(4,057,852)	-	62,992,129
Business-type activities:					
Non-depreciable:					
Land	$ 1,202,654	-	-	-	1,202,654
Construction-in-progress	1,927,488	1,189,025	(1,809,137)	(3,895)	1,303,481
Total non-depreciable assets at historical cost	3,130,142	1,189,025	(1,809,137)	(3,895)	2,506,135
Depreciable:					
Buildings	42,612,937	-	-	-	42,612,937
Improvements	125,053,785	2,334,041	5,712,275	(19,082)	133,081,019
Machinery and equipment	13,531,057	1,320,632	125,813	(599,484)	14,378,018
Total depreciable assets at historical cost	181,197,779	3,654,673	5,838,088	(618,566)	190,071,974
Less accumulated depreciation:					
Buildings	(27,288,142)	(852,416)	-	-	(28,140,558)
Improvements	(65,665,406)	(4,930,817)	-	19,082	(70,577,141)
Machinery and equipment	(8,866,490)	(933,754)	13,173	556,104	(9,230,967)
Total accumulated depreciation	(101,820,038)	(6,716,987)	13,173	575,186	(107,948,666)
Net depreciable assets	79,377,741	(3,062,314)	5,851,261	(43,380)	82,123,308
Business-type capital assets, net	$ 82,507,883	(1,873,289)	4,042,124	(47,275)	84,629,443

NOTE 3 – DETAIL NOTES – TRANSACTION CLASSES/ACCOUNTS (continued)

3.E. CAPITAL ASSETS (continued)

Capital assets consist of land, land improvement, construction in progress, buildings and building improvements, machinery and equipment, and infrastructure. Capital assets are reported at actual or estimated historical cost. Donated capital assets are recorded at their fair value at the date of donation.

FIDUCIARY COMPONENT UNIT:	**Balance at July 1, 2014**	**Additions**	**Disposals**	**Balance at June 30, 2015**
Ponca City Development Authority				
Non-depreciable:				
Land	$ 198,335	-	-	198,335
Total non-depreciable assets at historical cost	198,335	-	-	198,335
Depreciable:				
Buildings	4,365,692	23,657	-	4,389,349
Office equipment and furniture	59,739	5,879	-	65,618
Total depreciable assets	4,425,431	29,536	-	4,454,967
Less accumulated depreciation	(689,406)	(120,553)	-	(809,959)
Net depreciable assets	3,736,025	(91,017)	-	3,645,008
Capital assets, net	$ 3,934,360	(91,017)	-	3,843,343

The land was transferred from *The City of Ponca City, Oklahoma* on June 18, 2003 and has been recorded at the estimated fair market value of the land on that date. Depreciation expense for depreciable assets for the year ended June 30, 2015 totaled $120,553.

NOTE 3 – DETAIL NOTES – TRANSACTION CLASSES/ACCOUNTS (continued)

3.E. CAPITAL ASSETS (continued)

DEPRECIATION:

Depreciation of capital assets is included in total expenses and is charged or allocated to the activities primarily benefiting from the use of the specific asset.

Depreciation expense has been allocated as follows:

Governmental Activities:

Street	$	3,443,804
Public safety		409,609
General government		412,162
Cultural, parks and recreation		1,031,615
Internal service funds		11,704
Total	$	5,308,894

Business-type Activities:

Marland Estate	$	93,123
Wentz Golf		85,140
Airport		758,865
Water		1,387,492
Electric		1,788,755
Solid waste		660,536
Stormwater		10,771
Wastewater		1,698,246
Administration		234,059
Total	$	6,716,987

NOTE 3 – DETAIL NOTES – TRANSACTION CLASSES/ACCOUNTS (continued)

3.E. CAPITAL ASSETS (continued)

YMCA Contract for the Construction of Aquatic Facility

The City has entered into an operating agreement with the YMCA for the joint ownership and construction of a Recreation Center (Facility). The YMCA's portion of the construction and development costs have been dedicated solely to the construction of a swimming pool and aquatic facility that the parties developed as part of the Recreation Center. *The City* has developed and built the Recreation Center, and the YMCA will manage and operate the facility. The initial term of the operating agreement is ten years and will renew automatically for five successive periods of five-years each. The agreement may be terminated by either party upon not less than 180 days notice before the end of the initial term or any term. The facility opened in December 2010.

3.F. LONG-TERM DEBT

The reporting entity's long-term debt is segregated by the amounts involving governmental activities, business-type activities and component unit.

Governmental Activities Long-term Debt

Governmental activities long-term debt payables from net revenues for the year ended June 30, 2015, consisted of the following:

Accrued Compensated Absences:		
Accrued compensated absences reported in the governmental activities are comprised of accrued vacation leave.		
Current portion	$	82,918
Non-current portion		746,258
Total accrued compensated absences	$	829,176
Judgment Payable:		
Court-assessed judgment to be paid with ad valorem taxes over a three-year period. Judgment is held by the Municipal Authority as an investment as a result of its paying the original judgment holder in full.		
Current portion	$	551,796
Non-current portion		742,606
Total judgment payable	$	1,294,402

NOTE 3 – DETAIL NOTES – TRANSACTION CLASSES/ACCOUNTS (continued)

3.F. LONG-TERM DEBT (continued)

Business-type Activities Long-term Debt

Business-type activities long-term debt payable from net revenues generated by and taxes pledged to *The City's* business-type activities for the year ended June 30, 2015 consisted of the following:

Revenue Bonds Payable:

Sales Tax Revenue Note, Series 2013 to Specialized Lending, LLC, dated November 20, 2013, original issue amount of $12,510,000, secured by a pledge of sales tax reveue and all funds and accounts established by the note agreement, interest rate of 1.86%, final maturity February 1, 2019.	$ 9,795,000
2012 A Utility System Revenue Note to Banc of America Public Capital Corp, dated March 1, 2012, original issue amount $16,090,000, secured by gross revenues of the system interest rate of 2.7%, final maturity date August, 2025.	13,785,000
Utility System Revenue Note, Series 2008 to Bank of America, N.A., dated June 30, 2008 original issue amount of $6,750,000, secured by a pledge of gross revenues of the system and the funds and accounts established by the note agreement, interest rate of 3.9% final maturity December 1, 2016.	1,895,000
Total Revenue Bonds Payable	$ 25,475,000
Current portion	$ 4,080,000
Non-current portion	21,395,000
Total Revenue Bonds Payable	$ 25,475,000

NOTE 3 – DETAIL NOTES – TRANSACTION CLASSES/ACCOUNTS (continued)

3.F. LONG-TERM DEBT (continued)

Business-type Activities Long-term Debt

Notes Payable:

1997 A Promissory Note to Oklahoma Water Resource Board, dated March 1, 1997, original issue amount of $1,784,449, secured by a pledge of Ponca City Utility Authority revenues, non-interest bearing, administrative fee of .5%, final maturity February 15, 2016.	$ 93,918
1998 A Promissory Note to Oklahoma Water Resource Board, dated June 1, 1998, original issue amount of $4,400,000, secured by a pledge and assignment of revenues derived from operations of water, sewer, electric and garbage systems, non-interest bearing, administrative fee of 0.5%, final maturity February 18, 2018.	671,279
1999 A Promissory Note to Oklahoma Water Resource Board, dated December 23, 1999, original issue amount of $2,370,907, secured by a pledge and assignment of revenues derived from water, sewer, electric and garbage systems, non-interest bearing, administrative fee of 0.5%, final maturity August 15, 2019.	533,454
Series 2007 Clean Water SRF Promissory Note to Oklahoma Water Resources Board, dated October 9, 2007, original issue amount $5,565,000, secured by a pledge and assignment of revenues derived from water, sanitary sewer, garbage, and electric systems, interest rate of 2.61% per annum plus an administrative fee of 0.5% per annum, final maturity September 15, 2029	4,063,310
Series 2009A Clean Water SRF Promissory Note to Oklahoma Water Resources Board, dated October 1, 2009, original issue amount $575,000, secured by a pledge and assignment of revenues derived from water, sanitary sewer, garbage, and electric systems, interest rate of 2.09% per annum plus an administrative fee of 0.5% per annum, final maturity March 15, 2030.	297,037
Series 2009B Drinking Water SRF Promissory Note to Oklahoma Water Resources Board, dated December 1, 2009, original issue amount $2,990,000, secured by a pledge and assignment of revenues derived from water, sanitary sewer, garbage, and electric systems, interest rate of 2.56% per annum plus an administrative fee of 0.5% per annum, final maturity September 15, 2030.	1,497,732
Serics 2012 B Promissory Note to Oklahoma Water Resources Board, dated March 28, 2012, original issue amount $7,825,000, secured by a pledge and assignment of revenues and receipts, interest rates ranging from 0.65% to 3.4%, final maturity September 15, 2019.	5,360,000
Total Notes Payable	$ 12,516,730
Add: unamortized premium	194,240
	$ 12,710,970
Current portion payable from restricted assets	$ 1,768,747
Non-current portion	10,942,223
Total notes payable	$ 12,710,970

NOTE 3 – DETAIL NOTES – TRANSACTION CLASSES/ACCOUNTS (continued)

3.F. LONG-TERM DEBT (continued)

Business-type Activities Long-Term Debt (continued)

Refundable Grant Obligations:

$250,000 refundable grant obligation used for a 12-acre landfill expansion project, dated January 1, 1998, payable in semi-annual installments of $6,250, final payment due June 2018, non-interest bearing.	$	31,250
$500,000 refundable grant obligation used for constructing water, wastewater and electric utility system infrastructure improvements in the industrial park, dated January 1, 1996, payable in semi-annual installments of $12,500, final payment due January 1, 2016, non-interest bearing.		12,500
$380,000 refundable grant obligation for water line improvements, dated July 1, 2001, payable in semi-annual installments of $9,500, final payment due January 1, 2016, non-interest bearing.		114,000
Total refundable grant obligations	$	157,750
Current portion	$	44,000
Non-current portion		113,750
Total refundable grant obligations	$	157,750

Accrued Compensated Absences:

Accrued compensated absences reported in the business-type activities are comprised of accrued vacation leave:

Current portion	$	29,211
Non-current portion		262,893
Total accrued compensated absences	$	292,104

Fiduciary Component Unit Long-term Debt

Accrued compensated absences:

Accrued compensated absences reported as a fund liability within the component unit statement of net assets at June 30, 2015, are as follows:

Current portion	$	3,065
Non-current portion		27,588
Total accrued compensated absences	$	30,653

NOTE 3 – DETAIL NOTES – TRANSACTION CLASSES/ACCOUNTS (continued)

3.F. LONG-TERM DEBT (continued)

Changes in Long-term Debt – Primary Government and Fiduciary Component Unit

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

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015	Amount due in one year
Governmental Activities:					
Judgment payable	$ 1,031,329	768,999	(505,925)	1,294,403	551,796
Esitmated liability for claims	788,049	3,441,624	(3,443,313)	786,360	440,526
Accrued compensated absences	806,227	22,948	-	829,175	82,918
Total general long-term debt	$ 2,625,605	4,233,571	(3,949,238)	2,909,938	1,075,240
Business-type Activities:					
Notes payable	$ 13,346,898	935,866	(1,766,034)	12,516,730	1,768,747
Revenue bonds payable	40,600,000	-	(15,125,000)	25,475,000	4,080,000
Refundable grant obligations	214,250	-	(56,500)	157,750	44,000
Accrued compensated absences	295,741	-	(3,637)	292,104	29,211
Total enterprise fund debt	$ 54,456,889	935,866	(16,951,171)	38,441,584	5,921,958
Fiduciary Component Unit:					
Accrued compensated absences	$ 32,002	-	(1,349)	30,653	3,200

Reconciliation to Statement of Net Position:	
Governmental Activities:	
Due within one year - judgment payable	$ 551,796
Due within one year - claims payable	440,526
Due within one year - compensated absences	82,918
Due in more than one year - judgment payable	742,606
Due in more than one year - claims payable	345,834
Due in more than one year - compensated absences	746,258
Total governmental activities	$ 2,909,938
Business-type Activities:	
Due within one year - notes payable	$ 1,768,747
Due within one year - revenue bonds payable	4,080,000
Due within one year - refundable grant obligations	44,000
Due within one year - compensated absences	29,211
Due in more than one year - notes payable	10,942,223
Due in more than one year - revenue bonds payable	21,395,000
Due in more than one year - refundable grant obligations	113,750
Due in more than one year - compensated absences	262,893
Unamortized bond premiums	(194,240)
Total business-type activities	$ 38,441,584

NOTE 3 – DETAIL NOTES – TRANSACTION CLASSES/ACCOUNTS (continued)

3.F. LONG-TERM DEBT (continued)

Debt Service Requirements to Maturity – Primary Government

The annual debt service requirements to maturity for long-term debt as of June 30, 2015 are as follows:

Year Ending June 30,	Governmental Activities Judgment Payable Principal	Interest
2016	$ 551,796	129,440
2017	486,273	122,888
2018	256,333	76,900
Total	$ 1,294,402	329,228

Year Ending June 30,	Business-type Activities Notes Payable Principal	Notes Payable Interest	Revenue Bonds Payable Principal	Revenue Bonds Payable Interest	Refundable Grant Obligations Principal
2016	$ 1,768,747	300,582	4,080,000	603,430	44,000
2017	1,710,279	267,172	4,460,000	489,660	31,500
2018	1,745,569	227,970	3,495,000	397,005	25,250
2019	1,567,428	182,278	3,610,000	322,751	19,000
2020	1,558,734	135,340	1,160,000	257,648	19,000
2021-2025	1,975,527	430,593	7,120,000	762,547	19,000
2026-2030	2,130,147	154,027	1,550,000	20,925	-
2031	60,299	789	-	-	-
Total	$ 12,516,730	1,698,751	25,475,000	2,853,966	157,750

All of *The City's* notes with OWRB have a debt coverage covenant of 125% of maximum annual debt service. As of June 30, 2015, *The City* fully complied with the requirement.

NOTE 3 – DETAIL NOTES – TRANSACTION CLASSES/ACCOUNTS (continued)

3.G. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

Oklahoma laws and regulations require *PCUA* to perform certain closure activities for its landfill and to provide certain maintenance and monitoring functions at the site for thirty years after it ceases operations. Although closure and post-closure care costs will be paid only near or after the date the facility stops accepting waste, *PCUA* reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The $2,604,519 reported as "Landfill Closures/Post -Closure Cost" at June 30, 2015, represents the cumulative amount to date based on the use of 50.92% of the estimated capacity of the landfill. *PCUA* will recognize the remaining estimated cost of closure and post-closure care of $2,510,404 as the remaining capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care at the site in 2015.

However, *PCUA* expects its landfill to remain in operation for another 25 years with closure scheduled for the year 2040. Therefore, actual cost may be higher due to inflation, changes in technology, or changes in laws and regulations.

PCUA is also required by Federal and State regulations to provide evidence of financial assurance that funds are available to properly close the facility and to perform post-closure care for thirty years after the facility has stopped accepting waste. *PCUA* is in compliance with this requirement and, as evidence of the financial assurance obligation, *PCUA* is a member of and has entered into a participation agreement with the Association for Landfill Financial Assurance (ALFA), an Oklahoma not-for-profit corporation.

ALFA is a joint venture of local government owners and operators of landfills, including *PCUA* and is authorized by Oklahoma statute to serve as an approved financial assurance mechanism for its members (see Note 3.D.)

PCUA periodically deposits a portion of the revenues derived from the operation of its landfill to a common escrow account managed by AFLA in amounts calculated to aggregate the estimated total cost of closure and post-closure care over the remaining operating life of the facility and through the post-closure period such amounts are determined in accordance with the terms of the joint venture agreement between *PCUA* and ALFA. *PCUA* expects that future inflation costs will be paid from investment earnings on these restricted assets.

NOTE 3 – DETAIL NOTES – TRANSACTION CLASSES/ACCOUNTS (continued)

3.G. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY (continued)

However, if investment earnings are inadequate or if additional closure and post-closure care expenditures are deemed necessary due, for example, to changes in technology or applicable laws or regulations, then these costs may need to be covered by charges to future landfill users or from future borrowing.

3.H. INTERFUND BALANCES AND ACTIVITIES

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

Interfund receivables and payables at June 30, 2015 consist of the following:

Receivable Fund	Payable Fund	Amount	Nature of Interfund Balance
Motor Pool	PCUA Fund	$ 71,399	June charges for service
Motor Pool	Airport	6,716	June charges for service
Total		$ 78,115	

	Due from Other Funds	Due to Other Funds	Internal Balance
Reconciliation to Fund Financial Statements:			
Governmental Funds	$ -	-	-
Internal Service Funds	78,115	-	78,115
Enterprise Funds	-	(78,115)	(78,115)
Total	$ 78,115	(78,115)	-

NOTE 3 – DETAIL NOTES – TRANSACTION CLASSES/ACCOUNTS (continued)

3.H. INTERFUND BALANCES AND ACTIVITIES (continued)

Interfund transfers for the year ended June 30, 2015 were as follows:

Transfer to	Transfer from	Amount	Nature of Interfund Balance
Capital Improvement Project	PCUA	$ 400,000	Funding for project
PCUA	Recreation Center Tax	2,057,753	Debt service
Golf Course	General Fund	260,000	To subsidize operations of the enterprise fund
Marland Trust Fund	General Fund	148,378	To subsidize operations of the enterprise fund
Cann Estate Fund	General Fund	47,428	To subsidize operations of the permanent fund
Airport	General Fund	103,446	To subsidize operations of the enterprise fund
Airport	Capital Improvement Project	16,667	To subsidize operations of the enterprise fund
PCUA	Motor Pool	10,000	Funding for information services
General Fund	PCUA	9,378,587	To subsidize operations of the general fund
PCDA	Economic Development	2,156,899	To transfer sales tax collections
PCUA	General Fund	195,000	Funding for information services
Capital Improvement Project	General Fund	150,000	To subsidize operatons of the C.I.P. fund
PCUA	General Fund	85,000	Debt service
		$ 15,009,158	

	Transfers to Other Funds	Transfers from Other Funds	Net Transfers
Reconcilation to fund financial statements:			
Governmental Funds	$ 5,220,571	9,976,015	4,755,444
Internal Service Funds	10,000	-	(10,000)
Enterprise Funds	9,778,587	2,876,244	(6,902,343)
Component Unit	-	2,156,899	2,156,899
Totals	$ 15,009,158	15,009,158	-

Reconciliation to Statement of Activities:	
Net transfers Enterprise Funds	$ 6,902,343
Transfer of capital assets to business-type activities	(4,042,124)
Transfer - internal activity	$ 2,860,219

NOTE 3 – DETAIL NOTES – TRANSACTION CLASSES/ACCOUNTS (continued)

3.I. FUND BALANCES AND NET POSITION

Fund balance is classified as non-spendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which *The City* is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental fund and all other governmental funds are presented as follows as shown on the Governmental Funds Balance Sheet in accordance with GASB Statement 54:

	General Fund	Other Governmental Funds	Total
Fund balances:			
Nonspendable:			
Permanent fund principal	$ -	1,055,919	1,055,919
Restricted for:			
Tourism	-	1,707,819	1,707,819
Rec capital	-	784,459	784,459
Library	-	252,304	252,304
Street improvements	-	2,821,984	2,821,984
Recreation center	-	521,579	521,579
Committed to:			
Operating reserve	2,100,000	-	2,100,000
E-911/Cap	185,465	-	185,465
Assigned to:			
Other purposes	1,890,322	-	1,890,322
Special projects	-	25,649	25,649
Street & alley	-	768,209	768,209
Community development	-	151,713	151,713
Capital improvements	-	2,644,036	2,644,036
Debt service	-	66,566	66,566
Matzene Book	-	451	451
Cann Estate	-	109,296	109,296
Unassigned:	2,146,240	-	2,146,240
Total fund balances	$ 6,322,027	10,909,984	17,232,011

NOTE 3 – DETAIL NOTES – TRANSACTION CLASSES/ACCOUNTS (continued)

3.I. FUND BALANCES AND NET POSITION (continued)

Restricted net position as reported in the Statement of Activities are comprised of the following:

		Enabling Legislation	Statutory Requirements	External Contracts
Restricted Net Position - Governmental Activities:				
E-911	$	185,465	-	-
Special Projects		-	-	25,649
Street & Alley		-	768,209	-
Hotel/Motel Tax		2,492,278	-	-
Community Development		-	-	151,713
Library Grant		-	-	252,304
Street Improvement Project		2,821,984	-	-
Recreation Center Tax		521,579	-	-
Capital Improvement Project		2,644,036	-	-
Debt Service		-	66,566	-
Matzene Book		-	-	50,300
Cann Estate		-	-	1,115,366
Total restricted net position	$	8,665,342	834,775	1,595,332
Restricted Net Position - Business-type Activities:				
Debt Service	$	-	-	4,821,903
Utility meter deposits		-	636,068	-
Total restricted net position	$	-	636,068	4,821,903

NOTE 3 – DETAIL NOTES – TRANSACTION CLASSES/ACCOUNTS (continued)

3.J. PLEDGED FUTURE REVENUES

Utility Net Revenues Pledge – *The City* has pledged the net utility revenues to repay the following notes payable:

Note No.	Amount Pledged
Oklahoma Water Resources Board	
1997A	$ 93,918
1998A	671,279
1999A	533,454
2007SRF	4,063,310
2009A SRF	297,037
2009B SRF	1,497,732
Banc of America Public Capital Corp	
2012A	13,785,000
2012B	5,360,000
Bank of America	
2008	1,895,000

Proceeds from the bonds provided for the purchase and construction of utility systems. The bonds are payable from pledged net utility revenues through 2031. The total principal and interest payable for the remainder of the life of these bonds is $51,924,991. Pledged net utility revenues in the current fiscal year were $22,354,340. Debt service payments of $3,973,015 for the current fiscal year were 18% of total pledged revenues for these notes.

3.K. PRIOR PERIOD ADJUSTMENT

GASB Statement No. 68 that became effective for financial statements for periods beginning after June 15, 2014, required an accounting change to conform to the provisions of this statement. In 2015 the actuary did a comprehensive review of the economic and demographic assumptions used in the valuation. Implementation of GASB 68 required a prior period adjustment of $18,332,621 for governmental activities and $690,499 for business-type activities. After this change net position has been reported as "net position – beginning of year, adjusted."

NOTE 4 – OTHER NOTES

4.A. EMPLOYEE PENSION AND OTHER BENEFIT PLANS

The City of Ponca City, Oklahoma participates in three pension or retirement plans:

- Oklahoma Firefighter's Pension and Retirement System (OFPRS) – a statewide cost-sharing plan
- Oklahoma Police Pension and Retirement System (OPPRS) – a statewide cost-sharing plan
- Single Employer Defined Benefit Plan

Firefighters ' Plan

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

Benefits provided: FPRS provides retirement, disability, and death benefits to members of the plan. Benefits for members hired prior to November 1, 2013 are determined as 2.5 percent of the employee's final average compensation times the employee's years of service for employees who 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 of service.

Benefits for members hired after November 1, 2013 are determined as 2.5 percent of the employee's final average compensation times the employee's years of service for employees who 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 of service.

All firefighters are eligible for immediate disability benefits. For paid firefighters, the disability in-the-line-of-duty benefit for firefighters with less than 20 years of service is equal to 50% of final average monthly compensation, based on the most recent 30 months of service. For firefighters with over 20 years of service, a disability in-the-line-of-duty is calculated based on 2.5% of final average monthly compensation, based on the

NOTE 4 – OTHER NOTES (continued)

4.A. EMPLOYEE PENSION AND OTHER BENEFIT PLANS (continued)

Firefighters' Plan (continued)

most recent 30 months, per year of service, with a maximum of 30 years of service. For disabilities not-in-the-line-of-duty, the benefit is limited to only those with less than 20 years of service and is 50% of final average monthly compensation, based on the most recent 60-month salary as opposed to 30 months. For volunteer firefighters, the not-in-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 contribution requirements of the Plan are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 9% 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 $497,357 (fiscal year contributions). The State of Oklahoma also made on-behalf contributions to FPRS in the amount of $1,222,074 (modified-accrual); these on-behalf payments did not meet the criteria of a special funding situation. For full-accrual reporting, the amount of on-behalf payments made were $1,006,169.

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the City reported a liability of $13,007,400 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. *The City*'s proportion of the net pension liability was based on *The City*'s contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2014. Based upon this information, *The City*'s proportion was 1.2649%.

NOTE 4 – OTHER NOTES (continued)

4.A. EMPLOYEE PENSION AND OTHER BENEFIT PLANS (continued)

Firefighters' Plan (continued)

For the year ended June 30, 2015, the City recognized pension expense of $1,168,237. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 309,920	-
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	1,968,964
Changes in proportion and differences between City contributions and proportionate share of contributions	-	-
City contributions subsequent to the measurement date	497,357	
Total	$ 807,277	1,968,964

$497,357 reported as deferred outflows of resources related to pensions resulting from *City* contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	$ (434,581)
2017	(434,581)
2018	(434,581)
2019	(434,581)
2020	57,660
Thereafter	21,622
Total	$ (1,659,044)

NOTE 4 – OTHER NOTES (continued)

4.A. EMPLOYEE PENSION AND OTHER BENEFIT PLANS (continued)

Firefighters' Plan (continued)

Actuarial Assumptions: The total pension liability was determined by an actuarial valuation as of July 1, 2014, using the following actuarial assumptions, applied to all prior periods included in the measurement:

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

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

The actuarial assumptions used in the July 1, 2014 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:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
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%

NOTE 4 – OTHER NOTES (continued)

4.A. EMPLOYEE PENSION AND OTHER BENEFIT PLANS (continued)

Firefighters' Plan (continued)

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

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Employers' net pension liability	$ 16,985,142	13,007,400	9,672,818

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 .

Police Plan

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

NOTE 4 – OTHER NOTES (continued)

4.A. EMPLOYEE PENSION AND OTHER BENEFIT PLANS (continued)

Police Plan (continued)

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

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

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

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

NOTE 4 – OTHER NOTES (continued)

4.A. EMPLOYEE PENSION AND OTHER BENEFIT PLANS (continued)

Police Plan (continued)

Contributions: The contributions requirements of the Plan are at an established rate determine by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 8% percent of their annual pay. Participating cities are required to contribute 13% of the employees' annual pay. Contributions to the pension plan from *The City* were $369,258. The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of $354,162 during the fiscal year and this is reported as both expense and revenue in the General Fund Statement of Revenues, Expenditures and Changes in Fund Balance. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of $312,641. These on-behalf payments did not meet the criteria of a special funding situation.

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, *The City* reported an asset of $332,521 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2014. *The City's* proportion of the net pension asset was based on *The City's* contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2014. Based on this information, *The City*'s proportional share was 0.9876 percent.

For the year ended June 30, 2015, *The City* recognized pension expense of $121,882. At June 30, 2015, *The City* reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTE 4 – OTHER NOTES (continued)

4.A. EMPLOYEE PENSION AND OTHER BENEFIT PLANS (continued)

Police Plan (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	149,392
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	1,168,759
Changes in proportion and differences between City contributions and proportionate share of contributions	-	-
City contributions subsequent to the measurement date	369,058	-
Total	$ 369,058	1,318,151

$369,258 reported as deferred outflows of resources related to pensions resulting from *City* contribution s subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	$ 323,120
2017	323,120
2018	323,120
2019	323,120
2020	25,672
Total	$ 1,318,151

NOTE 4 – OTHER NOTES (continued)

4.A. EMPLOYEE PENSION AND OTHER BENEFIT PLANS (continued)

Police Plan (continued)

Actuarial Assumptions: The total pension liability was determined by an actuarial valuation as of July 1, 2014, using the following actuarial assumptions, applied to all prior periods included in the measurement:

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

The actuarial assumptions used in the July 1, 2014, 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 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:

NOTE 4 – OTHER NOTES (continued)

4.A. EMPLOYEE PENSION AND OTHER BENEFIT PLANS (continued)

Police Plan (continued)

Asset Class	Long-term Expected Real Rate of Return
Fixed income	2.83%
Domestic equity	6.47%
International equity	6.98%
Real estate	5.50%
Private equity	5.96%
Commodities	3.08%

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

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

NOTE 4 – OTHER NOTES (continued)

4.A. EMPLOYEE PENSION AND OTHER BENEFIT PLANS (continued)

Police Plan (continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the employers calculated using the discount rate of 7.5%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Employers' net pension liability (asset)	$ 1,978,404	(332,521)	(2,280,102)

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

Ponca City Employees Retirement System – Single Employer, Defined Benefit Pension Plan

Plan Description, Contribution Information and Funding Policies

The City contributes to *The City of Ponca City, Oklahoma* Employees Retirement System (the "System"), which is a single-employer defined benefit pension plan controlled by the provisions of Group Contract adopted pursuant to City Ordinance. The plan is governed by *The City of Ponca City, Oklahoma* which may amend plan provisions, and which is responsible for the management of the plan assets. *The City of Ponca City, Oklahoma* has delegated the authority to manage certain plan assets to Principal Life Insurance Company. All non-union full-time *City* employees who have attained the age of 21 are eligible to participate in the System after one year of service.

NOTE 4 – OTHER NOTES (continued)

4.A. EMPLOYEE PENSION AND OTHER BENEFIT PLANS (continued)

Ponca City Employees Retirement System – Single Employer, Defined Benefit Pension Plan (continued)

The System has an actuarial valuation performed annually to determine if *The City's* fixed contribution rate is adequate to fund the actuarially determined contribution requirement. The System does not issue separate annual financial reports, however a Statement of Fiduciary Net Position is in the Basic Financial Statements section as of June 30, 2015.

NOTE 4 – OTHER NOTES (continued)

4.A. EMPLOYEE PENSION AND OTHER BENEFIT PLANS (continued)

Ponca City Employees Retirement System – Single Employer, Defined Benefit Pension Plan (continued)

A measurement date of 12/31/2014 has been used for the fiscal year ending 6/30/2015.

Statement of Fiduciary Net Position

ASSETS	**6/30/2015**	**6/30/2014**
Cash and cash equivalents	$ -	
RECEIVABLES		
Employer contributions receivable	-	
Employee contributions receivable	-	
Investment income receivable	-	
Total receivables	-	
INVESTMENTS		
Large U.S. equity	12,432,165	
Small/Mid U.S. equity	-	
International equity	3,720,147	
Balanced/asset allocation	-	
Short-term fixed income	-	
Fixed income	6,590,352	
Other	-	
Assets held outside principal	-	
Total investments	22,742,664	
Assets used in plan operations	-	
Total Assets	$ 22,742,664	
LIABILITIES		
Benefits payable	$ -	
Refunds of EE contributions payable	-	
Accrued expenses payable	-	
Accrued invest fees payable	-	
Total liabilities	-	
FIDUCIARY NET POSITION		
Fiduciary net position	$ 22,742,664	21,578,763

NOTE 4 – OTHER NOTES (continued)

4.A. EMPLOYEE PENSION AND OTHER BENEFIT PLANS (continued)

Ponca City Employees Retirement System – Single Employer, Defined Benefit Pension Plan (continued)

A measurement date of 12/31/2014 has been used for the fiscal year ending 6/30/2015.

Statement of Fiduciary Net Position (continued)

Additions:	**6/30/2015**
Contributions:	
Employer contributions	$ 664,955
Other contributions	-
Total contributions	664,955
Net Investment Income:	
Investment return	1,667,346
Other income	-
Investment expenses	-
Net investment income	1,667,346
Total additions	2,332,301
Deductions:	
Benefit payments	1,145,393
Administration expenses	23,006
Other expenses	-
Other deductions	-
Total deductions	1,168,399
Net Change:	
Net change	1,163,902
Fiduciary Net Position:	
Beginning of period	$ 21,578,763
End of period	$ 22,742,665

NOTE 4 – OTHER NOTES (continued)

4.A. EMPLOYEE PENSION AND OTHER BENEFIT PLANS (continued)

Ponca City Employees Retirement System – Single Employer, Defined Benefit Pension Plan (continued)

A measurement date of 12/31/2014 has been used for the fiscal year ending 6/30/2015.

Statement of Changes in Net Pension Liability

	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
Balance, beginning of period	$ 26,950,325	21,578,763	5,371,562
Changes for the year:			
Service cost	361,995	-	361,995
Interest	1,936,407	-	1,936,407
Benefit payments	(1,145,393)	(1,145,393)	-
Differences between expected and actual experience	252,776	-	252,776
Changes in assumptions	902,741	-	902,741
Changes in benefit terms	-	-	-
Employer contributions	-	664,955	(664,955)
Other contributions	-	-	-
Net investment income	-	1,667,346	(1,667,346)
Administration expenses	-	(23,006)	23,006
Other expenses	-	-	-
Other deductions	-	-	-
Net Changes:			
Net changes	2,308,526	1,163,902	1,144,624
Balance, end of period	$ 29,258,851	22,742,665	6,516,186

NOTE 4 – OTHER NOTES (continued)

4.A. EMPLOYEE PENSION AND OTHER BENEFIT PLANS (continued)

Ponca City Employees Retirement System – Single Employer, Defined Benefit Pension Plan (continued)

Sensitivity to Changes in Discount Rate

	1% decrease 6.25%	Discount Rate 7.25%	1% Increase 8.25%
Net pension liability	$ 10,369,949	6,516,186	3,313,963

The pension expense for the fiscal year ended 6/30/2015 is $1,028,609.

Interest Cost	
Using 7.25% discount rate…	
On $26,950,325 total pension liability	$ 1,953,898
On $361,995 service cost	26,245
Adjustment for benefit distributions of $1,145,393	(43,736)
Interest Cost	$ 1,936,407

Expected Investment Income	
Using 7.25% long-term rate of return…	
on $21,578,763 fiduciary net position	$ (1,564,460)
Adjustment for benefit distributions of $1,145, 393	43,736
Adjustment for administration expenses of $23,006	761
Adjustment for other expenses of $0	-
Adjustment for other deductions of $0	-
Adjustment for employer contributions $664,955	(23,610)
Expected Investment Income	$ (1,543,573)

NOTE 4 – OTHER NOTES (continued)

4.A. EMPLOYEE PENSION AND OTHER BENEFIT PLANS (continued)

Ponca City Employees Retirement System – Single Employer, Defined Benefit Pension Plan (continued)

Components of Pension Expense for Fiscal Year Ending 6/30/15

Pension Expense:	
Service cost	$ 361,995
Interest cost	1,936,407
Expected investment income	(1,543,573)
Administrative expenses	23,006
Other expenses	-
Other deductions	-
Changes in benefit provisions	-
Recognition of Deferred Outflows and Inflows due to:	
Differences between expected and actual experience	64,649
Changes in assumptions	230,880
Differences between expected and actual investment earnings	(24,755)
Total pension expense	$ 1,048,609
Rates used to determine pension expense:	
Discount rate	7.25%
Long-term rate of return	7.25%

NOTE 4 – OTHER NOTES (continued)

4.A. EMPLOYEE PENSION AND OTHER BENEFIT PLANS (continued)

Ponca City Employees Retirement System – Single Employer, Defined Benefit Pension Plan (continued)

Statement of Deferred Outflows and Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 188,127	-
Effects of changes in assumptions	671,861	-
Net differences between expected and net investment income	-	(99,018)
Employer contributions made after measurement date	333,902	760,970
Total deferred outflows and inflows of resources	$ 859,988	(99,018)

$333,902 reported as deferred outflows of resources related to pension resulting from *City* contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.

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

Fiscal Year Ending 6/30	Amount to be Recognized
2016	$ 270,774
2017	270,774
2018	244,175
2019	(24,753)
2020	-
Thereafter	-

NOTE 4 – OTHER NOTES (continued)

4.A. EMPLOYEE PENSION AND OTHER BENEFIT PLANS (continued)

Ponca City Employees Retirement System – Single Employer, Defined Benefit Pension Plan (continued)

Recognition of Deferred Outflows and Inflows

Date Established	Type	Initial Balance	Current Amount Recognized	Deferred Balance	Upcoming Amount Recognized	Years Remaining
6/30/2015	Experience	$ 252,776	64,649	188,127	64,649	2.91
6/30/2015	Assumption	902,741	230,880	671,861	230,880	2.91
6/30/2015	Investment income	(123,773)	(24,755)	(99,018)	(24,755)	4
Total		$ 1,031,744	270,774	760,970	270,774	

Summary of Significant Accounting Policies

Method used to value investments
Investments are valued as of the measurement date.

Investments in separate accounts held at The Principal Financial Group are commingled pools, rather than individual securities and are valued at fair market value.

Investments in the General Investment Account at The Principal Financial Group are valued at contract value, per GASB Statement 31 paragraph 8. Contract value represents contributions made under the contract, plus interest at the contract rate, less funds used to pay benefit or administrative expenses.

Net Fiduciary Position
For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense for *City of Ponca City*, the information about the fiduciary net position of the City of Ponca City Retirement Plan and additions to/deductions from City of Ponca City Retirement Plan's fiduciary net position have been determined on the same basis.

NOTE 4 – OTHER NOTES (continued)

4.A. EMPLOYEE PENSION AND OTHER BENEFIT PLANS (continued)

Ponca City Employees Retirement System – Single Employer, Defined Benefit Pension Plan (continued)

Plan Description

Plan Description

City of Ponca City Retirement Plan is a single-employer defined benefit pension plan sponsored by *City of Ponca City*.

There are no employer contributing entities, as defined by GASB 67 and 68, for this plan.

There are no special funding situations, as defined by GASB 67 and 68, for this plan.

Plan Administration

The City Commission has the authority to establish and amend benefit terms by City Ordinance. The City Commission consists of five elected members.

Plan Membership

	6/30/2015
Active plan members	205
Inactive plan members entitled to but not yet receiving benefits	129
Disabled plan members entitled to benefits	10
Retired plan members or beneficiaries currently receiving benefits	162
Total	506

Benefits Provided

This report reflects the maximum benefit limits under Internal Revenue Code (IRC) Section 415 and maximum compensation limits under IRC Section 401 in effect on the first day of each plan year.

The following is a summary of plan provisions and does not alter the intent or meanings of the provisions contained in the contract or plan document. This report reflects the provisions of the plan signed December 22, 2008 through amendment 1, signed December 12, 2011.

NOTE 4 – OTHER NOTES (continued)

4.A. EMPLOYEE PENSION AND OTHER BENEFIT PLANS (continued)

Ponca City Employees Retirement System – Single Employer, Defined Benefit Pension Plan (continued)

Plan Eligibility

Age Attained age 21.

Service One year of service.

Class A full-time employee who is employed on a regularly established work schedule for an indefinite period of time, for no less than 40 hours per week or 2,080 hours per year. The employee is not considered part-time, temporary or seasonal. The employee is not covered under another *City* sponsored retirement plan or not employed on a contractual or fee basis.

As of January 1, 2006 employees previously excluded due to promotion to a management position under City SOP#19 may use service up to 30 years and use final average compensation for benefit calculation.

Normal Retirement Benefit

Age Attained age 65 with 5 years of plan participation.

Form Monthly annuity payable for life (optional forms may be elected in advance of retirement).

Automatic Form For a married participant or a participant with dependent children who does not elect an optional benefit form, the life annuity will be paid in the form of a 50% joint and survivorship annuity without actuarial reduction. The death benefit is paid to the spouse or equally to dependent children until the spouse's death or until the youngest dependent child reaches age 18.

NOTE 4 – OTHER NOTES (continued)

4.A. EMPLOYEE PENSION AND OTHER BENEFIT PLANS (continued)

Ponca City Employees Retirement System – Single Employer, Defined Benefit Pension Plan (continued)

Normal Retirement Benefit
(continued)

Amount (accrued benefit)	1 2/3% of average compensation multiplied by accrual service not to exceed 30 years.

Early Retirement Benefit

Age	Attained age 55.
Service	Completed 10 years of vesting service.
Form	Same as Normal Retirement Benefit
Amount	Accrued benefit on Early Retirement Date reduced by 5% for each year up to ten years.

Late Retirement Benefit

Age	No maximum age
Form	Same as Normal Retirement Benefit.
Amount	Greater of Accrued Benefit on Late Retirement Date or Accrued Benefit on Normal Retirement Date actuarially increased to Late Retirement Date.

NOTE 4 – OTHER NOTES (continued)

4.A. EMPLOYEE PENSION AND OTHER BENEFIT PLANS (continued)

Ponca City Employees Retirement System – Single Employer, Defined Benefit Pension Plan (continued)

Termination Benefit

Vesting Percentage 50% after five years of vesting service, plus 10% each year thereafter, up to 100%.

Form Same as Normal Retirement Benefit with income deferred until Normal Retirement Date.

Amount Accrued benefit on date of termination multiplied by the Vesting Percentage.

Disability Benefit

Service Ten years of vesting service and not receiving workers compensation benefits other than a single sum payment for bodily injuries.

Form Monthly income payable until normal retirement, death, or recovery and a deferred annuity payable at the Normal Retirement Date.

Amount Accrued benefit on date of disability.

Survivor Annuity Death Benefit

Eligibility Participant fully or partially vested in an Accrued Benefit and survived by a spouse or dependent child.

Form Monthly annuity payable to spouse or beneficiary, deferred to participant's Earliest Retirement Date if later than the date of death.

Amount If death occurs, the amount paid to the surviving spouse or beneficiary is equal to the amount that would have been paid had the participant terminated employment on the date of death and survived to his/her earliest retirement age, retired under Automatic Benefit Form, then died the next day.

NOTE 4 – OTHER NOTES (continued)

4.A. EMPLOYEE PENSION AND OTHER BENEFIT PLANS (continued)

Ponca City Employees Retirement System – Single Employer, Defined Benefit Pension Plan (continued)

Survivor Annuity Death Benefit
(continued)

Definitions

Average Compensation The monthly average of total pay received for the 60 latest consecutive months, excluding any months the participant was receiving worker's compensation.

Prior to January 1, 2006, average compensation did not include any months after promotion to one of 16 management positions outlined in the City SOP #19.

Accrual Service Total employee continues service expressed in whole years and fractional parts of a year counting a complete month as a fractional part of a year.

Optional Forms of Benefit Payments The optional forms of benefit payments are:

- Monthly annuity payable for life, or 5, 10 or 15 years certain and life
- Monthly annuity payable as a survivorship life annuity with survivorship percentages of 50, 66 2/3, 75 or 100
- Month annuity payable for life with Social Security adjustment option.

There have been no changes in plan provisions during the measurement period.

There have been no changes in plan provisions between the December 31, 2014 measurement date and the end of the June 30, 2015 reporting period.

NOTE 4 – OTHER NOTES (continued)

4.A. EMPLOYEE PENSION AND OTHER BENEFIT PLANS (continued)

Ponca City Employees Retirement System – Single Employer, Defined Benefit Pension Plan (continued)

Plan Description (continued)

Changes in Net Pension Liability: The total pension liability was determined based on an actuarial valuation performed as of December 31, 2014, which is also the measurement date. There were no changes in assumptions or changes in benefit terms that affected measurement of the total pension liability. There were also no changes between the measurement date of December 31, 2014 and the City's report ending date of June 30, 2015, that would have had a significant impact on the net pension liability.

Contributi ons

The basis for determining contributions is an actuarially determined contribution rate that is calculated each year in the plan's Actuarial Valuation Report. The actuarially determined contribution rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with additional amounts to finance any unfunded accrued liability and plan administrative expenses. The rate set by City Ordinance for the fiscal year ended June 30, 2015 was 7.00%.

The actuarially determined contribution for the measurement period ending December 31, 2014 is $1,337,619.

The actuarially determined contribution for the upcoming measurement period ending December 31, 2015 is $1,171,600.

As of September 8, 2015, $463,000 in employer contributions have been received by the plan for the upcoming measurement period.

NOTE 4 – OTHER NOTES (continued)

4.A. EMPLOYEE PENSION AND OTHER BENEFIT PLANS (continued)

Ponca City Employees Retirement System – Single Employer, Defined Benefit Pension Plan (continued)

Plan Description (continued)

The City Commission has the authority to establish and amend contribution requirements.

The City contributions made after the December 31, 2014 measurement date of the net pension liabilities and $333, 902 before the end of the June 30, 2015 reporting period as deferred outflows of resources.

Investment Policy

A measurement date of December 31, 2014 has been used for the fiscal year ending June 30, 2015.

Large U.S. Equity		
Principal Global Investors	LargeCap S&P 500 Index SA-R6	$ 12,432,165
International Equity		
Principal Global Investors	Diversified Intl Sep Acct-R6	3,720,147
Fixed Income		
Principal Global Investors	Bond and Mortgage Sep Acct-R6	1,823,193
	General Investment	4,767,160
Ending balance		$ 22,742,665

A general listing of plan assets as of the measurement date is shown here, but additional disclosure may be appropriate. You should obtain information on investment options from the applicable investment manager or sponsor.

City Commission Policy Statement 18 sets up how funds are to be invested by Principal Financial Group.

NOTE 4 – OTHER NOTES (continued)

4.A. EMPLOYEE PENSION AND OTHER BENEFIT PLANS (continued)

Ponca City Employees Retirement System – Single Employer, Defined Benefit Pension Plan (continued)

Plan Description (continued)

Concentrations

As of the measurement date, the following are investment (other than US Government and US Government guaranteed obligations) in any one organization that represents 5 percent or more of the pension plan's fiduciary net position. $22,742,665 x 0.05 = $1,137,133.

Principal Financial Group	$ 22,742,665

Money-weighted Rate of Return

The money-weighted rate of return is calculated as a rate of return on pension plan investments incorporating the actual timing and amount of cash flows. This return is calculated net of investment expenses.

The annual money-weighted rate of return on plan investments for the measurement period of January 1, 2014 to December 31, 2014 is 7.83%.

The actual date and amount of each contribution, benefit payment and administrative expense payment was used in the calculation of the money-weighted rate of return. Please refer to the List of Transactions in the pension plan's fund statement for details.

	Amount	Interest	Amount with Interest
Fiduciary net position, beginning	$ 21,578,763	1,689,889	23,268,652
Total benefit payments	(1,145,393)	(47,202)	(1,192,595)
Total contributions	664,955	25,480	690,435
Total administrative expenses	(23,006)	(821)	(23,827)
Fiduciary net position, ending			$ 22,742,665

NOTE 4 – OTHER NOTES (continued)

4.A. EMPLOYEE PENSION AND OTHER BENEFIT PLANS (continued)

Ponca City Employees Retirement System – Single Employer, Defined Benefit Pension Plan (continued)

Plan Description (continued)

Receivables

There are no receivables from any long-term contracts for contributions.

There were no significant investment policy changes during the reporting period.

Allocated Insurance Contracts

No annuities were purchased for plan members during the measurement period.

Reserves

There are no reserves set aside for purposes such as benefit increases or reduced employer contributions, a portion of the pension plan's fiduciary net position that otherwise would be available for existing pensions or for pension plan administration.

Deferred Retirement Option Program (DROP)

The pension plan does not provide for DROP benefits.

Net Pension Liability

Cost Method

The entry age actuarial cost method is used for this disclosure. Under this method, the present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the earnings between entry age and assumed exit age(s). The portion of the present value allocated to a year is the service cost. Projected benefits are based on projected salary and projected service.

NOTE 4 – OTHER NOTES (continued)

4.A. EMPLOYEE PENSION AND OTHER BENEFIT PLANS (continued)

Ponca City Employees Retirement System – Single Employer, Defined Benefit Pension Plan (continued)

Net Pension Liability
(continued)

Measurement date

A measurement period of January 1, 2014 to December 31, 2014 has been used for the plan year December 31, 2014 for GASB 67 reporting and for the fiscal year ending June 30, 2015 for GASB 68 reporting.

The net pension liability reported for *City of Ponca City*'s fiscal year end of June 30, 2015 was measured as of December 31, 2014, using the total pension liability that was determined by an actuarial valuation as of December 31, 2014.

Assumptions

Assumptions and Methods Prescribed by GASB used to Determine the Total Pension Liability and the Discount Rate

Asset Method	Market value of assets held in separate accounts and contract value of assets held in General Account, as of the measurement date.
Discount Rate and Basis	**Beginning of period**: 7.25% Long-term rate of return assumption **End of period:** 7.25% Long-term rate of return assumption for periods when projected assets are greater than projected benefit payments, municipal bond rate for periods when projected assets are less than projected benefit payments.

NOTE 4 – OTHER NOTES (continued)

4.A. EMPLOYEE PENSION AND OTHER BENEFIT PLANS (continued)

Ponca City Employees Retirement System – Single Employer, Defined Benefit Pension Plan (continued)

Assumptions and Methods Prescribed by GASB used to Determine the Total Pension Liability and the Discount Rate
(continued)

Muni Bond Rate and Basis	4.05% Barclays Municipal GO Long Term (17+ Y) Index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher, as of the measurement date.
Cost Method	Entry Age cost method, level percent of pay. Attribution is made on an individual basis, beginning with the first period in which the employee's service accrues pension benefit through all assumed exit ages, through retirement.
Participant Group	The active, deferred vested and retiree census is as of December 31, 2014. No new participants join the group during the projection period.
Long-term Rate of Return on Plan Assets	7.25% The interest rate is developed as a long-term expected geometric return on plan assets. Arithmetic expected return is calculated as the weighted average of broad asset classes' arithmetic returns of the plan's target asset allocation, and then converted to the geometric under lognormal distribution assumption. See Long-Term Capital Market Assumptions 2014 for additional information.

NOTE 4 – OTHER NOTES (continued)

4.A. EMPLOYEE PENSION AND OTHER BENEFIT PLANS (continued)

Ponca City Employees Retirement System – Single Employer, Defined Benefit Pension Plan (continued)

Assumptions and Methods Selected by Actuary used to Determine the Total Pension Liability and the Discount Rate

Retirement Active and inactive participants are assumed to retire at normal retirement age, as defined in Summary of Plan Provisions.

This assumption is based on the results of recent experience analysis and anticipated future experience.

Inflation 2.25% increase per year

See Long-Term Capital Market Assumptions for additional information.

Upcoming Salary Increases Table S-5 from the Actuary's Pension Handbook plus 1.00%.

Selected rates of increase are shown below:

Age	Upcoming Increase
25	5.18%
40	3.72%
55	2.88%

Expected salary increase is composed of salary inflation, a real wage growth and a merit increase.

Compensation Limit Increase 2.25% increase per year.
Compensation limit increase should be consistent with the inflation assumption.

NOTE 4 – OTHER NOTES (continued)

4.A. EMPLOYEE PENSION AND OTHER BENEFIT PLANS (continued)

Ponca City Employees Retirement System – Single Employer, Defined Benefit Pension Plan (continued)

Assumptions and Methods Selected by Actuary used to Determine the Total Pension Liability and the Discount Rate
(continued)

Mortality Rates: Total mortality rates as of 2007 from SOA RP-2014 study (baseline 2006 table trued up to 2007 with actual improvement rate).

Mortality Improvement: RPEC_2014 model beyond 2007 with following assumptions:

- Convergence period of 10-years
- Long-term mortality improvement is the sex-distinct and the age-based assumption calibrated to the annual improvement averages, for the period 2010-2088 published in the Social Security Administration (SSA) Trustees report for 2014.

Long-Term Mortality Improvements Rates (averages 2010-2088 in SSA Trustees 2014 Report)

Age Group	Male	Female
15-49	0.89%	0.91%
50-64	1.09%	1.11%
65-84	0.92%	0.83%
85+	0.59%	0.53%
65+	0.77%	0.68%
Total	0.84%	0.77%

NOTE 4 – OTHER NOTES (continued)

4.A. EMPLOYEE PENSION AND OTHER BENEFIT PLANS (continued)

Ponca City Employees Retirement System – Single Employer, Defined Benefit Pension Plan (continued)

Assumptions and Methods Selected by Actuary used to Determine the Total Pension Liability and the Discount Rate
(continued)

During Benefit Payment Period
Above table, annuitant, male and female.

Before Benefit Payment Period
Above table, non-annuitant, male and female.

See Interim Recommendation on Mortality Assumption for additional information.

Disability 1987 Commissioner's Group Disability Table, six month elimination period, male and female.

We rely on a publicly published table due to the limited size of the plan. The 1987 CGDT was recommended by the Society of Actuaries for pension valuation purposes.

Withdrawal 2003 Society of Actuaries Small Plan Age Table, multiplied by 0.70.

We rely on a publicly published table due to the limited size of the plan. The SOA Small Age Table is the most recent withdrawal experience table published by the Society of Actuaries. A multiplier of 0.70 is applied to this table to reflect the results of the most recent experience analysis and anticipated future experience.

Marriage 75% married; male is 3 years older than the female.

This assumption is based on the results of recent experiences analysis and anticipated future experience. This assumption does not have material impact on the results of this report and has been selected based on our best estimate of active workforce.

NOTE 4 – OTHER NOTES (continued)

4.A. EMPLOYEE PENSION AND OTHER BENEFIT PLANS (continued)

Ponca City Employees Retirement System – Single Employer, Defined Benefit Pension Plan (continued)

Assumptions and Methods Selected by Actuary used to Determine the Total Pension Liability and the Discount Rate
(continued)

Form of Benefit Participants are assumed to receive their benefits on the normal form at the assumed retirement age.

Retirees Assets and liabilities for current and future retirees are included.

Funding Policy for Employer Contributions Assume 60% of the estimated Actuarially Determined Contribution amount is contributed midway during projection period with an increase of 5% per year.

Future Employer Contributions Assumed employer contributions are equal to:

- Employer contribution is assumed to continue at 4.75% of payroll throughout the projection period with an increase of 5% per year. This is based on the January 1, 2015 Actuarial Valuation Report.
- Current bases as of the January 1, 2015 Actuarial Valuation Report will continue to be amortized over their remaining periods. No future experience bases will be established as experience is assumed to match projection assumptions. No future assumption bases will be established as no assumptions changes are made during the project period. No future benefit change bases will be established as no future benefit changes are assumed.
- Expenses are assumed to start at $23,006 and grow with the inflation assumption throughout the projection period. This is the best estimate available of upcoming years' expenses.

NOTE 4 – OTHER NOTES (continued)

4.A. EMPLOYEE PENSION AND OTHER BENEFIT PLANS (continued)

Ponca City Employees Retirement System – Single Employer, Defined Benefit Pension Plan (continued)

Assumptions and Methods Selected by Actuary used to Determine the Total Pension Liability and the Discount Rate
(continued)

The beginning of period total pension liability was determined using the same assumptions and methods, with the exception of the changes noted below.

In 2015 we did a comprehensive review of the economic and demographic assumptions used in the valuation.

- The mortality table has been changed from IRS Prescribed Mortality – Optional Combined table for Small Plans to PFG Final Recommendation (April 2015)
- Marriage percentage has been changed from 80% to 75%.

NOTE 4 – OTHER NOTES (continued)

4.A. EMPLOYEE PENSION AND OTHER BENEFIT PLANS (continued)

Ponca City Employees Retirement System – Single Employer, Defined Benefit Pension Plan (continued)

Long-term rate of return

The expected long-term rate of return assumption as of the end of period is 7.25%

The actual weighted average asset allocation for the four quarterly dates from March 31, 2014 to December 31, 2014 is used as an approximation of the plan's target asset allocation over the upcoming period, and is shown below. Based on this analysis we believe the assumption selected is in the range of reasonable rates that could be used for this period.

Asset Class	Expected Arithmetic Return	Expected Geometric Return	Target Allocation %
US Equity - Large Cap	8.80%	7.45%	52.98%
Non-US Equity	9.20%	7.45%	17.30%
Core Bond	4.25%	4.15%	29.72%
			100.00%
Exp LRTOA (arithmetic mean)			7.52%
Portfolio Standard Deviation			11.99%
40th percentile			6.02%
45th percentile			6.44%
Expected compound return			6.85%
55th percentile			7.27%
60th percentile			7.69%
Equity fixed income/other			70%/30%/0%

Basis used to determine expected long-term return on plan assets

The expected long-term return on plan assets assumption was developed as a weighted average rate based on the target asset allocation of the plan and the Long-term Capital Market Assumptions (CMA) 2014. The capital market assumptions were developed with a primary focus on forward-looking valuation models and market indicators. The key fundamental economic inputs for these models are future inflation, economic growth, and

NOTE 4 – OTHER NOTES (continued)

4.A. EMPLOYEE PENSION AND OTHER BENEFIT PLANS (continued)

Ponca City Employees Retirement System – Single Employer, Defined Benefit Pension Plan (continued)

Basis used to determine expected long-term return on plan assets (continued)

interest rate environment. Due to the long-term nature of the pension obligations, the investment horizon for the CMA 2014 is 20-30 years. In addition to forward-looking models, historical analysis of market data and trends was reflected, as well as the outlook of recognized economists, organizations and consensus CMA from other credible studies.

Capital market modeling assumptions

The Capital Market Assumptions used in our model were developed focusing on forward-looking market indicators and valuation models, as well as utilizing the analysis of historical date and trends, the outlook and forecasts from credible economic studies, and investment expert opinions. See Long-Term Capital Market Assumptions 2014 for additional information.

The expected long-term rate of return assumption as of the beginning of period is 7.25%.

Discount Rate

The discount rate used to determine the end of period total pension liability is 7.25%.

The plan's fiduciary net position and benefit payments were projected to determine if the plan's fiduciary net position was greater than or equal to the expected benefit payments for each period from 2014 to 2112. Benefit payments after 2112 are projected to be $0.

The long-term rate of return of 7.25% is used to calculate the actuarial present value of projected payments for each future period when the projected Fiduciary Net Position is greater than the projected expected benefit payments. Otherwise, a municipal bond rate of 4.05% is used. The municipal bond rate is from Barclays Municipal GO Long Term (17+ Y) Index, which includes 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher securities, as of the 12/31/2014 measurement date. The discount rate is a single rate that incorporates the long-term rate of return and municipal bond rate as described.

NOTE 4 – OTHER NOTES (continued)

4.A. EMPLOYEE PENSION AND OTHER BENEFIT PLANS (continued)

Ponca City Employees Retirement System – Single Employer, Defined Benefit Pension Plan (continued)

Discount Rate (continued)

The discount rate used to determine the beginning of period total pension liability is 7.25%.

GASB No. 3, as amended by GASB No. 40, requires government entities to disclose certain risks associated with the plan's deposits and investments. GASB 53 requires investment derivative instruments be reported at fair value and disclosed according to GASB 40 requirements. NOTE: Effective durations are updated quarterly.

Deposits The plan held no deposits as of the measurement date.

Investment Rate Risk The effective duration is shown in years. A general listing of plan assets as of the current measurement date is shown in Additional Information – Detail of Plan Assets by Category.

NOTE 4 – OTHER NOTES (continued)

4.A. EMPLOYEE PENSION AND OTHER BENEFIT PLANS (continued)

Ponca City Employees Retirement System – Single Employer, Defined Benefit Pension Plan (continued)

Discount Rate (continued)

	Effective duration as of 12/31/2014 for measurement date of 12/31/2014
Fixed Income Investment Options	
General account at contract value	5.08
Core Plus Bond I Separate Account	5.07
Principal Bond and Mortgage Separate Account	5.43
Principal Government & High Quality Bond Separate Account	5.37
Principal Inflation Protection Separate Account	7.32
Principal High Yield I Separate Account	4.03
Principal Income Separate Account	5.29
Principal Short Term Income Separate Account	1.9
Principal Preferred Securities Separate Account	6.12
Principal LDI Long Duration Separate Account	13.83
Principal Money Market Separate Account 1	0.13
U.S. Property Separate Account 2	n/a
Principal Bond Market Index Separate Account	5.54
Principal LDI Short Duration Separate Account	2.71
Principal LDI Intermediate Duration Separate Account	6.9
Principal LDI Extended Duration Separate Account	25.93

1) Principal Money Market Separate Account is shown in average weighted maturity.
2) U.S Property Separate Account is subject to investment and liquidity risk and other risks inherent in real estate such as those associated with general and local economic conditions. Therefore, an effective duration is not calculated.

For more performance information, including most recent month-end performance, visit the Principal Sponsor Service Center at www.Principal.com , or contact your representative of The Principal, or call our Client Contact Center at 1-800-547-7754.

NOTE 4 – OTHER NOTES (continued)

4.A. EMPLOYEE PENSION AND OTHER BENEFIT PLANS (continued)

Ponca City Employees Retirement System – Single Employer, Defined Benefit Pension Plan (continued)

Credit Risk

Separate accounts held at The Principal Financial Group are commingled pools, rather than individual securities. As a result, these accounts are not rated. Accounts held at The Principal Financial Group are not subject to concentration of credit risk, custodial credit risk or foreign currency risk.

Derivatives

Separate accounts held at The Principal Financial Group may use derivatives as part of their investment strategy. These accounts are commingled pools, rather than individual securities.

Other Post-employment Benefit

Plan Description: In addition to providing pension benefits, *The City* provides post-retirement benefit options for certain health care benefits for retired employees, terminated employees and their dependents that are not eligible for Medicare. The benefits are provided in accordance with State law, police and firefighter's union contracts and the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). Substantially all of the government's employees may become eligible for those post-retirement benefits if they reach normal retirement age while working for *The City*.

Funding Policy: The City incurs no costs for such benefits since all premiums are paid by the retirees.

NOTE 4 – OTHER NOTES (continued)

4.A. EMPLOYEE PENSION AND OTHER BENEFIT PLANS (continued)

Ponca City Employees Retirement System – Single Employer, Defined Benefit Pension Plan (continued)

Other Post-employment Benefit (continued)

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

OPEB	
Annual Amortization (30 years level payments)	$ 17,708
Normal Cost	18,124
Annual Required Contribution (ARC)	$ 35,832
OPEB liability (accrued actuarial liability) at July 1, 2014	$ 306,265

The City's significant OPEB calculations for 2015 are as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Accrued Liability (AAL) (b)	Unfunded AAL (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll [(b - a) / c]
7/1/2012	$ -	446,201	446,201	0.00%	10,295,051	4.3%
7/1/2014	-	306,265	306,265	0.00%	9,103,702	3.4%

NOTE 4 – OTHER NOTES (continued)

4.A. EMPLOYEE PENSION AND OTHER BENEFIT PLANS (continued)

Ponca City Employees Retirement System – Single Employer, Defined Benefit Pension Plan (continued)

Other Post-employment Benefit (continued)

Actuarial Assumptions:

Discount rate	4.0%
Health care cost trend rate	8% in Year 1 reducing 0.5% per year for 6 years, reaching 5.0% in Year 6 and after
Participant contribution trend rate	2.5%
Mortality	IRS 2008 Small Plan combined static mortality
Termination and Retirement rates	Representative rates vary by age and 20 years of service

Actuarial Method:

The actuarial funding method chosen will determine the allocation of costs. For example, one method may allocate all costs between now and the time a member is fully eligible to retire whereas another method may allocate all costs between now and the time a member is expected to retire (several years after retirement eligibility). One method might allocate costs as a level dollar amount while another might allocate costs as a level percentage of payroll. Using a different method will provide slightly different results. In short, different methods will relatively frontload the costs or backload the costs.

GASB allows the selection of one of six different actuarial methods. The method selected for this report was the projected unit credit (PCU) actuarial cost method. This is the method required by FASB 106 in the private. PCU is known to backload costs compared with the Entry Age Normal cost method. This is reasonable to do for OPEB liabilities, which are "soft liabilities" because it allows for the realization of the assumptions before most payments are made.

GASB also allows for the selection of the amortization period (not to exceed thirty years). A longer amortization period means that the unfunded liability is being smoothed, and funded, over a longer period of time. This can be compared to a mortgage being paid off over a longer period of time (lower payments, but more interest). Thirty years was selected as the amortization period for this report.

NOTE 4 – OTHER NOTES (continued)

4.B. RISK MANAGEMENT

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

The City manages these various risks of loss as follows:

Type of Loss	Method Managed	Risk of Loss Retained
a. General Liability: - Torts - Errors and omissions - Police liability - Vehicle	Purchased insurance with Oklahoma Municipal Assurance Group	None
b. Physical Property: - Theft - Damage to assets - Natural disasters	Purchased insurance with $50,000 deductible	None
c. Workers Compensation: - Employee injuries	Self-insured with third-party administration of the claims process. Insurance Fund used to account for activities with participating funds charged through an estimated annual claim cost for each fund. Administered by United Safety Claims.	Entire risk of loss retained.
d. Health and Life: - Medical - Dental	Self-insured with City paying a portion of health care premiums, and all of life and disability premiums. Administered by UMR.	Claims up to $270,000 per individual self-funded with stop-loss insurance up to $1,000,000 per person.

NOTE 4 – OTHER NOTES (continued)

4.B. RISK MANAGEMENT (continued)

Claims Liability Analysis

At June 30, 2015, *The City's* workers' compensation claims liability was $786,360 based upon the estimated claims payable reported as reserves in the third party administrator's monthly and quarterly reports to *The City*. The claims liabilities related to the above noted risks of loss that are retained are determined in accordance with the requirements of FASB ASC 450-10, Loss Contingencies (formerly Statement of Financial Accounting Standards (SFAS) No. 5), which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. *The City* has elected to report its estimated claim liability at the discounted net present value of future payments. All court-ordered judgments are levied in accordance with State law over three years. For the internal service self-insurance funds, changes in the claims liability for the last three years are as follows:

	Workers' Compensation	Health Care	Total
Claim liability, June 30, 2012	$ 668,522	637,764	1,306,286
Claims and changes in estimates	1,198,557	2,437,068	3,635,625
Claims payments	(548,021)	(2,642,493)	(3,190,514)
Claim liability, June 30, 2013	1,319,058	432,339	1,751,397
Claims and changes in estimates	(374,722)	3,036,485	2,661,763
Claims payments	(657,990)	(2,967,121)	(3,625,111)
Claim liability, June 30, 2014	286,346	501,703	788,049
Claims and changes in estimates	727,054	2,714,570	3,441,624
Claims payments	(546,820)	(2,896,493)	(3,443,313)
Claim liability, June 30, 2015	$ 466,580	319,780	786,360

Reconciliation to Statement of Net Position:	
Current portion	$ 440,526
Noncurrent portion	345,834
Total	$ 786,360

NOTE 4 – OTHER NOTES (continued)

4.B. RISK MANAGEMENT (continued)

The City maintains a stop-loss policy for plans to limit risk associated with the plans. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Liability Protection Plan

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

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

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

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

Workers' Compensation

The Workers' compensation Insurance Fund is used to account for activities with participating funds charged through an estimated annual claim cost for each fund. Judgments are levied on property taxes. The claims process is administered by United Safety & Claims, Incorporated. The entire risk of loss is retained by *The City*.

NOTE 4 – OTHER NOTES (continued)

4.B. RISK MANAGEMENT (continued)

Health and Life Insurance

Health, life and disability insurance is administered by UMR. Health claims are reinsured with a self-insured retention level of $270,000 individual and $1,000,000 aggregate.

4.C. COMMITMENTS AND CONTINGENCIES

Contingencies

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

Construction Commitments:
At June 30, 2015, *The City* had awarded construction contracts totaling $157,207 for various City projects and of this amount, $137,207 was outstanding and payable from various funds.

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 to ensure compliance with specific provisions of the grant or loan. Any liability or 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.

NOTE 4 – OTHER NOTES (continued)

4.D. SUBSEQUENT EVENTS

Management has evaluated and disclosed subsequent events up to and including January 20, 2016, which is the date the financial statements were available for issuance.

REQUIRED SUPPLEMENTARY INFORMATION

THE CITY OF PONCA CITY, OKLAHOMA

Budgetary Comparison Schedule (Non-GAAP Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	**Final**		
Taxes:				
Sales tax	$ 7,661,010	7,661,010	7,838,422	177,412
Use tax	570,000	570,000	789,163	219,163
Franchise tax	610,000	610,000	581,505	(28,495)
E911 tax	368,000	368,000	329,925	(38,075)
Weed tax	20,000	20,000	22,626	2,626
Total taxes	9,229,010	9,229,010	9,561,641	332,631
Intergovernmental:				
Cigarette tax	160,000	160,000	163,726	3,726
Alcoholic beverage tax	98,000	98,000	109,946	11,946
Grants	29,700	38,171	39,160	989
Total intergovernmental	287,700	296,171	312,832	16,661
Charges for Services:				
Recreation programs	18,000	18,000	22,399	4,399
Wentz Camp	33,000	33,000	34,466	1,466
Administrative services	2,222,023	2,222,023	2,222,023	-
Police services	70,000	70,000	66,442	(3,558)
Ambulance services	1,150,000	1,195,000	1,406,344	211,344
Animal control receipts	12,500	17,500	20,683	3,183
Library receipts	14,000	14,000	13,742	(258)
Rentals	175,500	275,500	273,969	(1,531)
Miscellaneous charges	48,200	48,200	68,877	20,677
Total charges for services	3,743,223	3,893,223	4,128,945	235,722
Fines and forfeitures	539,000	539,000	572,849	33,849
Licenses and permits	122,500	122,500	145,485	22,985
Investment Income	30,000	30,000	87,808	57,808
Miscellaneous	13,100	13,250	16,904	3,654
Other Financing Sources:				
Proceeds from sale of fixed assets	15,000	15,000	14,933	(67)
Transfers from other funds	7,156,564	7,156,564	7,156,564	-
Total revenues and other financing sources	21,136,097	21,294,718	21,997,961	703,243

Unaudited – see independent auditor's report

THE CITY OF PONCA CITY, OKLAHOMA

Budgetary Comparison Schedule (Non-GAAP Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 2015
(continued)

	Budgeted Amounts		Amounts (Budgetary	Final Budget Positive
	Original	Final	Basis)	(Negative)
Expenditures:				
City Commissioners	$ 14,300	14,300	6,938	7,362
City Manager	932,183	932,183	818,130	114,053
Central municipal activity	1,312,335	1,464,335	1,355,769	108,566
Finance	471,303	530,353	458,494	71,859
Municipal court	232,072	232,072	217,587	14,485
City attorney	270,094	270,094	264,946	5,148
Community development	592,531	602,531	577,983	24,548
Animal control	260,284	265,284	236,709	28,575
Emergency management	163,448	163,919	151,850	12,069
Police Admin	5,452,944	5,452,944	5,363,797	89,147
Communications/911	631,875	631,875	554,923	76,952
Fire	5,052,990	5,387,990	5,349,403	38,587
Fire-Ambulance	1,191,799	1,101,799	1,059,282	42,517
Street Admin	1,505,532	1,620,532	1,172,019	448,513
Engineering Admin	636,746	636,746	571,576	65,170
Traffic engineering	446,248	446,248	419,938	26,310
Park maintenance	1,586,173	1,592,173	1,457,171	135,002
Recreation programs	314,561	320,711	278,555	42,156
Ambuc Pool	82,720	82,720	65,410	17,310
Wentz Camp	144,557	144,557	114,141	30,416
Marland's Grand Home	134,121	134,121	90,338	43,783
Hutchins Memorial	83,759	83,759	76,575	7,184
Library	978,466	978,466	878,095	100,371
Total expenditures	22,491,041	23,089,712	21,539,629	1,550,083
Revenue and other sources over (under) expenditures	$ (1,354,944)	(1,794,994)	458,332	(846,840)
Fund balances, beginning of year			4,111,366	
Fund balnaces, end of year			$ 4,569,698	

Unaudited – see independent auditor's report

BUDGETARY ACCOUNTING AND CONTROL

The budgetary basis differs from the modified accrual basis as shown in the schedule below:

		General Fund
Net Change to Revenue Over (Under) Expenditures:	$	458,332
Add: current year encumbrances		
Change in payables		(288,313)
Change in advance revenue		(27,649)
Change in receivables		55,067
Prior year encumbrances		94,276
Change in fund balance	$	291,713

Unaudited – see independent auditor's report

BUDGETARY ACCOUNTING AND CONTROL (continued)

Budget Law

The City prepares its annual operating budget under the provisions of the Oklahoma Municipal Budget Act of 1979 (the "Budget Act"). In accordance with those provisions, the following process is used to adopt the annual budget:

a. Prior to June 1, the City Manager submits to the City Commission a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.

b. Public hearings are conducted to obtain taxpayer comments. Public hearings are held no later than 15 days prior to the beginning of the budget year.

c. Subsequent to the public hearings but no later than seven days prior to July 1, the budget is legally enacted through the passage of a resolution by the City Commission.

d. Subsequent to City Commission enactment, the adopted budget is filed with the office of the State Auditor and Inspector.

The legal level of control at which expenditures may not legally exceed appropriations is the department category within a fund.

The City Manager may only transfer appropriations within expenditure categories within a department without City Commission approval. Transfers between expenditure categories of a department or fund and budget supplements made during the year are recommended by the City Manager and must be approved by the City Commission. Supplemental appropriations must also be filed with the Office of State Auditor and Inspector.

Unaudited – see independent auditor's report

BUDGETARY ACCOUNTING AND CONTROL (continued)

Budget Law (continued)

In accordance with Title 60 of the Oklahoma State Statues, the Ponca City Utilities Authority and the Ponca City Tourism Authority are required to prepare annual budgets and submit copies to *The City* as beneficiary. However, there are no further requirements such as form of budget, approval of the budget or definition of a legal level of control.

Budgetary Accounting

The City prepares its budgets for all governmental fund types on the modified accrual basis of accounting except for payroll liability accrual and certain receivable accruals.

The City utilizes encumbrances accounting under which purchase orders, contracts and other commitments for the expenditure funds are recorded in order to reserve a portion of the applicable appropriation.

Footnotes to Budgetary Comparison Schedules

The budgetary comparison schedules are reported on a non-GAAP budgetary basis that report revenues on a cash basis and expenditures on a modified cash basis including encumbrances. For budgetary purposes expenditures are recorded in the period the goods or services are ordered, except for payroll expenditures that are recorded when paid.

The legal level of appropriation control is the department level within a fund. Transfers of appropriation within a fund require the approval of the City Manager. All supplemental appropriations require the approval of the City Commission. Supplemental appropriations must be filed with the Office of the State Auditor and Inspector.

Unaudited – see independent auditor's report

THE CITY OF PONCA CITY, OKLAHOMA

Schedules of Required Supplementary Information
Schedule of The City of Ponca City's
Proportionate Share of the Net Pension Liability
Oklahoma Firefighters Pension & Retirement System
*Last 10 Fiscal Years

City's proportion of the net pension liability	1.2648%
City's proportionate share of the net pension liability	$ 13,007,400
City's covered-employee payroll	3,584,500
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	363%
Plan fiduciary net position as a percentage of the total pension liability	68.12%

*The amounts present for each fiscal year were determined as of June 30

Notes to Schedule:
Only the current fiscal year is presented because 10-year data is not yet available.

THE CITY OF PONCA CITY, OKLAHOMA

Schedules of Required Supplementary Information

Schedule of City Contributions

Oklahoma Firefighters Pension & Retirement System

*Last 10 Fiscal Years

Statutorially required contribution	$	497,357
Contributions in relation to the statutorially required contribution		497,357
Contribution deficiency (excess)	$	-
City's covered-employee payroll	$	3,552,540
Contributions as a percentage of covered-employee payroll		14.0%

Notes to Schedule:

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

THE CITY OF PONCA CITY, OKLAHOMA

Schedules of Required Supplementary Information
Schedule of The City of Ponca City's
Proportionate Share of the Net Pension Liability
Oklahoma Police Pension & Retirement System
*Last 10 Fiscal Years

City's proportion of the net pension liability		.9876%
City's proportionate share of the net pension liability	$	(332,521)
City's covered-employee payroll		2,798,283
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll		-11.88%
Plan fiduciary net position as a percentage of the total pension liability		101.53%

*The amounts present for each fiscal year were determined as of June 30

Notes to Schedule:
Only the current fiscal year is presented because 10-year data is not yet available.

THE CITY OF PONCA CITY, OKLAHOMA

Schedules of Required Supplementary Information

Schedule of City Contributions

Oklahoma Police Pension & Retirement System

*Last 10 Fiscal Years

Statutorially required contribution	$	369,058
Contributions in relation to the statutorially required contribution		369,058
Contribution deficiency (excess)	$	-
City's covered-employee payroll	$	2,838,908
Contributions as a percentage of covered-employee payroll		13.0%

Notes to Schedule:

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

THE CITY OF PONCA CITY, OKLAHOMA

Schedule of Changes in Net Pension Liability
June 30, 2015

Measurement date of 12/31/2014 has been used for the fiscal year ending 6/30/2015.

Reporting period ending		**6/30/2015**
Total Pension Liability		
Service cost	$	361,995
Interest		1,936,407
Benefit payments		(1,145,393)
Difference between expected and actual experience		252,776
Change in assumptions		902,741
Change in benefit terms		-
Net change in total pensional liability		2,308,526
Total pension liability, beginning of period		26,950,325
Total pension liability, end of period		29,258,851
Fiduciary Net Position		
Employer contributions		664,955
Other contributions		-
Net investment income		1,667,346
Benefit payments		(1,145,393)
Administration expenses		(23,006)
Other expenses		-
Other deductions		-
Net change in fiduciary net position		1,163,902
Fiduciary net position, beginning of period		21,578,763
Fiduciary net position, end of period		22,742,665
Net Pension Liability	$	6,516,186
End of period assumptions		
Long-term rate of return		7.25%
Discount rate		7.25%
Salary increase assumption		S5+ 1.00%
Retirement age assumption		NRA
Plan changes		none

Notes to Schedule: Only the current fiscal year is presented because 10-year data is not yet available.

THE CITY OF PONCA CITY, OKLAHOMA

Schedule of Pension Liability Ratios
June 30, 2015

Measurement date of 12/31/2014 has been used for the fiscal year ending 6/30/2015.

Reporting period ending	**6/30/2015**
Ratios	
Fiduciary net position as a percentage of total pension liability	77.73%
Covered employee payroll	$ 8,134,360
Net pension liability as a percentage of covered employee payroll	80.11%

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

Schedule of Employer (ER) Contributions for GASB 67

Contributions	
Measurement period ending	**12/31/2014**
Actuarially determined ER contributions	$ 1,337,619
ER contributions received by the plan	664,955
Contribution deficiency/(excess)	672,664
Ratios	
Covered employee payroll	$ 8,134,360
ER contributions received as a percentage of covered employee payroll	8.17%
ADC Assumptions	
Long-term rate of return on assets	7.25%
Interest rate	7.25%
Salary increase assumption	S5+ 1.00%
Retirement age assumption	NRA
Plan changes	none

THE CITY OF PONCA CITY, OKLAHOMA

Schedule of Money-Weighted Investment Returns
June 30, 2015

Measurement period ending 12/31/2014

Annual money-weighted rate of return on plan investments, net of investment expense 7.83%

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Accrued Liability (AAL) (b)	Unfunded AAL (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	Unfunded AAL as of Percentage of Covered Payroll [(b - a) / c]
7/1/2012	$ -	446,201	446,201	0.00%	10,295,051	4.3%
7/1/2014	-	306,265	306,265	0.00%	9,103,702	3.4%

OTHER SUPPLEMENTARY INFORMATION

THE CITY OF PONCA CITY, OKLAHOMA

Combining Balance Sheet – Nonmajor Governmental Funds

June 30, 2015

		Special Revenue Funds							
ASSETS		**Special Projects Fund**	**Street & Alley Fund**	**Hotel/ Motel Tax Fund**	**Community Development Fund**	**Library Grant Fund**	**Library State Aid Fund**	**Misc. Trust Fund**	**Economic Development Fund**
Cash and cash equivalents	$	7,856	226,968	715,744	95,626	73,963	743	3,402	-
Investments		18,980	548,318	1,729,122	24,766	178,682	1,795	8,218	-
Accounts receivable		-	-	53,296	-	-	-	-	-
Due from other funds		-	-	-		-		-	
Due from other governments		-	18,380	-	112,541	-	-	-	171,127
Total assets	$	26,836	793,666	2,498,162	232,933	252,645	2,538	11,620	171,127
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable and accrued liabilities	$	1,187	25,457	5,884	81,220	341	2,538	11,620	-
Due to other funds		-	-	-	-	-	-	-	-
Due to component unit		-	-	-	-	-	-	-	171,127
Total liabilities		1,187	25,457	5,884	81,220	341	2,538	11,620	171,127
Fund Balances:									
Nonspendable		-	-	-	-	-	-	-	-
Restricted		-	-	2,492,278	-	252,304	-	-	-
Assigned		25,649	768,209	-	151,713	-	-	-	-
Total fund balances		25,649	768,209	2,492,278	151,713	252,304	-	-	-
Total Liabilities and Fund Balances	$	26,836	793,666	2,498,162	232,933	252,645	2,538	11,620	171,127

See accompanying notes to the financial statements

THE CITY OF PONCA CITY, OKLAHOMA

Combining Balance Sheet – Nonmajor Governmental Funds

June 30, 2015

(continued)

	Special Revenue Funds				Permanent Funds		
ASSETS	**Recreation Center Tax Fund**	**Street Improvement Project Fund**	**Capital Improvement Project Fund**	**Debt Service Fund**	**Matzene Book Fund**	**Cann Estate Fund**	**Total**
Cash and cash equivalents	$ 102,596	819,550	789,033	18,317	88	27,840	2,881,726
Investments	247,856	1,979,900	1,906,175	44,252	50,212	1,090,041	7,828,317
Accounts receivable	-	-	-	-	-	-	53,296
Due from other funds	-	-		-	-	-	-
Due from other governments	171,127	171,127	-	3,997	-	-	648,299
Total assets	$ 521,579	2,970,577	2,695,208	66,566	50,300	1,117,881	11,411,638
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued liabilities	$ -	123,269	51,172	-	-	2,515	305,203
Retainage payable	-	25,324	-	-	-	-	25,324
Due to other funds	-	-	-	-	-	-	-
Due to component unit	-	-	-	-	-	-	171,127
Advanced revenue	-	-	-	-	-	-	-
Total liabilities	-	148,593	51,172	-	-	2,515	501,654
Fund Balances:							
Nonspendaable	-	-	-	-	49,849	1,006,070	1,055,919
Restricted	521,579	2,821,984	-	-	-	-	6,088,145
Assigned	-	-	2,644,036	66,566	451	109,296	3,765,920
Total fund balance	521,579	2,821,984	2,644,036	66,566	50,300	1,115,366	10,909,984
Total Liabilities and Fund Balances	$ 521,579	2,970,577	2,695,208	66,566	50,300	1,117,881	11,411,638

See accompanying notes to the financial statements

THE CITY OF PONCA CITY, OKLAHOMA

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2015

	Special Revenue Funds							
	Special Projects Fund	**Street & Alley Fund**	**Hotel/ Motel Tax Fund**	**Community Development Fund**	**Library Grant Fund**	**Library State Aid Fund**	**Misc. Trust Fund**	**Economic Development Fund**
Revenues:								
Taxes	$ -	-	701,928	-	-	-	-	2,156,899
Intergovernmental	-	234,975	-	429,112	305,080	13,947	-	-
Charges for services	-	-	-	-	-	-	-	-
Investment income	-	-	-	305	-	-	-	-
Fines and forfeitures	22,821	-	-	-	-	-	-	-
Miscellaneous	421	-	864	97,929	-	-	-	-
Total revenues	23,242	234,975	702,792	527,346	305,080	13,947	-	2,156,899
Expenditures:								
Current:								
General government	-	-	-	-	-	-	-	-
Public safety	34,015	-	-	-	-	-	-	-
Street and highway	-	160,414	-	-	-	-	-	-
Culture, parks and recreation	-	-	258,269	-	65,479	13,947	-	-
Community development	-	-	-	376,770	-	-	-	-
Capital outlay	-	-	149,135	158,827	-	-	-	-
Debt Service:								
Principle	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	34,015	160,414	407,404	535,597	65,479	13,947	-	-
Revenues over (under) expenditures	(10,773)	74,561	295,388	(8,251)	239,601	-	-	2,156,899
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	(2,156,899)
Proceeds from sale of judgment	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	(2,156,899)
Net change in fund balances	(10,773)	74,561	295,388	(8,251)	239,601	-	-	-
Fund balance, beginning of year	36,422	693,648	2,196,890	159,964	12,703	-	-	-
Fund balance, end of year	$ 25,649	768,209	2,492,278	151,713	252,304	-	-	-

See accompanying notes to the financial statements

THE CITY OF PONCA CITY, OKLAHOMA

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2015
(continued)

	Special Revenue Funds				Permanent Funds		
	Recreation Center Tax Fund	Street Improvement Project Fund	Capital Improvement Project Fund	Debt Service Fund	Matzene Book Fund	Cann Estate Fund	Total
Revenues:							
Taxes	$ 2,156,899	2,156,899	-	617,931	-	-	7,790,556
Intergovernmental	-	-	75,000	-	-	-	1,058,114
Charges for services	-	-	-	-	-	1,524	1,524
Investment income	12,612	44,372	36,909	3,298	224	(10,781)	86,939
Fines and forfeitures	-	-	-	-	-	-	22,821
Miscellaneous	-	14,961	333,961	-	-	-	448,136
Total revenues	2,169,511	2,216,232	445,870	621,229	224	(9,257)	9,408,090
Expenditures:							
Current:							
General government	-	-	-	768,999	-	-	768,999
Public safety	-	-	-	-	-	-	34,015
Street and highway	-	352	-	-	-	-	160,766
Culture, parks and recreation	-	-	-	-	-	52,144	389,839
Community development	-	-	-	-	-	-	376,770
Capital outlay	-	2,337,178	676,627	-	-	13,521	3,335,288
Debt Service:							
Principle	-	-	-	505,925	-	-	505,925
Interest and fiscal charges	-	-	-	103,133	-	-	103,133
Total expenditures	-	2,337,530	676,627	1,378,057	-	65,665	5,674,735
Revenues over (under) expenditures	2,169,511	(121,298)	(230,757)	(756,828)	224	(74,922)	3,733,355
Other financing sources (uses):							
Transfers in	-	-	550,000	-	-	47,428	597,428
Transfers out	(2,057,753)	-	(16,667)	-	-	-	(4,231,319)
Proceeds from sale of judgment	-	-	-	768,999	-	-	768,999
Total other financing sources (uses)	(2,057,753)	-	533,333	768,999	-	47,428	(2,864,892)
Net change in fund balances	111,758	(121,298)	302,576	12,171	224	(27,494)	868,463
Fund balance, beginning of year	409,821	2,943,282	2,341,460	54,395	50,076	1,142,860	10,041,521
Fund balance, end of year	$ 521,579	2,821,984	2,644,036	66,566	50,300	1,115,366	10,909,984

See accompanying notes to the financial statements

THE CITY OF PONCA CITY, OKLAHOMA

Combining Statement of Net Position
Nonmajor Proprietary Funds
June 30, 2015

	Business-type Activities - Enterprise Funds		
	Marland Estate	**Lew Wentz Golf Course**	**Total Other Enterprise Funds**
ASSETS			
Current Assets:			
Cash, including time deposits	$ 42,365	33,863	76,228
Investments	101,380	79,633	181,013
Accounts receivable	-	-	-
Due from other funds	-	-	-
Inventory	20,804	40,550	61,354
Total current assets	164,549	154,046	318,595
Noncurrent Assets:			
Capital assets:			
Nondepreciable	388,293	71,577	459,870
Depreciable, net of accumulated depreciation	820,591	663,460	1,484,051
Total noncurrent assets	1,208,884	735,037	1,943,921
Total Assets	1,373,433	889,083	2,262,516
Deferred outflows of resources:			
Deferred amounts related to pensions	8,669	16,788	25,457
LIABILITIES			
Current Liabilities:			
Accounts payable and accrued liabilities	19,222	80,271	99,493
Accrued compensated absences	660	1,775	2,435
Total current liabilities	19,882	82,046	101,928
Noncurrent Liabilities:			
Accrued compensated absences	5,939	15,978	21,917
Net pension liability	47,314	91,629	138,943
Net OPEB obligation	438	848	1,286
Total noncurrent liabilities	53,691	108,455	21,917
Total Liabilities	73,573	190,501	264,074
Deferred inflows of resources:			
Deferred amounts related to pensions	719	1,392	2,111
NET POSITION			
Net investment in capital assets	1,208,884	735,037	1,943,921
Restricted for encumbrances	-	8,855	8,855
Unrestricted	98,926	(29,914)	69,012
Total Net Position	$ 1,307,810	713,978	2,021,788

See accompanying notes to the financial statements

THE CITY OF PONCA CITY, OKLAHOMA

Combining Statement of Revenues, Expenditures and Changes in Fund Net Position
Nonmajor Proprietary Funds
For the Fiscal Year Ended June 30, 2015

	Business-type Activities - Enterprise Funds		
	Marland Estate	**Lew Wentz Golf Course**	**Total Other Enterprise Funds**
Operating Revenues:			
Charges for services	$ 140,241	-	140,241
Golf course fees	-	519,157	519,157
Donations	-	-	-
Miscellaneous	-	1,346	1,346
Total operating revenues	140,241	520,503	660,744
Operating Expenses:			
Personal services	218,227	467,011	685,238
Materials and supplies	18,379	50,247	68,626
Maintenance, operations and contractual services	48,637	236,349	284,986
Depreciation	93,123	85,140	178,263
Total operating expenses	378,366	838,747	1,217,113
Operating loss	(238,125)	(318,244)	(556,369)
Non-Operating Revenues (Expenses)			
Investment income	1,603	-	1,603
Net non-operating revenues (expenses)	1,603	-	1,603
Loss before contributions and transfers	(236,522)	(318,244)	(554,766)
Capital asset transfers	-	77,659	77,659
Capital contributions			
Transfers in from other funds	148,378	260,000	408,378
Net transfers and capital contributions	148,378	337,659	486,037
Change in net position	(88,144)	19,415	(68,729)
Net position, beginning of year, unadjusted	1,434,957	770,097	2,205,054
Prior period adjustment	(39,003)	(75,534)	(114,537)
Net position - beginning of year, adjusted	1,395,954	694,563	2,090,517
Net position, end of year	$ 1,307,810	713,978	2,021,788

See accompanying notes to the financial statements

THE CITY OF PONCA CITY, OKLAHOMA

Combining Statement of Cash Flows
Nonmajor Proprietary Funds
For the Fiscal Year Ended June 30, 2015

	Business-type Activities - Enterprise Funds		
	Marland Estate	Lew Wentz Golf Course	Total Other Enterprise Funds
Cash Flows from Operating Activities:			
Receipts from customers	$ 140,241	521,503	661,744
Payments to suppliers	(63,844)	(246,386)	(310,230)
Payments to employees	(220,372)	(465,218)	(685,590)
Net cash used in operating activities	(143,975)	(190,101)	(334,076)
Cash Flows from Noncapital Financing Activities:			
Transfers from other funds	148,378	260,000	408,378
Net cash provided by noncapital financing	148,378	260,000	408,378
Cash Flows from Capital and Related Financing Activities:			
Proceeds from sale of capital assets	3,896	-	3,896
Net cash provided by capital and related financing activities	3,896	-	3,896
Cash Flows from Investing Activities:			
Purchase of investments	-	(46,113)	(46,113)
Proceeds from sales and maturities of investments	3,383	-	3,383
Interest and dividends	1,603	-	1,603
Net cash used in investing activities	4,986	(46,113)	(41,127)
Net decrease in cash and cash equivalents	13,285	23,786	37,071
Balances, beginning of year	29,080	10,077	39,157
Balances, end of year	$ 42,365	33,863	76,228

See accompanying notes to the financial statements

THE CITY OF PONCA CITY, OKLAHOMA

Combining Statement of Cash Flows
Nonmajor Proprietary Funds
For the Fiscal Year Ended June 30, 2015
(continued)

	Business-type Activities - Enterprise Funds		
	Marland Estate	**Lew Wentz Golf Course**	**Total Other Enterprise Funds**
Reconciliation of Operating Income to Net Cash Used in Operating Activities:			
Operating loss	$ (238,125)	(318,244)	(556,369)
Adjustments to reconcile operating loss to net cash provided by operating activities:			
Depreciation expense	93,123	85,140	178,263
Change in assets and liabilities:			
(Increase) decrease in accounts receivables, net	-	1,000	1,000
(Increase) decrease in inventories	2,913	12,523	15,436
(Increase) decrease in deferred outflows	(8,669)	(16,788)	(25,457)
Increase (decrease) in accounts and other payables	259	27,687	27,946
Increase (decrease) in accrued compensated absences	(2,514)	1,074	(1,440)
Increase (decrease) in net pension liability	8,311	16,095	24,406
Increase (decrease) in OPEB obligation	8	20	28
Increase (decrease) in deferred inflows	719	1,392	2,111
Net cash used in operating activities	$ (143,975)	(190,101)	(334,076)
Non-Cash Activities:			
Capital assets acquired through transfers from other funds	$ -	77,659	77,659
Net non-cash activities	$ -	77,659	77,659

See accompanying notes to the financial statements

THE CITY OF PONCA CITY, OKLAHOMA

Combining Statement of Net Position
Internal Service Funds
June 30, 2015

ASSETS	Motor Pool	Insurance Imprest Fund	Totals
Current Assets:			
Cash, including time deposits	$ 11,997	2,929,041	2,941,038
Investments	28,500	3,561,544	3,590,044
Receivables:			
Due from other funds	78,115	-	78,115
Other	600	49,808	50,408
Prepaid expenses	-	30,178	30,178
Inventory	181,631	-	181,631
Total current assets	300,843	6,570,571	6,871,414
Noncurrent Assets:			
Capital assets:			
Depreciable, net of accumulated depreciation	39,104	-	39,104
Total noncurrent assets	39,104	-	39,104
Total Assets	339,947	6,570,571	6,910,518
LIABILITIES			
Current Liabilities:			
Accounts payable and accrued liabilities	70,113	97,438	167,551
Due to other funds	-	-	-
Estimated liability for claims	-	440,526	440,526
Accrued compensated absences	648	201	849
Total current liabilities	70,761	538,165	608,926
Noncurrent Liabilities:			
Estimated liability for claims	-	345,834	345,834
Accrued compensated absences	5,831	1,806	7,637
Total noncurrent liabilities	5,831	347,640	353,471
Total Liabilities	76,592	885,805	962,397
NET POSITION			
Net investment in capital assets	39,104	-	39,104
Restricted for encumbrances	139,102	-	139,102
Unrestricted	85,149	5,684,766	5,769,915
Total Net Position	$ 263,355	5,684,766	5,948,121

See accompanying notes to the financial statements

THE CITY OF PONCA CITY, OKLAHOMA

Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Internal Service Funds
For the Fiscal Year Ended June 30, 2015

	Motor Pool	Insurance Imprest Fund	Totals
Operating Revenues:			
Charges for services	$ 1,424,344	5,150,921	6,575,265
Total operating revenues	1,424,344	5,150,921	6,575,265
Operating Expenses:			
Personal services	205,317	612,165	817,482
Materials and supplies	614,363	-	614,363
Other services and charges	568,978	3,925,081	4,494,059
Depreciation expense	11,704	-	11,704
Total operating expenses	1,400,362	4,537,246	5,937,608
Operating income (loss)	23,982	613,675	637,657
Non-Operating Revenues:			
Investment income	-	116,428	116,428
Miscellaneous income	4,894	39,760	44,654
Total non-operating revenues	4,894	156,188	161,082
Income (loss) before contributions and transfers	28,876	769,863	798,739
Transfers to other funds	(10,000)	-	(10,000)
Capital asset transfers	(2,217)	-	(2,217)
Net proceeds from sale and transfers	(12,217)	-	(12,217)
Change in net position	16,659	769,863	786,522
Net position, beginning of year	246,696	4,914,903	5,161,599
Net position, end of year	$ 263,355	5,684,766	5,948,121

See accompanying notes to the financial statements

THE CITY OF PONCA CITY, OKLAHOMA

Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2015

	Motor Pool	Insurance Imprest Fund	Totals
Cash Flows from Operating Activities:			
Receipts from customers	$ 1,410,682	5,179,692	6,590,374
Payments to suppliers and others	(1,154,377)	(3,899,229)	(5,053,606)
Payments to employees	(203,791)	(611,809)	(815,600)
Net cash provided by (used in) operating activities	52,514	668,654	721,168
Cash Flows from Noncapital Financing Activities:			
Transfers to from other funds	(10,000)	-	(10,000)
Net cash used in noncapital financing activities	(10,000)	-	(10,000)
Cash Flows from Capital and Related Financing Activities:			
Purchases of capital assets	(2,217)	-	(2,217)
Net cash used in capital and related financing activities	(2,217)	-	(2,217)
Cash Flows from Investing Activities:			
Purchase of investments	(28,500)	(606,042)	(634,542)
Proceeds from sale and maturities of investments	-	-	-
Interest and dividends	-	116,428	116,428
Net cash provided by (used in) investing activities	(28,500)	(489,614)	(518,114)
Net decrease in cash and cash equivalents	11,797	179,040	190,837
Balances, beginning of year	200	2,750,001	2,750,201
Balances, end of year	$ 11,997	2,929,041	2,941,038
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating income (loss)	$ 23,982	613,675	637,657
Adjustments to reconcile operating income to net cash provided by operating activities:			
Miscellaneous nonoperating revenue	4,894	39,760	44,654
Depreciation expense	11,704	-	11,704
Change in assets and liabilities:			
(Increase) decrease in receivables, net	(600)	(12,126)	(12,726)
(Increase) decrease in prepaid expenses	-	16,352	16,352
(Increase) decrease in inventory	10,340	-	10,340
(Increase) decrease in due from other funds	(17,956)	1,137	(16,819)
Increase (decrease) in claims payable	-	(1,689)	(1,689)
Increase (decrease) in accrued compensated absences	1,526	356	1,882
Increase (decrease) in due to other funds	(21,464)	-	(21,464)
Increase (decrease) in accounts and other payables	40,088	11,189	51,277
Net cash provided by (used in)operating activities	$ 52,514	668,654	721,168
Non-Cash Activities:			
Capital assets transferred to other funds	$ 2,217	-	2,217
Net non-cash activities	$ 2,217	-	2,217

See accompanying notes to the financial statements

THE CITY OF PONCA CITY, OKLAHOMA

Schedule of Revenue Bonds and Notes Debt Service Coverage
For the Fiscal Year Ended June 30, 2015

	Electric	Water	Solid Waste	Wastewater	Total
Gross Revenues of the System:					
Utility charges for service	$ 37,810,720	7,652,519	4,720,098	5,879,590	56,062,927
Investment income	62,817	24,273	17,876	10,707	115,673
Total operating revenues	37,873,537	7,676,792	4,737,974	5,890,297	56,178,600
Operation and Maintenance Expenses:					
Personal services	2,239,775	1,371,675	2,289,531	1,069,927	6,970,908
Materials and supplies	81,150	407,921	33,134	65,963	588,168
Maintenance, operations and contractual services	1,835,918	1,168,782	867,129	893,181	4,765,010
Electricity purchased	23,053,305	-	-	-	23,053,305
Total operating expenses	27,210,148	2,948,378	3,189,794	2,029,071	35,377,391
Net revenues available for debt service	$ 10,663,389	4,728,414	1,548,180	3,861,226	20,801,209
Maximum annual debt service					4,219,103 *
Coverage					4.93
Required coverage					1.00

* Maximum annual debt service is based on 2016 debt service requirements for Oklahoma Water Resources Board Promissory Notes Payable Series 1997 A, 1998 A, 1999 A, Series 2007, 2009 A Clean Water SRF, Series 2009 B Drinking Water SRF and 2012 B as well as Utility System Revenue Notes Series 2008 and 2012 A.

THE CITY OF PONCA CITY, OKLAHOMA

Schedule of Reserve Account Balances

June 30, 2015

Description	Required Reserves	Reserve Balance June 30, 2015	Excess Balance Under Required Reserves
Notes Payable:			
2008 Bank of America	$ 638,969	638,969	-
2012 A Banc of America Public	848,980	848,980	-
2012 B OWRB	821,377	821,348	(29)

See accompanying notes to the financial statements