

**THE CITY OF MIDWEST CITY, OKLAHOMA**

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

**AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2013**

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As of and for the Year Ended June 30, 2013**

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## Independent Auditors' Report

Honorable Mayor and City Council  
The City of Midwest City  
Midwest City, Oklahoma

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Midwest City, Oklahoma, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City of Midwest 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.

### **Auditors' Responsibility**

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

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

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Midwest City, Oklahoma, as of June 30, 2013, 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.

### **Emphasis of Matters**

As discussed in Notes 2 and 7 to the financial statements, in 2013, the City of Midwest City adopted several new accounting pronouncements issued by the Government Accounting Standards Board, including GASB Statements No. 63 and 65. The provisions of GASB Statements No. 63 and 65 required the

City of Midwest City to restate its beginning net position for business-type activities and proprietary funds upon adoption. Also as discussed in Note 7, beginning net position for governmental activities and beginning fund balance for governmental funds have been restated to correct a misstatement. Our opinion is not modified with respect to these matters.

#### **Other Matters**

##### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of other post-employment benefits funding progress, and the general, police fund, and fire fund budgetary comparison schedule, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

##### *Other Supplementary Information*

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

The accompanying Statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

#### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued (under separate cover) our report dated December 26, 2013, on our consideration of the City of Midwest City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Midwest City's internal control over financial reporting and compliance.

Cole & Reed P.C.

Oklahoma City, Oklahoma  
December 26, 2013

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**MANAGEMENT DISCUSSION AND ANALYSIS**

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The City of Midwest City's Management's Discussion and Analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the City's financial activity, (c) identify changes in the City's financial position (its ability to address the next and subsequent years' challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the City's financial statements beginning on page 18.

**FINANCIAL HIGHLIGHTS**

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the fiscal year ended June 30, 2013, by \$524,605,808 (net position). Of this amount, unrestricted net position (deficit) of the government activities was (\$3,147,751) with the business type activities reporting a net position of \$21,826,141. As noted, the governmental unrestricted net position is a deficit, with the deficit shrinking 9.0% or \$260,164 from last year. The business type unrestricted net position increased 2.7% or \$607,886 from last year. The unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors.
- The business type unrestricted net position has several commitments as it relates to future capital needs of the City. Contracts related to capital projects are disclosed on page 55 of the report. The Sewer Fund is recording \$15,786,465 of the unrestricted funds. However, engineering is currently being performed for a composting facility which could cost \$9,803,895. The construction is needed in order to meet the ever-changing needs of the City and to comply with EPA mandates.
- The Primary Government's total net position increased by \$5,059,439 or .98% from the prior year. This was a result of an increase of \$3,058,675 in the governmental activities while the business-type activities had an increase of 2,000,764. Both revenues and expenses increased over the prior year. The detailed changes made from the Governmental Fund Statements to the Statement of Net Position can be found on page 23.
- The City's total debt decreased by approximately \$5,558,00 or 4.8%. The OPEB (the commitment by the City that retirees can continue on group health insurance at a subsidized rate) liability continues to increase annually by \$1,335,828.
- Sales tax is the major source of revenue for governmental activities. Sales and Use tax collections for FY 2013 totaled \$33,191,533 compared to \$29,892,778 in FY 2012. The total increase in Sales and Use Tax collection was \$3,298,755; this is due to the new .55 tax rate effective for a partial year in fiscal year 2012 and full year in fiscal year 2013. A historical review of governmental activity revenues can be found on page 82 of the report.
- At the end of the fiscal year 2013, the unassigned fund balance of the General Fund was \$3,362,031 or 12.6% of General Fund revenues.
- Health Insurance premiums increased \$198,874 over last year or 3.77%. This was done through premium increases, restructuring of the groups and increased City contributions.



**OVERVIEW OF THE FINANCIAL STATEMENTS**

The Management's Discussion and Analysis is intended to serve as an introduction to the City of Midwest City's basic financial statements. The City's basic financial statements comprise of three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements.

**Government-wide Financial Statements.** The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to the private-sector business.

The Statement of Net Position presents information on all of the City's assets, deferred outflows, liabilities, and deferred inflows with the difference between the four elements reported as net position. Over time, increases or decreases in net position serve as a useful indicator on whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and fines and earned but not used vacation and sick leave as stated in City policy and union contracts). Both the Statement of Net Position and the Statement of Activities are prepared using the accrual basis of accounting as opposed to the modified accrual basis used for Fund Financial Statements of the governmental funds.

In its Statement of Net Position and the Statement of Activities, the City is divided between two types of activities:

- **Governmental activities.** Most of the City's basic services are reported here, including general government, public safety, streets, culture and recreation, health and welfare and economic development. Sales taxes and franchise taxes finance most of these activities as reflected on page 19.
- **Business-type activities.** The City charges a fee to customers to cover the cost of services it provides. The City's utility system (water, sewer, sanitation, and drainage), conference center/hotel, golf, trailer park and industrial park activities are reported here.

**Fund Financial Statements.** A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. Fund financial statements provide detailed information about the most significant funds, but not the City as a whole. Some funds are required to be established by state law or bond covenants. However, the City Council 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 monies. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

- **Governmental funds.** The majority of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method identified as the modified accrual basis of accounting which measures cash and all other financial assets that can

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readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general governmental operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. By comparing information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements, readers may better understand the long-term impact of the government's near-term financing decisions. The relationship or differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds are detailed in a reconciliation following the fund financial statements on page 23 and 24 of this report.

The City of Midwest City maintains individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General, Police, Fire, Hospital Authority, and the Tax Increment Financing funds. Data from the debt service fund, 13 special revenue funds, and 7 capital project funds, all of which are considered to be governmental, are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements starting on page 69 of this report.

- **Proprietary funds.** The City charges customers for certain services it provides, whether to outside customers or to other units within the City. These services are generally reported in proprietary funds. Proprietary funds are reported in the same manner that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are similar to the business-type activities that are reported in the Government-wide statements but provide more detail and additional information, such as cash flows. The internal service funds (the other component of proprietary funds) are utilized to report activities that provide supplies and services for the City's other programs and activities, such as the risk management functions, health self-insurance fund, fleet services, surplus property activities and public works function. Because these services benefit both governmental and business-type functions, they have been included in both the governmental and business-type activities in the government-wide financial statements.

The City of Midwest City maintains five major enterprise funds. The City uses these funds to account for its water, sewer, sanitation, conference center/hotel and drainage operations. The funds provide the same type of information as the government-wide financial statements, only in more detail and include some of the internal service fund-type activity. The City considers these enterprise fund activities to be major funds. Data from 6 non-major enterprise funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major enterprise funds is provided in the form of combining statements starting on page 73 of this report.

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As of June 30, 2013, the City's combined net position is \$524,605,808, of which \$419,079,151 can be attributed to governmental activities and \$105,526,657 is attributed to business-type activities. This analysis focuses on the net position (Table 1) and changes in net position (Table 2) of the City's governmental and business-type activities.

The largest portion of the City's net position, 80.5%, reflects its net investment in capital assets (e.g., land, water rights, building, machinery and equipment, less any related debt used to acquire those assets that is still outstanding). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its

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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. The net change in capital assets can be reviewed in Table 1 with key element changes shown in Table 3.

**Table 1**  
**Net Position**  
**(In Thousands)**

	Governmental		% Inc. (Dec.)	Business-type		% Inc. (Dec.)	Total		% Inc. (Dec.)
	Activities			Activities			Primary Government		
	Restated,			Restated,			Restated,		
	2013	2012		2013	2012		2013	2012	
Current and other assets	\$ 130,703	\$ 120,592	8%	\$ 49,518	\$ 79,069	-37%	\$ 180,221	\$ 199,661	-10%
Capital assets	347,791	356,413	-2%	139,394	111,505	25%	487,185	467,918	4%
Total assets	478,494	477,005	0%	188,912	190,574	-1%	667,406	667,579	0%
Deferred outflow of resources	-	-	0%	1,090	1,144	-5%	1,090	1,144	-5%
Long-term debt outstanding	41,640	42,080	-1%	76,124	79,906	-5%	117,764	121,986	-3%
Other liabilities	17,775	18,905	-6%	8,351	8,287	1%	26,126	27,192	-4%
Total liabilities	59,415	60,985	-3%	84,475	88,193	-4%	143,890	149,178	-4%
Deferred inflow of resources	-	-	0%	-	-	0%	-	-	0%
Net position:									
Net investment in capital assets	340,892	348,113	-2%	81,660	80,332	2%	422,552	428,445	-1%
Restricted	81,335	70,796	15%	2,041	1,801	13%	83,376	72,597	15%
Unrestricted	(3,148)	(2,889)	9%	21,826	21,392	2%	18,678	18,503	1%
Total net position	\$ 419,079	\$ 416,020	1%	\$105,527	\$103,525	2%	\$524,606	\$519,545	1%

Governmental activities decreased the City's net position (deficit) by \$3,058,675 or .7%. The business type activities increased the City's net position by \$2,000,764 or 1.9% for a net increase of \$5,059,439, or 1.0%. The key elements of these changes are contained in Table 2.

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Table 2  
Changes In Net Position  
(In Thousands)

	Governmental		% Inc. (Dec.)	Business-Type		% Inc. (Dec.)	Total		% Inc. (Dec.)
	Activities			Activities			Primary Government		
	2013	2012		2013	2012		2013	2012	
Revenues:									
Program revenues:									
Charges for services	\$ 5,770	\$ 5,191	11%	\$ 26,384	\$ 26,036	1%	\$ 32,154	\$ 31,227	3%
Operating grants and contributions	4,317	4,784	-10%	-	-	-	4,317	4,784	-10%
Capital grants and contributions	476	384	24%	-	-	-	476	384	24%
General revenues:									
Sales and use taxes	33,192	29,893	11%	-	-	-	33,192	29,893	11%
Other taxes	7,078	7,167	-1%	-	-	-	7,078	7,167	-1%
Other general revenue	10,700	2,747	290%	(653)	930	-170%	10,047	3,677	173%
Total revenues	<u>61,533</u>	<u>50,166</u>	23%	<u>25,731</u>	<u>26,966</u>	-5%	<u>87,264</u>	<u>77,132</u>	13%
Program expenses:									
General government	5,285	4,876	8%	-	-	-	5,285	4,876	8%
Public safety	27,296	27,607	-1%	-	-	-	27,296	27,607	-1%
Streets	15,015	14,961	0%	-	-	-	15,015	14,961	0%
Cultural, parks and recreation	1,741	1,596	9%	-	-	-	1,741	1,596	9%
Health and Welfare	1,391	1,418	-2%	-	-	-	1,391	1,418	-2%
Economic Development	4,835	4,984	-3%	-	-	-	4,835	4,984	-3%
Water	-	-	-	5,836	5,018	16%	5,836	5,018	16%
Sewer	-	-	-	7,402	7,466	-1%	7,402	7,466	-1%
Sanitation	-	-	-	3,831	3,576	7%	3,831	3,576	7%
Drainage	-	-	-	625	633	-1%	625	633	-1%
Conference Center	-	-	-	7,779	6,795	14%	7,779	6,795	14%
Other activities	-	-	-	1,169	1,106	6%	1,169	1,106	6%
Total expenses	<u>55,563</u>	<u>55,442</u>	0%	<u>26,642</u>	<u>24,594</u>	8%	<u>82,205</u>	<u>80,036</u>	3%
Excess (deficiency) before transfers	5,970	(5,276)	213%	(911)	2,372	-138%	5,059	(2,904)	-274%
Transfers	(2,912)	(1,115)	-161%	2,912	1,115	161%	-	-	-
<b>Increase (decrease) in net position</b>	<u><b>\$ 3,058</b></u>	<u><b>(\$ 6,391)</b></u>	148%	<u><b>\$ 2,001</b></u>	<u><b>\$ 3,487</b></u>	-43%	<u><b>\$ 5,059</b></u>	<u><b>(\$ 2,904)</b></u>	-274%

**Governmental Activities.** The revenues reflect an increase over last year of \$11,367,654. This significant increase is primarily the result of unrealized gains reported on investment income. The Hospital Authority had a difference of \$9,131,100 in investment income over last year. The Hospital Authority is the only fund authorized to invest in the stock market which can result in large fluctuations based on the market performance. All other fund investments are FDIC insured, collateralized or direct obligations of the United State Government.

Sales tax increased due to new tax rate of 3.85 is effective for partial year in fiscal year 2012 and full year in fiscal year 2013 . The sales tax which is the governmental activities main source of revenue is allocated as follows:

General	24.86%
Police	29.77%
Fire	24.81%
911	1.05%
Capital Improvement	6.49%
Park and Rec	1.30%
Debt Svc./Sewer Plant	10.43%
Streets	1.29%

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The most significant governmental activities expenditure was in providing public safety with a cost of \$27,296,191. These expenditures were funded by revenue collected from a variety of sources, the largest being a transfer from General Fund in the amount of \$16,960,943 and dedicated sales tax of \$5,418,410 for the fiscal year ended June 30, 2013. The most significant portion of public safety expense is the cost of personnel. Salaries and benefits totaled \$22,945,886. Other significant governmental expenditures are for the streets in the amount of \$15,014,523 of which \$11,842,839 is depreciation expense

**Business-type Activities.** Business-type revenue decreased by \$1,234,823, or 4.6% from the prior year. The investment income decreased from \$883,577, to \$(656,914), due to unrealized losses on investments.

**Budgetary Highlights.** For fiscal year 2012-2013, General Fund revenue (including transfers) budget was amended by \$8,550,091 or 30% of the original budget of \$28,060,646. The increase was mainly due to 1 cent sales tax received by general fund, totaling \$8,176,376, that was transferred to the debt service fund to provide additional security for revenue bonds. The actual revenues (including transfers) exceeded the final budget projections by \$218,393, or 0.6%. General Fund actual expenditures (including transfers) on a budgetary basis were \$36,159,784 compared to the final budget of \$36,909,657. See page 60 of the report for more detail.

The Police Fund revenue (including transfers) budget was increased by \$235,094, or 1.8%, of the original budget of \$12,682,283. This was mainly due to a \$206,328 budget supplement to transfer from general fund for a warrant officer. The actual revenues (including transfers) exceeded the final budget projections by \$126,265 or 0.9%. The actual expenditures (including transfers) on a budgetary basis were \$12,314,830 compared to the final budget of \$13,736,076. Actual expenditures (including transfers) were \$1,421,246 or 10.3% below budget projections. Also, \$741,038 capital outlay was not spent due to building remodel and equipment purchase was not able to be completed or acquired during the fiscal year.

The Fire Fund revenues (including transfers) budget was amended by \$221,183. This was due to increased sales tax projection of \$166,823. The actual revenues (including transfers) were less than the final budget projections by \$23,172. The actual expenditures (including transfers) on a budgetary basis were \$11,296,147 compared to the final budget of \$12,060,970. Actual expenditures (including transfers) were \$764,823 or 6.3 % below projections. Some positions were budgeted but not staffed due to vacancy. Also, \$454,113 capital outlay was not spent due to equipment purchases that were not able to be completed or acquired during the fiscal year.

The budget to actual comparisons for these funds can be found on pages 60-64 of the report.

**Capital Asset** At the end of fiscal year 2013, the City had \$487,186,574 invested in a broad range of capital assets, including police and fire equipment, buildings, conference center and hotel, park facilities, roads, bridges, water and sewer facilities and distribution systems. This amount represents a net decrease (including additions and deductions) of \$8,620,843 for the governmental activities. Although the City had building additions of \$1,998,120, equipment additions of \$1,902,236, vehicle additions of \$1,219,281, construction in progress additions of \$1,507,197 and infrastructure additions of \$1,234,678; the depreciation expense of \$14,001,261 caused the current year reduction, with street depreciation for the year in the amount of \$11,842,839.

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The business activities had a net increase of \$27,888,774 due to the addition of construction in progress of the Sewer Facility for approximately \$29,626,390. Table 3 reflects the net key elements that make up the capital assets by type and source.

**TABLE 3**  
**Capital Assets**  
**(In Thousands)**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	Restated,				Restated,	
	2013	2012	2013	2012	2013	2012
Land	\$ 30,839	\$ 30,627	\$ 7,550	\$ 7,550	\$ 38,389	\$ 38,177
Water rights	-	-	4,673	4,673	4,673	4,673
Construction in progress	3,513	4,589	42,754	13,226	46,267	17,815
Buildings	28,643	26,645	30,826	30,392	59,469	57,037
Machinery and equipment	18,108	16,288	11,906	11,546	30,014	27,834
Vehicles	7,979	7,748	7,122	6,546	15,101	14,294
Infrastructure	429,593	428,358	105,835	105,397	535,428	533,755
	518,675	514,255	210,666	179,330	729,341	693,585
Less: Depreciation	(170,883)	(157,842)	(71,271)	(67,824)	(242,154)	(225,666)
<b>Totals</b>	<b>\$ 347,792</b>	<b>\$ 356,413</b>	<b>\$ 139,395</b>	<b>\$ 111,506</b>	<b>\$ 487,187</b>	<b>\$ 467,919</b>

Additional information on the City's capital assets can be found on pages 38-40 of this report.

**Debt Administration.** At year end, the City had \$111,011,000 in long term debt outstanding as compared to \$116,569,000 at the end of the prior fiscal year, a decrease of 4.8% as shown in Table 4. See pages 42-45 for a more in depth review of long-term debt.

**TABLE 4**  
**Long-Term Debt**  
**(In Thousands)**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
General obligation bonds	\$ 6,900	\$ 8,300	\$ -	\$ -	\$ 6,900	\$ 8,300
Notes payable	23,718	24,236	835	1,030	24,553	25,266
Accrued compensated absences	4,187	4,071	1,012	896	5,199	4,967
Revenue bonds	-	-	69,720	73,180	69,720	73,180
Revenue bonds premium	-	-	3,151	3,416	3,151	3,416
Refundable deposits	82	57	1,406	1,383	1,488	1,440
<b>Totals</b>	<b>\$ 34,887</b>	<b>\$ 36,664</b>	<b>\$ 76,124</b>	<b>\$ 79,905</b>	<b>\$ 111,011</b>	<b>\$ 116,569</b>

**CITY OF MIDWEST CITY, OKLAHOMA  
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**Economic Factors and Next Year's Budgets and Rates.** With the fiscal instability in Washington between the President and Congress, Tinker Air Force Base being the largest employer at our back door, the economic outlook is difficult to predict. There are many potential pitfalls. The federal government shutdown, the looming debt ceiling debate and sequester cuts. With the City being self-insured on health and dental, it is not completely understood how much of an impact the "Affordable Care Act". All of these federal issues promise to impact the economy. This is not good news for municipal governments in the State of Oklahoma as Oklahoma local governments rely heavily on sales tax for the operations. In comparison, US municipalities on average have much more diversified revenue structures, and their reliance on sales tax is considerably less. Studies show US municipal revenue sources are reliant on sales tax 11%; property tax 28% and income tax 14%. Property tax, if levied, is limited to general obligation debt which must be voted on by its citizens. This leaves the heavy reliance on sales tax which on average is 53% in Oklahoma. There is also the issue of internet sales not being taxed or taxed by postal code and not by city limit boundaries. All of these issues lead to the flat projection of sales tax for FY 13-14.

**FY 2013-2014 Budgets and Rates.** The fiscal year 2013-2014 budgets presented to Council was \$112,245,962, which is net of \$34,825,563 inter/intra-fund transfers. This is an increase of 3.35% or \$3,636,326.

Personal services were budgeted with the merit steps included for all pay plans; non-represented, police and fire. A 2% cost of living was also provided for the FY 13-14 budget. All staffing levels remained with the exception of an additional police officer which will service as the School Resource Officer.

The state legislation enacted an increase in the state fire pension plan of 1% for the employee and employer. This increase is to take effect on the first full pay period in November, 2013. The statutory contribution requirement for fire pension will be 23% of which 14% by the City and 9% by the employee. Through contract negotiations, the City will pay 18% and the employee will pay 5%. The police statutory requirement will remain the same at 13% for the City and 8% for the employee. The police union has also negotiated through their contract for the City to pay 18% and the employee contributes 3%.

The non-represented employees participate in a defined contribution plan. Starting October 4, 2013 pay date, the contribution by the City increased .5%, going from 13% to 13.5%.

The City sponsors medical, prescription and dental insurance to full time employees and qualifying retirees and their families. Coverage is provided through self-insurance. Annual health insurance premium amounts are established by the City Council. The required contribution is based on a projected pay-as-you-go financing. It is not known what the full impact of the "Affordable Care Act" will be on the City and the health care industry. The "Affordable Care Act" has certain costs that are not to be passed on to the employee or retiree. For FY 2013-2014 the amount associated with this cost is \$102,000. Premium increases were necessary due to the continued decline of the fund balance. The City contributed 50%, the employee 40% and the retiree 10%, with the intent to raise \$800,000.

Other operational costs that were budgeted for the first time in FY 13-14 are for the leasing of a time keeping, payroll and human resources system. The amount for all funds is \$172,390. The benefits that are to be gained include efficiency in tracking time, compliance with Federal Medical Leave Act (FMLA), attract better applicants with the online application process and benefits on-line open enrollment process with integration to providers for reconciliation of invoices.

The City has adopted a recycling plan for residential services to go into effect on July 1, 2013. The service will be contracted out and the revenues will be billed by the City through the sanitation fee. The sanitation fee was increased \$2.75 for the added service on residential only.

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The only other utility rate increase was in the Capital Drainage. The increase rate structure follows:

	FY 12-13	FY 13-14
Single-Family	\$1.25	\$1.35
Apartment	\$0.63	\$0.75
Commercial	\$6.30	\$7.00
Mobile Home Park	\$6.30 Flat	\$0.75 per occupied unit

The General Fund, fund balance exceeds the required 10% reserve established by resolution by the governing body. The budget is proposing to use the fund balance to pay off the January, 2013 loan for the swimming pool renovation in the amount of \$1,117,664. The budget also proposes a \$630,365 transfer to the Capital Outlay Reserve Fund to help pay for future capital and equipment needs of the City. These transfers will not occur until after June 1, 2014 in order to make certain the General Fund balance is at an appropriate level. This will allow for greater funding in future fiscal years for other improvements.

Capital projects are always a necessity in maintaining the infrastructure and quality of life for our citizens. The total of capital outlay in the budget as adopted in June, 2013 was \$25,474,047. Some of the projects with a more significant cost are:

Eastside Water Tower	\$ 1,500,000
Automated Meter Reading System	\$ 4,416,949
SE 15th Widening – Lynn Fry to Anderson	\$ 3,231,970
Basketball Courts	\$ 200,000

The emergency reserves once again are contained in the operational fund budgets of the City. The General fund is required to maintain a 10% reserve while all others are required to maintain a 5% reserve. The reserves are equal to the annual operating budget less transfer outs and capital outlay. The reserves are only accessible if a significant event should occur such as a downturn in the economy greatly affecting the funding of the City's operations; uses for natural disasters or one-time non-recurring emergency that disrupts the cash receipts of the City. With this resolution in place for maintaining a reserve, this allows the City to become more financially stable and better equipped to handle any unforeseen emergencies or major loss of revenues.

**Request for Information.** This financial report is designed to provide a general overview of the City's finances, comply with finance-related laws, regulations and demonstrate the City's commitment to public accountability. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City of Midwest, City Finance Department, 100 N. Midwest Boulevard, Midwest City, Oklahoma 73110.



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**BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE**

**CITY OF MIDWEST CITY, OKLAHOMA**  
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**As of and for the Year Ended June 30, 2013**

**Statement of Net Position– June 30, 2013**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 3,689,108	\$ 21,087,495	\$ 24,776,603
Investments	97,817,227	24,202,250	122,019,477
Accounts receivable, net	2,642,502	3,133,377	5,775,879
Interest receivable	52,009	60,586	112,595
Other receivable	18,851	79,298	98,149
Inventory	135,978	248,830	384,808
Internal balances	(705,294)	705,294	-
Prepaid items	1,847	-	1,847
Due from other governments	4,821,492	-	4,821,492
Lease receivable	21,541,290	-	21,541,290
Deposits held by others	687,300	-	687,300
Capital assets:			
Land, water rights, and construction in progress	34,351,560	54,976,385	89,327,945
Other capital assets, net of depreciation	313,440,472	84,418,157	397,858,629
<b>Total assets</b>	<b>478,494,342</b>	<b>188,911,672</b>	<b>667,406,014</b>
<b>DEFERRED OUTFLOW OF RESOURCES:</b>			
Unamortized loss on refunding	-	1,090,162	1,090,162
<b>LIABILITIES:</b>			
Accounts payable and accrued liabilities	1,480,818	7,113,538	8,594,356
Wages payable	983,789	350,014	1,333,803
Claims payable	3,605,423	-	3,605,423
Due to other governments	9,657	-	9,657
Accrued interest payable	110,060	881,621	991,681
Unearned revenue	11,585,392	5,861	11,591,253
Long-term liabilities:			
Due within one year	3,426,134	4,630,936	8,057,070
Due in more than one year	38,213,918	71,493,207	109,707,125
<b>Total liabilities</b>	<b>59,415,191</b>	<b>84,475,177</b>	<b>143,890,368</b>
<b>NET POSITION:</b>			
Net investment in capital assets	340,892,032	81,659,732	422,551,764
Restricted by:			
Enabling legislation	62,135,270	1,723,701	63,858,971
Statutory requirements	1,147,421	-	1,147,421
External contracts	18,052,179	317,083	18,369,262
Unrestricted (deficit)	(3,147,751)	21,826,141	18,678,390
<b>Total net position</b>	<b>\$ 419,079,151</b>	<b>\$ 105,526,657</b>	<b>\$ 524,605,808</b>

See accompanying notes to the basic financial statements.

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**Statement of Activities –Year Ended June 30, 2013**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
<b>Primary government:</b>							
Governmental activities:							
General government	\$ 5,285,375	\$ 3,555,004	\$ 180,788	\$ 33,140	\$ (1,516,443)	\$ -	\$ (1,516,443)
Public safety	27,296,191	664,730	2,989,094	363,030	(23,279,337)	-	(\$23,279,337)
Streets	15,014,523	-	492,629	74,277	(14,447,617)	-	(\$14,447,617)
Culture and recreation	1,740,607	523,974	41,700	-	(1,174,933)	-	(\$1,174,933)
Health and welfare	1,391,264	-	85,773	-	(1,305,491)	-	(\$1,305,491)
Economic development	4,835,079	1,026,013	527,374	5,830	(3,275,862)	-	(\$3,275,862)
Total governmental activities	<u>55,563,039</u>	<u>5,769,721</u>	<u>4,317,358</u>	<u>476,277</u>	<u>(44,999,683)</u>	<u>-</u>	<u>(44,999,683)</u>
Business-type activities:							
Water	5,836,540	7,147,973	-	-	-	1,311,433	1,311,433
Wastewater	7,402,078	7,644,676	-	-	-	242,598	242,598
Sanitation	3,830,827	4,770,010	-	-	-	939,183	939,183
Drainage	624,881	397,373	-	-	-	(227,508)	(227,508)
Conference Center	7,779,635	5,363,965	-	-	-	(2,415,670)	(2,415,670)
Golf	1,123,372	1,059,372	-	-	-	(64,000)	(64,000)
Mobile home park	44,249	1,004	-	-	-	(43,245)	(43,245)
Industrial park	200	-	-	-	-	(200)	(200)
Total business-type activities	<u>26,641,782</u>	<u>26,384,373</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(257,409)</u>	<u>(257,409)</u>
<b>Total primary government</b>	<u>\$ 82,204,821</u>	<u>\$ 32,154,094</u>	<u>\$ 4,317,358</u>	<u>\$ 476,277</u>	<u>(44,999,683)</u>	<u>(257,409)</u>	<u>(45,257,092)</u>
<b>General revenues:</b>							
Taxes:							
Sales and use taxes					\$ 33,191,533	\$ -	\$ 33,191,533
Property tax					3,490,231	-	3,490,231
Franchise and public service taxes					2,495,871	-	2,495,871
Hotel/motel taxes					606,059	-	606,059
Intergovernmental revenue not restricted to specific programs					486,240	-	486,240
Investment income					10,502,228	(656,914)	9,845,314
Miscellaneous					198,018	3,265	201,283
<b>Transfers - Internal activity</b>					<u>(2,911,822)</u>	<u>2,911,822</u>	<u>-</u>
Total general revenues and transfers					<u>48,058,358</u>	<u>2,258,173</u>	<u>50,316,531</u>
Change in net position					3,058,675	2,000,764	5,059,439
<b>Net position - beginning, restated</b>					416,020,476	103,525,893	519,546,369
<b>Net position - ending</b>					<u>\$ 419,079,151</u>	<u>\$ 105,526,657</u>	<u>\$ 524,605,808</u>

See accompanying notes to the basic financial statements.

**CITY OF MIDWEST CITY, OKLAHOMA  
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**BASIC FINANCIAL STATEMENTS - GOVERNMENTAL FUNDS**

**CITY OF MIDWEST CITY, OKLAHOMA  
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**Governmental Funds Balance Sheet - June 30, 2013**

	<u>General Fund</u>	<u>Police Fund</u>	<u>Fire Fund</u>	<u>Midwest City Hospital Authority</u>	<u>Tax Increment Financing Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS:</b>							
Cash and cash equivalents	\$ 356,277	\$ 171,237	\$ 108,241	\$ 1,269,158	\$ -	\$ 1,453,961	\$ 3,358,874
Investments	4,223,600	2,446,107	1,580,271	72,831,557	-	12,721,365	93,802,900
Receivables:							
Accounts receivable	1,498,816	67,626	1,000	167	-	1,018,795	2,586,404
Accrued interest receivable	10,008	4,223	3,097	1,111	-	23,171	41,610
Due from other funds	1,861,051	1,059,479	856,626	487,162	-	1,886,092	6,150,410
Deposits held by others	-	-	-	-	-	687,300	687,300
Prepaid items	1,847	-	-	-	-	-	1,847
Other receivable	15,994	1,232	1,625	-	-	-	18,851
Due from other governments	2,939,682	366,034	326,237	-	-	1,189,539	4,821,492
Inventory	-	-	-	-	-	60,000	60,000
Total assets	<u>\$ 10,907,275</u>	<u>\$ 4,115,938</u>	<u>\$ 2,877,097</u>	<u>\$ 74,589,155</u>	<u>\$ -</u>	<u>\$ 19,040,223</u>	<u>\$ 111,529,688</u>
<b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES:</b>							
<b>Liabilities:</b>							
Accounts payable and accrued liabilities	\$ 195,164	\$ 68,010	\$ 14,368	\$ 132,410	\$ -	\$ 546,517	\$ 956,469
Accrued interest payable	-	-	-	-	-	92,943	92,943
Wages payable	271,045	366,308	273,450	1,778	-	45,482	958,063
Unearned revenue	-	-	-	11,585,392	-	-	11,585,392
Refundable deposits (court)	82,800	-	-	-	-	-	82,800
Due to other funds	2,179,389	-	1,800,072	-	3,092,566	1,363,787	8,435,814
Due to other governments	9,657	-	-	-	-	-	9,657
Total liabilities	<u>2,738,055</u>	<u>434,318</u>	<u>2,087,890</u>	<u>11,719,580</u>	<u>3,092,566</u>	<u>2,048,729</u>	<u>22,121,138</u>
Deferred inflows of resources:							
Deferred revenue	<u>1,174,046</u>	<u>47,846</u>	<u>-</u>	<u>384,583</u>	<u>-</u>	<u>270,868</u>	<u>1,877,343</u>
<b>Fund Balances:</b>							
Nonspendable	1,623	-	-	-	-	747,300	748,923
Restricted	330,848	3,633,774	789,207	62,484,992	-	16,069,954	83,308,775
Assigned	3,300,672	-	-	-	-	647,888	3,948,560
Unassigned (deficit)	<u>3,362,031</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,092,566)</u>	<u>(744,516)</u>	<u>(475,051)</u>
Total fund balances	<u>6,995,174</u>	<u>3,633,774</u>	<u>789,207</u>	<u>62,484,992</u>	<u>(3,092,566)</u>	<u>16,720,626</u>	<u>87,531,207</u>
Total liabilities, deferred inflows, and fund balance	<u>\$ 10,907,275</u>	<u>\$ 4,115,938</u>	<u>\$ 2,877,097</u>	<u>\$ 74,589,155</u>	<u>\$ -</u>	<u>\$ 19,040,223</u>	<u>\$ 111,529,688</u>

See accompanying notes to the basic financial statements.

**CITY OF MIDWEST CITY, OKLAHOMA**  
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**Governmental Funds Statement of Changes in Fund Balances – Year Ended June 30, 2013**

	<u>General Fund</u>	<u>Police Fund</u>	<u>Fire Fund</u>	<u>Midwest City Hospital Authority</u>	<u>Tax Increment Financing Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>							
Taxes	\$ 23,018,584	\$ 2,861,153	\$ 2,557,257	\$ 740,027	\$ 1,015,301	\$ 9,604,487	\$ 39,796,809
Intergovernmental	724,853	731,827	2,031,696	-	-	1,716,907	5,205,283
Charges for services	775,611	42,954	24,210	-	-	1,407,186	2,249,961
Fines and forfeitures	1,628,784	142,242	-	-	-	189,668	1,960,694
Licenses and permits	291,341	-	9,550	-	-	91,621	392,512
Investment income	(120,789)	(37,154)	(1,837)	11,239,952	402	(234,000)	10,846,574
Miscellaneous	467,363	25,688	6,286	912,438	-	80,418	1,492,193
Total revenues	<u>26,785,747</u>	<u>3,766,710</u>	<u>4,627,162</u>	<u>12,892,417</u>	<u>1,015,703</u>	<u>12,856,287</u>	<u>61,944,026</u>
<b>Expenditures:</b>							
<b>Current:</b>							
General government	3,558,258	-	-	649,230	-	343,673	4,551,161
Public safety	799,897	12,215,440	10,838,259	-	-	880,839	24,734,435
Streets	2,691,598	-	-	-	-	75,479	2,767,077
Culture and recreation	985,361	-	-	-	-	455,684	1,441,045
Health and welfare	10,935	-	-	-	-	-	10,935
Economic development	3,188,747	-	-	-	-	1,118,897	4,307,644
Capital outlay	103,458	397,975	1,070,327	100,000	-	4,445,322	6,117,082
<b>Debt service:</b>							
Principal retirement	-	-	-	518,036	-	1,400,000	1,918,036
Interest and fiscal charges	-	-	64,703	1,336,119	166,461	370,754	1,938,037
Total expenditures	<u>11,338,254</u>	<u>12,613,415</u>	<u>11,973,289</u>	<u>2,603,385</u>	<u>166,461</u>	<u>9,090,648</u>	<u>47,785,452</u>
Excess (deficiency) of revenues over expenditures	15,447,493	(8,846,705)	(7,346,127)	10,289,032	849,242	3,765,639	14,158,574
<b>Other financing sources (uses):</b>							
Transfers in	10,738,777	9,452,827	7,590,405	250,000	-	1,835,790	29,867,799
Transfers out	(25,266,322)	-	(166,000)	(6,865)	-	(7,186,391)	(32,625,578)
Total other financing sources (uses)	<u>(14,527,545)</u>	<u>9,452,827</u>	<u>7,424,405</u>	<u>243,135</u>	<u>-</u>	<u>(5,350,601)</u>	<u>(2,757,779)</u>
Net change in fund balances	919,948	606,122	78,278	10,532,167	849,242	(1,584,962)	11,400,795
<b>Fund balances - beginning, restated</b>	6,075,226	3,027,652	710,929	51,952,825	(3,941,808)	18,305,588	76,130,412
<b>Fund balances - ending</b>	<u>\$ 6,995,174</u>	<u>\$ 3,633,774</u>	<u>\$ 789,207</u>	<u>\$ 62,484,992</u>	<u>\$ (3,092,566)</u>	<u>\$ 16,720,626</u>	<u>\$ 87,531,207</u>

See accompanying notes to the basic financial statements.

**CITY OF MIDWEST CITY, OKLAHOMA  
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**Reconciliation of Governmental Funds and Government-Wide Financial Statements:**

**Fund Balance – Net Position Reconciliation:**

<b>Fund balances of governmental funds</b>	<b>\$ 87,531,207</b>
 Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$170,883,121.	<u>346,700,838</u>
Certain long-term assets are not available to pay for current fund liabilities and, therefore, are deferred in the funds or not reported in the funds:	
Due from other governments	112,030
Other receivable, net of allowance	1,765,313
HMA Hospital Receivable	<u>21,541,290</u>
	<u>23,418,633</u>
Internal service funds are used by management to charge the costs of certain activities to individual funds. An allocation of the the assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	<u>(3,866,766)</u>
Certain long-term liabilities are not due and payable from current financial resources and, therefore, are not reported in the funds:	
General obligation bonds payable	(6,900,000)
Notes payable	(23,718,438)
Accrued compensated absences	(4,069,206)
Accrued interest payable	<u>(17,117)</u>
	<u>(34,704,761)</u>
 <b>Net position of governmental activities</b>	 <b><u><u>\$ 419,079,151</u></u></b>

See accompanying notes to the basic financial statements.

**CITY OF MIDWEST CITY, OKLAHOMA  
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**Changes in Fund Balances – Changes in Net Position Reconciliation:**

**Net change in fund balances - total governmental funds** \$ 11,400,795

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets

Capital asset purchases capitalized	5,321,855
Capital asset donated	28,600
Capital asset purchases donated	(154,043)
Loss on disposal of capital asset	(109,485)
Depreciation expense	(13,941,048)
	(8,854,121)

Repayment of debt principal is an expenditure and collections of leasehold receivables are a revenue in the governmental funds. However, the repayments reduce long-term liabilities or the long-term assets in the Statement of Net Position.

Leasehold receivable receipts	(393,478)
Note payable principal payments	518,036
General obligation bond principal payments	1,400,000
	1,524,558

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:

Deferred revenue	63,872
------------------	--------

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 accrued interest payable	2,139
Change in accrued compensated absences	(132,603)
	(130,464)

Internal service fund activity is reported as a proprietary fund in the fund financial statements, but certain net revenues/expenses are reported in governmental activities on the Statement of Activities

Total change in net position for internal service funds	(945,965)
	(945,965)

**Change in net position of governmental activities** **\$ 3,058,675**

See accompanying notes to the basic financial statements.



**CITY OF MIDWEST CITY, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2013**

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**BASIC FINANCIAL STATEMENTS - PROPRIETARY FUNDS**

**CITY OF MIDWEST CITY, OKLAHOMA**  
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**Proprietary Funds Statement of Net Position - June 30, 2013**

	Midwest City Municipal Authority				Drainage Fund	Debt Service Fund	Nonmajor Enterprise Funds	Total	Internal Service Funds
	Water Fund	Sewer Fund	Sanitation Fund	Conference Center/Hotel Fund					
<b>ASSETS:</b>									
Current assets:									
Cash and cash equivalents	\$ 306,783	\$ 812,269	\$ 67,339	\$ 298,522	\$ 89,876	\$ -	\$ 232,724	\$ 1,807,513	\$ 341,402
Cash and cash equivalents, restricted	-	-	-	-	-	19,190,677	78,137	19,268,814	-
Investments	4,628,483	11,113,326	1,048,531	1,221,399	1,351,650	-	3,479,025	22,842,414	4,157,492
Accounts receivable, net	951,777	1,052,980	626,017	378,757	56,233	-	67,613	3,133,377	56,098
Other receivable	-	-	396	75,289	-	-	3,613	79,298	-
Accrued interest receivable	11,108	27,423	2,958	3,446	3,185	685	11,781	60,586	10,399
Inventory	144,095	101,768	-	-	-	-	2,967	248,830	75,978
Due from other funds	71	7,038,999	48,585	-	-	-	-	7,087,655	-
Total current assets	6,042,317	20,146,765	1,793,826	1,977,413	1,500,944	19,191,362	3,875,860	54,528,487	4,641,369
Noncurrent assets:									
Investments, restricted	-	-	-	-	-	-	1,216,671	1,216,671	-
Due from other funds	-	2,092,691	50,528	-	-	-	-	2,143,219	-
Land, construction in progress, and water rights	4,763,734	42,963,912	700,000	63,245	21,687	-	6,456,807	54,969,385	7,000
Other capital assets, net	18,372,019	21,230,103	3,606,210	23,975,873	13,430,066	-	3,567,786	84,182,057	1,327,294
Total noncurrent assets	23,135,753	66,286,706	4,356,738	24,039,118	13,451,753	-	11,241,264	142,511,332	1,334,294
Total assets	29,178,070	86,433,471	6,150,564	26,016,531	14,952,697	19,191,362	15,117,124	197,039,819	5,975,663
<b>DEFERRED OUTFLOWS OF RESOURCES</b>									
Unamortized Loss on Refunding	-	-	-	-	-	1,090,162	-	1,090,162	-
Total deferred outflows	-	-	-	-	-	1,090,162	-	1,090,162	-
<b>LIABILITIES:</b>									
Current liabilities:									
Accounts payable and accrued liabilities	278,676	6,109,581	99,299	443,378	32	-	173,492	7,104,458	533,429
Claims liability	-	-	-	-	-	-	-	-	1,394,423
Wages payable	70,493	82,065	29,112	90,734	6,199	-	51,037	329,640	46,100
Due to other funds	-	-	-	320,000	-	6,039,124	48,656	6,407,780	-
Accrued interest payable	-	-	-	-	-	881,621	-	881,621	-
Unearned revenue	-	-	-	-	-	-	5,861	5,861	-
Accrued compensated absences	96,819	87,115	36,157	42,683	7,960	-	57,634	328,368	74,878
Refundable deposits	-	-	-	56,372	-	-	134,976	191,348	-
Notes payable	200,601	-	-	-	-	-	-	200,601	-
Revenue bonds payable	-	-	-	-	-	3,875,000	-	3,875,000	-
Total current liabilities	646,589	6,278,761	164,568	953,167	14,191	10,795,745	471,656	19,324,677	2,048,830
Noncurrent liabilities:									
Accrued compensated absences	193,638	174,230	72,313	5,607	15,920	-	115,268	576,976	149,755
Claims liability	-	-	-	-	-	-	-	-	2,211,000
Unfunded OPEB liability	-	-	-	-	-	-	-	-	6,751,831
Due to other funds	-	-	-	-	-	-	537,690	537,690	-
Refundable deposits	-	-	-	-	-	-	1,214,787	1,214,787	-
Notes payable	634,509	-	-	-	-	-	-	634,509	-
Revenue bonds payable, net	-	-	-	-	-	68,995,698	-	68,995,698	-
Total noncurrent liabilities	828,147	174,230	72,313	5,607	15,920	68,995,698	1,867,745	71,959,660	9,112,586
Total liabilities	1,474,736	6,452,991	236,881	958,774	30,111	79,791,443	2,339,401	91,284,337	11,161,416
<b>NET POSITION:</b>									
Net investment in capital assets	22,300,643	64,194,015	4,306,210	24,039,118	13,451,753	(56,306,425)	9,438,318	81,423,632	1,334,294
Restricted for debt service	-	-	-	-	-	1,723,701	-	1,723,701	-
Restricted for other purposes	-	-	-	-	-	-	317,083	317,083	-
Unrestricted (deficit)	5,402,691	15,786,465	1,607,473	1,018,639	1,470,833	(4,927,195)	3,022,322	23,381,228	(6,520,047)
Total net position	\$ 27,703,334	\$ 79,980,480	\$ 5,913,683	\$ 25,057,757	\$ 14,922,586	\$ (59,509,919)	\$12,777,723	106,845,644	\$ (5,185,753)

Some amounts reported for business-type activities in the Statement of Net Position are different because certain internal service fund balances are included with business-type activities and reported as interfund balances

(1,318,987)

Total net position per Government-Wide financial statements

\$ 105,526,657

See accompanying notes to the basic financial statements.

**CITY OF MIDWEST CITY, OKLAHOMA**  
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**Proprietary Funds Statement of Changes in Net Position - Year Ended June 30, 2013**

	Midwest City Municipal Authority				Drainage Fund	Debt Service Fund	Nonmajor Enterprise Funds	Total	Internal Service Funds
	Water Fund	Sewer Fund	Sanitation Fund	Conference Center/ Hotel Fund					
<b>Operating Revenues:</b>									
Charges for services	\$ 6,663,723	\$ 7,128,613	\$ 4,452,455	\$ 5,363,965	\$ 396,565	\$ -	\$ 2,286,040	\$ 26,291,361	\$ 10,529,424
Fees, licenses and permits	11,100	13,045	-	-	-	-	-	24,145	-
Miscellaneous	21,642	10,366	25,517	-	808	-	-	58,333	134,717
Total operating revenues	<u>6,696,465</u>	<u>7,152,024</u>	<u>4,477,972</u>	<u>5,363,965</u>	<u>397,373</u>	<u>-</u>	<u>2,286,040</u>	<u>26,373,839</u>	<u>10,664,141</u>
<b>Operating Expenses:</b>									
Personal services	2,106,220	3,282,689	1,070,386	2,067,735	236,359	-	1,439,766	10,203,155	1,564,613
Materials and supplies	776,989	631,693	730,583	1,453,126	76,319	-	374,218	4,042,928	1,433,892
Other services and charges	1,680,188	965,758	1,396,585	1,553,337	45,807	-	186,198	5,827,873	1,651,828
Insurance claims and expense	-	-	-	-	-	-	-	-	7,016,657
Depreciation and amortization	657,552	1,320,579	356,368	990,360	254,320	-	179,463	3,758,642	93,795
Total operating expenses	<u>5,220,949</u>	<u>6,200,719</u>	<u>3,553,922</u>	<u>6,064,558</u>	<u>612,805</u>	<u>-</u>	<u>2,179,645</u>	<u>23,832,598</u>	<u>11,760,785</u>
Operating income (loss)	1,475,516	951,305	924,050	(700,593)	(215,432)	-	106,395	2,541,241	(1,096,644)
<b>Non-Operating Revenues (Expenses):</b>									
Investment income	(144,803)	(220,942)	(5,448)	(90,504)	(47,948)	29,958	(177,227)	(656,914)	(163,844)
Interest expense and fiscal charges	(28,237)	-	-	-	-	(2,457,255)	(40,681)	(2,526,173)	-
Gain (loss) on asset retirement	(115,678)	-	-	-	-	-	-	(115,678)	-
Other non-operating revenue	-	-	-	-	-	-	13,799	13,799	147,190
Total non-operating revenues (expenses)	<u>(288,718)</u>	<u>(220,942)</u>	<u>(5,448)</u>	<u>(90,504)</u>	<u>(47,948)</u>	<u>(2,427,297)</u>	<u>(204,109)</u>	<u>(3,284,966)</u>	<u>(16,654)</u>
Net income (loss) before transfers	1,186,798	730,363	918,602	(791,097)	(263,380)	(2,427,297)	(97,714)	(743,725)	(1,113,298)
Contributed capital	-	9,644	-	-	-	-	246,343	255,987	-
Transfers in	29,809	29,626,390	-	-	-	14,562,679	132,747	44,351,625	-
Transfers out	<u>(798,038)</u>	<u>(1,933,153)</u>	<u>(763,936)</u>	<u>(360,000)</u>	<u>-</u>	<u>(37,802,766)</u>	<u>(37,897)</u>	<u>(41,695,790)</u>	<u>-</u>
<b>Change in net position</b>	418,569	28,433,244	154,666	(1,151,097)	(263,380)	(25,667,384)	243,479	2,168,097	(1,113,298)
<b>Total net position - beginning, restated</b>	27,284,765	51,547,236	5,759,017	26,208,854	15,185,966	(33,842,535)	12,534,244	104,677,547	(4,072,455)
<b>Total net position - ending</b>	<u>\$ 27,703,334</u>	<u>\$ 79,980,480</u>	<u>\$ 5,913,683</u>	<u>\$ 25,057,757</u>	<u>\$ 14,922,586</u>	<u>\$ (59,509,919)</u>	<u>\$ 12,777,723</u>	<u>\$ 106,845,644</u>	<u>\$ (5,185,753)</u>
Change in net position per above								\$ 2,168,097	
Some amounts reported for business-type activities in the Statement of Activities are different because the net revenue of certain internal service funds is reported with business-type activities								(167,333)	
Change in Business-Type Activities in Net Position per Government-Wide Financial Statements								\$ 2,000,764	

See accompanying notes to the basic financial statements.

**CITY OF MIDWEST CITY, OKLAHOMA**  
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**Proprietary Funds Statement of Cash Flows - Year Ended June 30, 2013**

	Midwest City Municipal Authority				Drainage Fund	Debt Service Fund	Nonmajor Enterprise Funds	Total	Internal Service Funds
	Water Fund	Sewer Fund	Sanitation Fund	Conference Center/Hotel Fund					
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>									
Receipts from customers	\$ 6,939,942	\$ 7,248,674	\$ 4,484,082	\$ 5,266,278	\$ 398,183	\$ -	\$ 2,258,657	\$ 26,595,816	\$ 10,781,306
Payments to suppliers	(2,451,553)	(1,063,570)	(2,358,588)	(2,624,130)	(122,113)	-	(484,754)	(9,104,708)	(2,995,038)
Payments to employees	(2,067,821)	(3,254,915)	(1,076,685)	(2,327,001)	(234,257)	-	(1,425,713)	(10,386,392)	(243,999)
Receipts (payments) from interfund loan	1,132	320,029	1,077,826	200,000	-	529,213	(187,877)	1,940,323	-
Receipt of customer deposits	-	-	-	-	-	-	476,094	476,094	-
Return of customer deposits	-	-	-	-	-	-	(449,231)	(449,231)	-
Claims and benefits paid	-	-	-	-	-	-	-	-	(7,447,507)
Net Cash Provided by (Used in) Operating Activities	<u>2,421,700</u>	<u>3,250,218</u>	<u>2,126,635</u>	<u>515,147</u>	<u>41,813</u>	<u>529,213</u>	<u>187,176</u>	<u>9,071,902</u>	<u>94,762</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>									
Transfers from other funds	29,809	29,626,390	-	-	-	14,562,679	132,747	44,351,625	-
Transfers to other funds	(798,038)	(1,933,153)	(763,936)	(360,000)	-	(37,802,766)	(37,897)	(41,695,790)	-
Net Cash Provided by (Used in) Non-Capital Financing Activities	<u>(768,229)</u>	<u>27,693,237</u>	<u>(763,936)</u>	<u>(360,000)</u>	<u>-</u>	<u>(23,240,087)</u>	<u>94,850</u>	<u>2,655,835</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>									
Capital assets purchased	(321,303)	(30,111,598)	(487,509)	(342,483)	(66,090)	-	(190,435)	(31,519,418)	(315,784)
Principal paid on capital debt	(194,680)	-	-	-	-	(3,460,000)	-	(3,654,680)	-
Interest and fiscal charges paid on capital debt	(28,237)	-	-	-	-	(3,059,969)	(40,681)	(3,128,887)	-
Proceeds from sale of capital assets	-	-	-	-	-	-	1,022	1,022	-
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(544,220)</u>	<u>(30,111,598)</u>	<u>(487,509)</u>	<u>(342,483)</u>	<u>(66,090)</u>	<u>(6,519,969)</u>	<u>(230,094)</u>	<u>(38,301,963)</u>	<u>(315,784)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>									
Sale (purchase) of investments	(1,592,955)	(2,539,583)	(862,761)	(27,375)	(195,561)	-	(803,779)	(6,022,014)	(546,309)
Interest and dividends	(147,943)	(227,158)	(8,406)	(90,450)	(48,136)	29,655	(148,847)	(641,285)	(141,391)
Net Cash Provided by (Used in) Investing Activities	<u>(1,740,898)</u>	<u>(2,766,741)</u>	<u>(871,167)</u>	<u>(117,825)</u>	<u>(243,697)</u>	<u>29,655</u>	<u>(952,626)</u>	<u>(6,663,299)</u>	<u>(687,700)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(631,647)</b>	<b>(1,934,884)</b>	<b>4,023</b>	<b>(305,161)</b>	<b>(267,974)</b>	<b>(29,201,188)</b>	<b>(900,694)</b>	<b>(33,237,525)</b>	<b>(908,722)</b>
<b>Balances - beginning of the year</b>	<b>938,430</b>	<b>2,747,153</b>	<b>63,316</b>	<b>603,683</b>	<b>357,850</b>	<b>48,391,865</b>	<b>1,211,555</b>	<b>54,313,852</b>	<b>1,250,124</b>
<b>Balances - end of the year</b>	<b>\$ 306,783</b>	<b>\$ 812,269</b>	<b>\$ 67,339</b>	<b>\$ 298,522</b>	<b>\$ 89,876</b>	<b>\$ 19,190,677</b>	<b>\$ 310,861</b>	<b>\$ 21,076,327</b>	<b>\$ 341,402</b>
<b>Reconciliation to Statement of Net Position</b>									
Cash and cash equivalents	\$ 306,783	\$ 812,269	\$ 67,339	\$ 298,522	\$ 89,876	\$ -	\$ 232,724	\$ 1,807,513	\$ 341,402
Restricted cash and cash equivalents	-	-	-	-	-	19,190,677	78,137	19,268,814	-
Total cash and cash equivalents	<u>\$ 306,783</u>	<u>\$ 812,269</u>	<u>\$ 67,339</u>	<u>\$ 298,522</u>	<u>\$ 89,876</u>	<u>\$ 19,190,677</u>	<u>\$ 310,861</u>	<u>\$ 21,076,327</u>	<u>\$ 341,402</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>									
Operating income (loss)	\$ 1,475,516	\$ 960,949	\$ 914,406	\$ (700,593)	\$ (215,432)	\$ -	\$ 106,395	\$ 2,541,241	\$ (1,096,644)
Adjustments to reconcile operating income (uses) to net cash provided by operating activities:									
Depreciation expense	657,552	1,320,579	356,368	990,360	254,320	-	179,463	3,758,642	93,795
Other nonoperating revenue	-	-	-	-	-	-	13,799	13,799	147,190
Change in assets and liabilities:									
Receivables, net	243,088	70,426	14,890	(143,479)	735	-	(6,733)	178,927	(30,025)
Other receivable	389	16,580	864	28,876	75	-	-	46,784	-
Due from other funds	1,132	320,029	1,077,826	-	-	-	-	1,398,987	-
Inventory	(27,214)	(10,849)	-	-	-	-	(2,967)	(41,030)	(38,456)
Accounts payables	32,838	544,730	(231,420)	82,345	13	-	78,629	507,135	179,207
Claims liability	-	-	-	-	-	-	-	-	(480,919)
Deferred revenue	-	-	-	-	-	-	(34,449)	(34,449)	-
Due to other funds	-	-	-	200,000	-	529,213	(187,877)	541,336	-
Due to employees	612	(156)	(2,362)	1,107	80	-	3,877	3,158	(2,099)
Refundable deposits	-	-	-	16,916	-	-	26,863	43,779	-
Unfunded OPEB liability	-	-	-	-	-	-	-	-	1,335,828
Accrued compensated absences	37,787	27,930	(3,937)	39,615	2,022	-	10,176	113,593	(13,115)
Net Cash Provided by Operating Activities	<u>\$ 2,421,700</u>	<u>\$ 3,250,218</u>	<u>\$ 2,126,635</u>	<u>\$ 515,147</u>	<u>\$ 41,813</u>	<u>\$ 529,213</u>	<u>\$ 187,176</u>	<u>\$ 9,071,902</u>	<u>\$ 94,762</u>
<b>Non-cash activity:</b>									
Contributed capital assets - governmental funds	\$ -	\$ 9,644	\$ -	\$ -	\$ -	\$ -	\$ 246,343	\$ 255,987	\$ -

See accompanying notes to the basic financial statements.

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**FOOTNOTES TO BASIC FINANCIAL STATEMENTS**

**Footnotes to the Basic Financial Statements:**

**1. Financial Reporting Entity**

In determining the financial reporting entity, the City of Midwest City (the “City”) complies with the provisions of Governmental Accounting Standards Board Statement No. 14, “*The Financial Reporting Entity*” and Statement No. 61, “*The Financial Reporting Entity: Omnibus*” and includes all component units for which the City is financially accountable. The City’s financial reporting entity primary government presentation includes the City of Midwest City and certain component units as follows:

**The City of Midwest City** – operates the public safety, health and welfare, streets and highways, parks and recreation, and administrative activities

The City of Midwest City is an incorporated municipality located in central Oklahoma. The City operates under a council-manager form of government with a charter that provides for three branches of government:

- Legislative – the governing body includes an elected seven-member City Council and Mayor
- Executive – the City Manager is the Chief Executive Officer and is appointed by the City Council
- Judicial – the Municipal Judges are practicing attorneys appointed by the City Council

**Blended Component Units:** Separate legal entities for which the City Council members serve as the trustees/governing body of the entity and /or the City is able to impose its will on the Authorities through required approval of all debt obligations issued by these entities.

**Midwest City Utilities Authority** –created for industrial development.

**Midwest City Municipal Authority** – created to operate the water, wastewater, sanitation and conference center/hotel.

**Midwest City Hospital Authority** – created to operate the hospital, however, in 1996 the hospital was leased for a 30 year term. In March 2009, this lease was extended to May 2048. The Trustees manage activities related to the hospital lease.

**Urban Renewal Authority** – created for economic development.

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

In accordance with state law, the City Council must approve, by two-thirds vote, all debt obligations of these public trusts prior to incurring the obligation. This is considered sufficient imposition of will to demonstrate financial accountability and to include the trusts within the City’s financial reporting entity. The public trusts do not issue separate annual financial statements.

## **2. Basis of Presentation and Accounting**

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

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

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

In the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

*Governmental activities* - Most of the City's basic services are reported here, including the police, fire, general administration, streets, parks and recreation. Sales taxes, franchise fees, fines, and state and federal grants finance most of these activities.

*Business-type activities* – Services where the City charges a fee to customers to help cover all or most of the cost of the services it provides. The City's water, sewer, sanitation systems and the hotel/conference center activities are reported here.

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

### **Fund Financial Statements:**

#### ***Governmental Funds:***

Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. Governmental funds report their activities on the modified accrual basis of accounting and current financial resources measurement focus that is different from other funds. For example, these funds report the acquisition of capital assets and payments for debt principal as expenditures and not as changes to asset and debt balances. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine (through a review of changes to fund balance) whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The City's governmental funds include:

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Major Funds:

- General Fund – accounts for all activities not accounted for in other special-purpose funds. For reporting purposes the General Fund includes the activities of the Reimbursed Projects Account, Employee Activity Account, Activity Account, Animals Best Friend Account, and Disaster Relief Account.
- Police Fund – is a special revenue fund that accounts for police services funded by a restricted sales tax, a transfer of 34.21% of General Fund revenues per ordinance legally restricted for police operations, and fines and fees restricted for traffic enforcement operations. For reporting purposes, the Police Fund includes the Jail Fund.
- Fire Fund — is a special revenue fund that accounts for fire protection services funded by sales tax legally restricted for fire and a transfer of 27.66% of General Fund revenues.
- Midwest City Hospital Authority – is a special revenue fund that manages activities related to the hospital lease, funded by interest income and in lieu of taxes.
- Tax Increment Financing Fund – is a special revenue fund that accounts for activity related to the 29<sup>th</sup> Street Downtown Redevelopment project funded by tax apportionment revenue.

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

Special Revenue Funds include Grants, Juvenile, Parks and Recreation, Emergency Operations, Technology, Welcome Center, Police Impound Fees, Street and Alley, Police Special Projects, Police Lab Fee, Convention/Visitors Bureau, Urban Renewal Authority Funds, and General Government Sales Tax.

Debt Service Fund – accounts for ad-valorem taxes levied by the City for use in retiring general obligation bonds, and their related interest expenses.

Capital Project Funds:

- Capital Improvement Fund – accounts for assessed fees that help fund capital projects for various functions of the City.
- Capital Outlay Fund – accounts for equipment, vehicles, computers and building repairs for governmental funds.
- Downtown Redevelopment Fund – accounts for the lease proceeds from the 29<sup>th</sup> street redevelopment. Proceeds are used to fund various needs of the City.
- 2002 Street Project Fund – accounts for the proceeds from the 2002 General Obligation Street Bonds which funds capital street projects.
- Street Project Fund – accounts for the sales tax restricted for street projects.
- Sales Tax Capital Improvement Fund – accounts for sales tax restricted by a vote of the citizens for debt retirement related to capital improvements.
- Capital Outlay Reserve Fund – accounts for funds set aside to fund the five year capital needs projects.

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 normally due and payable from current financial resources. The City defines revenue availability as collected within 60 days of period end.



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

***Proprietary Funds:***

When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds include enterprise funds and internal service funds. Enterprise funds are used to account for business-like activities provided to the general public. Internal service funds are used to account for business-like activities provided to other funds or departments of the City. Proprietary funds are reported on the accrual basis of accounting and economic resources measurement focus. For example, proprietary fund capital assets are capitalized and depreciated and principal payments on long-term debt are recorded as a reduction to the liability.

The City's proprietary funds include the following:

**Enterprise Funds**

Major:

- Water Fund (includes the Water Operating Fund and the Water Capital Projects Fund) accounts for the activities providing water services to the public. *Included in Midwest City Municipal Authority*
- Sewer Fund (includes the Sewer Operating Fund and the Sewer Capital Projects Fund) accounts for the activities providing sewer services to the public. *Included in Midwest City Municipal Authority*
- Sanitation Fund (includes the Sanitation Operating Fund) accounts for the activities providing sanitation services to the public. *Included in Midwest City Municipal Authority*
- Conference Center/Hotel Fund (includes the Conference and Hotel Operating Fund) accounts for the activities related to the Conference Center and Hotel. *Included in Midwest City Municipal Authority*
- Drainage Fund (includes the Drainage Operating Fund and the Capital Projects Fund) accounts for the activities providing drainage services to the public.
- Debt Service Fund accounts for the debt activities related to the 2011 and 2011A Revenue Bonds.

Non-Major:

- Utilities Authority Fund –accounts for industrial development activities.
- Utility Services Fund – accounts for activities related to billing for water, sewer, sanitation, storm water, and drainage.
- Utilities Capital Fund – accounts for capital purchases for the water, sewer, and sanitation systems.
- Customer Deposit Fund –accounts for utility customer deposits.
- Golf Course Fund –accounts for activities of the John Conrad and the Hidden Creek golf courses.
- 29<sup>th</sup> and Douglas –accounts for activities of the trailer park at 29<sup>th</sup> and Douglas.

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**Internal Service Funds** (aggregated in a single column for reporting purposes)

- Risk Management Fund - accounts for the cost of providing various insurance services (i.e workers compensation, general liability, vehicle and property) to other funds and departments of the City
- Public Works Administration Fund - accounts for the cost of centralization of administrative resources to various departments of the City. This fund primarily serves the business-type activities.
- Fleet Services Fund - accounts for fuel, maintenance and repairs for the City's fleet.
- Surplus Property Fund - accounts for the disposal of surplus property on behalf of all departments.
- L&H Benefits Fund - accounts for health and life benefits to employees and retirees. Beginning in fiscal year 2009 accounts for the City's unfunded OPEB obligation.

**New Accounting Pronouncements**

- The City implemented GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – An Amendment of GASB Statements No. 14 and No. 34*. GASB No. 61 modifies certain requirements for inclusion of component units in the financial reporting entity and also amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances. The Statement is effective for periods beginning after June 15, 2012.
- The City implemented GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. GASB No. 62 is intended to enhance the usefulness of its Codification by incorporating guidance that previously could only be found in certain FASB and AICPA pronouncements.
- The City implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities.
- The City early implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. GASB No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources (expenses) or inflows of resources (revenues), certain items that were previously recognized as assets and liabilities. The Statement is effective for fiscal years ended June 30, 2014, however, the City, as mentioned, above, has chose to early implement Statement No. 65. This early implementation resulted in a prior period restatement for the removal of bond issuance costs from the Statement of Net Position in the Business Type Activities and the Proprietary Fund Statement of Changes in Net Position totaling \$1,041,472.

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**3. Cash and Cash Equivalents, Deposits and Investments**

Cash and cash equivalents includes all demand and savings accounts, certificates of deposit or short-term investments with an original maturity of three months or less, and money market investments. Trust account investments in open-ended mutual fund shares are also considered cash equivalents.

Investments, other than Hospital investments, consist of long-term certificates of deposit, U.S. Treasury bonds and notes, and U.S. agency securities. Certificates of deposit are reported at cost, while the U.S. Treasury and agency securities are reported at fair value.

**Deposits and Investments Risks**

The City of Midwest City primary government and blended component units are governed by the deposit and investment limitations of state law and trust indentures. The deposits and investments held at June 30, 2013 by these entities are as follows:

**Schedule of Deposits and Investments by Type - June 30, 2013**

Type	Fair Value	Maturities in Years				
		On Demand	Less Than One	1 - 5	6 - 10	More than 10
Demand deposits	\$ 24,776,596	\$ 24,776,596	\$ -	\$ -	\$ -	\$ -
Time deposits	7,896,142	-	5,000,000	2,896,142	-	-
Government Money Market Accounts	8	8	-	-	-	-
U.S. Agencies Obligations	44,850,712	-	-	535,014	803,777	43,511,921
Sub-Total	77,523,458	\$ 24,776,604	\$ 5,000,000	\$ 3,431,156	\$ 803,777	\$ 43,511,921
Hospital JP Morgan	68,161,687					
Other Investments	1,110,935					
Total Deposits and Investments	\$ 146,796,080					
<b>Reconciliation to Financial Statements:</b>	<b>Per report</b>					
Cash and cash equivalents	\$ 24,776,603					
Investments	122,019,477					
	\$ 146,796,080					

*Custodial Credit Risk* – Exposure to custodial credit risk related to deposits exists when the City holds deposits that are uninsured and uncollateralized; collateralized 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 a minimum level of 110% of the uninsured deposits and accrued interest thereon. The City’s policy limits acceptable collateral to U.S. Treasury securities, federally insured obligations, or direct debt obligations of municipalities, counties, and school districts in Oklahoma. Also, as required by Federal 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.

At June 30, 2013, the City had no exposure to custodial credit risk as defined above.

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*Investment Credit Risk* – The City’s investment policy limits investments, excluding Hospital Authority, to the following:

- a. Obligations of the U. S. Government, its agencies and instrumentalities;
- b. Collateralized or insured non-negotiable certificates of deposit or other evidences of deposit that are either insured or secured with acceptable collateral with an in-state financial institution, and fully insured deposits in out-of-state institutions;
- c. Insured or fully collateralized negotiable certificates of deposit;
- d. Repurchase agreements that have underlying collateral consisting of those items specified in paragraph a above; and
- e. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraph a.

Investment credit risk is the risk that an issuer or other counterpart to an investment will not fulfill its obligations. The City has no formal policy limiting investments based on credit rating, but discloses any such credit 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.

*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 indicates that the investment portfolio, shall remain sufficiently liquid to enable the City to meet all operating requirements as anticipated. The City discloses its exposure to interest rate risk by disclosing the maturity dates of its various investments by date range.

As noted in the schedule of deposits and investments above, at June 30, 2013, the investments held by the City mature between 2013 through 2023.

*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 total investments of the City (any over 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.

**Hospital Authority Investments:**

The Authority policy provides that assets be invested to preserve its principal, produce a proscribed level of income, and provide for growth of principal with no outside additions to the fund being anticipated. Assets are to be invested in a diversified portfolio to achieve attractive real rates of return. The investment policy of the Hospital Authority allows for the investment of funds in domestic and international common stocks, government and corporate bonds, short-term fixed income securities maturing in one year or less (cash equivalents); by utilizing primarily index funds, mutual funds, or collective trust funds. In addition, the Authority may invest portions of the fund corpus, or income, in real estate. Such real estate investments would typically include developed or undeveloped real property located in Midwest City, Oklahoma or its environs, or commingled funds which invest in various kinds of

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property located throughout the United States. The overall rate of return objective of the portfolio is a highest possible rate of return consistent with the risk levels established by the Board.

The acceptable long-term rate of return is expected to provide equal or superior results, using a three to five year moving average, relative to the following benchmarks:

1. An absolute return objective of the Consumer Price Index plus 4% compounded annually.
2. An income return sufficient to meet any disbursement requirement as stipulated by the Board.
3. A return exceeding the 90 Day U.S. Treasury Bill rate (risk-free rate)/
4. Domestic equity fund returns which exceed the S&P 500 Stock index return by 1% (100 basis points), per year and fixed income return which exceed the Barclays Capital Aggregate Bond Index by ½% per year (50 basis points).
5. Stock and bond returns which fall into the top 25% of the Consultant's Universe (or other representative universe approved by The Board) of common stock and bond funds (referred to as equity and fixed income), with some consistency.
6. Passive domestic returns which replicate the return of the Standard and Poor's 500 Stock Index, passive fixed returns which replicate the return of the Barclays Capital Aggregate Bond Index, and passive international returns which replicate the return of the MSCI EAFE International Index.
7. Active international equity returns which exceeds the MSCI EAFE Index by 1% per year.

Asset allocation guidelines for the Hospital Authority are as follows:

Class	Target	Maximum	June 2013 Percent
Equities – Domestic	2.0%-60%	85%	64.8%
Equities – International	2.5%-10%	30%	9.1%
Fixed Income	2.5%-20%	80%	18.4%
Real Estate	0%	20%	0%
Cash Equivalents	0%	20%	0.2%
Emerging Markets	5%-10%	15%	7.5%

At June 30, 2013, the City had complied with the investment policies as defined above.

**Restricted Cash and Investments**

The amounts reported as restricted assets of the Enterprise Funds on the Statement of Net Position are comprised of amounts held by the Midwest City Proprietary Debt Service accounts of the trustee bank for revenue bond retirement, and the Customer Deposit Fund account for refundable deposits held by others. The restricted assets as of June 30, 2013 are as follows:

Cash and Cash Equivalents:	
Pooled Cash Restricted for Debt Service	\$ 19,190,677
Pooled Cash Restricted for Refundable Deposits	78,137
	<u>\$ 19,268,814</u>
Investments:	
Pooled Investments Restricted for Refundable Deposits	1,216,671
	<u>\$ 1,216,671</u>

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**4. Capital Assets and Depreciation**

**Capital Assets:**

For the primary government and component units, capital assets are reported at actual or estimated historical cost, net of accumulated depreciation where applicable. Donated capital assets are reported at their fair value at date of donation. Estimated historical cost was used to value the majority of the capital assets acquired prior to June 30, 1992. The capitalization threshold is capital assets with a cost of \$1,000 or more.

For the year ended June 30, 2013, capital assets balances changed as follows:

	Restated Balance at July 1, 2012	Additions	Deductions	Balance at June 30, 2013
<b>PRIMARY GOVERNMENT:</b>				
<i>Governmental activities:</i>				
Capital assets not being depreciated:				
Land	\$ 30,626,643	\$ 212,282	\$ -	\$ 30,838,925
Construction in progress	4,589,329	1,507,197	2,583,891	3,512,635
Total capital assets not being depreciated	<u>35,215,972</u>	<u>1,719,479</u>	<u>2,583,891</u>	<u>34,351,560</u>
Other capital assets:				
Buildings	26,644,968	1,998,120	-	28,643,088
Machinery and equipment	16,287,667	1,902,236	81,612	18,108,291
Vehicles	7,748,283	1,219,281	987,886	7,979,678
Infrastructure	428,357,858	1,234,678	-	429,592,536
Total other capital assets at historical cost	<u>479,038,776</u>	<u>6,354,315</u>	<u>1,069,498</u>	<u>484,323,593</u>
Less accumulated depreciation for:				
Buildings	9,194,457	600,472	-	9,794,929
Machinery and equipment	10,908,529	921,864	81,612	11,748,781
Vehicles	4,219,163	485,356	878,401	3,826,118
Infrastructure	133,519,724	11,993,569	-	145,513,293
Total accumulated depreciation	<u>157,841,873</u>	<u>14,001,261</u>	<u>960,013</u>	<u>170,883,121</u>
Other capital assets, net	321,196,903	(7,646,946)	109,485	313,440,472
Governmental activities capital assets, net	<u>\$ 356,412,875</u>	<u>\$ (5,927,467)</u>	<u>\$ 2,693,376</u>	<u>\$ 347,792,032</u>

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	Balance at July 1, 2012	Additions	Deductions	Balance at June 30, 2013
<i>Business-type activities:</i>				
Capital assets not being depreciated:				
Land	\$ 7,549,649	\$ -	\$ -	\$ 7,549,649
Water rights	4,672,610	-	-	4,672,610
Construction in progress	13,226,107	32,915,018	3,386,999	42,754,126
Total capital assets not being depreciated	<u>25,448,366</u>	<u>32,915,018</u>	<u>3,386,999</u>	<u>54,976,385</u>
Other capital assets:				
Buildings	30,392,075	434,304	-	30,826,379
Machinery and equipment	11,545,673	389,393	28,498	11,906,568
Vehicles	6,546,261	575,264	-	7,121,525
Utility systems	105,397,414	870,717	433,000	105,835,131
Total other capital assets at historical cost	<u>153,881,423</u>	<u>2,269,678</u>	<u>461,498</u>	<u>155,689,603</u>
Less accumulated depreciation for:				
Buildings	7,083,229	718,858	-	7,802,087
Machinery and equipment	6,626,307	614,856	27,475	7,213,688
Vehicles	3,722,993	316,553	-	4,039,546
Utility systems	50,391,492	2,141,956	317,323	52,216,125
Total accumulated depreciation	<u>67,824,021</u>	<u>3,792,223</u>	<u>344,798</u>	<u>71,271,446</u>
Other capital assets, net	<u>86,057,402</u>	<u>(1,522,545)</u>	<u>116,700</u>	<u>84,418,157</u>
Business-type activities capital assets, net	<u>\$ 111,505,768</u>	<u>\$ 31,392,473</u>	<u>\$ 3,503,699</u>	<u>\$ 139,394,542</u>

**Depreciation:**

Depreciable capital assets are depreciated on a straight-line basis over their useful lives. The range of estimated lives by type of assets is as follows:

- Buildings/improvements 25-60 years
- Utility systems 25-99 years
- Infrastructure 25-99 years
- Machinery and equipment 5-20 years
- Vehicles 5-25 years

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

**Governmental Activities:**

General government	\$ 366,598
Public safety	1,187,267
Streets	11,842,839
Culture and recreation	225,833
Health and welfare	41,197
Economic development	277,314
Sub-total governmental funds depreciation	<u>13,941,048</u>

Depreciation on capital assets held by the City's internal service funds is charged to the various functions based upon usage

60,214
<u>\$ 14,001,262</u>

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**Business-Type Activities:**

Water	\$	657,552
Sewer		1,320,579
Sanitation		356,368
Drainage		254,320
Conference Center/Hotel		990,360
Golf		103,980
Utilites capital		74,842
Utility services		641
Total Business Type Activities		3,758,642
Depreciation on capital assets held by the City's internal service funds is charged to the various functions based upon usage		
		33,581
Total	\$	3,792,223

**5. Internal and Interfund Balances and Transfers**

**Internal and Interfund Balances:**

The City's policy is to eliminate interfund receivable and payables between funds in the Statement of Net Position to avoid the grossing up of balances. Only the residual balances due between governmental and business-type activities are reported as internal balances and then offset in the total column. Interfund receivables and payables at June 30, 2013 were as follows:

Receivable Fund	Payable Fund	Amount	Nature of Interfund Balance
General	Comm Dev Block Grant	\$ 41,935	To cover negative balance in pooled cash
General	Grant Fund/Housing	6,384	To cover negative balance in pooled cash
General	Grant	12,660	To cover negative balance in pooled cash
General	Fire	1,800,072	Restricted sales tax payable
Police	General	1,059,479	Restricted sales tax payable
Fire	General	856,626	Restricted sales tax payable
Emergency Operating	Grant	2,500	To cover operational grant cost
Downtown Redevelopment	Reimbursed Project	263,284	Long-term loan for capital improvements
Hospital Authority	29th and Douglas	487,162	Long-term loan for purchase of land
Capital Improvements	Park & recreation	1,226,031	To cover operational grant cost
Capital Improvements	Grant	74,277	To cover operational grant cost
Capital Improvements	Hotel & Conference Center	320,000	Capital outlay subsidy
Sewer Construction	Tax Increment Financing	3,092,566	Long-term loan for economic improvements
Sewer Construction	Capital Improvement Revenue Bond	6,039,124	To cover capital improvements
Sanitation	Golf	99,113	Long-term loan for capital improvements
Water	Customer Deposits	71	Meter deposit liability
		\$ 15,381,284	
Reconciliation to Fund Financial Statements:			
		Due From Other Funds	Due To Other Funds
Governmental Funds		\$ 6,150,410	\$ 8,435,814
Proprietary Funds		9,230,874	6,945,470
Total		\$ 15,381,284	\$ 15,381,284
			Net Internal Balances
			\$ (2,285,404)
			2,285,404
			\$ -
Reconciliation to Statement of Net Position:			
Net Internal Balances		\$ 2,285,404	
Internal Service Fund Activity reported in Business-type Activities		(1,580,110)	
Net Internal Balance		\$ 705,294	



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**Internal and Interfund Transfers:**

The City's policy is to eliminate interfund transfers between funds in the Statement of Activities to avoid the grossing up of balances. Only the residual balances transferred between governmental and business-type activities are reported as internal transfers and then offset in the total column. Internal activities between funds and activities for the year ended June 30, 2013 were as follows:

Transfer In	Transfer Out	Amount	Nature of Transfer
General	Fire	\$ 166,000	Code Enforcement Allocation
General	Storm Water Quality	41,907	Indirect Cost Allocation
General	Sanitation	763,936	Indirect Cost Allocation
General	Water	748,459	Indirect Cost Allocation
General	Sewer	772,099	Indirect Cost Allocation
General	Capital Improvement Revenue Bond	8,176,376	Sales Tax Pledge
General - Activity Account	Parks & Recreation	70,000	Operating Subsidy
Street and Alley	Water	49,579	Reimburse Repair Cost
Technology	Emergency Operations	42,498	Contract Cost Allocation
Hospital Authority	Downtown Redevelopment Authority	250,000	Return on owners investments
Police	General	9,422,343	Ordinance Obligation
Fire	General	7,538,600	Ordinance Obligation
Emergency Management	Grants	28,632	Grant Subsidy
Grant	Street Tax Fund	63,538	Operating Subsidy
Grant	Police Impound Fee	3,157	Operating Subsidy
Grant	General	119,399	Operating Subsidy
Downtown Redevelopment	Hospital Authority	6,865	Operating Subsidy
Capital Outlay	General	1,099	Capital Outlay Subsidy
Capital Outlay	Capital Outlay Reserve	100,000	Capital Outlay Subsidy
Capital Outlay	G.O.Debt Services	35,361	Capital Outlay Subsidy
Capital Outlay	Grant	4,540	Capital Outlay Subsidy
Capital Outlay	Downtown Redevelopment Authority	122,500	Capital Outlay Subsidy
Police Capitalization	Grant	30,484	Grant Subsidy
Fire Capitalization	Grant	51,805	Grant Subsidy
Capital Improvement	Grant	74,277	Capital Outlay Subsidy
Capital Improvement	Conference Center / Hotel	360,000	Capital Outlay Subsidy
Capital Improvement	Debt Service	816,257	Capital Outlay Subsidy
Street Tax Fund	Golf	8,088	Operating Subsidy

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Transfer In	Transfer Out	Amount	Nature of Transfer
Trailer Park	Downtown Redevelopment Authority	\$ 132,747	Debt Service Subsidy
Sewer	Capital Improvement Revenue Bond	29,626,390	Capital Outlay Subsidy
Sanitation Fund	Grant	9,644	Capital Donation
Water	Customer Deposits	29,809	Interest Earnings
Golf	Reimbursed Projects	8,505	Capital Donation
Golf	Capital Improvement	43,713	Capital Donation
Golf	Street Tax	40,082	Capital Donation
Capital Improvement Revenue Bond Fund	General	8,176,376	Pledged Sales Tax
Capital Improvement Revenue Bond Fund	Sewer Construction	6,386,303	Debt Service Subsidy
		<u>\$ 74,321,368</u>	

Reconciliation to Financial Statements:	Transfers to Other Funds	Transfers from Other Funds	Net Transfers
Governmental Funds	\$ 29,867,799	\$ (32,625,578)	\$ (2,757,779)
Enterprise Fund	44,351,625	(41,695,790)	2,655,835
Totals	<u>\$ 74,219,424</u>	<u>\$ (74,321,368)</u>	<u>\$ (101,944)</u>

Reconciliation to Statement of Activities:	Net Transfers
Net Transfers	\$ 2,655,835
Capital contributions to enterprise fund	101,944
Transfer of capital assets to enterprise fund	154,043
Transfers - Internal Activity	<u>\$ 2,911,822</u>

## 6. Long-Term Debt

The City's long term debt consists of general obligation bonds, note payable, and accrued compensated absences. For the year ended June 30, 2013, the City's long-term debt balances changed as follows:

### Primary Government:

Type of Debt	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013	Due Within One Year
<b>Governmental Activities:</b>					
General Obligation Bonds	\$ 8,300,000	-	\$ 1,400,000	\$ 6,900,000	\$ 1,400,000
Note Payable	24,236,474	-	518,036	23,718,438	547,673
Accrued Compensated Absences	4,070,530	2,575,237	2,458,784	4,186,983	1,395,661
Total Governmental Activities	<u>\$ 36,607,004</u>	<u>\$ 2,575,237</u>	<u>\$ 4,376,820</u>	34,805,421	3,343,334
<b>Reconciliation to Statement of Net Assets:</b>					
Plus: OPEB Obligation				6,751,831	-
Refundable Deposits				82,800	82,800
				<u>\$ 41,640,052</u>	<u>\$ 3,426,134</u>
<b>Business-Type Activities:</b>					
Notes Payable	\$ 1,029,790	-	\$ 194,680	\$ 835,110	\$ 200,601
Revenue Bonds Payable	73,180,000	-	3,460,000	69,720,000	3,875,000
Revenue Bonds Premium	3,416,589	-	265,891	3,150,698	-
Refundable Deposits	1,383,540	454,909	432,314	1,406,135	191,348
Accrued Compensated Absences	895,573	859,349	742,722	1,012,200	363,987
Total Business-Type Activities	<u>\$ 79,905,492</u>	<u>\$ 1,314,258</u>	<u>\$ 5,095,607</u>	<u>\$ 76,124,143</u>	<u>\$ 4,630,936</u>

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Accrued compensated absences liability of the governmental activities is liquidated by the General Fund, Police Fund, the Fire Fund, Juvenile Fund, Grant Fund, Welcome Center Fund, Convention and Visitors Bureau Fund, Technology Fund, Park and Recreation Fund, Downtown Redevelopment Fund, Hospital Authority, and the Emergency Operations Fund.

*Governmental activities* long-term debt payable from property tax levies or other governmental revenues includes the following:

**General Obligation Bonds:**

\$4,500,000 general obligation bonds dated May 1, 2006 for public safety, payable in annual installments of \$275,000 the first year and \$325,000, thereafter, with interest rates of 3.75% to 3.95%, repaid by property tax levies. Current portion \$325,000.	\$2,600,000
\$15,000,000 general obligation bonds dated February 1, 2002 for street improvements, payable in annual installments of \$1,025,000 in the first year and \$1,075,000, thereafter, with interest rates of 5.00% to 5.25%, repaid by property tax levies. Current portion \$1,075,000.	<u>4,300,000</u>
Total general obligation bonds	<u>\$6,900,000</u>
Current	\$1,400,000
Non-current	<u>5,500,000</u>
Total	<u>\$6,900,000</u>

**Notes Payable:**

\$25,000,000 construction loan for hospital addition, payable in monthly installments beginning December 2010 of \$154,710; final payment due November 2019 of \$19,773,124; interest rate equal to the variable rate equal to the "Prime Rate," as quoted in the Money Rates Section of The Wall Street Journal, adjusted daily, with a minimum interest rate of five And one-half percent (5.50%) per annum and a maximum interest rate of eleven percent (11%) per annum with payments adjusted annually; current rate is 5.5%; construction Interest rate of 5.5%. Secured by a first mortgage lien on the property. Current portion \$547,673	<u>\$23,718,438</u>
Total notes payable	<u>\$23,718,438</u>
Current	\$547,673
Non-current	<u>23,170,765</u>
Total	<u>\$23,718,438</u>

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

**Revenue Bonds Payable:**

\$26,630,000 Series 2011 Capital Improvement Revenue Bonds, due in annual principal installments of \$855,000 to \$1,740,000 through September 1, 2033; interest rate from 0.4% to 5.0%	\$25,775,000
Unamortized Revenue Bond Premium	<u>115,378</u>
Total Revenue Bonds, Net	<u>\$25,890,378</u>

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	Current	\$860,000
	Non-current	<u>24,915,000</u>
	Total	<u>\$25,775,000</u>
\$46,550,000 Series 2011A Capital Improvement Revenue Bonds, due in annual principal installments of \$2,605,000 to \$4,530,000 through June 30, 2025; interest rate from 0.5% to 5.0%		\$43,945,000
Unamortized Revenue Bond Premium		<u>3,035,320</u>
Total Revenue Bonds, Net		<u>\$46,980,320</u>
	Current	\$3,015,000
	Non-current	<u>40,930,000</u>
	Total	<u>\$43,945,000</u>

**Notes Payable:**

\$3,222,911 contract payable with the Central Oklahoma Master Conservancy District maturing October 1, 2016 . The contract provides the City with a share of the District’s water supply. The City pays its share of the costs of the facilities and its operations to the District. The City has pledged water revenues to secure this obligation. Debt principal payments are due annually, with interest at 2.742%.

	Current	\$200,601
	Non-current	<u>634,509</u>
	Total	<u>\$835,110</u>

**Long-term debt service requirements to maturity are as follows:**

Year Ending June 30,	Governmental-Type Activities			
	G.O. Bonds Payable		Notes Payable	
	Principal	Interest	Principal	Interest
2014	\$ 1,400,000	\$ 325,763	\$ 547,673	\$ 1,308,856
2015	1,400,000	259,175	579,006	1,277,523
2016	1,400,000	189,900	608,693	1,247,835
2017	1,400,000	120,625	646,956	1,209,573
2018	325,000	51,350	683,969	1,172,560
2019-2021	<u>975,000</u>	<u>77,025</u>	<u>20,652,141</u>	<u>1,596,355</u>
Total	<u>\$ 6,900,000</u>	<u>\$ 1,023,838</u>	<u>\$23,718,438</u>	<u>\$ 7,812,702</u>

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<b>Business-Type Activities</b>				
Year Ending June 30,	Notes Payable		Revenue Bonds Payable	
	Principal	Interest	Principal	Interest
2014	\$ 200,601	\$ 22,899	\$ 3,875,000	\$ 2,631,963
2015	206,380	17,398	3,930,000	2,575,637
2016	212,039	11,739	4,055,000	2,454,288
2017	216,090	5,925	4,185,000	2,318,762
2018	-	-	4,325,000	2,185,788
2019-2023	-	-	24,630,000	7,849,175
2024-2028	-	-	15,280,000	3,068,312
2029-2033	-	-	7,700,000	1,178,306
2034	-	-	1,740,000	35,888
Total	\$ 835,110	\$ 57,961	\$ 69,720,000	\$ 24,298,119

**Pledge of Future Revenues**

Sales Tax Pledge - The City has pledged one-fourth of one percent (or .25%) of future sales tax revenues to repay the 2011 Revenue Bonds which are payable through 2033. Proceeds from the bond provided financing to advance refund the 2003 Revenue Bonds which were originally used for construction and equipping the Sheraton Hotel and the Reed Conference Center. The total principal and interest payable for the remainder of the life of the bond is \$37,502,869. Pledged sales taxes received in the current year was \$13,793,073. Debt service payments on 2011 Revenue Bonds of \$1,805,410 for the current fiscal year were 13.1% of pledged sales tax. Other sources of revenues such as water and sewer are also pledged. Total net revenues including utilities and sales tax pledged was \$17,832,290.

Sales Tax Pledge - The City has pledged one-fourth of one percent (or .4015%) of future sales tax revenues to repay the 2011A Revenue Bonds which are payable through 2025. Proceeds from the bond provided financing for construction and improvements to the wastewater treatment plant. The total principal and interest payable for the remainder of the life of the bond is \$56,515,250. Pledged sales taxes received in the current year was \$13,793,073. Debt service payments on the bonds were \$4,708,250 for the current fiscal year or 34.1% of pledged sales tax. Other sources of revenues such as water and sewer are also pledged. Total net revenues including utilities and sales tax pledged was \$17,832,290.

Utility Revenue Pledge - The City has pledged the revenues from the future sale of water to repay the Central Oklahoma Master Conservancy District note payable which is payable through 2016. Proceeds from the note provided funding for improvements and expansion of the water transportation and distribution system. The total principal and interest payable for the remainder of the life of the bond is \$893,071. Water revenues received in the current year was \$6,663,723. Debt service payments of \$222,917 for the current fiscal year were 3.3% of pledged water revenue.

**7. Net Position and Fund Balances**

*Government-Wide and Proprietary Fund Financial Statements:*

Net position is displayed in three components:

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

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

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

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

The following table shows the net position restricted by purposes as shown on the Statement of Net Position:

Fund	Restricted By	Amount
Hospital Authority	Enabling legislation	\$ 60,692,427
Technology Fund	Enabling legislation	542,760
Police Impound Fund	Enabling legislation	58,726
Urban Renewal Authority	Enabling legislation	15,337
Capital Outlay Reserve Fund	Enabling legislation	746,652
General Fund	Enabling legislation	79,368
		<u>\$ 62,135,270</u>
Street and Alley Fund	Statutory requirements	\$ 850,748
Juvenile Fund	Statutory requirements	155,634
Police Special Projects	Statutory requirements	117,455
Police Lab Fee	Statutory requirements	23,584
		<u>\$ 1,147,421</u>
Grant Fund	External contracts	\$ 280,219
Police Fund	External contracts	3,633,774
Fire Fund	External contracts	789,207
Emergency Operation Fund	External contracts	764,990
Welcome Center	External contracts	316,400
Convention and Visitors Bureau	External contracts	98,981
GO Debt Service Fund	External contracts	1,499,025
Capital Outlay Fund	External contracts	844,651
2002 GO Street Bond	External contracts	3,402,596
Downtown Redevelopment	External contracts	1,848,809
Street Tax Fund	External contracts	524,648
Sales Tax Capital Improvements	External contracts	716,539
Capital Improvement Fund	External contracts	2,732,046
General Government Sales Tax Fund	External contracts	600,294
		<u>\$ 18,052,179</u>

*Governmental Fund Financial Statements:*

Governmental fund equity is classified as fund balance. Since the City implemented GASB Statement 54, fund balance is further classified as nonspendable, restricted, committed, assigned and unassigned. These classifications are defined as:

a. *Nonspendable* – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

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- b. Restricted – consists of fund balance with constraints placed on the use of resources either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) laws through constitutional provisions or enabling legislation.
- c. Committed – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the city’s highest level of decision-making authority. The City’s highest level of decision-making authority is made by ordinance. While the Hospital Authority and Urban Renewal Authority highest level of decision-making authority is made by resolution.
- d. Assigned – includes amounts that are constrained by the city’s intent to be used for specific purposes but are neither restricted nor committed. Assignments of fund balance may be made by city council action or management decision when the city council has delegated that authority. Assignments for revenues in other governmental funds are made through budgetary process.
- e. Unassigned – represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the General Fund.

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

The following table shows the fund balance classifications as shown on the Governmental Funds Balance Sheet in accordance with GASB Statement 54:

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	Major Special Revenue Fund					Other Governmental Fund	Total
	General Fund	Police Fund	Fire Fund	Hospital Authority	Tax Increment Financing		
Fund Balance:							
Nonspendable:							
Inventory	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 60,000	\$ 60,000
Deposits held by others	-	-	-	-	-	687,300	687,300
Prepaid expenses	1,623	-	-	-	-	-	1,623
	<u>1,623</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>747,300</u>	<u>748,923</u>
Restricted For:							
Public safety	12,644	3,633,774	789,207	-	-	1,120,389	5,556,014
General government	79,368	-	-	-	-	600,294	679,662
Hospital	-	-	-	62,484,992	-	-	62,484,992
General obligation debt service	-	-	-	-	-	1,428,885	1,428,885
Capital improvements	-	-	-	-	-	6,888,697	6,888,697
Street improvements	-	-	-	-	-	3,927,244	3,927,244
Street operations	-	-	-	-	-	850,748	850,748
Technology improvements	-	-	-	-	-	542,760	542,760
Culture and rec programs	107,782	-	-	-	-	316,400	424,182
Economic development	129,072	-	-	-	-	394,537	523,609
Health and welfare programs	1,982	-	-	-	-	-	1,982
Sub-total restricted	<u>330,848</u>	<u>3,633,774</u>	<u>789,207</u>	<u>62,484,992</u>	<u>-</u>	<u>16,069,954</u>	<u>83,308,775</u>
Assigned in:							
Capital improvements	-	-	-	-	-	-	-
Culture and rec programs	226,319	-	-	-	-	-	226,319
Downtown redevelopment	-	-	-	-	-	574,323	574,323
Health and welfare programs	59,886	-	-	-	-	-	59,886
Capital improvements	-	-	-	-	-	73,158	73,158
Economic development	-	-	-	-	-	340	340
Public Safety	1,129,760	-	-	-	-	67	1,129,827
Appropriation for use in FY13-14 budget	1,783,766	-	-	-	-	-	1,783,766
General government - encumbrances	20,182	-	-	-	-	-	20,182
Public safety - encumbrances	173	-	-	-	-	-	173
Public Works - encumbrances	57,267	-	-	-	-	-	57,267
Culture and rec - encumbrances	1,007	-	-	-	-	-	1,007
Economic development - encumbrances	22,312	-	-	-	-	-	22,312
Sub-total assigned	<u>3,300,672</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>647,888</u>	<u>3,948,560</u>
Unassigned (deficit):	3,362,031	-	-	-	(3,092,566)	(744,516)	(475,051)
<b>TOTAL FUND BALANCE</b>	<u>\$ 6,995,174</u>	<u>\$ 3,633,774</u>	<u>\$ 789,207</u>	<u>\$ 62,484,992</u>	<u>\$ (3,092,566)</u>	<u>\$ 16,720,626</u>	<u>\$ 87,531,207</u>



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The following is a breakdown of encumbrances at June 30, 2013:

<b>Fund</b>	<b>Balance</b>
<b>Major Funds:</b>	
General Fund	\$ 115,424
Police Fund	359,514
Fire Fund	30,077
	<u>\$ 505,015</u>
<b>Non Major Fund:</b>	
Capital Outlay Fund	\$ 139,033
General Govt Sales Tax	8,081
Street and Alley Fund	76,771
Technology Fund	7,950
Police Lab Fund	810
Police Impound Fund	16,725
Welcome Center Fund	584
Convention and Visitor Bureau	16,617
Emergency Operations Fund	9,217
Park and Recreation Fund	14,861
Grant Fund	37,981
Capital Improvement Fund	703,954
Downtown Redevelopment Fund	516,221
2002 GO Street Bond Fund	48,961
	<u>\$ 1,597,766</u>

Per resolution, the City Council has established a minimum fund balance policy for the General Fund equal to ten percent (10%) of the fund's budgetary operating expenditures each fiscal year. In addition, a reserve equal to five percent (5%) of the budgetary operating expenditures for each fund has been established for the following fund: Police Fund, Fire Fund, Welcome Center Fund, Convention and Visitors Bureau Fund and the Juvenile Fund. The reserves are to ensure the fiscal solvency of the City as a safeguard and all or a portion of the reserves may be appropriated by the city council as necessary in the event of a natural disaster or other catastrophic circumstances, or in the event of significant accounting errors.

*Restatement of Beginning Net Position and Fund Balance*

The City restated the beginning balance of fund balance and net position, as follows:

	<b>Governmental Funds/ Hospital Authority</b>	<b>Governmental Activities</b>	<b>Proprietary Funds</b>	<b>Business Type Activities</b>
Beginning fund balance/net position, as previously reported	\$ 88,612,735	\$ 428,556,795	\$ 105,719,019	\$ 104,567,365
Overstatement of capital assets	-	(53,996)	-	-
Change in accounting principle	-	-	(1,041,472)	(1,041,472)
Understatement of unearned revenue	(12,482,323)	(12,482,323)	-	-
Beginning net assets, restated	<u>\$ 76,130,412</u>	<u>\$ 416,020,476</u>	<u>\$ 104,677,547</u>	<u>\$ 103,525,893</u>

**8. Revenues**

**Program Revenues:**

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

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- Public Safety – Fire, Police, 911 –fines and forfeitures, restricted operating grants, 911 revenue, and restricted capital grants, property seizure, donations, state on-behalf pension contributions
- Streets – commercial vehicle and gasoline excise tax shared by the State.
- Culture and recreation – pool fees, rental of community center and senior center, programming fees, park fees, softball fees, operating and capital grants
- Health and Welfare – FEMA grants
- Economic Development – rental income and operating grants
- General Government – license and permits, technology and false alarm fees, impact fees, and operating grants

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

**Sales Tax Revenue:**

Sales tax revenue represents a 3.85 cents tax on each dollar of taxable sales of which is collected by the Oklahoma Tax Commission and remitted to the City as follows:

The General Fund records 2.3805 cents. The General Government Sales Tax Fund records 0.0495 cents. The Police and Fire Funds record .3319 and .2966, respectively. The Emergency 911 fund records .0405, the Capital Improvement Fund 0.6515, the Street Tax Fund 0.0495, and the Park and Recreation Fund .05.

**Property Tax Revenue:**

In accordance with state law, a municipality may only levy a property tax to retire general obligation debt approved by the voters and to pay judgments rendered against the City. Property taxes levied by the City are billed and collected by the 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 for the fiscal year are attached by an enforceable lien on property in the following October. For the year ended June 30, 2013, the City's net assessed valuation of taxable property was \$289,374,229. The taxes levied by the City per \$1,000 of net assessed valuation for the year ended June 30, 2013 was \$5.78.

**9. Risk Management**

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

- General Liability – Covered through self-insurance
- Physical Property – Covered through purchased insurance with a \$25,000 deductible, per occurrence.
- Workers' Compensation – Workers' compensation is covered through self-insurance with the City administering the claims process. The City does not carry stop loss insurance.

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- Employee’s Group Medical –Covered through self-insurance using a third party administrator to process medical claims. The City uses the third party processor’s estimates to record group insurance claims payable. The City also has a stop-loss policy which covers individual claims in excess of \$150,000 during any year.

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

Claims Liability Analysis

The claims liabilities related to the above noted risks of loss that are retained are determined in accordance with the requirements of Statement of Financial Accounting Standards 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. For the internal service self-insurance funds, changes in the claims liability for the City from July 1, 2010, to June 30, 2013, are as follows:

	<u>Risk Fund</u>	<u>Health Care</u>	<u>Total</u>
Claim liability, June 30, 2010	\$ 3,782,000	\$ 469,297	\$ 4,251,297
Claims and changes in estimates	925,173	6,156,838	7,082,011
Claims payments	<u>(901,173)</u>	<u>(6,277,993)</u>	<u>(7,179,166)</u>
Claim liability, June 30, 2011	3,806,000	348,142	4,154,142
Claims and changes in estimates	833,575	6,752,725	7,586,300
Claims payments	<u>(1,024,575)</u>	<u>(6,650,650)</u>	<u>(7,675,225)</u>
Claim liability, June 30, 2012	3,615,000	450,217	4,065,217
Claims and changes in estimates	828,790	7,577,657	8,406,447
Claims payments	<u>(1,389,790)</u>	<u>(7,476,451)</u>	<u>(8,866,241)</u>
Claim liability, June 30, 2013	<u>\$ 3,054,000</u>	<u>\$ 551,423</u>	<u>\$ 3,605,423</u>

**10. Retirement Plan Participation**

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

1. Oklahoma Police Pension and Retirement System (OPPRS) - a statewide cost-sharing plan
2. Oklahoma Firefighter’s Pension and Retirement System (OFPRS) – a statewide cost-sharing plan
3. Oklahoma Municipal Retirement Fund (OMRF-DCP) – an agent multiple-employer defined contribution plan

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The City of Midwest City, as the employer, participates in two statewide cost-sharing multiple employer defined benefit plans on behalf of the firefighters and police officers. The systems are funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary.

	Oklahoma Police Pension and Retirement System	Oklahoma Firefighter's Pension and Retirement System
Obtaining separately issued financial statements	Police Pension and Retirement 1001 N.W. 63rd St., Suite 605 Oklahoma City, OK 73116-7335	Oklahoma Firefighter's Pension and Retirement System 4545 N. Lincoln Blvd., Suite 265 Oklahoma City, OK 73105-3414
Eligibility to participate	All full-time officers, employed by a participating municipality, not less than 21 years of age or more than 45 years of age when hired.	All full-time or voluntary firefighters of a participating municipality, not less than 18 years of age or more than 45 years of age.
Authority establishing contribution obligations and benefits	State Statute	State Statute
Employee's contribution rate (percent of covered payroll)	8% (a)	8% (b)
City's contribution rate (percent of covered payroll)	13% (c)	13% (d)
State obligation	State appropriation to fund the unfunded actuarial accrued liability.	State appropriation to fund the unfunded actuarial accrued liability.
Period required to vest	10 years	10 years
Eligibility and benefits for distribution (full-time)	20 years credited service, 2 ½% of final average salary multiplied by the years of credited service with a maximum of 30 years considered; if vested, at or after age 50, or after 10 but before 20 years of credited service, with reduced benefits.	20 years credited service 2 ½% of final average salary multiplied by the years of credited service with a maximum of 30 years considered; if vested, at or after age 50, or after 10 but before 20 years of credited service, with reduced benefits.
Eligibility and benefits for distribution (volunteer)	-	20 years credited service equal to \$7.53 per month per year of service, with a maximum of 30 years considered.
Deferred retirement option	Yes, 20 years credited service with additional option to participate in Louisiana Plan with continued service for a maximum of 5 years.	Yes, 20 years credited service with continued service for a maximum of 30 years.
Provisions for:		
Cost of living adjustments (normal retirement)	Yes	Yes, if vested by 5/83
Death (duty, non-duty, post retirement)	Yes	Yes
Disability (duty, non-duty)	Yes	Yes
Cost of living allowances	Yes	Yes

(a): 8% of base, college incentive, shift differential & longevity, however the City's contract with the union provides that member contributions will be 3%.

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- (b): 8% of base, college incentive, longevity, various committee pays, overtime, sick leave, vacation leave and paid day off buy backs, sick leave incentive, EMT, hazmat, inspector, instructor and suppression pays. However the City's contract with the union provides that member contribution will be 4%.
- (c): 13% of eligible salary as stated above. However, the City contract with the union provides that the employer contribution will be 18%.
- (d): 13% of eligible salary as stated above. However, the City contract with the union provides that the employer contribution will be 17%.

**Retirement Plan Contributions – OFPRS and OPPRS Cost-Sharing Plans**

Oklahoma Police Pension and Retirement System			Oklahoma Firefighter's Pension and Retirement System		
Fiscal Year	Required Contribution	Percentage Contributed	Fiscal Year	Required Contribution	Percentage Contributed
2011	\$ 760,087	100%	2011	\$ 885,986	100%
2012	830,841	100%	2012	957,108	100%
2013	806,167	100%	2013	880,397	100%

The state made on-behalf payments for the police pension system for \$731,827 and for the fire pension system of \$2,031,697. These on-behalf payments were recognized as revenue and expenditures in the current fiscal year.

*OMRF Defined Contribution Plan:*

The City has also provided a defined contribution plan and trust known as the City of Midwest City Plan and Trust (the "Plan") in the form of the Oklahoma Municipal Retirement System Master Defined Contribution Plan. OMRF operations are supervised by a nine-member Council of Trustees elected by the participating municipalities. The Plan is administered by JPMorgan Chase of Oklahoma City. The defined contribution plan is available to all full-time employees on a voluntary basis who are not already participating in another plan. According to City Ordinance, the employee and employer are required to contribute amounts equal to 0.0% and 13.0%, respectively, of the employee's salary each month. The employer's contributions for each employee are 50% vested after five years, with 10% vesting for each subsequent year thereafter. If an employee terminates before becoming fully vested, the employer's contributions that are forfeited are allocated to the remaining fund participants based on percentage of contribution. The authority to establish and amend the provisions of the plan rests with the City Council. For the year ended June 30, 2013, the City contributed \$1,845,422 to the plan, while the employee contributions totaled \$0.

OMRF issues separate plan financial statements which may be obtained by contacting the Oklahoma Municipal Retirement Fund, 100 N. Broadway, Oklahoma City, Oklahoma, 73102.

**11. Postemployment Healthcare Plan**

*Plan Description.* The City sponsors Medical, Rx, and Dental insurance to qualifying retirees and their dependents. Coverage is provided through self-insurance that collectively operates as a substantive single-employer defined benefit plan. Qualifying retirees are those employees who are eligible for immediate disability or retirement benefits under the Oklahoma Police Pension and Retirement System, Oklahoma Firefighter's Pension and Retirement System, or the City of Midwest City Retirement Plan. Retirees may continue coverage with the City by paying the determined rate. Coverage is available for each of the lifetimes of retirees and their spouses. Authority to establish and amend benefit provisions rest with the City Council. Retirees may continue coverage with the City by paying the premium rate. Benefits are paid from general operating assets of the City as assessed by the self-insurance fund.

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*Funding Policy.* The contribution requirements of plan members and the City are established by the City Council. Annual health insurance premium amounts are established by the City Council. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2013, the actuarially expected City contribution in the form of net age adjustment was \$765,436 to the Plan. Plan members receiving benefits contributed \$778,076 of the total premiums, through their payment of the full determined premium in FY 2013.

*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, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. 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 of thirty years. The following table shows the components of the City's annual OPEB cost, the amount actually contributed to the plan, and changes in the City's net OPEB obligation for the year ended June 30, 2013:

Amortization of Actuarial Accrued Liability (AAL)	\$	2,030,785
Normal Cost		765,436
Interest on Net OPEB Obligations		257,260
Amortization of Net OPEB Obligation		(334,491)
Annual OPEB cost (expense)		2,718,990
Expected net benefits during the year		(1,383,162)
Increase in net OPEB obligation		1,335,828
Net OPEB obligation - beginning of year		5,416,003
Net OPEB obligation - end of year	\$	6,751,831

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/09	\$2,448,884	47%	\$1,286,676
6/30/10	\$2,510,001	50%	\$2,553,115
6/30/11	\$2,759,456	48%	\$3,984,559
6/30/12	\$2,759,456	48%	\$5,416,003
6/30/13	\$2,718,990	51%	\$6,751,831

Fiscal year 2009 was the first year the City was required to have an actuary performed and report any liability.

*Funded Status and Funding Progress.* As of July 1, 2012, the most recent actuarial valuation date, the Plan was not funded. The actuarial accrued liability (AAL) for benefits was \$32,591,119, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$32,591,119. The covered payroll (annual payroll of active employees covered by the plan) was \$28.6

million, and the ratio of the UAAL to the covered payroll was 113.84 percent. Because the plan is a substantive plan there are no plan assets.

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

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

In the July 1, 2012, actuarial valuation, the Projected Unit Credit actuarial cost method was used. The actuarial assumptions included a 4.75 percent (1.75% real rate of return plus 3.00% inflation) investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the Plan at the valuation date, and an annual healthcare cost trend rate of 7 percent initially, reduced by decrements to an ultimate rate of 5 percent in 2016. The UAAL is being amortized over 30 years based on a level dollar basis on an open basis. The remaining amortization period at July 1, 2012, was twenty six years. As of the date of this valuation, there are no plan assets.

## **12. 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. 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, 2013, the city reported a deficit fund balance of \$3,092,566 in the Tax Increment Financing Fund. This deficit is due to capital assets not being reported on the governmental fund financial statements. The city reported a deficit fund balance of \$744,516 in the Park and Recreation Fund. This deficit is due to a large amount due to other funds.

### **13. Commitments and Contingencies**

#### **Construction Contracts Outstanding**

The following construction contracts were outstanding at June 30, 2013:

Channel replacement	\$	298,198
Eastside booster renovation		384,500
Soldier Creek industrial park		393,160
Eastside distribution - phase I		417,893
Air depot utility line		434,621
Sidewalks 2		482,422
Biosolids composting facility		8,725,825
Engineering - sewer plant		1,532,784
Sewer plant construction		14,822,067
	<u>\$</u>	<u>27,491,470</u>

#### **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.

#### **Grant Programs**

The City of Midwest City participates in various federal or state grant/loan programs from year to year. In 2013, the City's involvement in federal and state award programs was not material due to no major disasters. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. The City has not been notified of any noncompliance with federal or state award requirements. Any liability for reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

### **14. Future Accounting Pronouncements**

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



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Statement No. 68, *Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27*. GASB No. 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and pension expenses. GASB No. 68 also details the recognition and disclosure requirements for employers with liabilities to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. Defined benefit pensions are further classified by GASB No. 68 as single employer plans, agent employer plans and cost-sharing plans, and recognition and disclosure requirements are addressed for each classification. GASB No. 68 was issued in June 2012, and the City has not yet determined the impact that implementation of GASB No. 68 will have on its net position. The Statement is effective for fiscal years ended June 30, 2015. At this time the impact to the city is unknown.

Statement No. 69, *Government Combinations and Disposals of Government Operations* – GASB No. 69 was issued in January 2013, and establishes accounting and financial reporting standards related to government combinations and disposals of government operations. Government combinations can include a variety of transactions, including mergers, acquisition, and transfers of operations. A disposal of a government's operations results in the removal of specific activities of a government. The requirements of this Statement are effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013, and should be applied on a prospective basis.

Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees* – GASB No. 70 required a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The government is required to report the guaranteed obligation until it is legally released as an obligor, and when it is legally released, it should recognize revenue as a result of this release. The provisions of this Statement are effective for reporting periods beginning after June 15, 2013. Earlier application is encouraged. Except for certain disclosure requirements which may be applied prospectively, the provisions of this Statement are required to be applied retroactively. The City has not yet evaluated the effects that GASB No. 70 will have on its financial statements.

## **15. Subsequent Events**

### Midwest City Hospital Authority

On October 8, 2013, the citizens of Midwest City went to the poles to vote on 5 propositions. The only proposition that could have a significant financial impact on the financial statements of the city was proposition #5 which read as follows:

If the chairman and trustees of the Midwest City Memorial Hospital Authority find that it is in the best interest of the peace, health and safety of the residents of the City of Midwest City and other patients of Midwest Regional Medical Center that the Hospital Authority terminate the lease with Health Management Associates, Inc. and Midwest HMA, Inc., shall the chairman and trustees of the Hospital Authority have access to and be able to spend up to \$50 million of the Hospital Authority's Compounded Principal, as defined in the Hospital Authority's Amended and restated Trust Indenture, for costs and expenditures incurred in terminating the lease including cost incurred in any associated litigation such as attorney fees and damages that may result from terminating the lease?

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The proposition passed 1259 Yes to 308 No. The authority has engaged outside legal counsel to provide guidance on legal issues relating to the lease. The authority has contracted with a health care consultant to assist in the preparation of a "Request for Proposal" should other health care providers need to be considered as future partners in the leasing of the hospital. An appraiser has been secured to determine the property value and the operations of the facility as a going concern.

If the trustees determine that it is in the best interest of the residents and patients to terminate the lease, the \$50 million will be used to facilitate the acquisition or transition of the hospital located in Midwest City.

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**REQUIRED SUPPLEMENTARY INFORMATION**

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**Budgetary Comparison Schedules – Year Ended June 30, 2013**

	<b>GENERAL FUND</b>			
	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>(Budget basis)</b>	<b>Positive (Negative)</b>
<b>Beginning Budgetary Fund Balance:</b>	\$ 1,117,464	\$ 882,100	\$ 4,002,941	\$ 3,120,841
<b>Resources (Inflows):</b>				
Taxes	22,314,274	22,687,425	22,898,780	211,355
Charges for services	479,445	479,445	468,795	(10,650)
Fines and forfeitures	1,769,018	1,769,018	1,639,575	(129,443)
Licenses and permits	221,196	221,196	291,341	70,145
Investment income	73,029	73,029	111,501	38,472
Intergovernmental	479,738	479,739	492,385	12,646
Miscellaneous	230,081	230,080	256,120	26,040
<b>Total Resources (Inflows)</b>	<b>25,566,781</b>	<b>25,939,932</b>	<b>26,158,497</b>	<b>218,565</b>
<b>Amounts available for appropriation</b>	<b>26,684,245</b>	<b>26,822,032</b>	<b>30,161,438</b>	<b>3,339,406</b>
<b>Charges to Appropriations (Outflows):</b>				
City Manager	516,759	523,008	509,257	13,751
City Clerk	586,970	589,257	561,369	27,888
Personnel	325,557	325,557	310,027	15,530
City Attorney	148,784	149,353	147,125	2,228
Community Development	1,747,832	1,806,918	1,626,860	180,058
Park & Recreation	514,834	517,397	512,864	4,533
Finance	614,150	617,352	595,206	22,146
Streets	2,858,026	2,935,457	2,697,925	237,532
General Government	915,176	970,909	934,229	36,680
Neighborhood Services	1,597,762	1,622,020	1,508,649	113,371
Information Technology	413,150	423,265	377,485	45,780
Emergency Response	807,550	808,772	796,111	12,661
Swimming Pools	248,612	249,079	242,638	6,441
<b>Total Charges to Appropriations</b>	<b>11,295,162</b>	<b>11,538,344</b>	<b>10,819,745</b>	<b>718,599</b>
<b>Other financing sources (uses)</b>				
Transfers from other funds	2,493,865	10,670,805	10,670,633	(172)
Transfers to other funds	(16,816,076)	(25,371,313)	(25,340,038)	31,275
<b>Total other financing sources (uses)</b>	<b>(14,322,211)</b>	<b>(14,700,508)</b>	<b>(14,669,405)</b>	<b>31,103</b>
<b>Ending Budgetary Fund Balance</b>	<b>\$ 1,066,872</b>	<b>\$ 583,180</b>	<b>\$ 4,672,288</b>	<b>\$ 4,089,108</b>

See accompanying notes to this schedule.

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	<b>POLICE FUND</b>			
	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
			<b>(Budget basis)</b>	<b>Positive (Negative)</b>
<b>Beginning Budgetary Fund Balance:</b>	\$ (780,609)	\$ (1,143,454)	\$ 1,613,096	\$ 2,756,550
<b>Resources (Inflows):</b>				
Taxes	2,748,190	2,748,190	2,850,010	101,820
Charges for services	-	-	-	-
Investment income	31,875	31,876	51,458	19,582
Fines and forfeitures	73,897	73,897	78,647	4,750
Miscellaneous	10,000	10,000	25,688	15,688
<b>Total Resources (Inflows)</b>	<u>2,863,962</u>	<u>2,863,963</u>	<u>3,005,803</u>	<u>141,840</u>
<b>Amounts available for appropriation</b>	<u>2,083,353</u>	<u>1,720,509</u>	<u>4,618,899</u>	<u>2,898,390</u>
<b>Charges to Appropriations (Outflows):</b>				
Public Safety	12,662,228	13,189,000	11,767,754	1,421,246
<b>Total Charges to Appropriations</b>	<u>12,662,228</u>	<u>13,189,000</u>	<u>11,767,754</u>	<u>1,421,246</u>
<b>Other financing sources (uses)</b>				
Transfers from other funds	9,818,321	10,053,414	10,037,840	(15,574)
Transfers to other funds	(547,076)	(547,076)	(547,076)	-
<b>Total other financing sources (uses)</b>	<u>9,271,245</u>	<u>9,506,338</u>	<u>9,490,764</u>	<u>(15,574)</u>
<b>Ending Budgetary Fund Balance</b>	<u>\$ (1,307,630)</u>	<u>\$ (1,962,153)</u>	<u>\$ 2,341,909</u>	<u>\$ 4,304,062</u>

See accompanying notes to this schedule.

	<b>FIRE FUND</b>			
	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
			<b>(Budget basis)</b>	<b>Positive (Negative)</b>
<b>Beginning Budgetary Fund Balance:</b>	\$ 319,086	\$ 205,377	\$ 832,050	\$ 626,673
<b>Resources (Inflows):</b>				
Taxes	2,456,291	2,456,291	2,547,297	91,006
Charges for services	7,178	7,178	24,210	17,032
Investment income	16,232	16,232	42,332	26,100
Licenses and permits	3,648	3,648	9,550	5,902
Miscellaneous	2,104,710	2,104,710	1,956,286	(148,424)
<b>Total Resources (Inflows)</b>	<u>4,588,059</u>	<u>4,588,059</u>	<u>4,579,675</u>	<u>(8,384)</u>
<b>Amounts available for appropriation</b>	<u>4,907,145</u>	<u>4,793,436</u>	<u>5,411,725</u>	<u>618,289</u>
<b>Charges to Appropriations (Outflows):</b>				
Public Safety	11,859,191	11,894,970	11,130,147	764,823
<b>Total Charges to Appropriations</b>	<u>11,859,191</u>	<u>11,894,970</u>	<u>11,130,147</u>	<u>764,823</u>
<b>Other financing sources (uses)</b>				
Transfers from other funds	7,416,432	7,637,615	7,622,827	(14,788)
Transfers to other funds	(166,000)	(166,000)	(166,000)	-
<b>Total other financing sources (uses)</b>	<u>7,250,432</u>	<u>7,471,615</u>	<u>7,456,827</u>	<u>(14,788)</u>
<b>Ending Budgetary Fund Balance</b>	<u>\$ 298,386</u>	<u>\$ 370,081</u>	<u>\$ 1,738,405</u>	<u>\$ 1,368,324</u>

See accompanying notes to this schedule.

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	TIF FUND			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	(Budget basis)	Positive (Negative)
<b>Beginning Budgetary Fund Balance:</b>	\$ -	\$ -	\$ (3,941,808)	\$ (3,941,808)
<b>Resources (Inflows):</b>				
Taxes	1,000,000	1,000,000	1,015,301	15,301
Charges for services	-	-	-	-
Investment income	1,000	1,000	402	(598)
Licenses and permits	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total Resources (Inflows)</b>	<u>1,001,000</u>	<u>1,001,000</u>	<u>1,015,703</u>	<u>14,703</u>
<b>Amounts available for appropriation</b>	<u>1,001,000</u>	<u>1,001,000</u>	<u>(2,926,105)</u>	<u>(3,927,105)</u>
<b>Charges to Appropriations (Outflows):</b>				
General Government	1,001,000	1,001,000	166,461	834,539
<b>Total Charges to Appropriations</b>	<u>1,001,000</u>	<u>1,001,000</u>	<u>166,461</u>	<u>834,539</u>
<b>Other financing sources (uses)</b>				
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Ending Budgetary Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,092,566)</u>	<u>\$ (3,092,566)</u>

See accompanying notes to this schedule.

**Footnotes to Budgetary Comparison Schedule:**

1. The budgetary comparison schedules and budgetary fund balance amounts are reported on the modified cash basis of accounting. In addition, obligations that are required to be funded from ending budgetary fund balances are subtracted from total ending budgetary fund balances to arrive at the unreserved budgetary fund balance. This presentation of unreserved fund balances on a budgetary basis is used to demonstrate compliance with Article 10, § 26 of the Oklahoma State Constitution.
  
2. The legal level of appropriation control is the department level within a fund. Transfers of appropriation between departments and object categories require the approval of the City Manager. All supplemental appropriations require the approval of the City Council. Supplemental appropriations must be filed with the Office of the State Auditor and Inspector
  
3. The budgetary basis differs from the modified accrual (GAAP) basis as shown in the schedules below:

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<b>GENERAL FUND</b>	<b>Fund Balance June 30, 2012</b>	<b>Net Change in Fund Balance</b>	<b>Fund Balance June 30, 2013</b>
<b>Budget to GAAP Reconciliation:</b>			
<b>Fund Balance - GAAP Basis</b>	\$ 6,075,226	\$ 919,948	\$ 6,995,174
Increases (Decreases):			
Revenues:			
Receivable	(4,728,893)	1,343,359	(3,385,534)
Change in fair value of investments	-	202,697	202,697
Expenditures:			
Payables	4,179,599	(1,728,752)	2,450,847
Encumbrances	(144,481)	43,540	(100,941)
Other expenditures	-	177,490	177,490
Impact of combining funds:			
Reimbursed Projects Fund	103,047	(232,119)	(129,072)
Employee Activity Fund	(10,687)	2,257	(8,430)
Activity Fund	(320,568)	(5,103)	(325,671)
Animals Best Friend Fund	(54,330)	(7,538)	(61,868)
Disaster Relief Fund	(1,095,972)	(46,432)	(1,142,404)
<b>Fund Balance - Budgetary Basis</b>	<u>\$ 4,002,941</u>	<u>\$ 669,347</u>	<u>\$ 4,672,288</u>

<b>POLICE FUND</b>	<b>Fund Balance June 30, 2012</b>	<b>Net Change in Fund Balance</b>	<b>Fund Balance June 30, 2013</b>
<b>Budget to GAAP Reconciliation:</b>			
<b>Fund Balance - GAAP Basis</b>	\$ 3,027,652	\$ 606,122	\$ 3,633,774
Increases (Decreases):			
Revenues:			
Receivable	(1,525,000)	26,406	(1,498,594)
Change in fair value of investments	-	88,611	88,611
Expenditures:			
Payables	110,444	7,674	118,118
<b>Fund Balance - Budgetary Basis</b>	<u>\$ 1,613,096</u>	<u>\$ 728,813</u>	<u>\$ 2,341,909</u>

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<b>FIRE FUND</b>	<b><u>Fund Balance</u></b>	<b><u>Net Change in</u></b>	<b><u>Fund Balance</u></b>
	<b><u>June 30, 2012</u></b>	<b><u>Fund Balance</u></b>	<b><u>June 30, 2013</u></b>
<b>Budget to GAAP Reconciliation:</b>			
<b>Fund Balance - GAAP Basis</b>	\$ 710,929	\$ 78,278	\$ 789,207
Increases (Decreases):			
Revenues:			
Receivable	(1,217,374)	28,789	(1,188,585)
Change in fair value of investments	-	43,808	43,808
Expenditures:			
Payables	<u>1,338,495</u>	<u>755,480</u>	<u>2,093,975</u>
<b>Fund Balance - Budgetary Basis</b>	<b><u><u>\$ 832,050</u></u></b>	<b><u><u>\$ 906,355</u></u></b>	<b><u><u>\$ 1,738,405</u></u></b>



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*Required Supplementary Information – OPEB*

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

	July 1, 2008	July 1, 2010	July 1, 2012
Actuarial accrued liability - AAL (a)	\$ 27,262,090	\$29,797,397	\$32,591,119
Actuarial value of plan assets (b)	-	-	-
Unfunded actuarial accrued liability – UAAL (funding excess) (a) – (b)	\$ 27,362,090	\$29,797,397	\$32,591,119
Funded ratio (b)/(a)	0%	0%	0%
Covered payroll (c)	\$ 19,891,000	\$ 25,016,000	\$ 28,628,580
UAAL (funding excess) as a % of covered payroll [UAAL/(c)]	138%	119%	113.84%

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**OTHER SUPPLEMENTARY INFORMATION**

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**Combining Balance Sheet – General Fund Accounts – June 30, 2013**

	GENERAL FUND ACCOUNTS						TOTALS
	GENERAL FUND	REIMBURSED PROJECTS FUND	EMPLOYEE ACTIVITY FUND	ACTIVITY FUND	ANIMALS BEST FRIEND FUND	DISASTER RELIEF FUND	
<b>ASSETS</b>							
Cash and cash equivalents	\$ 166,847	\$ 28,924	\$ 8,430	\$ 24,254	\$ 61,868	\$ 65,954	\$ 356,277
Investments	2,520,406	370,767	-	305,456	-	1,026,971	4,223,600
Accounts receivable	1,251,995	-	-	-	7,264	239,557	1,498,816
Accrued interest receivable	7,111	-	-	-	-	2,897	10,008
Other receivable	12,851	-	-	3,143	-	-	15,994
Due from other governments	2,939,244	-	-	-	-	438	2,939,682
Due from other funds	1,861,051	-	-	-	-	-	1,861,051
Prepaid items	1,847	-	-	-	-	-	1,847
<b>Total Assets</b>	<b>\$ 8,761,352</b>	<b>\$ 399,691</b>	<b>\$ 8,430</b>	<b>\$ 332,853</b>	<b>\$ 69,132</b>	<b>\$ 1,335,817</b>	<b>\$ 10,907,275</b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>							
<b>Liabilities:</b>							
Accounts payable and accrued liabilities	\$ 172,414	\$ 7,107	\$ -	\$ 6,222	\$ -	\$ 9,421	\$ 195,164
Wages payable	269,871	214	-	960	-	-	271,045
Due to other governments	9,657	-	-	-	-	-	9,657
Refundable deposits	82,800	-	-	-	-	-	82,800
Due to other funds	1,916,105	263,284	-	-	-	-	2,179,389
<b>Total Liabilities</b>	<b>2,450,847</b>	<b>270,605</b>	<b>-</b>	<b>7,182</b>	<b>-</b>	<b>9,421</b>	<b>2,738,055</b>
<b>Deferred Inflows:</b>							
Deferred revenue	982,776	14	-	-	7,264	183,992	1,174,046
<b>Fund balance:</b>							
Nonspendable	1,623	-	-	-	-	-	1,623
Restricted	79,368	129,072	-	107,782	1,982	12,644	330,848
Assigned	1,884,707	-	8,430	217,889	59,886	1,129,760	3,300,672
Unassigned	3,362,031	-	-	-	-	-	3,362,031
<b>Total Fund Balance</b>	<b>5,327,729</b>	<b>129,072</b>	<b>8,430</b>	<b>325,671</b>	<b>61,868</b>	<b>1,142,404</b>	<b>6,995,174</b>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<b>\$ 7,778,576</b>	<b>\$ 399,677</b>	<b>\$ 8,430</b>	<b>\$ 332,853</b>	<b>\$ 61,868</b>	<b>\$ 1,151,825</b>	<b>\$ 9,733,229</b>

**CITY OF MIDWEST CITY, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2013**

**Combining Schedule of Revenues, Expenditures and Changes in Fund Balance – General Fund  
Accounts – Year Ended June 30, 2013**

	GENERAL FUND ACCOUNTS						TOTALS
	GENERAL FUND	REIMBURSED PROJECTS FUND	EMPLOYEE ACTIVITY FUND	ACTIVITY FUND	ANIMALS BEST FRIEND FUND	DISASTER RELIEF FUND	
<b>Revenues:</b>							
Taxes	\$ 23,018,584	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,018,584
Intergovernmental	486,240	238,613	-	-	-	-	724,853
Charges for services	478,606	90,730	-	108,700	-	97,575	775,611
Investment income	(91,196)	6,900	149	6,342	1,290	(44,274)	(120,789)
Fines & forfeitures	1,616,390	-	-	-	12,394	-	1,628,784
Licenses & permits	291,341	-	-	-	-	-	291,341
Miscellaneous	254,231	25,606	-	93,136	1,323	93,067	467,363
<b>Total Revenues</b>	<b>26,054,196</b>	<b>361,849</b>	<b>149</b>	<b>208,178</b>	<b>15,007</b>	<b>146,368</b>	<b>26,785,747</b>
<b>Expenditures:</b>							
Current:							
General government	3,433,900	24,422	-	-	-	99,936	3,558,258
Public safety	798,634	1,263	-	-	-	-	799,897
Streets	2,691,598	-	-	-	-	-	2,691,598
Culture and recreation	760,442	449	14,017	210,453	-	-	985,361
Health and welfare	9,456	960	-	-	519	-	10,935
Economic development	3,126,502	62,245	-	-	-	-	3,188,747
Capital outlay	-	31,886	-	64,622	6,950	-	103,458
Debt service:							
Principal retirement	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>10,820,532</b>	<b>121,225</b>	<b>14,017</b>	<b>275,075</b>	<b>7,469</b>	<b>99,936</b>	<b>11,338,254</b>
<b>Revenues over (under) expenditures</b>	<b>15,233,664</b>	<b>240,624</b>	<b>(13,868)</b>	<b>(66,897)</b>	<b>7,538</b>	<b>46,432</b>	<b>15,447,493</b>
<b>Other financing sources (uses):</b>							
Transfers in	10,668,777	-	-	70,000	-	-	10,738,777
Transfers out	(25,257,817)	(8,505)	-	-	-	-	(25,266,322)
Transfers in - interaccount	-	-	11,611	2,000	-	-	13,611
Transfers out - interaccount	(13,611)	-	-	-	-	-	(13,611)
<b>Total other financing sources (uses)</b>	<b>(14,602,651)</b>	<b>(8,505)</b>	<b>11,611</b>	<b>72,000</b>	<b>-</b>	<b>-</b>	<b>(14,527,545)</b>
<b>Net change in fund balances</b>	<b>631,013</b>	<b>232,119</b>	<b>(2,257)</b>	<b>5,103</b>	<b>7,538</b>	<b>46,432</b>	<b>919,948</b>
<b>Fund Balance - beginning of year</b>	<b>4,696,716</b>	<b>(103,047)</b>	<b>10,687</b>	<b>320,568</b>	<b>54,330</b>	<b>1,095,972</b>	<b>6,075,226</b>
<b>Fund Balance - end of year</b>	<b>\$ 5,327,729</b>	<b>\$ 129,072</b>	<b>\$ 8,430</b>	<b>\$ 325,671</b>	<b>\$ 61,868</b>	<b>\$ 1,142,404</b>	<b>\$ 6,995,174</b>

**CITY OF MIDWEST CITY, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
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**Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2013**

	SPECIAL REVENUE FUNDS										
	GRANT FUND	JUVENILE FUND	PARK & RECREATION FUND	EMERGENCY OPERATIONS FUND	TECHNOLOGY FUND	WELCOME CENTER FUND	POLICE IMPOUND FEES	STREET & ALLEY FUND	POLICE SPECIAL PROJECTS FUND	POLICE LAB FEE FUND	CONVENTION/ VISITORS BUREAU
<b>ASSETS</b>											
Cash and cash equivalents	\$ 280,399	\$ 10,608	\$ 35,395	\$ 52,508	\$ 37,697	\$ 21,741	\$ 58,226	\$ 60,150	\$ 117,522	\$ 23,839	\$ 79,144
Investments	-	135,984	453,717	673,092	483,234	278,697	-	936,602	-	-	-
Accrued interest receivable	-	-	-	-	-	-	-	2,642	-	-	-
Deposits held by others	-	-	-	-	-	-	-	-	-	-	-
Other receivable	32,838	75,345	-	4,940	165,213	-	500	-	-	7,704	-
Due from other governments	130,229	-	65,494	44,543	-	22,505	-	45,353	-	-	42,009
Due from other funds	-	-	-	2,500	-	-	-	-	-	-	-
Inventory	60,000	-	-	-	-	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 503,466</b>	<b>\$ 221,937</b>	<b>\$ 554,606</b>	<b>\$ 777,583</b>	<b>\$ 686,144</b>	<b>\$ 322,943</b>	<b>\$ 58,726</b>	<b>\$ 1,044,747</b>	<b>\$ 117,522</b>	<b>\$ 31,543</b>	<b>\$ 121,153</b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>											
<b>Liabilities:</b>											
Accounts payable and accrued liabilities	\$ 15,595	\$ -	\$ 68,557	\$ 1,557	\$ 22,332	\$ 1,884	\$ -	\$ 193,999	\$ -	\$ 1,926	\$ 18,325
Accrued interest payable	-	-	-	-	-	-	-	-	-	-	-
Wages payable	9,896	4,479	4,534	11,036	5,298	4,659	-	-	-	-	3,847
Due to other funds	137,756	-	1,226,031	-	-	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>163,247</b>	<b>4,479</b>	<b>1,299,122</b>	<b>12,593</b>	<b>27,630</b>	<b>6,543</b>	<b>-</b>	<b>193,999</b>	<b>-</b>	<b>1,926</b>	<b>22,172</b>
<b>Deferred inflows:</b>											
Deferred revenue	-	61,824	-	-	115,754	-	-	-	-	6,033	-
<b>Fund balance:</b>											
Nonspendable	60,000	-	-	-	-	-	-	-	-	-	-
Restricted	280,219	155,634	-	764,990	542,760	316,400	58,726	850,748	117,455	23,584	98,981
Assigned	-	-	-	-	-	-	-	-	67	-	-
Unassigned	-	-	(744,516)	-	-	-	-	-	-	-	-
<b>Total Fund Balance</b>	<b>340,219</b>	<b>155,634</b>	<b>(744,516)</b>	<b>764,990</b>	<b>542,760</b>	<b>316,400</b>	<b>58,726</b>	<b>850,748</b>	<b>117,522</b>	<b>23,584</b>	<b>98,981</b>
<b>Total Liabilities, Deferred Inflows, and Fund Balances</b>	<b>\$ 503,466</b>	<b>\$ 221,937</b>	<b>\$ 554,606</b>	<b>\$ 777,583</b>	<b>\$ 686,144</b>	<b>\$ 322,943</b>	<b>\$ 58,726</b>	<b>\$ 1,044,747</b>	<b>\$ 117,522</b>	<b>\$ 31,543</b>	<b>\$ 121,153</b>

(Continued)

**CITY OF MIDWEST CITY, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
As of and for the Year Ended June 30, 2013

**Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2013**

	SPECIAL REVENUE FUND		CAPITAL PROJECT FUNDS						DEBT SERVICE FUND	TOTALS	
	URBAN RENEWAL AUTHORITY	GENERAL GOVERNMENT SALES TAX	CAPITAL OUTLAY FUND	DOWNTOWN DEVELOPMENT AUTHORITY	2002 STREET PROJECT FUND	STREET PROJECTS FUND2012	SALES TAX CAPITAL IMP. FUND	CAPITAL IMPROVEMENT FUND	CAPITAL OUTLAY RESERVE FUND		G.O. DEBT SERVICES FUND
<b>ASSETS</b>											
Cash and cash equivalents	\$ 15,677	\$ 40,459	\$ 65,238	\$ 93,357	\$ 205,553	\$ 34,027	\$ -	\$ 78,548	\$ 54,032	\$ 89,841	\$ 1,453,961
Investments	-	518,632	836,273	1,453,665	3,200,672	436,179	-	1,223,076	692,620	1,398,922	12,721,365
Accrued interest receivable	-	-	-	4,101	9,030	-	-	3,451	-	3,947	23,171
Deposits held by others	-	-	-	687,300	-	-	-	-	-	-	687,300
Accounts receivable	-	-	-	615,880	-	-	-	-	-	116,375	1,018,795
Due from other governments	-	54,441	-	-	-	54,442	716,539	13,984	-	-	1,189,539
Due from other funds	-	-	-	263,284	-	-	-	1,620,308	-	-	1,886,092
Inventory	-	-	-	-	-	-	-	-	-	-	60,000
<b>Total Assets</b>	<b>\$ 15,677</b>	<b>\$ 613,532</b>	<b>\$ 901,511</b>	<b>\$ 3,117,587</b>	<b>\$ 3,415,255</b>	<b>\$ 524,648</b>	<b>\$ 716,539</b>	<b>\$ 2,939,367</b>	<b>\$ 746,652</b>	<b>\$ 1,609,085</b>	<b>\$ 19,040,223</b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>											
<b>Liabilities:</b>											
Accounts payable and accrued liabilities	\$ -	\$ 13,238	\$ 56,860	\$ 5,422	\$ 12,659	\$ -	\$ -	\$ 134,163	\$ -	\$ -	\$ 546,517
Accrued interest payable	-	-	-	-	-	-	-	-	-	92,943	92,943
Wages payable	-	-	-	1,733	-	-	-	-	-	-	45,482
Due to other funds	-	-	-	-	-	-	-	-	-	-	1,363,787
<b>Total Liabilities</b>	<b>-</b>	<b>13,238</b>	<b>56,860</b>	<b>7,155</b>	<b>12,659</b>	<b>-</b>	<b>-</b>	<b>134,163</b>	<b>-</b>	<b>92,943</b>	<b>2,048,729</b>
<b>Deferred inflows:</b>											
Deferred revenue	-	-	-	-	-	-	-	-	-	87,257	270,868
<b>Fund balance:</b>											
Nonspendable	-	-	-	687,300	-	-	-	-	-	-	747,300
Restricted	15,337	600,294	844,651	1,848,809	3,402,596	524,648	716,539	2,732,046	746,652	1,428,885	16,069,954
Assigned	340	-	-	574,323	-	-	-	73,158	-	-	647,888
Unassigned	-	-	-	-	-	-	-	-	-	-	(744,516)
<b>Total Fund Balance</b>	<b>15,677</b>	<b>600,294</b>	<b>844,651</b>	<b>3,110,432</b>	<b>3,402,596</b>	<b>524,648</b>	<b>716,539</b>	<b>2,805,204</b>	<b>746,652</b>	<b>1,428,885</b>	<b>16,720,626</b>
<b>Total Liabilities, Deferred Inflows, and Fund Balances</b>	<b>\$ 15,677</b>	<b>\$ 613,532</b>	<b>\$ 901,511</b>	<b>\$ 3,117,587</b>	<b>\$ 3,415,255</b>	<b>\$ 524,648</b>	<b>\$ 716,539</b>	<b>\$ 2,939,367</b>	<b>\$ 746,652</b>	<b>\$ 1,609,085</b>	<b>\$ 19,040,223</b>

**CITY OF MIDWEST CITY, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2013**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Governmental Funds – Year Ended June 30, 2013**

	SPECIAL REVENUE FUNDS										
	GRANT FUND	JUVENILE FUND	PARK & RECREATION FUND	EMERGENCY OPERATIONS FUND	TECHNOLOGY FUND	WELCOME CENTER FUND	POLICE IMPOUND FEES	STREET & ALLEY FUND	POLICE SPECIAL PROJECTS FUND	POLICE LAB FEE FUND	CONVENTION/ VISITORS BUREAU
<b>Revenues:</b>											
Taxes	\$ -	\$ -	\$ 515,907	\$ 349,158	\$ -	\$ 181,818	\$ -	\$ -	\$ -	\$ -	\$ 339,393
Intergovernmental	1,199,239	-	-	-	-	-	492,629	-	-	-	-
Charges for services	-	-	12,700	27,250	302,475	120	57,900	-	-	-	-
Investment income	47	3,272	13,453	16,547	11,110	6,532	1,547	(14,374)	2,160	563	1,946
Fines & forfeitures	-	135,653	-	-	36,934	-	-	-	4,926	12,155	-
Licenses & permits	-	-	-	-	13,200	-	-	-	-	-	-
Miscellaneous	27,256	-	18	-	117	15,693	-	-	2,381	-	19,272
<b>Total Revenues</b>	<u>1,226,542</u>	<u>138,925</u>	<u>542,078</u>	<u>392,955</u>	<u>363,836</u>	<u>204,163</u>	<u>59,447</u>	<u>478,255</u>	<u>9,467</u>	<u>12,718</u>	<u>360,611</u>
<b>Expenditures:</b>											
Current:											
General government	-	-	-	-	343,673	-	-	-	-	-	-
Public safety	358,687	144,395	-	338,560	-	-	16,496	-	8,291	14,410	-
Streets	-	-	-	-	-	-	-	48,857	-	-	-
Culture and recreation	-	-	279,957	-	-	175,727	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-	-	-	-	-
Economic development	664,604	-	-	-	-	-	-	-	-	-	351,272
Capital outlay	109,528	1,261	1,395,149	63,686	2,458	5,296	35,468	518,320	17,487	-	783
Debt service:											
Principal retirement	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<u>1,132,819</u>	<u>145,656</u>	<u>1,675,106</u>	<u>402,246</u>	<u>346,131</u>	<u>181,023</u>	<u>51,964</u>	<u>567,177</u>	<u>25,778</u>	<u>14,410</u>	<u>352,055</u>
<b>Revenues over (under) expenditures</b>	93,723	(6,731)	(1,133,028)	(9,291)	17,705	23,140	7,483	(88,922)	(16,311)	(1,692)	8,556
<b>Other financing sources (uses):</b>											
Transfers in	122,555	-	63,539	28,632	42,498	-	-	49,579	-	-	-
Transfers out	(199,381)	-	(70,000)	(42,498)	-	-	(3,156)	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>(76,826)</u>	<u>-</u>	<u>(6,461)</u>	<u>(13,866)</u>	<u>42,498</u>	<u>-</u>	<u>(3,156)</u>	<u>49,579</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	16,897	(6,731)	(1,139,489)	(23,157)	60,203	23,140	4,327	(39,343)	(16,311)	(1,692)	8,556
<b>Fund Balance - beginning of year</b>	323,322	162,365	394,973	788,147	482,557	293,260	54,399	890,091	133,833	25,276	90,425
<b>Fund Balance - end of year</b>	<u>\$ 340,219</u>	<u>\$ 155,634</u>	<u>\$ (744,516)</u>	<u>\$ 764,990</u>	<u>\$ 542,760</u>	<u>\$ 316,400</u>	<u>\$ 58,726</u>	<u>\$ 850,748</u>	<u>\$ 117,522</u>	<u>\$ 23,584</u>	<u>\$ 98,981</u>

(Continued)

**CITY OF MIDWEST CITY, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
As of and for the Year Ended June 30, 2013

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Governmental Funds – Year Ended June 30, 2013**

	SPECIAL REVENUE FUNDS		CAPITAL PROJECT FUNDS					DEBT SERVICE FUND		TOTALS	
	URBAN RENEWAL AUTHORITY	GENERAL GOVERNMENT SALES TAX	CAPITAL OUTLAY FUND	DOWNTOWN DEVELOPMENT AUTHORITY	2002 STREET PROJECT FUND	STREET PROJECTS FUND2012	SALES TAX CAPITAL IMP. FUND	CAPITAL IMPROVEMENT FUND	CAPITAL OUTLAY RESERVE FUND		G.O. DEBT SERVICES FUND
<b>Revenues:</b>											
Taxes	\$ -	\$ 426,748	\$ -	\$ -	\$ -	\$ 426,748	\$ 5,616,697	\$ -	\$ -	\$ 1,748,018	\$ 9,604,487
Intergovernmental	-	-	-	-	-	-	-	25,039	-	-	1,716,907
Charges for services	-	-	-	1,006,741	-	-	-	-	-	-	1,407,186
Investment income	353	9,381	(7,399)	(39,696)	(147,163)	8,592	18,993	(72,454)	17,173	(64,583)	(234,000)
Fines & forfeitures	-	-	-	-	-	-	-	-	-	-	189,668
Licenses & permits	-	-	-	-	-	-	-	78,421	-	-	91,621
Miscellaneous	-	-	15,505	-	-	-	-	176	-	-	80,418
<b>Total Revenues</b>	<b>353</b>	<b>436,129</b>	<b>8,106</b>	<b>967,045</b>	<b>(147,163)</b>	<b>435,340</b>	<b>5,635,690</b>	<b>31,182</b>	<b>17,173</b>	<b>1,683,435</b>	<b>12,856,287</b>
<b>Expenditures:</b>											
Current:											
General government	-	-	-	-	-	-	-	-	-	-	343,673
Public safety	-	-	-	-	-	-	-	-	-	-	880,839
Streets	-	-	-	-	4,500	-	-	22,122	-	-	75,479
Culture and recreation	-	-	-	-	-	-	-	-	-	-	455,684
Health and welfare	-	-	-	-	-	-	-	-	-	-	-
Economic development	13	-	-	103,008	-	-	-	-	-	-	1,118,897
Capital outlay	-	43,468	613,330	395,659	131,786	43,198	-	1,068,445	-	-	4,445,322
Debt service:											
Principal retirement	-	-	-	-	-	-	-	-	-	1,400,000	1,400,000
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	370,754	370,754
<b>Total Expenditures</b>	<b>13</b>	<b>43,468</b>	<b>613,330</b>	<b>498,667</b>	<b>136,286</b>	<b>43,198</b>	<b>-</b>	<b>1,090,567</b>	<b>-</b>	<b>1,770,754</b>	<b>9,090,648</b>
<b>Revenues over (under) expenditures</b>	<b>340</b>	<b>392,661</b>	<b>(605,224)</b>	<b>468,378</b>	<b>(283,449)</b>	<b>392,142</b>	<b>5,635,690</b>	<b>(1,059,385)</b>	<b>17,173</b>	<b>(87,319)</b>	<b>3,765,639</b>
<b>Other financing sources (uses):</b>											
Transfers in	-	-	263,500	6,865	-	8,088	-	1,250,534	-	-	1,835,790
Transfers out	-	-	-	(505,247)	-	(103,621)	(6,083,414)	(43,713)	(100,000)	(35,361)	(7,186,391)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>263,500</b>	<b>(498,382)</b>	<b>-</b>	<b>(95,533)</b>	<b>(6,083,414)</b>	<b>1,206,821</b>	<b>(100,000)</b>	<b>(35,361)</b>	<b>(5,350,601)</b>
<b>Net change in fund balances</b>	<b>340</b>	<b>392,661</b>	<b>(341,724)</b>	<b>(30,004)</b>	<b>(283,449)</b>	<b>296,609</b>	<b>(447,724)</b>	<b>147,436</b>	<b>(82,827)</b>	<b>(122,680)</b>	<b>(1,584,962)</b>
<b>Fund Balance - beginning of year</b>	<b>15,337</b>	<b>207,633</b>	<b>1,186,375</b>	<b>3,140,436</b>	<b>3,686,045</b>	<b>228,039</b>	<b>1,164,263</b>	<b>2,657,768</b>	<b>829,479</b>	<b>1,551,565</b>	<b>18,305,588</b>
<b>Fund Balance - end of year</b>	<b>\$ 15,677</b>	<b>\$ 600,294</b>	<b>\$ 844,651</b>	<b>\$ 3,110,432</b>	<b>\$ 3,402,596</b>	<b>\$ 524,648</b>	<b>\$ 716,539</b>	<b>\$ 2,805,204</b>	<b>\$ 746,652</b>	<b>\$ 1,428,885</b>	<b>\$ 16,720,626</b>



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**Combining Statement of Net Position - Nonmajor Enterprise Funds – June 30, 2013**

	<u>UTILITIES AUTHORITY</u>	<u>UTILITY SERVICES</u>	<u>UTILITIES CAPITAL FUND</u>	<u>CUSTOMER DEPOSIT FUND</u>	<u>GOLF COURSES FUNDS</u>	<u>29TH &amp; DOUGLAS FUND</u>	<u>TOTALS</u>
<b><u>ASSETS</u></b>							
<b>Current assets:</b>							
Cash and cash equivalents	\$ 62,036	\$ 31,154	\$ 128,005	\$ -	\$ 11,529	\$ -	\$ 232,724
Cash and cash equivalents, restricted	-	-	-	78,137	-	-	78,137
Investments	965,962	399,354	1,993,158	-	120,551	-	3,479,025
Receivables:							
Other receivable	-	-	-	-	3,613	-	3,613
Interest	2,725	-	5,623	3,433	-	-	11,781
Accounts receivable, net	-	64,970	-	2,643	-	-	67,613
Inventory	-	-	-	-	2,967	-	2,967
<b>Total current assets</b>	<u>1,030,723</u>	<u>495,478</u>	<u>2,126,786</u>	<u>84,213</u>	<u>138,660</u>	<u>-</u>	<u>3,875,860</u>
<b>Noncurrent assets:</b>							
Investments, restricted	-	-	-	1,216,671	-	-	1,216,671
Land, construction in progress, and water rights	721,325	-	3,425	-	232,057	5,500,000	6,456,807
Other capital assets, net	-	1,727	2,046,992	-	1,519,067	-	3,567,786
<b>Total noncurrent assets</b>	<u>721,325</u>	<u>1,727</u>	<u>2,050,417</u>	<u>1,216,671</u>	<u>1,751,124</u>	<u>5,500,000</u>	<u>11,241,264</u>
<b>Total assets</b>	<u>1,752,048</u>	<u>497,205</u>	<u>4,177,203</u>	<u>1,300,884</u>	<u>1,889,784</u>	<u>5,500,000</u>	<u>15,117,124</u>
<b><u>LIABILITIES</u></b>							
<b>Current liabilities:</b>							
Accounts payable and accrued liabilities	87,583	2,619	67,316	-	15,974	-	173,492
Wages payable	-	24,989	-	-	26,048	-	51,037
Unearned revenue	-	-	-	-	5,861	-	5,861
Due to other funds	-	-	-	71	48,585	-	48,656
Accrued compensated absences	-	21,166	-	-	36,468	-	57,634
Refundable deposits	-	-	-	134,976	-	-	134,976
<b>Total current liabilities</b>	<u>87,583</u>	<u>48,774</u>	<u>67,316</u>	<u>135,047</u>	<u>132,936</u>	<u>-</u>	<u>471,656</u>
<b>Noncurrent liabilities:</b>							
Accrued compensated absences	-	42,332	-	-	72,936	-	115,268
Refundable deposits	-	-	-	1,214,787	-	-	1,214,787
Due to other funds	-	-	-	-	50,528	487,162	537,690
<b>Total noncurrent liabilities</b>	<u>-</u>	<u>42,332</u>	<u>-</u>	<u>1,214,787</u>	<u>123,464</u>	<u>487,162</u>	<u>1,867,745</u>
<b>Total liabilities</b>	<u>87,583</u>	<u>91,106</u>	<u>67,316</u>	<u>1,349,834</u>	<u>256,400</u>	<u>487,162</u>	<u>2,339,401</u>
<b><u>NET POSITION</u></b>							
Net investment in capital assets	721,325	1,727	2,050,417	-	1,652,011	5,012,838	9,438,318
Restricted for other purposes	216,134	49,993	-	-	50,956	-	317,083
Unrestricted (deficit)	727,006	354,379	2,059,470	(48,950)	(69,583)	-	3,022,322
<b>Total net position</b>	<u>\$ 1,664,465</u>	<u>\$ 406,099</u>	<u>\$ 4,109,887</u>	<u>\$ (48,950)</u>	<u>\$ 1,633,384</u>	<u>\$ 5,012,838</u>	<u>\$ 12,777,723</u>

**CITY OF MIDWEST CITY, OKLAHOMA**  
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**Combining Statement of Revenues, Expenses and Changes in Net Position - Nonmajor Enterprise Funds**  
**- Year Ended June 30, 2013**

	UTILITIES AUTHORITY	UTILITY SERVICES	UTILITIES CAPITAL FUND	CUSTOMER DEPOSIT FUND	GOLF COURSES FUNDS	29TH & DOUGLAS FUND	TOTALS
<b>Operating Revenues:</b>							
Charges for services	\$ -	\$ 1,236,198	\$ -	\$ -	\$ 1,048,838	\$ 1,004	\$ 2,286,040
<b>Total operating revenues</b>	<u>-</u>	<u>1,236,198</u>	<u>-</u>	<u>-</u>	<u>1,048,838</u>	<u>1,004</u>	<u>2,286,040</u>
<b>Operating Expenses:</b>							
Personal services	-	783,868	-	-	655,898	-	1,439,766
Materials and supplies	-	179,006	-	-	195,212	-	374,218
Other services and charges	200	44,502	-	-	132,095	9,401	186,198
Depreciation and amortization	-	641	74,842	-	103,980	-	179,463
<b>Total operating expenses</b>	<u>200</u>	<u>1,008,017</u>	<u>74,842</u>	<u>-</u>	<u>1,087,185</u>	<u>9,401</u>	<u>2,179,645</u>
<b>Operating income (loss)</b>	<u>(200)</u>	<u>228,181</u>	<u>(74,842)</u>	<u>-</u>	<u>(38,347)</u>	<u>(8,397)</u>	<u>106,395</u>
<b>Non-Operating Revenues (Expenses):</b>							
Investment income	(44,375)	9,395	(90,127)	(55,083)	2,963	-	(177,227)
Other non-operating revenue	-	-	3,265	-	10,534	-	13,799
Interest expense and fiscal charges	-	-	-	-	(5,833)	(34,848)	(40,681)
<b>Total non-operating revenues (expenses)</b>	<u>(44,375)</u>	<u>9,395</u>	<u>(86,862)</u>	<u>(55,083)</u>	<u>7,664</u>	<u>(34,848)</u>	<u>(204,109)</u>
<b>Net income (loss) before transfers</b>	<u>(44,575)</u>	<u>237,576</u>	<u>(161,704)</u>	<u>(55,083)</u>	<u>(30,683)</u>	<u>(43,245)</u>	<u>(97,714)</u>
Capital contributions	-	-	-	-	246,343	-	246,343
Transfers in	-	-	-	-	-	132,747	132,747
Transfers out	-	-	-	(29,809)	(8,088)	-	(37,897)
<b>Change in net position</b>	<u>(44,575)</u>	<u>237,576</u>	<u>(161,704)</u>	<u>(84,892)</u>	<u>207,572</u>	<u>89,502</u>	<u>243,479</u>
<b>Total net position - beginning, restated</b>	<u>1,709,040</u>	<u>168,523</u>	<u>4,271,591</u>	<u>35,942</u>	<u>1,425,812</u>	<u>4,923,336</u>	<u>12,534,244</u>
<b>Total net position - ending</b>	<u>\$ 1,664,465</u>	<u>\$ 406,099</u>	<u>\$ 4,109,887</u>	<u>\$ (48,950)</u>	<u>\$ 1,633,384</u>	<u>\$ 5,012,838</u>	<u>\$ 12,777,723</u>

**CITY OF MIDWEST CITY, OKLAHOMA**  
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**Combining Statement of Cash Flows - Nonmajor Enterprise Funds – June 30, 2013**

	UTILITIES AUTHORITY	UTILITY SERVICES	UTILITIES CAPITAL FUND	CUSTOMER DEPOSIT FUND	GOLF COURSE FUND	29TH AND DOUGLAS FUND	TOTALS
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
Receipts from customers	\$ -	\$ 1,152,748	\$ 3,265	\$ (68)	\$ 1,101,708	\$ 1,004	\$ 2,258,657
Payments to suppliers	64,104	(224,205)	7,442	-	(322,694)	(9,401)	(484,754)
Payments to employees	-	(779,320)	-	-	(646,393)	-	(1,425,713)
Payments of interfund loan	-	-	-	(1,131)	(97,244)	(89,502)	(187,877)
Receipt of customer deposits	-	-	-	476,094	-	-	476,094
Return of customer deposits	-	-	-	(449,231)	-	-	(449,231)
Net Cash Provided by (Used in) Operating Activities	<u>64,104</u>	<u>149,223</u>	<u>10,707</u>	<u>25,664</u>	<u>35,377</u>	<u>(97,899)</u>	<u>187,176</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>							
Transfers from other funds	-	-	-	-	-	132,747	132,747
Transfers to other funds	-	-	-	(29,809)	(8,088)	-	(37,897)
Net Cash Provided by (Used in) Non-Capital Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(29,809)</u>	<u>(8,088)</u>	<u>132,747</u>	<u>94,850</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>							
Capital assets purchased	(96,513)	-	(10,789)	-	(83,133)	-	(190,435)
Interest and fiscal charges paid on capital debt	(44,618)	-	(72,377)	-	(5,833)	(34,848)	(148,681)
Proceeds from sale of capital assets	-	-	-	-	1,022	-	1,022
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(96,513)</u>	<u>-</u>	<u>(10,789)</u>	<u>-</u>	<u>(87,944)</u>	<u>(34,848)</u>	<u>(230,094)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
Sale of investments	(119,488)	(196,576)	(317,101)	(190,414)	19,800	-	(803,779)
Interest and dividends	(44,618)	9,395	(72,377)	(44,210)	2,963	-	(148,847)
Net Cash Provided by (Used in) Investing Activities	<u>(164,106)</u>	<u>(187,181)</u>	<u>(389,478)</u>	<u>(234,624)</u>	<u>22,763</u>	<u>-</u>	<u>(952,626)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<u>(196,515)</u>	<u>(37,958)</u>	<u>(389,560)</u>	<u>(238,769)</u>	<u>(37,892)</u>	<u>-</u>	<u>(900,694)</u>
<b>Balances - beginning of the year</b>	<u>258,551</u>	<u>69,112</u>	<u>517,565</u>	<u>316,906</u>	<u>49,421</u>	<u>-</u>	<u>1,211,555</u>
<b>Balances - end of the year</b>	<u>\$ 62,036</u>	<u>\$ 31,154</u>	<u>\$ 128,005</u>	<u>\$ 78,137</u>	<u>\$ 11,529</u>	<u>\$ -</u>	<u>\$ 310,861</u>
<b>Reconciliation to Statement of NetPosition:</b>							
Cash and cash equivalents	\$ 62,036	\$ 31,154	\$ 128,005	\$ -	\$ 11,529	\$ -	\$ 232,724
Restricted cash and cash equivalents	-	-	-	78,137	-	-	78,137
Total cash and cash equivalents	<u>\$ 62,036</u>	<u>\$ 31,154</u>	<u>\$ 128,005</u>	<u>\$ 78,137</u>	<u>\$ 11,529</u>	<u>\$ -</u>	<u>\$ 310,861</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>							
Operating income (loss)	\$ (200)	\$ 228,181	\$ (74,842)	\$ -	\$ (38,347)	\$ (8,397)	\$ 106,395
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:							
Depreciation expense	-	641	74,842	-	103,980	-	179,463
Other non-operating income	-	-	3,265	-	10,534	-	13,799
Change in assets and liabilities:							
Receivables, net	-	(5,205)	-	(68)	(1,460)	-	(6,733)
Accounts payables	64,304	(697)	7,442	-	7,580	-	78,629
Inventory	-	-	-	-	(2,967)	-	(2,967)
Due to other funds	-	-	-	(1,131)	(97,244)	(89,502)	(187,877)
Due to employees	-	333	-	-	3,544	-	3,877
Deferred revenue	-	(78,245)	-	-	43,796	-	(34,449)
Refundable deposits	-	-	-	26,863	-	-	26,863
Accrued compensated absences	-	4,215	-	-	5,961	-	10,176
Net Cash Provided by (Used in) Operating Activities	<u>\$ 64,104</u>	<u>\$ 149,223</u>	<u>\$ 10,707</u>	<u>\$ 25,664</u>	<u>\$ 35,377</u>	<u>\$ (97,899)</u>	<u>\$ 187,176</u>
<b>Non cash activities:</b>							
Contributed capital assets - from governmental funds	\$ -	\$ -	\$ -	\$ -	\$ 246,343	\$ -	\$ 246,343

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**Combining Statement of Net Position– Internal Service Funds – June 30, 2013**

	<b>PUBLIC WORKS ADMINISTRATION</b>	<b>FLEET SERVICES FUND</b>	<b>SURPLUS PROPERTY FUND</b>	<b>RISK MANAGEMENT</b>	<b>L&amp;H BENEFITS FUND</b>	<b>TOTALS</b>
<b><u>ASSETS:</u></b>						
<b>Current assets:</b>						
Cash and cash equivalents	\$ 11,168	\$ 51,779	\$ 32,019	\$ 173,860	\$ 72,576	\$ 341,402
Investments	143,165	-	327,987	2,707,182	979,158	4,157,492
Receivables:						
Accounts receivable	-	157	4,482	122	51,337	56,098
Accrued interest receivable	-	-	-	7,637	2,762	10,399
Inventory	-	75,978	-	-	-	75,978
<b>Total current assets</b>	<b>154,333</b>	<b>127,914</b>	<b>364,488</b>	<b>2,888,801</b>	<b>1,105,833</b>	<b>4,641,369</b>
<b>Noncurrent assets:</b>						
Capital Assets:						
Nondepreciable	7,000	-	-	-	-	7,000
Depreciable, net of accumulated depreciation	236,100	993,567	97,627	-	-	1,327,294
<b>Total noncurrent assets</b>	<b>243,100</b>	<b>993,567</b>	<b>97,627</b>	<b>-</b>	<b>-</b>	<b>1,334,294</b>
<b>Total assets</b>	<b>397,433</b>	<b>1,121,481</b>	<b>462,115</b>	<b>2,888,801</b>	<b>1,105,833</b>	<b>5,975,663</b>
<b><u>LIABILITIES:</u></b>						
<b>Current liabilities:</b>						
Accounts payable and accrued liabilities	9,080	38,599	325,301	44,690	115,759	533,429
Claims liability	-	-	-	843,000	551,423	1,394,423
Wages payable	20,374	18,578	526	4,673	1,949	46,100
Accrued compensated absences	35,619	29,490	441	8,464	864	74,878
<b>Total current liabilities</b>	<b>65,073</b>	<b>86,667</b>	<b>326,268</b>	<b>900,827</b>	<b>669,995</b>	<b>2,048,830</b>
<b>Noncurrent liabilities:</b>						
Accrued compensated absences	71,237	58,980	882	16,928	1,728	149,755
Unfunded OPEB liability	-	-	-	-	6,751,831	6,751,831
Claims liability	-	-	-	2,211,000	-	2,211,000
<b>Total noncurrent liabilities</b>	<b>71,237</b>	<b>58,980</b>	<b>882</b>	<b>2,227,928</b>	<b>6,753,559</b>	<b>9,112,586</b>
<b>Total Liabilities</b>	<b>136,310</b>	<b>145,647</b>	<b>327,150</b>	<b>3,128,755</b>	<b>7,423,554</b>	<b>11,161,416</b>
<b><u>NET POSITION:</u></b>						
Net investment in capital assets	243,100	993,567	97,627	-	-	1,334,294
Unrestricted	18,023	(17,733)	37,338	(239,954)	(6,317,721)	(6,520,047)
<b>Total net position</b>	<b>\$ 261,123</b>	<b>\$ 975,834</b>	<b>\$ 134,965</b>	<b>\$ (239,954)</b>	<b>\$ (6,317,721)</b>	<b>\$ (5,185,753)</b>

**CITY OF MIDWEST CITY, OKLAHOMA  
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**Combining Statement of Revenues, Expenses and Changes in Net Position – Internal Service Funds –  
Year Ended June 30, 2013**

	<b>PUBLIC WORKS ADMINISTRATION</b>	<b>FLEET SERVICES FUND</b>	<b>SURPLUS PROPERTY FUND</b>	<b>RISK MANAGEMENT</b>	<b>L&amp;H BENEFITS FUND</b>	<b>TOTALS</b>
<b>Operating Revenues:</b>						
Charges for services	\$ 876,546	\$ 2,185,003	\$ 36,476	\$ 1,953,332	\$ 5,478,067	\$ 10,529,424
Miscellaneous	-	384	422	18,185	115,726	134,717
<b>Total operating revenues</b>	<b>876,546</b>	<b>2,185,387</b>	<b>36,898</b>	<b>1,971,517</b>	<b>5,593,793</b>	<b>10,664,141</b>
<b>Operating Expenses:</b>						
Personal services	722,280	663,713	23,537	115,323	39,760	1,564,613
Materials and supplies	4,250	1,423,197	790	5,655	-	1,433,892
Other services and charges	103,727	88,755	14,715	1,423,653	20,978	1,651,828
Insurance claims and expenses	-	-	-	(561,000)	7,577,657	7,016,657
Depreciation and amortization	33,581	56,042	4,172	-	-	93,795
<b>Total operating expenses</b>	<b>863,838</b>	<b>2,231,707</b>	<b>43,214</b>	<b>983,631</b>	<b>7,638,395</b>	<b>11,760,785</b>
<b>Operating income (loss)</b>	<b>12,708</b>	<b>(46,320)</b>	<b>(6,316)</b>	<b>987,886</b>	<b>(2,044,602)</b>	<b>(1,096,644)</b>
<b>Non-Operating Revenues:</b>						
Investment income	3,238	2,817	5,930	(118,691)	(57,138)	(163,844)
Gain/loss on retirement of capital assets	-	-	-	-	-	-
Intergovernmental	-	147,190	-	-	-	147,190
<b>Total non-operating revenues</b>	<b>3,238</b>	<b>150,007</b>	<b>5,930</b>	<b>(118,691)</b>	<b>(57,138)</b>	<b>(16,654)</b>
<b>Net income (loss) before transfers</b>	<b>15,946</b>	<b>103,687</b>	<b>(386)</b>	<b>869,195</b>	<b>(2,101,740)</b>	<b>(1,113,298)</b>
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Change in net position</b>	<b>15,946</b>	<b>103,687</b>	<b>(386)</b>	<b>869,195</b>	<b>(2,101,740)</b>	<b>(1,113,298)</b>
<b>Total net position- beginning</b>	<b>245,177</b>	<b>872,147</b>	<b>135,351</b>	<b>(1,109,149)</b>	<b>(4,215,981)</b>	<b>(4,072,455)</b>
<b>Total net position - ending</b>	<b>\$ 261,123</b>	<b>\$ 975,834</b>	<b>\$ 134,965</b>	<b>\$ (239,954)</b>	<b>\$ (6,317,721)</b>	<b>\$ (5,185,753)</b>

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**Combining Statement of Cash Flows – Internal Service Funds – Year Ended June 30, 2013**

	PUBLIC WORKS ADMINISTRATION	FLEET SERVICES FUND	SURPLUS PROPERTY FUND	RISK MANAGEMENT	L&H BENEFITS FUND	TOTALS
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Receipts from customers	\$ 876,546	\$ 2,332,420	\$ 36,331	\$ 1,980,837	\$ 5,555,172	\$ 10,781,306
Payments to suppliers	(101,767)	(1,558,080)	115,095	(1,429,308)	(20,978)	(2,995,038)
Payments to employees	(717,779)	(675,206)	(23,153)	(126,096)	1,298,235	(243,999)
Claims and benefits paid	-	-	-	18,666	(7,466,173)	(7,447,507)
Net Cash Provided by (Used in) Operating Activities	<u>57,000</u>	<u>99,134</u>	<u>128,273</u>	<u>444,099</u>	<u>(633,744)</u>	<u>94,762</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Capital assets purchased	(22,293)	(293,491)	-	-	-	(315,784)
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(22,293)</u>	<u>(293,491)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(315,784)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Purchase of investments	(143,165)	181,469	(162,775)	(769,903)	348,065	(546,309)
Interest and dividends	3,238	2,817	5,930	(98,741)	(54,635)	(141,391)
Net Cash Provided by (Used in) Investing Activities	<u>(139,927)</u>	<u>184,286</u>	<u>(156,845)</u>	<u>(868,644)</u>	<u>293,430</u>	<u>(687,700)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<u>(105,220)</u>	<u>(10,071)</u>	<u>(28,572)</u>	<u>(424,545)</u>	<u>(340,314)</u>	<u>(908,722)</u>
<b>Balances - beginning of the year</b>	<u>116,388</u>	<u>61,850</u>	<u>60,591</u>	<u>598,405</u>	<u>412,890</u>	<u>1,250,124</u>
<b>Balances - end of the year</b>	<u>\$ 11,168</u>	<u>\$ 51,779</u>	<u>\$ 32,019</u>	<u>\$ 173,860</u>	<u>\$ 72,576</u>	<u>\$ 341,402</u>
<b>Reconciliation to Statement of Net Position:</b>						
Cash and cash equivalents	11,168	51,779	32,019	173,860	72,576	\$ 341,402
Total cash and cash equivalents	<u>\$ 11,168</u>	<u>\$ 51,779</u>	<u>\$ 32,019</u>	<u>\$ 173,860</u>	<u>\$ 72,576</u>	<u>\$ 341,402</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>						
Operating income (loss)	\$ 12,708	\$ (46,320)	\$ (6,316)	\$ 987,886	\$ (2,044,602)	\$ (1,096,644)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:						
Depreciation expense	33,581	56,042	4,172	-	-	93,795
Other non operating revenue	-	147,190	-	-	-	147,190
Change in assets and liabilities:						
Receivables, net	-	(157)	(567)	9,320	(38,621)	(30,025)
Inventory	-	(38,456)	-	-	-	(38,456)
Accounts payables	6,210	(7,672)	130,600	18,666	31,403	179,207
Claims liability	-	-	-	(561,000)	80,081	(480,919)
Due to employees	1,466	(2,786)	26	(1,611)	806	(2,099)
Unfunded OPEB liability	-	-	-	-	1,335,828	1,335,828
Accrued compensated absences	3,035	(8,707)	358	(9,162)	1,361	(13,115)
Net Cash Provided by (Used in) Operating Activities	<u>\$ 57,000</u>	<u>\$ 99,134</u>	<u>\$ 128,273</u>	<u>\$ 444,099</u>	<u>\$ (633,744)</u>	<u>\$ 94,762</u>

**CITY OF MIDWEST CITY, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
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**Debt Service Coverage Schedule - Year Ended June 30, 2013**

	<b>2011 and 2011A Revenue Bonds</b>
<b>GROSS REVENUE AVAILABLE:</b>	
Water revenue	\$ 6,696,465
Wastewater revenue	7,152,034
Pledged Sales Tax	13,793,073
Investment income	(365,745)
Total Gross Revenue Available	27,275,827
<b>OPERATING EXPENSES:</b>	
Total Operating Expenses	9,443,537
Net Revenue Available for Debt Service	\$ 17,832,290
<b>Average Annual Debt Service</b>	
2011 Revenue Bonds	\$ 1,808,379
2011A Revenue Bonds	4,709,500
	\$ 6,517,879
Computed Coverage	274%
Coverage Requirement	125%

**CITY OF MIDWEST CITY, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2013**

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**STATISTICAL INFORMATION**



**CITY OF MIDWEST CITY, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2013**

General Government Expenditures by Function  
Last Ten Fiscal Years

Fiscal Year	General Government	Public Safety	Streets	Health and Welfare	Culture & Recreation	Economic Development	Debt Services	Total
2003-04	\$3,710,400	\$ 16,761,918	\$ 5,461,272	\$ 319,567	\$ 2,496,180	\$ 6,505,395	\$ 2,797,526	\$ 38,052,258
2004-05	4,048,014	17,875,391	6,333,521	311,796	2,384,770	31,607,784 (1)	2,035,085	64,596,361
2005-06	4,823,711	19,324,367	3,072,745	297,426	2,790,104	4,756,832	2,216,881	37,282,066
2006-07	4,638,916	19,653,099	2,860,439	1,060,332	1,269,324	4,286,769	1,874,210	35,643,089
2007-08	4,433,847	22,751,353	4,704,754	9,065,571	1,833,511	4,151,318	3,096,734	50,037,088
2008-09	4,731,952	28,025,096	5,832,627	23,077,926	1,720,807	4,523,604	2,241,289	70,153,301
2009-10	4,341,709	25,474,931	14,974,806	1,491,596	1,657,029	4,648,669	2,811,624	55,400,364
2010-11	6,459,976	25,157,469	6,006,443	160,983	1,120,863	4,915,834	3,679,296	47,500,864
2011-12	5,423,037	27,570,275	3,702,871	629	1,989,113	4,813,173	3,745,698	47,244,796
2012-13	5,216,187	27,388,784	3,460,381	110,935	2,841,490	4,704,086	3,856,073	47,577,936

(1) Includes purchase of downtown redevelopment property from Midwest City Hospital Authority.

**CITY OF MIDWEST CITY, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2013**

**Governmental Revenues By Source**  
**Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Taxes</u>	<u>Intergov- ernmental</u>	<u>Licenses &amp; Permits</u>	<u>Charges for Services</u>	<u>Fines &amp; Forfeitures</u>	<u>Investment Income</u>	<u>Misc Revenues</u>	<u>Total</u>
2003-04	\$ 23,632,779	\$ 1,557,842	\$ 286,406	\$ 1,289,359	\$ 1,180,610	\$ 7,203,875	\$ 758,812	\$ 35,909,683
2004-05	25,114,085	2,849,637	294,562	1,540,414	1,179,584	5,014,453	4,012,368	40,005,103
2005-06	27,656,355	2,308,525	306,977	2,170,231	1,619,238	6,308,052	6,128,707	46,498,085
2006-07	28,111,696	1,173,791	566,845	1,851,771	1,458,500	11,216,338	612,269	44,991,210
2007-08	31,705,767	8,261,565	413,183	1,766,807	1,916,846	(3,275,268)	1,162,943	41,951,843
2008-09	32,399,044	4,903,868	420,663	2,127,414	2,104,237	(9,252,051)	775,469	33,478,644
2009-10	33,166,047	4,906,373	385,949	2,066,991	1,878,424	6,582,036	2,445,317	51,431,137
2010-11	33,566,216	6,440,504	395,511	2,193,602	2,001,322	14,546,261	552,201	59,695,617
2011-12	36,586,145 *	5,462,968	330,553	2,636,087	2,170,041	2,749,217	742,978	50,677,989
2012-13	39,796,809	5,205,283	392,512	2,249,961	1,960,694	10,846,574	1,492,193	61,944,026

\* A new sales/use Tax became effective January 1, 2012 changing the rate from 3.3 to 3.85

**CITY OF MIDWEST CITY, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
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**Assessed Value of Taxable Property  
Last Ten Fiscal Years**

Fiscal Year	Real Property	Personal Property	Public Service Property	Veteran and Homestead Exemption	Total Actual		Ratio of Total Assessed Value to Total Estimated Actual Value
					Assessed Value	Estimated Actual Value	
2004	173,101,148	23,175,077	11,938,564	10,958,198	197,256,591	1,793,241,736	11%
2005	187,753,614	25,809,437	12,908,515	10,986,804	215,484,762	1,958,952,382	11%
2006	201,408,334	26,324,714	13,201,094	10,757,246	230,176,896	2,092,517,236	11%
2007	216,308,965	27,831,980	12,095,233	10,654,076	245,582,102	2,232,564,564	11%
2008	233,726,705	27,869,971	12,100,868	14,043,632	259,653,912 (1)	2,360,490,127	11%
2009	244,609,641	29,359,839	12,004,561	14,504,429	271,469,612 (1)	2,467,905,563	11%
2010	252,013,094	27,856,671	13,374,321	10,453,302	278,216,075 (1)	2,529,237,045	11%
2011	258,517,927	27,728,562	13,697,571	10,398,494	284,605,074 (1)	2,587,318,855	11%
2012	259,775,001	27,954,136	13,431,063	10,164,671	285,884,862 (1)	2,598,953,291	11%
2013	263,908,805	28,917,523	11,834,175	9,871,185	289,374,229 (1)	2,630,674,809	11%

(1) New established exemption for veterans

**CITY OF MIDWEST CITY, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2013**

Property Tax Rates – All Overlapping Governments  
(Per \$1,000 of Assessed Value)  
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>City Sinking Fund</u>	<u>MWC Schools</u>	<u>Rose State College</u>	<u>Oklahoma County</u>	<u>Total Midwest City Resident</u>	<u>Choctaw Schools</u>	<u>Total Midwest City Resident</u>	<u>OKC Schools</u>	<u>Total Midwest City Resident</u>
2004	9.82	61.11	16.50	22.99	110.42	61.33	110.64	57.84	107.15
2005	8.79	59.96	16.35	22.90	108.00	62.33	110.37	58.02	106.06
2006	9.25	62.79	18.29	22.81	113.14	62.60	112.95	57.07	107.42
2007	8.32	64.31	17.67	22.29	112.59	63.11	111.39	56.73	105.01
2008	7.29	65.05	17.30	23.18	112.82	66.66	114.43	52.48	100.25
2009	7.24	65.83	17.40	24.79	115.26	68.50	117.93	58.43	107.86
2010	6.81	65.60	17.32	24.27	114.00	69.41	117.81	58.70	107.10
2011	6.62	64.64	17.18	24.06	112.50	70.22	118.08	62.09	109.95
2012	6.09	66.55	17.10	23.97	113.71	72.49	119.65	59.29	106.45
2013	5.78	64.98	17.02	23.87	111.65	76.19	122.86	60.39	107.06

**CITY OF MIDWEST CITY, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2013**

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Computation of Legal Debt Margin  
June 30, 2013

Net assessed valuation	\$289,374,229
Debt limit (a)	\$28,937,423
Applicable bonds outstanding	\$6,900,000
Legal debt margin	\$22,037,423

(a) Article 10, section 26 of the Constitution of the State of Oklahoma limits municipal debt to 10% of net assessed valuation for certain types of general obligation bonds.

**CITY OF MIDWEST CITY, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2013**

Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt  
To Total General Governmental Expenditures  
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest (1)</u>	<u>Total Debt Service</u>	<u>Total General Governmental Expenditures (2)</u>	<u>Ratio of Debt Service to Government Expenditures</u>
2003-04	\$ 1,250,000	\$ 1,547,526	\$ 2,797,526	\$ 38,052,258	7.35%
2004-05	1,300,000	663,185	1,963,185	64,596,361	3.04%
2005-06	1,300,000	916,881	2,216,881	37,282,066	5.95%
2006-07	1,075,000	599,313	1,674,313	35,643,089	4.70%
2007-08	1,350,000	1,102,596	2,452,596	50,037,088	4.90%
2008-09	1,400,000	635,560	2,035,560	70,153,301	2.90%
2009-10	1,400,000	569,623	1,969,623	55,400,364	3.56%
2010-11	1,400,000	503,685	1,903,685	47,500,864	4.01%
2011-12	1,400,000	437,342	1,837,342	47,244,796	3.89%
2012-13	1,400,000	370,754	1,770,754	47,577,936	3.72%

(1) Excludes bond issuance and other costs

(2) Totals from General Governmental Expenditures by Function table

**CITY OF MIDWEST CITY, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2013**

Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt  
To Assessed Value and Net General Obligation Bonded Debt Per Capita  
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Assessed Value (2)</u>	<u>Gross Bonded Debt</u>	<u>Less Debt Service Money Available (3)</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
2003-04	54,088	197,256,591	14,525,000	1,635,499	12,889,501	6.53%	238
2004-05	54,088	215,484,762	13,125,000	1,760,224	11,364,776	5.27%	210
2005-06	54,088	230,176,896	16,325,000	1,480,497	14,844,503	6.45%	274
2006-07	54,088	245,582,102	15,250,000	1,961,500	13,288,500	5.41%	246
2007-08	54,088	259,653,914	13,900,000	1,683,112	12,216,888	4.71%	226
2008-09	54,088	271,469,612	12,500,000	1,513,528	10,986,472	4.05%	203
2009-10	54,088	278,216,075	11,100,000	1,500,619	9,599,381	3.45%	177
2010-11	54,371	284,605,074	9,700,000	1,504,457	8,195,543	2.88%	151
2011-12	54,371	285,884,862	8,300,000	1,551,565	6,748,435	2.36%	124
2012-13	54,371	289,374,229	6,900,000	1,428,884	5,471,116	1.89%	101

(1) From table Demographics

(2) From table Assessed Value of Property

(3) Ending fund balances

**CITY OF MIDWEST CITY, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2013**

Revenue Bond and Note Coverage  
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Gross Revenues</u>	<u>Direct Operating Expenses</u>	<u>Net Revenue Available for Debt Service</u>	<u>Maximum Annual Debt Service</u>	<u>Debt Service Coverage</u>
2003-04	\$ 15,967,210	\$ 9,797,926	\$ 6,169,284 (1)	\$ 1,967,389	3.14
2004-05	14,814,730	8,982,892	5,831,838 (1)	2,000,344	2.92
2005-06	15,148,626	8,765,616	6,383,010 (1)	2,000,344	3.19
2006-07	11,389,730	7,378,584	4,011,146 (1)	2,000,344	2.01
2007-08	14,201,820	7,372,367	6,829,453 (1)	2,000,344	3.41
2008-09	14,535,584	8,191,452	6,344,132 (1)	2,000,344	3.17
2009-10	14,822,864	7,867,225	6,955,639 (1)	2,000,344	3.48
2010-11	15,207,582	8,004,126	7,203,456 (1)	2,000,344	3.60
2011-12	17,702,453	8,669,659	9,032,794 (1)	6,517,879	1.39
2012-13	27,258,461	9,443,537	17,814,924 (1)	6,517,879	2.73

(1) Includes designated sales tax revenue



**CITY OF MIDWEST CITY, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2013**

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Demographic Statistics

<u>Year</u>	<u>Population</u>	<u>Population Percent Change</u>
1950	10,166	0.00%
1960	36,058	254.69%
1970	48,212	33.71%
1980	49,559	2.79%
1990	52,267	5.46%
2000	54,088	3.48%
2010	54,371	0.50%

Population is taken from US Census conducted every 10 years.

**CITY OF MIDWEST CITY, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2013**

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New Construction  
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Commercial Construction</u>		<u>Residential Construction</u>		<u>Total Construction</u>
	<u>Number of Units</u>	<u>Value</u>	<u>Number of Units</u>	<u>Value</u>	
2003-04	190	12,846,011	754	44,735,484	57,581,495
2004-05	232	22,444,891	801	34,627,558	57,072,449
2005-06	247	27,599,268	767	51,587,219	79,186,487
2006-07	245	49,578,946	618	33,434,637	83,013,583
2007-08	251	44,469,520	537	29,373,333	73,842,853
2008-09	264	28,032,074	504	29,169,569	57,201,643
2009-10	184	11,614,006	457	18,846,251	30,460,257
2010-11	98	14,052,174	203	23,937,338	37,989,512
2011-12	28	97,003,650	237	20,332,200	117,335,850
2012-13	27	54,561,650	120	19,020,411	73,582,061

**CITY OF MIDWEST CITY, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2013**

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Miscellaneous Statistics  
June 30, 2013

Date of Incorporation	1943
Form of government	Council-manager
Square miles in city limits	28
Miles of streets	564 Lane miles
<b>Education</b>	
Number of primary schools	11
Number of secondary schools	3
Number of High schools	2
Number of colleges	1
<b>Police Protection</b>	
Number of officers	96
<b>Fire Protection</b>	
Number of stations	6
Number of headquarters	1
Number of personnel per shift	27
<b>Public Works</b>	
Water storage capacity (millions of gallons)	9.5
Miles of water lines	304.4
Miles of sanitary sewer lines	279.5

Information obtained from various departments of the City of Midwest City.

**CITY OF MIDWEST CITY, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2013**

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Miscellaneous Statistics, Continued  
June 30, 2013

**City Employees**

<u>Fiscal Year</u>	<u>Full Time Government</u>	<u>Full Time Hotel/Conference Center</u>
2003-04	476	-
2004-05	476	-
2005-06	496	-
2006-07	503	-
2007-08	499	-
2008-09	499	-
2009-10	502	60
2010-11	494	62
2011-12	493	62
2012-13	491	-

**CITY OF MIDWEST CITY, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2013**

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Miscellaneous Statistics, Continued  
June 30, 2013

City Water Usage (Gallons)

<u>Fiscal Year</u>	<u>Annual Usage</u>	<u>Average Daily Usage</u>
2002-03	1,758,223,000	4,817,049
2003-04	1,869,864,000	5,122,915
2004-05	1,768,672,000	4,845,676
2005-06	2,174,375,000	5,957,192
2006-07	2,021,890,000	5,539,425
2007-08	1,863,117,000	5,104,430
2008-09	1,931,741,887	5,292,444
2009-10	1,910,755,000	5,235,000
2010-11	1,953,204,878	5,351,246
2011-12	2,025,176,197	5,548,428
2012-13	1,902,831,000	5,213,236

**CITY OF MIDWEST CITY, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2013**

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*Single Audit Reports*

**THE CITY OF  
MIDWEST CITY,  
OKLAHOMA**

**June 30, 2013**

Single Audit Reports

THE CITY OF MIDWEST CITY, OKLAHOMA

June 30, 2013

REPORT REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*..... 1

REPORTS REQUIRED BY OMB CIRCULAR A-133

Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133 and on the Schedule of Expenditures of Federal Awards..... 3

Schedule of Expenditures of Federal Awards..... 6

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Summary Schedule of Prior Audit Findings..... 10



**Independent Auditors' Report on  
Internal Control Over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial  
Statements Performed in Accordance with Government Auditing Standards**

Honorable Mayor and Members of City Council  
The City of Midwest City, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Midwest City, Oklahoma, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City of Midwest City's basic financial statements, and have issued our report thereon dated December 26, 2013.

**Internal Control Over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

Cole & Reed P.C.

Oklahoma City, Oklahoma  
December 26, 2013

**Independent Auditors' Report on Compliance  
with Requirements That Could Have a Direct and Material Effect on  
Each Major Program and on Internal Control over Compliance in Accordance  
with OMB Circular A-133 and on the Schedule of Expenditures of Federal Awards**

Honorable Mayor and Members of City Council  
The City of Midwest City, Oklahoma

**Compliance**

We have audited the compliance of the City of Midwest City, Oklahoma, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Midwest City's major federal programs for the year ended June 30, 2013. The City of Midwest City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal programs is the responsibility of the City of Midwest City's management. Our responsibility is to express an opinion on the City of Midwest City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Midwest City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Midwest City's compliance with those requirements.

In our opinion, the City of Midwest City complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

## **Internal Control over Compliance**

Management of the City of Midwest City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Midwest City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Midwest City's internal control over compliance.

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

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

## **Schedule of Expenditures of Federal Awards**

We have audited the financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the City of Midwest City as of and for the year ended June 30, 2013, and have issued our report thereon dated December 26, 2013, which contained our unqualified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the City of Midwest City's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of the City Council and management of the City of Midwest City and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

Cole & Reed P.C.

Oklahoma City, Oklahoma  
December 26, 2013

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

THE CITY OF MIDWEST CITY, OKLAHOMA

For the Year Ended June 30, 2013

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CDFA Number</u>	<u>Pass-Through Grantor Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Justice</u>			
Bulletproof Vest Partnership Program	16.607	N/A	\$ 1,720
Passed through OK Dept. of Mental Health & Substance Abuse:			
Edward Byrne Memorial Justice Assistance Grant	16.738	OCSO 2M2L 2010-0002	<u>77,284</u>
			79,004
<u>Federal Emergency Management Agency</u>			
Passed through Oklahoma Department of Civil Emergency Management:			
Emergency Performance Grant 11	97.042	N/A	3,894
Emergency Performance Grant 12	97.042	N/A	8,500
Emergency Performance Grant 13	97.042	N/A	7,500
Hazard Mitigation Grant Program	97.039	FEMA-1803-DR-OK	51,804
Hazard Mitigation Grant Program	97.039	FEMA-1917-DR-OK	223,818
Passed through Oklahoma Office of Homeland Security:			
2009 OKC UASI Grant	97.008	150.032	80,441
2009 OKC UASI Grant	97.008	150.009	13,692
2010 CO UASI Grant	97.053	290.063	39,863
2010 CCP Local Grant	97.053	280.529	2,146
2010 CCP Local Grant	97.053	280.530	445
2010 CCP Local Grant	97.053	280.531	3,240
2010 CCP Local Grant	97.053	280.533	3,000
2010 CCP Local Grant	97.053	380.522	2,062
2010 CCP Local Grant	97.053	280.540	<u>830</u>
			441,235
<u>U.S. Dept. of Housing and Urban Development</u>			
Community Dev Block Grant	14.218	B-09-MC-40-0005	5,793
Community Dev Block Grant	14.218	B-10-MC-40-0005	66,234
Community Dev Block Grant	14.218	B-11-MC-40-0005	25,212
Community Dev Block Grant	14.218	B-12-MC-40-0005	401,623
Home Investment Partnerships Program	14.239	1452 HOME 12	<u>20,000</u>
			518,862
<u>U.S. Department of Energy</u>			
Energy Efficiency and Conservation Block Grant	81.128	N/A	4,540
<u>U.S. Department of Transportation</u>			
Passed through Oklahoma Highway Safety Office:			
Oklahoma Highway Safety Office	20.600	OP11-03-08-08	11,093
		K8-12-03-26-09, T-12-03-33-09,	
Oklahoma Highway Safety Office	20.600	CE-12-03-18-09	<u>45,287</u>
			56,380
Passed through Oklahoma Dept. of Transportation:			
Pedestrian Walkways Grant	20.205	HPP-155E (590) HP	<u>74,277</u>
			<u>130,657</u>
TOTAL EXPENDITURE OF FEDERAL AWARDS			<u>\$ 1,174,298</u>

See Notes to Schedule of Expenditures of Federal Awards.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

THE CITY OF MIDWEST CITY, OKLAHOMA

Year Ended June 30, 2013

NOTE A--BASIS OF ACCOUNTING

The schedule of expenditures of federal awards includes the federal awards activity of the City of Midwest City, Oklahoma (the "City"), and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE B--SUBRECIPIENTS

The City provided no federal awards to subrecipients.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

THE CITY OF MIDWEST CITY, OKLAHOMA

Year Ended June 30, 2013

**Section I--Summary of Auditors' Results**

*Financial Statements*

Type of auditors' report issued: *Unqualified*

Internal control over financial reporting:

- Material weakness(es) identified?  yes  no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)?  yes  none reported

Noncompliance material to financial statements noted?  yes  no

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified?  yes  no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)?  yes  none reported

Type of auditors' report issued on compliance for major programs: *Unqualified*

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?  yes  no

Identification of major programs:

<u>Program</u>	<u>CFDA Number</u>
Community Development Block Grant	14.218

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee?  yes  no



SCHEDULE OF FINDINGS AND QUESTIONED COSTS--Continued

THE CITY OF MIDWEST CITY, OKLAHOMA

Year Ended June 30, 2013

**Section II--Findings required to be reported in Accordance with *Government Auditing Standards*:**

There are none to report for the June 30, 2013 period.

**Section III--Finding required to be reported in Accordance with OMB Circular A-133:**

There are none to report for the June 30, 2013 period.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

THE CITY OF MIDWEST CITY, OKLAHOMA

Year Ended June 30, 2013

No matters were reportable.