



THE CITY OF EL RENO, OKLAHOMA

ANNUAL FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORTS

**AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2012**

**CITY OF EL RENO, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2012**

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of EL Reno, Oklahoma

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of EL Reno, Oklahoma as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of EL Reno, Oklahoma's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of EL Reno, Oklahoma, as of June 30, 2012, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 1, 2013, on our consideration of the City of EL Reno, Oklahoma's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension plan funding progress on pages 8 through 17 and 62 through 63 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,

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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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of El Reno, Oklahoma's financial statements as a whole. The combining and individual nonmajor funds, general fund accounts, enterprise funds, and the internal service fund combining financial statements and the schedule of expenditures of federal and state awards are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor funds, general fund accounts, enterprise funds, and the internal service fund combining financial statements and the schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

HBC CPAs & Advisors

Yukon, Oklahoma
February 1, 2013

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MANAGEMENT DISCUSSION AND ANALYSIS

**CITY OF EL RENO, OKLAHOMA
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Our discussion and analysis of the City of El Reno's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2012. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- For the fiscal year ended June 30, 2012, the City's total net assets increased by \$2.6 million or 7% from the prior year.
- During the year, the City's expenses for governmental activities were \$12 million and were funded by program revenues of \$1.9 million and further funded with taxes and other general revenues that totaled \$15 million.
- In the City's business-type activities, such as utilities, hospital, airport, and golf program revenues excluding transfers exceeded expenditures by \$530,332.
- Sales and use taxes increased by \$1 million or 9% over the prior fiscal year. This translates into an increase in taxable sales of \$22.3 million from the prior year.
- At June 30, 2012, the General Fund reported an unassigned, fund balance of \$2.3 million, which is an increase of 11% from the prior year.
- For budgetary reporting purposes, the General Fund reported revenues over estimates of \$529,894 or 3.8%, while expenditures were under the final appropriations by approximately \$1,118,373 or 7.5%.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

About the City

The City of El Reno is a municipality with a population of approximately 16,749 located in central Oklahoma. The City is a Council-Manager form of government that provides for three branches of government:

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

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

(Unaudited. See accompanying auditor's report.)

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The City's Financial Reporting Entity

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

The City's financial reporting entity includes the primary government (City of El Reno), four blended component units and one discretely presented component unit as follows.

- **The City of El Reno** – that operates the public safety, streets, culture, parks and recreation, and administrative activities
- **The El Reno Municipal Trust Authority** – that operates the water, sewer, and sanitation services of the City (blended component unit)
- **The City of El Reno Hospital Authority** – that operates the hospital which serves the citizens of El Reno and the surrounding communities (blended component unit)
- **The El Reno Airpark Authority** – that operates the local non-commercial airport activities (blended component unit)
- **The El Reno Recreation Authority** – that was established to construct and operate the municipal golf course (blended component unit)
- **The El Reno Economic Development Authority** – that promotes and subsidizes efforts to create economic development within the City (discretely presented component unit)

Using This Annual Report

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

(Unaudited. See accompanying auditor's report.)

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Reporting the City as a Whole

The Statement of Net Assets and the Statement of Activities

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

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

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

- Governmental activities – Most of the City's basic services are reported here, including the police, fire, general administration, streets, and parks. Sales taxes, franchise fees, fines, and state and federal grants finance most of these activities.
- Business-type activities – The City charges a fee to customers to help cover all or most of the cost of certain services it provides. The City's water, wastewater, sanitation, hospital, airpark and recreation activities are reported here.
- Discretely-presented component unit – This accounts for activities of the City's reporting entity that does not meet the criteria for blending, specifically the El Reno Economic Development Authority.

Reporting the City's Most Significant Funds - Fund Financial Statements

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

(Unaudited. See accompanying auditor's report.)

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

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

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

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

A FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the primary government, assets exceeded liabilities by \$39 million at the close of the most recent fiscal year.

(Unaudited. See accompanying auditor's report.)

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TABLE 1
NET ASSETS (In Thousands)

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2012	2011		2012	2011		2012	2011	
Current assets	\$ 13,111	\$ 12,043	9%	\$ 8,303	\$ 7,332	13%	\$ 21,414	\$ 19,375	11%
Capital assets, net	34,320	31,045	11%	27,187	27,675	-2%	61,507	58,720	5%
Other non-current assets	-	-	0%	612	603	2%	612	603	2%
Total assets	47,431	43,088	10%	36,102	35,610	1%	83,533	78,698	6%
Current liabilities	998	1,433	-30%	4,750	4,450	7%	5,748	5,883	-2%
Non-current liabilities	1,346	934	44%	37,067	35,080	6%	38,413	36,014	7%
Total liabilities	2,344	2,367	-1%	41,817	39,530	6%	44,161	41,897	5%
Net assets									
Invested in capital assets, net of related debt	33,885	30,877	10%	15,057	7,899	91%	48,942	38,776	26%
Restricted	7,926	6,977	14%	1,961	1,812	8%	9,887	8,789	12%
Unrestricted	3,276	2,867	14%	(22,733)	(13,631)	67%	(19,457)	(10,764)	81%
Total net assets	\$45,087	\$40,721	11%	\$(5,715)	\$(3,920)	46%	\$39,372	\$36,801	7%

The largest portion of the City's net assets reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. For 2012, this investment in capital assets, net of related debt amounted to \$48.9 million. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The El Reno Municipal Authority issued the 2011 Sales Tax Revenue Note in August of 2011. The \$5.1 million bond issue will be used to complete various recreation projects for the parks, a new public safety center, and road and waterline supply improvements throughout the City. The Authority transferred the proceeds from this issue to the 2011 Sales Tax Revenue Note Fund which is a Governmental Fund. This is the fifth similar bond issue that the City has issued in the last five years. The other four are the 2008, 2009, and 2010 Sales Tax Revenue Bonds, and the 2011 Hotel/Motel Tax Revenue Note Series.

The El Reno Municipal Authority also continued to draw money on the 2010 DWSRF OWRB promissory note. This \$2.4 million note was issued for improvements to the drinking water system.

At the end of the current fiscal year, the City is able to report positive balances in two categories of net assets: for the government as a whole and the governmental activities. The business-type activities, however, report negative net assets due to the five bond issues mentioned above issued by the Authority for construction of governmental capital assets.

The change in the governmental activities current liabilities is due to the 2010 Capital Improvement Fund having a decrease in accounts payable of \$680,642. The increase in governmental activities non-current liabilities is due to the issuance of \$362,134 in new capital leases.

(Unaudited. See accompanying auditor's report.)

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Changes in Net Assets

For the year ended June 30, 2012, net assets of the primary government changed as follows:

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

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2012	2011		2012	2011		2012	2011	
Revenues									
Charges for service	\$ 928	\$ 903	3%	\$ 6,991	\$ 6,855	2%	\$ 7,919	\$ 7,758	2%
Operating grants and contributions	857	673	27%	1	6	-83%	858	679	26%
Capital grants and contributions	112	68	65%	30	515	-94%	142	583	-76%
Taxes	12,038	11,039	9%	-	-	0%	12,038	11,039	9%
Intergovernmental revenue	208	179	16%	-	-	0%	208	179	16%
Investment income	64	61	5%	31	38	-18%	95	99	-4%
Miscellaneous	341	221	54%	-	8	-100%	341	229	49%
Total revenues	14,548	13,144	11%	7,053	7,422	-5%	21,601	20,566	5%
Expenses									
General government	2,424	1,884	29%	-	-	-	2,424	1,884	29%
Public safety	5,822	5,425	7%	-	-	-	5,822	5,425	7%
Streets	1,577	1,522	4%	-	-	-	1,577	1,522	4%
Culture, parks and recreation	1,567	1,217	29%	-	-	-	1,567	1,217	29%
Interest on long-term debt	1,096	1,067	3%	-	-	-	1,096	1,067	3%
Water	-	-	-	2,122	2,025	5%	2,122	2,025	5%
Wastewater	-	-	-	1,294	1,272	2%	1,294	1,272	2%
Sanitation	-	-	-	716	678	6%	716	678	6%
Golf	-	-	-	650	670	-3%	650	670	-3%
Airport	-	-	-	687	638	8%	687	638	8%
Hospital	-	-	-	1,054	831	27%	1,054	831	27%
Total expenses	12,486	11,115	12%	6,523	6,114	7%	19,009	17,229	10%
Excess (deficiency) before transfers	2,062	2,029	2%	530	1,308	-59%	2,592	3,337	-22%
Transfers	2,325	(1,165)	-300%	(2,325)	1,165	300%	-	-	-
Loss on disposal	(21)	-	100%	-	-	-	(21)	-	100%
Extraordinary item - gain on lease of hospit	-	-	-	-	487	100%	-	487	100%
Increase in net assets	\$ 4,366	\$ 864	405%	\$ (1,795)	\$ 2,960	-161%	\$ 2,571	\$ 3,824	-33%

The significant change in transfers and net assets in both business-type and governmental activities is a result of the 2011 bond issue which was transferred to the 2011 STRN Fund from the ERMA in the amount of \$5.1 million. This bond issue was explained on the previous page. The general government change in expense is due to an increase in workers compensation claims paid in the amount of \$388,867. Depreciation expense increased by \$200,982 for parks and recreation. The hospital increase in expense is due to recording a claims liability in the amount of \$312,982 for two pending litigation cases. See Note 12 to the financial statements for more detail information on these cases.

(Unaudited. See accompanying auditor's report.)

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Governmental Activities

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

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

	Total Expense of Services		% Inc. (Dec.)	Net Revenue (Expense) of Services		% Inc. (Dec.)
	2012	2011		2012	2011	
General government	\$ 2,424	\$ 1,884	29%	\$ (2,060)	\$ (1,587)	30%
Public safety	5,822	5,425	7%	(4,659)	(4,641)	0%
Streets	1,577	1,522	4%	(1,359)	(1,374)	-1%
Culture, parks and recreation	1,567	1,217	29%	(1,416)	(799)	77%
Interest on long-term debt	1,096	1,067	3%	(1,095)	(1,067)	3%
Total	\$ 12,486	\$ 11,115	12%	\$ (10,589)	\$ (9,468)	12%

For the year ended June 30, 2012, total expenses for governmental activities amounted to \$12.5 million which is pretty consistent with the prior year. Some of the more significant changes are noted on the previous page.

Business-type Activities

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

	Total Expense of Services		% Inc. Dec.	Net Revenue (Expense) of Services		% Inc. Dec.
	2012	2011		2012	2011	
Water	\$ 2,122	\$ 2,025	5%	\$ 1,033	\$ 1,187	-13%
Wastewater	1,294	1,272	2%	(34)	(82)	-59%
Sanitation	716	678	6%	318	304	5%
Golf	650	670	-3%	(210)	(243)	-14%
Airport	687	638	8%	(242)	206	-217%
Hospital	1,054	831	27%	(366)	(110)	233%
Total	\$ 6,523	\$ 6,114	7%	\$ 499	\$ 1,262	-60%

(Unaudited. See accompanying auditor's report.)

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The City's business-type activities include utility services for water, wastewater, and sanitation. It also includes the Hospital Authority, Airpark Authority and Recreation Authority.

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

- Total business-type activities reported net revenues of \$499,651 for the year ended June 30, 2012.
- Water and Sanitation activities reported net revenue for the year ended June 30, 2012 and the Wastewater, Golf, Airport, and Hospital reported net expense.

A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed its 2012 fiscal year, the governmental funds reported a combined fund balance of \$12 million or an 18% increase. The enterprise funds reported combined net assets (deficit) of \$(5.7) million or a 45% increase from 2012.

Other fund highlights include:

- For the year ended June 30, 2012, the 2010 Capital Improvement Fund's total fund balance decreased by \$3.9 million or 100% due to the decrease in cash and the increase in expenditures for the 2010 bond series capital projects.
- The 2011 Sales Tax Revenue Note fund has a fund balance of \$4.2 million due to the transfer in of the 2011 Sales Tax Revenue Note from the Municipal Authority.

General Fund Budgetary Highlights

Over the course of the year, the City Council revised the General Fund budget various times. The revised budget included an increase in overall revenue projections of 19% or \$2.3 million and an increase in appropriations of 17% or \$2.2 million. Actual revenues were over estimates by \$529,894 or 3.8%, while expenditures were under final appropriations by \$1,118,373 or 7.5%.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2012, the City had \$62 million invested in capital assets, net of depreciation, including police and fire equipment, buildings, park facilities, streets, water lines, sewer lines and the hospital assets. (See Table 5). This represents a net increase of \$2.8 million over last year.

(Unaudited. See accompanying auditor's report.)

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

	Governmental		Business-Type		Total	
	Activities		Activities			
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Land	\$ 927	\$ 1,007	\$ 825	\$ 1,212	\$ 1,752	\$ 2,219
Buildings	10,774	5,055	2,558	3,399	13,332	8,454
Imp. other than buildings	4,600	827	5,378	5,039	9,978	5,866
Machinery, furniture and equipment	1,556	1,496	2,398	2,067	3,954	3,563
Infrastructure	11,271	14,166	-	-	11,271	14,166
Intangible water rights	-	-	166	170	166	170
Utility property	-	-	15,856	14,575	15,856	14,575
Construction in progress	5,192	8,494	6	1,213	5,198	9,707
Totals	\$ 34,320	\$ 31,045	\$ 27,187	\$ 27,675	\$ 61,507	\$ 58,720

This year's more significant capital asset additions included:

- Public Safety Facility
- Jenks Simmons Building Addition
- Covered Rodeo Facility
- Schlumberger Service Project
- Ashbrook Field Renovation
- Lake RV Park

See Note 6 to the financial statements for more detail information on the City's capital assets and changes therein.

Long- Term Debt

At year-end, the City had \$42.8 million in long-term debt outstanding which represents a \$3.2 million or 8% increase from the prior year. The City's changes in long-term debt by type of debt are as follows:

	Governmental		Business-Type		Total		Total Percentage Change
	Activities		Activities				
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	
Accrued absences	\$ 733	\$ 714	\$ 98	\$ 93	\$ 831	\$ 807	3%
Insurance claims liability	701	233	-	-	701	233	201%
Judgment claims liability	-	-	313	-	313	-	100%
Revenue bonds	-	-	33,724	30,967	33,724	30,967	9%
Notes payable	-	-	6,350	6,865	6,350	6,865	-8%
Refundable grant obligation	-	-	70	84	70	84	-17%
Deposits subject to refund	-	-	293	275	293	275	7%
Capital leases	435	167	98	238	533	405	32%
Totals	\$ 1,869	\$ 1,114	\$ 40,946	\$ 38,522	\$ 42,815	\$ 39,636	8%

(Unaudited. See accompanying auditor's report.)

**CITY OF EL RENO, OKLAHOMA
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See Note 7 to the financial statements for more detail information on the City's long-term debt and changes therein.

The Upcoming Year

- The City is going to continue to move forward with the CIP bond issues, continue to be prudent with City resources and meet the needs of the citizens.
- The City will experience an increase in population due to employees relocating here for Slumberger, Chesapeake Energy, Haliburton, Thomas Petroleum, Bell Supply and others.
- The City should experience a significant economic growth due to oil and gas businesses relocating here.
- The City will be issuing bonds to meet DEQ requirements regarding their wastewater needs, with the process to start mid-year.
- The City should experience significant increases in sales tax collections due to new retail businesses locating here including Swadley's BBQ and others.

Contacting the City's Financial Management

This report is designed to provide our citizens, taxpayers, customers and creditors with an understanding of the City's finances and to demonstrate the City's accountability for the resources it receives. If you have questions about this report or need additional financial information, contact the City's Finance Director at 101 North Choctaw, El Reno, Oklahoma 73036-0700 or telephone at 405-262-4070.

(Unaudited. See accompanying auditor's report.)

CITY OF EL RENO, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2012

BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE

CITY OF EL RENO, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2012

Statement of Net Assets— June 30, 2012

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>	<u>Component Unit</u>
ASSETS				
Cash and cash equivalents	\$ 9,501,669	\$ 5,060,953	\$ 14,562,622	-
Investments	2,137,626	1,750,672	3,888,298	-
Interest receivable	318	296	614	-
Accounts receivable, net of allowance	70,118	850,468	920,586	-
Franchise tax receivable	97,909	-	97,909	-
Court fine receivable, net of allowance	342,533	-	342,533	-
Internal balances	(358,048)	358,048	-	-
Due from other governments	1,318,599	423	1,319,022	-
Inventory	-	35,967	35,967	-
Prepaid expense	-	875	875	-
Restricted investments	-	244,999	244,999	-
Capital assets				
Land and construction in progress	6,118,915	830,447	6,949,362	-
Other capital assets, net of depreciation	28,201,141	26,356,859	54,558,000	-
Unamortized bond issuance costs	-	612,336	612,336	-
Total Assets	<u>47,430,780</u>	<u>36,102,343</u>	<u>83,533,123</u>	<u>-</u>
LIABILITIES				
Accounts payable	313,350	228,695	542,045	-
Accrued payroll liabilities	152,488	29,865	182,353	-
Accrued interest payable	2,470	680,132	682,602	-
Refundable court bonds	3,547	-	3,547	-
Unearned revenue	2,276	16,511	18,787	-
Long-term liabilities				
Due within one year	523,261	3,795,192	4,318,453	-
Due in more than one year	1,345,870	37,066,914	38,412,784	-
Total liabilities	<u>2,343,262</u>	<u>41,817,309</u>	<u>44,160,571</u>	<u>-</u>
NET ASSETS				
Invested in capital assets, net of related debt (see note 8.F concerning total column)	33,884,943	15,057,232	21,714,125	-
Restricted by:				
Enabling legislation	31,952	-	31,952	-
External contracts and groups:				
Permanent fund - nonexpendable	182,939	-	182,939	-
Permanent fund - expendable	5,257	-	5,257	-
Other contracts/groups	7,706,007	1,960,686	9,666,693	-
Unrestricted	3,276,420	(22,732,884)	7,771,586	-
Total net assets	<u>\$ 45,087,518</u>	<u>\$ (5,714,966)</u>	<u>\$ 39,372,552</u>	<u>\$ -</u>

See accompanying notes to the financial statements.

CITY OF EL RENO, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2012

Statement of Activities –Year Ended June 30, 2012

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Assets			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Primary government								
Governmental Activities								
General Government	\$ 2,424,202	\$ 326,295	\$ 21,792	\$ 16,152	\$ (2,059,963)	\$ -	\$ (2,059,963)	\$ -
Public Safety	5,822,357	470,254	672,933	19,750	(4,659,420)	-	(4,659,420)	-
Streets	1,576,983	-	147,670	70,118	(1,359,195)	-	(1,359,195)	-
Culture, parks and recreation	1,566,984	131,059	14,711	5,500	(1,415,714)	-	(1,415,714)	-
Interest on long-term debt	1,095,453	-	-	-	(1,095,453)	-	(1,095,453)	-
Total governmental activities	12,485,979	927,608	857,106	111,520	(10,589,745)	-	(10,589,745)	-
Business-type activities								
Water	2,121,703	3,153,638	991	-	-	1,032,926	1,032,926	-
Wastewater	1,293,681	1,259,960	-	-	-	(33,721)	(33,721)	-
Sanitation	716,203	1,034,411	-	-	-	318,208	318,208	-
Golf	649,780	439,834	-	-	-	(209,946)	(209,946)	-
Airport	687,187	415,058	-	30,017	-	(242,112)	(242,112)	-
Hospital	1,053,981	688,277	-	-	-	(365,704)	(365,704)	-
Total business-type activities	6,522,535	6,991,178	991	30,017	-	499,651	499,651	-
Total primary government	19,008,514	7,918,786	858,097	141,537	(10,589,745)	499,651	(10,090,094)	-
Component Unit								
El Reno Economic Development Authority	3,810	-	-	-	-	-	-	(3,810)
Total component units	3,810	-	-	-	-	-	-	(3,810)
General revenues:								
Taxes:								
Sales and use taxes					10,921,855	-	10,921,855	-
Property taxes					29,355	-	29,355	-
Franchise and public service taxes					815,732	-	815,732	-
Hotel/motel taxes					271,011	-	271,011	-
Intergovernmental revenue not restricted to specific programs					207,960	-	207,960	-
Investment income					64,120	30,681	94,801	-
Miscellaneous					341,261	-	341,261	-
Transfers - Internal activity					2,325,116	(2,325,116)	-	-
Loss on disposal					(20,976)	-	(20,976)	-
Total general revenues and transfers					14,655,434	(2,294,435)	12,660,999	-
Change in net assets					4,365,689	(1,794,784)	2,570,905	(3,810)
Net assets (deficit) - beginning					40,721,829	(3,920,182)	36,801,647	3,810
Net assets (deficit) - ending					\$ 45,087,518	\$ (5,714,986)	\$ 39,372,552	\$ -

See accompanying notes to the financial statements.

**CITY OF EL RENO, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2012**

BASIC FINANCIAL STATEMENTS - GOVERNMENTAL FUNDS

CITY OF EL RENO, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2012

Governmental Funds Balance Sheet - June 30, 2012

	<u>General Fund</u>	<u>2010 Capital Improvement Fund (410)</u>	<u>2011 Series STRN Bond Fund (411)</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 3,557,760	\$ -	\$ 4,462,384	\$ 1,176,282	\$ 9,196,426
Investments	1,496,261	-	-	641,365	2,137,626
Interest receivable	223	-	-	95	318
Due from other funds	88,688	-	-	-	88,688
Due from other governments	1,177,252	-	-	140,791	1,318,043
Franchise tax receivable	167,784	-	-	799	168,583
Court fine receivable, net	342,533	-	-	-	342,533
Total assets	<u>6,830,501</u>	<u>-</u>	<u>4,462,384</u>	<u>1,959,332</u>	<u>13,252,217</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	88,805	-	218,957	3,093	310,855
Accrued payroll payable	151,458	-	-	1,030	152,488
Due to other funds	446,736	-	-	-	446,736
Refundable court bonds	3,547	-	-	-	3,547
Deferred revenue	322,935	-	-	-	322,935
Total liabilities	<u>1,013,481</u>	<u>-</u>	<u>218,957</u>	<u>4,123</u>	<u>1,236,561</u>
Fund balances:					
Nonspendable	-	-	-	182,939	182,939
Restricted	1,878,731	-	4,243,427	1,621,058	7,743,216
Committed	-	-	-	25,253	25,253
Assigned	1,687,483	-	-	125,959	1,813,442
Unassigned	2,250,806	-	-	-	2,250,806
Total fund balances	<u>5,817,020</u>	<u>-</u>	<u>4,243,427</u>	<u>1,955,209</u>	<u>12,015,656</u>
Total liabilities and fund balances	<u>\$ 6,830,501</u>	<u>\$ -</u>	<u>\$ 4,462,384</u>	<u>\$ 1,959,332</u>	<u>\$ 13,252,217</u>

See accompanying notes to the financial statements.

**CITY OF EL RENO, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2012**

Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance – Year Ended June 30, 2012

	<u>General Fund</u>	<u>2010 Capital Improvement Fund (410)</u>	<u>2011 Series STRN Bond Fund (411)</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Taxes	\$ 11,100,377	\$ -	\$ -	\$ 937,856	\$ 12,038,233
Intergovernmental	1,145,634	-	-	99,646	1,245,280
Licenses and permits	240,970	-	-	-	240,970
Charges for services	59,782	-	-	78,844	138,626
Fines and forfeitures	376,019	-	-	-	376,019
Investment income	50,590	134	242	12,829	63,795
Miscellaneous	450,333	-	-	200	450,533
Total revenues	<u>13,423,705</u>	<u>134</u>	<u>242</u>	<u>1,129,375</u>	<u>14,553,456</u>
EXPENDITURES					
Current:					
General government	1,667,566	-	4,350	203,150	1,875,066
Public Safety	5,440,322	3,227,292	-	5,505	8,673,119
Streets	685,010	-	-	-	685,010
Culture, parks, and recreation	1,094,012	-	-	1,287	1,095,299
Capital outlay	511,993	754,222	759,215	235,853	2,261,283
Debt Service:					
Principal	7,510	-	-	86,821	94,331
Interest	1,029	-	-	9,592	10,621
Total Expenditures	<u>9,407,442</u>	<u>3,981,514</u>	<u>763,565</u>	<u>542,208</u>	<u>14,694,729</u>
Excess (deficiency) of revenues over expenditures	<u>4,016,263</u>	<u>(3,981,380)</u>	<u>(763,323)</u>	<u>587,167</u>	<u>(141,273)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	811,444	-	5,100,000	66,413	5,977,857
Transfers out	(4,189,864)	-	(93,250)	(145,392)	(4,428,506)
Transfers In - component unit	3,810	-	-	-	3,810
Proceeds from long-term debt	361,862	-	-	-	361,862
Special item - proceeds from sale of building	66,413	-	-	-	66,413
Total other financing sources and uses	<u>(2,946,335)</u>	<u>-</u>	<u>5,006,750</u>	<u>(78,979)</u>	<u>1,981,436</u>
Net change in fund balances	1,069,928	(3,981,380)	4,243,427	508,188	1,840,163
Fund balances - beginning	4,747,092	3,981,380	-	1,447,021	10,175,493
Fund balances - ending	<u>\$ 5,817,020</u>	<u>\$ -</u>	<u>\$ 4,243,427</u>	<u>\$ 1,955,209</u>	<u>\$ 12,015,656</u>

See accompanying notes to the financial statements.

CITY OF EL RENO, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2012

Reconciliation of Governmental Funds and Government-Wide Financial Statements:

Fund Balance - Net Asset Reconciliation:		\$ 12,015,656
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds, net of accumulated depreciation of \$11,991,161		34,320,056
Internal service funds are used by management to charge costs of certain activities that benefit multiple funds, such as self-insurance costs, to individual funds. The assets and liabilities of these internal service funds are reported in the governmental activities of the Statement of Net Assets:		
Internal service funds' net assets		(397,792)
Certain long-term liabilities are not due and payable from current financial resources and, therefore are not reported in the funds:		
Deferred revenue		320,659
Accrued interest payable		(2,471)
Capital lease obligation		(435,113)
Accrued compensated absences		(733,477)
		(850,402)
 Net Assets of Governmental Activities in the Statement of Net Assets		 \$ 45,087,518

See accompanying notes to the financial statements.

**CITY OF EL RENO, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2012**

Changes in Fund Balance - Changes in Net Asset Reconciliation: \$ 1,840,163

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

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

Capital asset purchases capitalized	5,494,467
Capital assets transferred to Enterprise Fund	(325,746)
Book value of disposed capital assets	(90,289)
Depreciation expense	<u>(1,803,137)</u>
	<u>3,275,295</u>

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

Deferred revenue	(2,163)
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Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets:

Principal payment on capital lease obligation	94,331
Proceeds of capital leases	<u>(362,134)</u>
	<u>(267,803)</u>

Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:

Change in accrued interest payable	2,007
Change in accrued compensated absences	<u>(19,431)</u>
	<u>(17,424)</u>

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

Change in net assets for internal service funds	(462,379)
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Change in net assets of governmental activities	<u>\$ 4,365,689</u>
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See accompanying notes to the financial statements.

**CITY OF EL RENO, OKLAHOMA
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As of and for the Year Ended June 30, 2012**

BASIC FINANCIAL STATEMENTS - PROPRIETARY FUNDS

CITY OF EL RENO, OKLAHOMA
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Proprietary Funds Statement of Net Assets - June 30, 2012

	<u>El Reno</u> <u>Municipal Trust</u> <u>Authority</u> <u>Enterprise Fund</u>	<u>The City of El</u> <u>Reno Hospital</u> <u>Authority</u>	<u>The City of El</u> <u>Reno Airpark</u> <u>Authority</u>	<u>The City of El</u> <u>Reno</u> <u>Recreational</u> <u>Authority</u>	<u>Totals</u>	<u>Internal Service</u> <u>Funds</u>
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 2,216,818	\$ 106,106	\$ 63,946	\$ 33,205	\$ 2,420,075	\$ 305,243
Restricted cash and cash equivalents	2,520,618	-	-	120,200	2,640,818	-
Investments	1,750,672	-	-	-	1,750,672	-
Interest receivable	296	-	-	-	296	-
Due from other funds	597,862	-	-	-	597,862	-
Due from other governments	423	-	-	-	423	-
Inventory	-	-	25,447	10,520	35,967	-
Prepaid expenses	-	-	-	875	875	-
Accounts receivable, net	842,116	-	5,777	2,635	850,528	-
Total current assets	<u>7,928,805</u>	<u>106,106</u>	<u>95,170</u>	<u>167,435</u>	<u>8,297,516</u>	<u>305,243</u>
Non-current assets:						
Restricted investments	244,999	-	-	-	244,999	-
Capital assets:						
Land and construction in progress	759,513	5,000	65,934	-	830,447	-
Other capital assets, net of accumulated depreciation	17,890,698	3,094,760	3,711,774	1,659,627	26,356,859	-
Unamortized debt issuance costs	561,485	-	-	50,851	612,336	-
Total non-current assets	<u>19,456,695</u>	<u>3,099,760</u>	<u>3,777,708</u>	<u>1,710,478</u>	<u>28,044,641</u>	<u>-</u>
Total assets	<u>27,385,500</u>	<u>3,205,866</u>	<u>3,872,878</u>	<u>1,877,913</u>	<u>36,342,157</u>	<u>305,243</u>
LIABILITIES						
Current liabilities:						
Accounts payable	187,754	1,837	704	38,400	228,695	2,495
Accrued payroll payable	25,535	-	750	3,580	29,865	-
Accrued interest payable	666,233	-	-	13,899	680,132	-
Deferred revenue	1,117	-	15,394	-	16,511	-
Due to other funds	-	-	61,126	178,688	239,814	-
Current portion of:						
Claims liability	-	312,982	-	-	312,982	331,535
Refundable grant obligation	13,873	-	-	-	13,873	-
Notes payable	319,086	247,218	31,407	33,943	631,654	-
Revenue bonds payable, net	2,486,000	-	-	315,000	2,801,000	-
Capital lease obligations	21,592	4,264	-	-	25,856	-
Accrued compensated absences	9,266	-	239	322	9,827	-
Total current liabilities	<u>3,730,456</u>	<u>566,301</u>	<u>109,620</u>	<u>583,832</u>	<u>4,990,209</u>	<u>334,030</u>
Non-current liabilities:						
Claims liability	-	-	-	-	-	369,005
Deposits subject to refund	292,927	-	-	-	292,927	-
Refundable grant obligation	56,283	-	-	-	56,283	-
Notes payable	4,665,704	300,902	677,272	74,568	5,718,446	-
Revenue bonds payable	30,163,675	-	-	675,000	30,838,675	-
Capital lease obligations	72,143	-	-	-	72,143	-
Accrued compensated absences	83,393	-	2,149	2,898	88,440	-
Total non-current liabilities	<u>35,334,125</u>	<u>300,902</u>	<u>679,421</u>	<u>752,466</u>	<u>37,066,914</u>	<u>369,005</u>
Total liabilities	<u>39,064,581</u>	<u>867,203</u>	<u>789,041</u>	<u>1,336,298</u>	<u>42,057,123</u>	<u>703,035</u>
NET ASSETS						
Invested in capital assets, net of related debt	8,828,860	2,547,376	3,069,029	611,967	15,057,232	-
Restricted for debt service	1,854,385	-	-	106,301	1,960,686	-
Unrestricted	(22,362,326)	(208,713)	14,808	(176,653)	(22,732,884)	(397,792)
Total net assets (deficit)	<u>\$ (11,679,081)</u>	<u>\$ 2,338,663</u>	<u>\$ 3,083,837</u>	<u>\$ 541,615</u>	<u>\$ (5,714,966)</u>	<u>\$ (397,792)</u>

See accompanying notes to the financial statements.

**CITY OF EL RENO, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2012**

Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Assets - Year Ended June 30, 2012

	<u>El Reno Municipal Trust Authority Enterprise Fund</u>	<u>The City of El Reno Hospital Authority</u>	<u>The City of El Reno Airpark Authority</u>	<u>The City of El Reno Recreational Authority</u>	<u>Totals</u>	<u>Internal Service Funds</u>
OPERATING REVENUES						
Water charges	\$ 3,029,997	\$ -	\$ -	\$ -	\$ 3,029,997	\$ -
Sewer charges	1,208,536	-	-	-	1,208,536	-
Sanitation charges	990,211	-	-	-	990,211	-
Airport charges	-	-	352,287	-	352,287	-
Golf Course charges	-	-	-	437,996	437,996	-
Water and sewer taps	5,700	-	-	-	5,700	-
Transfer fees	4,401	-	-	-	4,401	-
Returned check charges	2,767	-	-	-	2,767	-
Cut off charges	32,499	-	-	-	32,499	-
Penalties and interest	59,904	-	-	-	59,904	-
Miscellaneous	114,985	68,705	62,771	1,838	248,299	-
Rental	-	619,572	-	-	619,572	-
Self insurance charges	-	-	-	-	-	1,255,992
Total operating revenues	<u>5,449,000</u>	<u>688,277</u>	<u>415,058</u>	<u>439,834</u>	<u>6,992,169</u>	<u>1,255,992</u>
OPERATING EXPENSES						
Managerial	156,133	-	-	-	156,133	-
Administration	186,129	-	-	-	186,129	-
Billing	773,690	-	-	-	773,690	-
Water Plant	945,895	-	-	-	945,895	-
Wastewater	495,418	-	-	-	495,418	-
Utility Lines	397,905	-	-	-	397,905	-
Hospital	-	438,553	-	-	438,553	-
Airport	-	-	309,009	-	309,009	-
Golf	-	-	-	396,136	396,136	-
Claims Expense	-	-	-	-	-	1,719,890
Depreciation expense	787,735	579,913	336,619	180,930	1,885,197	-
Amortization expense	65,131	-	-	8,000	73,131	-
Total Operating Expenses	<u>3,808,036</u>	<u>1,018,466</u>	<u>645,628</u>	<u>585,066</u>	<u>6,057,196</u>	<u>1,719,890</u>
Operating income (loss)	<u>1,640,964</u>	<u>(330,189)</u>	<u>(230,570)</u>	<u>(145,232)</u>	<u>934,973</u>	<u>(463,898)</u>
NON-OPERATING REVENUES (EXPENSES)						
Investment income	29,979	28	415	259	30,681	1,519
Interest expense and fiscal charges	(1,425,062)	(35,515)	(41,559)	(64,714)	(1,566,850)	-
Total non-operating revenue (expenses)	<u>(1,395,083)</u>	<u>(35,487)</u>	<u>(41,144)</u>	<u>(64,455)</u>	<u>(1,536,169)</u>	<u>1,519</u>
Income (loss) before contributions and transfers	245,881	(365,676)	(271,714)	(209,687)	(601,196)	(462,379)
Capital contributions	-	-	30,017	-	30,017	-
Transfers in	7,124,713	-	6,710	356,086	7,487,509	-
Transfers out	(8,711,114)	-	-	-	(8,711,114)	-
Change in net assets	<u>(1,340,520)</u>	<u>(365,676)</u>	<u>(234,987)</u>	<u>146,399</u>	<u>(1,794,784)</u>	<u>(462,379)</u>
Total net assets (deficit) - beginning	<u>(10,338,561)</u>	<u>2,704,339</u>	<u>3,318,824</u>	<u>395,216</u>	<u>(3,920,182)</u>	<u>64,587</u>
Total net assets (deficit) - ending	<u>\$ (11,679,081)</u>	<u>\$ 2,338,663</u>	<u>\$ 3,083,837</u>	<u>\$ 541,615</u>	<u>\$ (5,714,966)</u>	<u>\$ (397,792)</u>

See accompanying notes to the financial statements.

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Proprietary Funds Statement of Cash Flows - Year Ended June 30, 2012

	El Reno Municipal Trust Authority Enterprise Fund	City of El Reno Hospital Authority	City of El Reno Airpark Authority	City of El Reno Recreational Authority	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$ 5,468,042	\$ 688,277	\$ 633,387	\$ 440,752	\$ 7,230,458	\$ -
Payments to suppliers	(1,783,397)	(123,780)	(486,439)	(216,249)	(2,609,865)	(1,254,192)
Payments to employees	(1,107,898)	-	(39,219)	(171,525)	(1,318,642)	-
Receipts of customer meter deposits	59,642	-	-	-	59,642	-
Refunds of customer meter deposits	(41,404)	-	-	-	(41,404)	-
Interfund receipts/payments	(22,785)	(49,158)	(3,472)	131,188	55,773	5,000
Other income	-	-	-	-	-	1,255,992
Net cash provided by (used in) operating activities	2,572,200	515,339	104,257	184,166	3,375,962	6,800
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers from other funds	7,124,713	-	6,710	356,086	7,487,509	-
Transfers to other funds	(8,711,114)	-	-	-	(8,711,114)	-
Net cash provided by (used in) noncapital financing activities	(1,586,401)	-	6,710	356,086	(1,223,605)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchases of capital assets	(1,331,351)	(9,071)	(32,444)	(24,479)	(1,397,345)	-
Principal paid on capital debt	(2,356,202)	(431,387)	(28,141)	(434,762)	(3,250,492)	-
Proceeds from capital debt	5,338,178	-	-	-	5,338,178	-
Payment of bond issue cost	(93,250)	-	-	-	(93,250)	-
Interest and fiscal agent fees paid on capital debt	(1,401,298)	(35,515)	(41,559)	(58,246)	(1,536,618)	-
Capital grants and contribution	-	-	30,017	-	30,017	-
Net cash provided by (used in) capital and related financing activities	156,077	(475,973)	(72,127)	(517,487)	(909,510)	-
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of investments	(11,899)	-	-	-	(11,899)	-
Interest and dividends	30,433	28	415	-	30,876	1,519
Net cash provided by (used in) investing activities	18,534	28	415	-	18,977	1,519
Net increase (decrease) in cash and cash equivalents	1,160,410	39,394	39,255	22,765	1,261,824	8,319
Balances - beginning of year	3,577,026	66,712	24,691	130,640	3,799,069	296,924
Balances - end of year	\$ 4,737,436	\$ 106,106	\$ 63,946	\$ 153,405	\$ 5,060,893	\$ 305,243
Reconciliation to Statement of Net Assets:						
Cash and cash equivalents	\$ 2,216,818	\$ 106,106	\$ 63,946	\$ 33,205	\$ 2,420,075	\$ 305,243
Restricted cash and cash equivalents - current	2,520,618	-	-	120,200	2,640,818	-
Total cash and cash equivalents, end of year	\$ 4,737,436	\$ 106,106	\$ 63,946	\$ 153,405	\$ 5,060,893	\$ 305,243

(Continued)

See accompanying notes to the financial statements.

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Proprietary Funds Statement of Cash Flows - Year Ended June 30, 2012, (continued)

	<u>El Reno Municipal Trust Authority Enterprise Fund</u>	<u>City of El Reno Hospital Authority</u>	<u>City of El Reno Airpark Authority</u>	<u>City of El Reno Recreational Authority</u>	<u>Total</u>	<u>Internal Service Funds</u>
Reconciliation of operating income (loss) to net cash provided						
by operating activities:						
Operating income (loss)	\$ 1,640,964	\$ (330,189)	\$ (230,570)	\$ (145,232)	\$ 934,973	\$ (463,898)
Depreciation expense	787,735	579,913	336,619	180,930	1,885,197	-
Amortization expense	65,131	-	-	8,000	73,131	-
Miscellaneous revenue	-	-	-	-	-	-
Change in assets and liabilities:						
Due from other funds	(16,839)	-	5,946	-	(10,893)	5,000
Due from other governments	-	-	216,530	-	216,530	-
Accounts receivable	19,042	-	5,476	918	25,436	-
Inventory	-	-	-	4,224	4,224	-
Accounts payable	92,849	1,791	(216,419)	686	(121,093)	(1,724)
Accrued payroll payable	(33,012)	-	(1,035)	2,645	(31,402)	-
Due to other funds	(5,946)	(49,158)	(9,418)	131,188	66,666	-
Deferred revenue	-	-	(3,677)	-	(3,677)	-
Claims liability	-	312,982	-	-	312,982	467,422
Deposits subject to refund	18,238	-	-	-	18,238	-
Accrued compensated absences	4,038	-	805	807	5,650	-
Net cash provided by (used in) operating activities	\$ 2,572,200	\$ 515,339	\$ 104,257	\$ 184,166	\$ 3,375,962	\$ 6,800

See accompanying notes to the financial statements.

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Fiduciary Fund Statement of Net Assets – Pension Trust Fund (El Reno Employee Retirement System Southwest Life) - June 30, 2012

ASSETS:

Investments at contract value:		
Insurance contracts	\$	296,888
Accrued interest receivable		<u>8,833</u>
Total Assets		<u><u>305,721</u></u>

NET ASSETS:

Net assets held in trust for pension benefits	\$	<u><u>305,721</u></u>
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Fiduciary Fund Statement of Changes in Fiduciary Net Assets – Pension Trust Fund (El Reno Employee Retirement System Southwest Life) - Year Ended June 30, 2012

ADDITIONS:

Employee forfeitures	\$	6,013
Investment Income:		
Contract investment income		<u>17,283</u>
Total Additions		23,296

DEDUCTIONS:

Annuity purchases		<u>-</u>
-------------------	--	----------

Change in net assets held in trust for employees' pension benefits		23,296
Net assets--beginning		<u>282,425</u>
Net assets--ending	\$	<u><u>305,721</u></u>

See accompanying notes to the financial statements.

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FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS

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Footnotes to the Statement of Net Assets and Activities:

1. Financial Reporting Entity

The City's financial reporting entity includes the primary government (City of El Reno), four blended component units, and one discretely presented component unit as noted below. This annual report includes all activities for which the City of El Reno City Council/Manager is fiscally responsible.

In determining the financial reporting entity, the City complies with the provisions of Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity" and includes all component units for which the City is financially accountable.

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

The City of El Reno has a population of approximately 16,749 located in central Oklahoma. The City is a Council/Manager form of government that provides for three branches of government:

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

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

Blended Component Units:

The El Reno Municipal Trust Authority – that operates the water, sewer, and sanitation services of the City – City Council serves as Authority trustees.

The City of El Reno Hospital Authority – that operates the hospital which serves the citizens of El Reno and the surrounding communities. City Council serves as Authority trustees.

The El Reno Airpark Authority – that operates the local non-commercial airport activities. City Council serves as Authority trustees.

The El Reno Recreation Authority – that was established to construct and operate the municipal golf course. City Council serves as Authority trustees.

Discretely Presented Component Unit:

The El Reno Economic Development Authority – that promotes and subsidizes efforts to create economic development within the City. City Council appoints trustees.

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

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

2. Basis of Presentation and Accounting

Government-Wide Financial Statements:

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

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

- Public Safety – Fire, Police, Ambulance – fines and forfeitures, restricted operating grants, and restricted capital grants
- Streets – Commercial vehicle and gasoline excise tax shared by the State and other restricted operating grants.
- Culture, parks, and recreation – cemetery revenues, pool fees, operating and capital grants
- General Government – license and permits, plat and abatement fees, demolition fees, and restricted operating grants

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

The funds of the financial reporting entity are described below. Due to the implementation of GASB 54, some of the fund types were reclassified. These are noted in the descriptions below.

Governmental Funds:

The City's governmental funds include:

Major Funds:

- General Fund – accounts for all activities not accounted for in other special-purpose funds. For financial statement reporting purposes the General Fund contains the following combining accounts:
 - Park Improvement Fund
 - Care & Share Fund
 - Sales Tax ¼ cent Fund
 - Lake Fund
 - NWCC Repair and Maintenance Fund
 - Cemetery Everlasting Care Fund
 - Sales Tax Reserve Fund
 - Friends of Route 66
- 2010 Capital Improvement Fund (reported as a capital project fund) – accounts for 2010 Bond Series Construction
- 2011 Sales Tax Revenue Note Fund (reported as a capital project fund) – accounts for 2011 Sales Tax Revenue Note Construction.

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

Special Revenue Funds:

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

- 911 Emergency Fund – accounts for emergency 911 fees restricted for public safety.
- CDGB Fund – accounts for CDGB grant activity.
- Hotel Motel Occupancy Surcharge Fund – accounts for the Hotel/Motel tax collections and related expenditures; this was removed from the General Fund after the January 2008 election which restricts these funds to 40% for tourism and 60% for capital.
- Safety Sales Tax ¼ Cent Fund – accounts for the New Public Safety Sales Tax which was approved by voters in January 2008.
- Tax Increment Fund – accounts for revenues received from the two new Tax Increment Fund Districts.

Debt Service Fund:

- Sinking Fund – accounts for ad-valorem taxes levied by the City for use in retiring court-assessed judgments and their related interest expenses.

Capital Project Funds:

- Drainage Improvement Fund – accounts for revenues and expenses for the purpose of creating and/or improving drainage basins.
- Capital Improvement Fund – accounts for an increase in Municipal Court fines. Funds are to be used for capital improvements in general.
- Infrastructure Fund - accounts for various construction projects funded through interfund transfers.
- 2009 Capital Improvement Fund – accounts for 2009 Bond Series Construction
- Cemetery Care Fund – accounts for cemetery fees restricted for cemetery care

Permanent Funds:

- Library Endowment Fund – accounts for funds which are restricted for library purposes.
- Cemetery Perpetual Care Fund – accounts for funds restricted for the maintenance or improvement of graves, lots, or perpetual care of the cemetery.

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

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

The General Fund, the 2010 Capital Improvement Fund and the 2011 Sales Tax Revenue Note Fund are considered major funds and are therefore displayed in separate columns. All other governmental funds are considered non-major funds and are aggregated under the column Other Governmental Funds. The fund balances, reported on the modified accrual basis for these aggregated non-major funds changed as follows for the year ended June 30, 2012.

Fund	Fund Balance 7/1/2011	Changes in Fund Balance	Fund Balance 6/30/2012
Special Revenue Funds:			
911 Emergency	\$ 27,141	\$ (2,506)	\$ 24,635
CDBG Fund	1	-	1
Cemetery Care	221,376	39,543	260,919
Hotel Motel Occupancy Surcharge	425,816	18,496	444,312
Safety Sales Tax 1/4 Cent	131,548	372,684	504,232
Tax Increment Fund	3,675	3,642	7,317
Debt Service	20,179	(20,179)	-
Capital Project Funds:			
Infrastructure	288,562	2,003	290,565
Drainage Improvement	28,607	-	28,607
Capital Improvement	113,067	93,358	206,425
2009 Capital Improvement	35	(35)	-
Permanent Funds:			
Library Endowment	31,395	(143)	31,252
Cemetery Perpetual Care	155,619	1,325	156,944
Total	<u>\$ 1,447,021</u>	<u>\$ 508,188</u>	<u>\$ 1,955,209</u>

Proprietary Funds:

The City's proprietary funds include:

Enterprise Fund

- El Reno Municipal Trust Authority Fund that accounts for the activities of the public trust in providing water, sewer, and sanitation services to the public.
- City of El Reno Hospital Authority Fund that accounts for the activities of the public trust which operates the hospital that serves the citizens of El Reno and the surrounding communities.
- El Reno Airpark Authority Fund that operates the local non-commercial airport activities.
- El Reno Recreation Authority that was established to construct and operate the municipal golf course.

Internal Service Funds (combined for reporting purposes)

- Self Insurance Workers' Comp
- Self Insurance Health

The proprietary funds are reported on the accrual basis of accounting and economic resources measurement focus. For business-type activities and proprietary funds, Financial Accounting Standard Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

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

Fiduciary Fund

The City's fiduciary fund is used to report net assets and changes therein of assets held by the City in a trustee or fiduciary capacity. These net assets are not available for operations of the City. The City reports one type of fiduciary fund:

- Pension Trust Fund – used to account for the net assets and changes therein of the El Reno Employee Retirement System (Southwest Life).

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3. Cash, Cash Equivalents, and Investments

For the purpose of the statements of net assets, balance sheets, and statement of cash flows, 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. Trust account investments in open-ended mutual fund shares are also considered cash equivalents for reporting purposes.

At June 30, 2012, the reporting entity held the following deposits and investments:

Primary Government:

Type	Maturities	Credit Rating	Carrying Value
Deposits:			
Demand deposits			\$ 7,501,724
Cash on hand			2,550
Time deposits	Due within one year		4,133,297
			<u>\$ 11,637,571</u>
Investments:			
Trustee money market accounts		AAAm	7,058,348
Guaranteed insurance contracts			296,888
			<u>7,355,236</u>
Total deposits and investments			<u>\$ 18,992,807</u>
Reconciliation to Statement of Net Assets:			
Cash and cash equivalents			\$ 14,562,622
Investments			3,888,298
Restricted investments			244,999
Fiduciary Fund investments			296,888
			<u>\$ 18,992,807</u>

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

The City’s policy as it relates to custodial credit risk is to secure its uninsured deposits with collateral, valued at no more than market value, at least at a level of 110% of the uninsured deposits and accrued interest thereon. At June 30, 2012, the City was not exposed to custodial credit risk as defined above.

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 does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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Investment Credit Risk - The City is currently working with the City Attorney to revise the investment policy for adaptation during the new re-codification. The City has limited its investment choices to state law as follows:

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

Concentration of Investment Credit Risk – 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. The City places no limit on the amount it may invest in any one issuer. The City has the following concentration of credit risk: 96% (or \$7,058,348) invested in Federated Treasury Obligations money market accounts at Bancfirst.

Restricted cash and Investments – The amounts reported as restricted assets of the statement of net assets are comprised of amounts restricted for debt service, debt reserve, or construction purposes. The restricted assets as of June 30, 2012 are as follows:

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	Current Cash and cash Equivalents	Noncurrent Investments
2001 Sales Tax Revenue Bond Revenue Fund	\$ 1,140,873	\$ -
2001 Sales Tax Revenue Bond Principal Fund	2,586	-
2002 Sales Tax Revenue Bond Principal Fund	619,426	-
2005 Sales Tax Revenue Bond Revenue Fund	117,174	-
2006 Sales Tax Revenue Bond Principal Fund	105,369	-
2006 Sales Tax Revenue Bond Interest Fund	14,831	-
2008 Sales Tax Revenue Bond Principal Fund	18	-
2008 Sales Tax Revenue Bond Interest Fund	201,811	-
2008 MA Sales Tax Revenue Bond Construction Fund	9	-
2008 Revenue Bond Construction Fund	9,853	-
2009 Revenue Bond Principal Fund	125,707	-
2009 Clean Water SRF Debt Service	8,090	-
2010 Sales Tax Revenue Bond Principal Fund	151,254	-
2011 Sales Tax Revenue Bond Revenue Fund	95,889	-
Utility Deposits	47,928	244,999
Total	<u>\$ 2,640,818</u>	<u>\$ 244,999</u>

Component Unit:

All deposits and investments of the component unit were not exposed to custodial credit risk as defined above. No other cash and investment disclosures were available for the discretely presented component unit.

4. Accounts Receivable

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

Primary Government

	Court Fines Receivable	Utilities Receivable	Airpark Receivable	El Reno Recreational Authority
Accounts receivable	\$ 1,141,776	\$ 1,570,459	\$ 5,777	\$ 2,635
Less: allowance for uncollectible accounts	(799,243)	(728,343)	-	-
Accounts receivable, net of allowance	<u>\$ 342,533</u>	<u>\$ 842,116</u>	<u>\$ 5,777</u>	<u>\$ 2,635</u>

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5. Inventories

The inventories for the blended component units – El Reno Recreation Authority and the El Reno Airpark Authority – are valued at lower of cost or market using first-in, first-out or market.

6. Capital Assets and Depreciation

Capital Assets:

Capital assets consist of land, land improvement, construction in progress, buildings and building improvements, machinery and equipment, and infrastructure. Capital assets are reported at actual or estimated historical cost. Donated capital assets are recorded at their fair value at the date of donation. For the year ended June 30, 2012, capital assets balances changed as follows:

	Balance at July 01, 2011	Additions	Disposals	Transfers	Balance at June 30, 2012
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 1,007,409	\$ -	\$ 80,482	\$ -	\$ 926,927
Construction in progress	8,493,867	5,191,987	8,493,866	-	5,191,988
Total capital assets not being depreciated	<u>9,501,276</u>	<u>5,191,987</u>	<u>8,574,348</u>	<u>-</u>	<u>6,118,915</u>
Other capital assets:					
Buildings	6,626,972	6,327,258	-	(317,415)	12,636,815
Improvements	931,253	1,499,789	-	2,806,422	5,237,464
Machinery, furniture and equipment	4,661,882	635,999	31,580	(322,931)	4,943,369
Infrastructure	19,533,175	7,555	-	(2,166,076)	17,374,654
Total other capital assets at historical cost	<u>31,753,282</u>	<u>8,470,601</u>	<u>31,580</u>	<u>-</u>	<u>40,192,302</u>
Less accumulated depreciation for:					
Buildings	1,571,623	298,030	-	(6,712)	1,862,941
Improvements	104,613	331,102	-	201,385	637,100
Machinery, furniture and equipment	3,166,209	344,746	21,773	(101,898)	3,387,284
Infrastructure	5,367,352	829,260	-	(92,776)	6,103,836
Total accumulated depreciation	<u>10,209,797</u>	<u>1,803,137</u>	<u>21,773</u>	<u>-</u>	<u>11,991,161</u>
Other capital assets, net	<u>21,543,485</u>	<u>6,667,464</u>	<u>9,808</u>	<u>-</u>	<u>28,201,141</u>
Governmental activities capital assets, net	<u>\$ 31,044,761</u>	<u>\$ 11,859,451</u>	<u>\$ 8,584,156</u>	<u>\$ -</u>	<u>\$ 34,320,056</u>
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 1,211,649	\$ -	\$ -	\$ (387,075)	\$ 824,574
Construction in progress	1,213,105	5,874	1,213,106	-	5,873
Total capital assets not being depreciated	<u>2,424,754</u>	<u>5,874</u>	<u>1,213,106</u>	<u>(387,075)</u>	<u>830,447</u>
Other capital assets:					
Buildings	8,756,810	-	-	(2,216,851)	6,539,959
Improvements	10,646,553	573,642	-	(264,051)	10,956,144
Machinery, furniture and equipment	13,156,550	222,317	118,464	2,339,836	15,600,239
Intangible water rights	207,657	-	-	-	207,657
Utility property improvements	25,047,783	1,808,619	-	528,141	27,384,543
Total other capital assets at historical cost	<u>57,815,353</u>	<u>2,604,578</u>	<u>118,464</u>	<u>387,075</u>	<u>60,688,542</u>
Less accumulated depreciation for:					
Buildings	5,357,816	197,683	-	(1,573,366)	3,982,133
Improvements	5,607,143	439,289	-	(468,552)	5,577,880
Machinery, furniture and equipment	11,089,584	588,457	118,464	1,642,280	13,201,857
Intangible water rights	37,761	3,909	-	-	41,670
Utility property improvements	10,472,644	655,861	-	399,638	11,528,143
Total accumulated depreciation	<u>32,564,948</u>	<u>1,885,197</u>	<u>118,464</u>	<u>-</u>	<u>34,331,683</u>
Other capital assets, net	<u>25,250,405</u>	<u>719,381</u>	<u>-</u>	<u>387,075</u>	<u>26,356,859</u>
Business-type activities capital assets, net	<u>\$ 27,675,159</u>	<u>\$ 725,255</u>	<u>\$ 1,213,106</u>	<u>\$ -</u>	<u>\$ 27,187,306</u>

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Depreciation:

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

Category	Threshold	Lives in Years
Buildings	\$100,000	20 - 50
Improvements Other than Buildings	100,000	20 - 50
Machinery and Equipment	5,000	5 - 20
Infrastructure	500,000	20 - 50

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	\$ 113,146
Public Safety	349,079
Highways and Streets	870,657
Culture & Recreation	470,255
	<u>\$ 1,803,137</u>

Business-Type Activities:

Water	\$ 391,950
Wastewater	395,785
Hospital	579,913
Airpark	336,619
Recreation	180,930
	<u>\$ 1,885,197</u>

7. Long-Term Debt and Debt Service Requirements

For the year ended June 30, 2012, the reporting entity's long-term debt changed as follows:

Type of Debt	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012	Amounts Due Within One Year
Governmental Activities:					
Insurance claims liability	\$ 233,118	\$ 654,622	\$ 187,200	\$ 700,540	\$ 331,535
Capital lease obligation	167,310	362,134	94,331	435,113	118,378
Accrued compensated absences	714,046	4,672,847	4,653,414	733,479	73,348
Total Governmental Activities	<u>\$ 1,114,474</u>	<u>\$ 5,689,603</u>	<u>\$ 4,934,945</u>	<u>\$ 1,869,132</u>	<u>\$ 523,261</u>
Business-Type Activities:					
Notes payable	\$ 6,865,195	\$ 142,217	\$ 657,312	\$ 6,350,100	\$ 631,654
Revenue bonds payable	30,967,100	5,100,000	2,343,300	33,723,800	2,801,000
Refundable grant obligation	84,029	-	13,873	70,156	13,873
Judgment claims liability	-	312,982	-	312,982	312,982
Deposits subject to refund	274,689	59,642	41,404	292,927	-
Capital lease obligation	238,045	95,960	236,006	97,999	25,856
Accrued compensated absences	92,618	545,944	540,295	98,267	9,827
Total Business-Type Activities	<u>\$ 38,521,676</u>	<u>\$ 6,256,745</u>	<u>\$ 3,832,189</u>	<u>\$ 40,946,231</u>	<u>\$ 3,795,192</u>

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Governmental activities long-term debt:

Capital Lease Obligations:

\$279,650 Lease with Farmers & Merchants Bank for the purchase of a 2005 Rescue Pumper Fire Truck, issued December 2005 with an interest rate of 5.00% and maturing November 2016	\$ 93,881
\$92,328 lease with Welch State Bank for the purchase of a New Holland Tractor, issued May 2012 with an interest rate of 2.71% and maturing May 2016.	90,460
\$40,162 lease with El Reno R.I.L Credit Union for the purchase of a Bobcat Loader S185 Skid-Steer, issued March 2012 with an interest rate of 2.95% and maturing March 2017.	38,283
\$121,002 lease with El Reno R.I.L Credit Union for the purchase of a John Deere Loader 444K 4-Wheel, issued April 2012 with an interest rate of 2.95% and maturing April 2017.	117,240
\$26,329 lease with El Reno R.I.L Credit Union for the purchase of a Ford F-250, issued June 2012 with an interest rate of 1.95% and maturing June 2015.	26,329
\$82,312 lease with El Reno R.I.L Credit Union for the purchase of 2 Chevy Tahoes, issued October 2011 with an interest rate of 1.95% and maturing October 2014.	<u>68,920</u>
Total Capital Lease Obligations	<u>\$ 435,113</u>
Current portion	\$ 118,378
non-current portion	<u>316,735</u>
Total	<u>\$ 435,113</u>

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Business-type activities long-term debt:

Notes Payable:

El Reno Municipal Authority:

Series 2000 OWRB Clean Water SRF Promissory Note, original amount of \$504,193, issued by the El Reno Municipal Authority, due in semi-annual installments, matures in March 2020, non-interest bearing.	\$ 206,848
Series 2002A OWRB Drinking Water SRF Promissory Note dated May 30, 2002, original amount of \$1,829,323, issued by the El Reno Municipal Authority, due in semi-annual installments each March 15 and September 15, beginning March 2003, final installment due September 15, 2021 with an administrative fee of .5% and 0% interest	891,209
Series 2002C OWRB Clean Water SRF Promissory Note, original amount of \$767,998, issued by the El Reno Municipal Authority due in semi-annual installments each March 15 and September 15, through 2022, non-interest bearing	393,845
Series 2003A OWRB SRF Promissory Note dated December 22, 2003, original amount of \$643,154, issued by the El Reno Municipal Authority due in semi-annual installments each March 15 and September 15, beginning March 2010, final installment due September 15, 2023, with an administrative fee of .5% and 0% interest	369,813
Series 2008 MA Utility System Revenue Note dated July 1, 2008, original amount of \$760,000, issued by the El Reno Municipal Authority due in monthly installments of \$2,300 to \$5,000, beginning July 2010, final installment due June 1, 2028, with a variable interest rate equal to the BBA LIBOR daily floating rate plus 125 basis points but not to exceed 14% per annum	701,300
Series 2009 OWRB Clean Water SRF Promissory Note dated December 1, 2009, original amount of \$205,000, issued by the El Reno Municipal Authority due in semi-annual installments each March 15 and September 15, beginning March 2010, final installment due September 15, 2014 with an administrative fee of .5% and 1.53% interest	77,335
Series 2010 OWRB Drinking Water SRF Promissory Note dated February 1, 2010, original amount of \$2,405,000, issued by the El Reno Municipal Authority, due in semi-annual installments each March 15 and September 15, beginning September 2010, final installment due March 15, 2030 with an administrative fee of .5% and 3.09% interest, remaining funds to be drawn down at June 30,2012 are \$562	<u>2,344,441</u>
Total Municipal Authority	\$ 4,984,791
Current portion	\$ 319,087
non-current portion	<u>4,665,704</u>
Total	<u>\$ 4,984,791</u>

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El Reno Hospital Authority:

Notes payable to bank in monthly installments issued by the City of El Reno Hospital Authority, with interest rates that range from 4.375% to 5.00% collateralized by all inventory, equipment and fixtures. \$ 286,277

\$176,559 note payable issued by the City of El Reno Hospital Authority with InterBank for the construction of a clinic, due in monthly principal and interest payments beginning November 2010 with an interest rate of 1.00%, maturing October 2015. 113,366

\$500,000 note payable issued by the City of El Reno Hospital Authority with InterBank for the refinancing of a line of credit, due in monthly principal and interest payments beginning November 2010 with an interest rate of 1.00%, maturing October 2015. 148,477

Total Hospital Authority \$ 548,120

Current portion	\$ 247,218
non-current portion	300,902
Total	<u>\$ 548,120</u>

El Reno Airpark Authority:

Note payable to bank dated June 2, 2008 in the amount of \$805,847, due in thirty-six monthly principal and interest payments in the amount of \$5,800 beginning July 15, 2008 with a balloon payment due May 30, 2013, with an interest rate of 5.5%. The note is secured by all assets and revenues for the Authority. \$ 708,679

Current portion	\$ 31,407
non-current portion	677,272
Total	<u>\$ 708,679</u>

ERRA:

\$33,156 note payable with The Bank of Union for the purchase of an aerfier, due in sixty monthly principal and interest payments in the amount of \$627 beginning May 26, 2010 with an interest rate of 5.00%, maturing April 2015. \$ 19,806

\$136,869 note payable with The Bank of Union for the purchase of miscellaneous grounds equipment, due in sixty monthly principal and interest payments in the amount of \$2,595 beginning August 15, 2010 with an interest rate of 5.00%, maturing July 2015. 88,704

Total ERRA \$ 108,510

Current portion	\$ 33,942
non-current portion	74,568
Total	<u>\$ 108,510</u>

Total Notes Payable:

Current portion	\$ 631,654
non-current portion	<u>5,718,446</u>
Total	<u>\$ 6,350,100</u>

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Revenue Bonds Payable:

El Reno Municipal Authority:

Series 2001 Sales Tax and Utility Revenue Bonds. Original amount of \$9,670,000 issued by the El Reno Municipal Authority, due in annual installments of \$405,000 to \$1,115,000 through 2013, interest at 4.6%	\$ 1,115,000
Series 2002 Sales Tax and Utility Revenue Bonds. Original amount of \$5,080,000 issued by the El Reno Municipal Authority, due in annual installments of \$145,000 to \$605,000 through 2013, interest at 4.7%	605,000
Series 2005 Sales Tax and Utility Revenue Bonds. Original amount of \$5,220,000 issued by the El Reno Municipal Authority, due in annual installments of \$265,000 to \$455,000 through 2020, interest at 4.05%	3,160,000
Series 2008 Sales Tax and Utility Revenue Bonds. Original amount of \$9,600,000 issued by the El Reno Municipal Authority, due in annual installments of \$435,000 to \$805,000 through 2029, interest at 4.20%	9,600,000
Series 2009 Sales Tax and Utility Revenue Bonds. Original amount of \$4,920,000 issued by the El Reno Municipal Authority, due in annual installments of \$195,000 to \$405,000 through 2029, interest at 5.10%	4,920,000
Series 2010 Sales Tax and Utility Revenue Bonds. Original amount of \$8,000,000 issued by the El Reno Municipal Authority, due in annual installments of \$255,000 to \$395,000 through 2025, interest at 3.76%	8,000,000
Series 2011 Hotel/Motel Revenue Bonds. Original amount of \$305,000 issued by the El Reno Municipal Authority, due in monthly installments of \$3,258 through 2021, interest at 5.0%	233,800
Series 2011 Sales Tax and Utility Revenue Bonds. Original amount of \$5,100,000 issued by the El Reno Municipal Authority, due in annual installments of \$140,000 to \$455,000 through 2027, interest at 3.75%	<u>5,100,000</u>
Total Revenue Bonds Payable	\$ 32,733,800
Less Unamortized Loss on Refunding	(63,125)
Less Unamortized Bond Discount	(21,000)
Net Revenue Bonds Payable	<u>\$ 32,649,675</u>
Current portion	\$ 2,486,000
non-current portion	30,247,800
Total	<u>\$ 32,733,800</u>

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ERRA:

Series 2006 Golf Course Revenue Bonds, dated April 27, 2006, original amount of \$2,575,000, interest rate of 4.27%, final maturity March 1, 2015

\$ 990,000

Current portion	315,000
non-current portion	<u>675,000</u>
Total	<u>\$ 990,000</u>

Total Revenue Bonds Payable	\$ 33,723,800
Less Unamortized Loss on Refunding	(63,125)
Less Unamortized Bond Discount	<u>(21,000)</u>
Net Revenue Bonds Payable	<u>\$ 33,639,675</u>

Current portion	\$ 2,801,000
non-current portion	<u>30,922,800</u>
Total	<u>\$ 33,723,800</u>

Refundable Grant Obligation:

El Reno Municipal Authority:

Oklahoma Department of Commerce obligation payable, original amount of \$277,462, issued by the El Reno Municipal Authority, due in monthly installments of \$1,154 through 2018, non-interest bearing.

\$ 70,156

Current portion	\$ 13,873
non-current portion	<u>56,283</u>
Total	<u>\$ 70,156</u>

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Capital Lease Obligations:

El Reno Hospital Authority:

\$50,771 lease with Cardinal Lab for the purchase of equipment, issued December 2007 with an interest rate of 6.50%, maturing December 2012.	\$ 4,264
Total Hospital Authority	<u>4,264</u>
Current portion	\$ 4,264
non-current portion	-
Total	<u>\$ 4,264</u>

ERMA:

\$71,137 lease with El Reno R.I.L. Credit Union for the purchase of a International Dump Truck, issued April 2012 with an interest rate of 2.95%, maturing April 2017. \$ 68,912

\$24,823 lease with El Reno R.I.L. Credit Union for the purchase of a Ford F-350, issued June 2012 with an interest rate of 1.95%, maturing June 2015. 24,823

Total ERMA \$ 93,735

Current portion	\$ 21,592
non-current portion	72,143
Total	<u>\$ 93,735</u>

Total Capital Lease Obligations	
Current portion	\$ 25,856
non-current portion	72,143
Total	<u>\$ 97,999</u>

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Debt Service Requirements to Maturity:

Year Ending June 30,	GOVERNMENTAL ACTIVITY DEBT	
	Capital Lease Obligations	
	Principal	Interest
2013	118,378	12,654
2014	122,112	8,922
2015	111,476	5,108
2016	55,366	1,655
2017	27,781	381
Totals	\$ 435,113	\$ 28,720

BUSINESS-TYPE ACTIVITY DEBT

Year Ending June 30,	Revenue		Notes Payable		Capital Lease Obligations		Refundable Grant Obligation	
	Bonds Payable		Principal	Interest	Principal	Interest	Principal	Interest
	Principal	Interest						
2013	2,801,000	1,362,264	631,654	167,027	25,856	2,377	13,873	-
2014	2,152,300	1,262,258	1,155,068	128,966	22,155	1,701	13,873	-
2015	2,228,600	1,179,754	456,530	98,786	22,712	1,124	13,873	-
2016	1,970,300	1,097,439	383,712	90,205	14,717	607	13,873	-
2017	2,051,700	1,022,425	388,350	82,563	12,559	175	13,873	-
2018-2022	10,514,900	3,889,803	1,745,511	312,797	-	-	791	-
2023-2027	9,260,000	1,865,326	1,036,737	164,018	-	-	-	-
2028-2032	2,745,000	157,920	553,100	27,994	-	-	-	-
Totals	\$ 33,723,800	\$ 11,837,189	\$ 6,350,662	\$ 1,072,356	\$ 97,999	\$ 5,984	\$ 70,156	\$ -
			Less principal to drawdown (562)					
			\$ 6,350,100					

Non-Commitment Debt:

Original Debt	Project	Remaining Principal
El Reno Municipal Authority: \$450,000	(1) Coronado Development Corporation Tax Apportionment Note dated September 1, 2007	\$415,702

(1) Crimson Creek Increment District Project Tax Apportionment Note

The Tax Apportionment Note was issued to fund the construction of the Crimson Creek North Addition. The City and Authority are not liable for this debt since payments are made solely with lease agreement proceeds from El Reno Municipal Authority primarily and Coronado Development Corporation, secondarily. In the event of default, the City or Authority only becomes liable if they are negligent in carrying out debt administration responsibilities.

Pledge of Future Revenues

Sales Tax Pledge - The City has pledged two and ½ cents (or 63%) of future sales tax revenues to repay \$47,590,000 of Series 2001, 2002, 2005, 2008, 2009, 2010, and 2011 Sales Tax Revenue Bonds. Proceeds from the bonds provided financing for utility capital assets. The bonds are payable through 2013, 2013, 2020, 2029, 2029, 2025 and 2027 respectively. The total principal and interest payable for the remainder of the life of these notes is \$42,279,883. Total pledged sales taxes received in the current fiscal year were \$6,236,916. Debt service payments for the current fiscal year of \$3,260,809 were 52.2% of the pledged sales taxes.

Hotel/Motel Tax Pledge - The City has pledged 60% of the amount of money generated pursuant to the hotel/motel tax ordinance (Ordinance 5024) to repay \$305,000 of Series 2011 Hotel/Motel Tax Revenue Bonds. Proceeds from the bonds provided financing for economic development and tourism capital projects. The bonds are payable through 2021 respectively. The total principal and interest payable for the remainder of the life of these notes is \$297,575. Total pledged hotel/motel taxes received in the current fiscal year was \$162,607. Debt service payments for the current fiscal year of \$74,928 were 46% of the pledged sales taxes.

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Utility Net Revenues Pledge – The City has also pledged future water and sewer net revenues to repay \$7,114,668 of 2000, 2002A, 2002C, 2003A, 2008, 2009 and 2010 Series Oklahoma Water Resources Board Notes Payable and \$760,000 of the 2008 MA Utility System Revenue Note. Proceeds from the bonds and notes provided financing for utility system capital assets. The bonds are payable through 2020, 2021, 2022, 2023, 2028, 2014 and 2030. The total principal and interest payable for the remainder of the life of these notes is \$5,932,939. The notes are payable from the above-mentioned utility net revenues. The debt service payments on the notes this year were \$373,457 which was 25% of pledged net utility revenues of \$1,481,872.

8. Net Assets and Fund Balances

Fund Statements:

Governmental fund equity is classified as fund balance. Upon implementation of 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.
- 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.
- d. Assigned – includes amounts that are constrained by the city's intent to be used for specific purposes but are neither restricted nor committed. Assignments of fund balance may be made by city council action or management decision when the city council has delegated that authority. Assignments for transfers and interest income for governmental funds are made through the budgetary process.
- e. Unassigned – represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the general fund.

It is the City's policy to first use restricted fund balance prior to the use of the unrestricted fund balance when an expense is incurred for purposes for which both restricted and unrestricted fund balance are available. The City's policy for the use of unrestricted fund balance amounts require that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used. The only exception to this policy is for assigned interest income in governmental funds other than the General Fund. In those funds, interest income is used first before other revenues.

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

Fund Balances:	Major Capital Project Fund		Major Capital Project Fund		Other Governmental Funds	TOTAL
	General Fund	2010 Capital Improvement Fund	2011 Sales Tax Revenue Note Fund			
Nonspendable:						
Library Endowment	\$ -	\$ -	\$ -	\$ -	\$ 31,050	\$ 31,050
Cemetery Perpetual Care	-	-	-	-	151,889	151,889
Sub-total Nonspendable	-	-	-	-	182,939	182,939
Restricted for:						
Capital outlay	-	-	4,243,427	-	430,757	4,674,184
Watershed construction	-	-	-	-	28,607	28,607
Cemetery capital	-	-	-	-	213,625	213,625
E-911	-	-	-	-	24,635	24,635
Police	36,706	-	-	-	-	36,706
Library	-	-	-	-	202	202
Cemetery	75,677	-	-	-	5,055	80,732
Public Health and Safety	-	-	-	-	504,232	504,232
Park Improvements	45,251	-	-	-	-	45,251
Recreational Facilities, Public Health and Safety Facilities, Public Works Infrastructure capital outlay or debt service for said capital outlay.	839,235	-	-	-	-	839,235
Emergencies	848,293	-	-	-	-	848,293
Good Samaritan Fund	4,000	-	-	-	-	4,000
Law Enforcement	5,990	-	-	-	-	5,990
Youngheim Plaza	3,400	-	-	-	-	3,400
Tourism	-	-	-	-	118,196	118,196
Economic development and capital Ad valorem tax levies, constructing public buildings or other permanent improvements.	20,179	-	-	-	-	20,179
Sub-total Restricted	1,878,731	-	4,243,427	-	1,621,058	7,743,216
Committed to:						
Cemetery capital	-	-	-	-	25,253	25,253
Assigned to:						
Fiscal Year 12 budget	1,611,681	-	-	-	-	1,611,681
Park Improvements	12,425	-	-	-	-	12,425
Lake	43,693	-	-	-	-	43,693
Cemetery Capital	-	-	-	-	22,041	22,041
Cemetery	1,410	-	-	-	-	1,410
NW Community Center	1,542	-	-	-	-	1,542
CDBG Grant	-	-	-	-	1	1
Tourism	-	-	-	-	30,367	30,367
Capital outlay	-	-	-	-	73,550	73,550
Emergencies	16,732	-	-	-	-	16,732
Sub-total Assigned	1,687,483	-	-	-	125,959	1,813,442
Unassigned:	2,250,806	-	-	-	-	2,250,806
TOTAL FUND BALANCES	\$ 5,817,020	\$ -	\$ 4,243,427	\$ -	\$ 1,955,209	\$ 12,015,656

Net assets are displayed in three components:

- f. *Invested in capital assets, net of related debt* - 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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Invested in capital assets, net of related debt (Government Wide Financial Statements Total Column) - The 2008, 2009, and 2010 sales tax and utility revenue bonds and the 2011 Hotel/Motel Tax Revenue Note series were used to fund governmental capital assets. The “invested in capital assets, net of related debt” in the business-type activities therefore does not include the amounts related to these debt issues as the assets are in the governmental activities. This explains the large negative balance of unrestricted net assets in the business-type activities. The capital assets related to this debt are reported in the governmental activities and are also reported in “invested in capital assets, net of related debt.” The total column for the “invested in capital assets, net of related debt” on the *Statement of net Assets* does include the amounts related to this debt of \$27,228,050, therefore explaining why this amount does not total across.

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

The restrictions are as follows:

Governmental Activities

External Contracts and Groups:

Cemetery Care	\$ 213,625
Cemetery Everlasting Care	75,677
Drainage Improvement	28,607
Library Endowment	31,252
Cemetery Perpetual Care	156,944
Capital Improvement	138,806
2010 Capital Improvement	-
2011 Sales Tax Revenue Note	4,243,427
Safety Sales Tax 1/4 Cent	504,232
Sales Tax 1/4 Cent	839,235
Park Improvement	45,251
Infrastructure Improvement	284,634
Sales Tax Reserve	848,293
Hotel Motel Occupancy Surcharge	413,945
General Fund (Donations)	7,400
General Fund (Vehicle Impound Fee)	5,990
General Fund (Drug Forfeitures)	36,706
General Fund (Debt Service Fund Bal)	20,179
	<u>\$ 7,894,203</u>

Enabling legislation:

E-911	\$ 24,635
Tax Increment	7,317
	<u>\$ 31,952</u>

El Reno Municipal Authority

Contractual agreements:

Cash and investments	\$ 2,640,818
Less: Accrued Interest Payable	(680,132)
	<u>\$ 1,960,686</u>

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- h. *Unrestricted net assets* - All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

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

9. Internal and Interfund Balances and Transfers

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

Transfers:

Internal transfers between funds and activities for the year ended June 30, 2012 were as follows:

Transfer From	Transfer To	Amount	Purpose of Transfer
ERMA	General Fund	\$ 741,230	Operating subsidy
General Fund	Capital Improvement Fund	66,413	Sales proceeds
Public Safety 1/4 Sales Tax	General Fund	50,000	Reimbursement
General Fund	ERMA Sales Tax	3,767,365	Sales tax transfer
Hotel Motel Surcharge	ERMA	75,178	Debt payment
2011 STRN Fund	ERMA	93,250	Bond issue costs
2009 Capital Improvement	General Fund	35	To close fund
ERMA	2011 STRN Fund	5,100,000	Bond proceeds
ERMA Sales Tax	ERMA	2,862,992	Debt service payments
Debt Service Fund	General Fund	20,179	To close fund
ERMA	Airpark Authority	6,710	Transfer grant money
OWRB SRF	ERMA	182	To close fund
Sales Tax 1/4	Recreation Authority	356,086	Debt payments
Total		<u>\$ 13,139,620</u>	

Reconciliation to Fund Financial Statements:

	Transfers In	Transfers Out	Net Transfers
Governmental Funds	\$ 5,977,857	\$ (4,428,506)	\$ 1,549,351
Proprietary Funds	7,487,509	(8,711,114)	(1,223,605)
	<u>\$ 13,465,366</u>	<u>\$ (13,139,620)</u>	<u>\$ 325,746</u>

Reconciliation to Statement of Activities:

Net Transfers	\$ 1,549,351
Transfer of business-type activity expenses to governmental:	
Capital assets to business type activities	(325,746)
Interest on long-term debt used for governmental purposes	1,060,854
Amortization on long-term debt used for governmental purposes	40,657
Transfers - internal activity	<u>\$ 2,325,116</u>

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Balances:

Interfund receivable and payables at June 30, 2012 were comprised of the following:

Payable Fund	Receivable Fund	Amount	Nature of Interfund Balance
General Fund	ERMA Sales Tax	\$ 424,036	Sales tax transfer receivable
General Fund	ERMA	22,700	Hanger rent
Recreation Authority	ERMA	47,000	Loan to Recreation Authority
Airpark Authority	ERMA	29,507	Short-term loan
Airpark Authority	ERMA	31,619	Airport hanger rebuild
Recreation Authority	General Fund	88,688	Loan to Recreation Authority
Recreation Authority	ERMA	43,000	Loan to Recreation Authority
		<u>\$ 686,550</u>	

Reconciliation to Fund Financial Statements:

	Due to	Due From	Net Interfund Balances
Governmental Funds	\$ (446,736)	\$ 88,688	\$ (358,048)
Proprietary Funds	(239,814)	597,862	358,048
	<u>\$ (686,550)</u>	<u>\$ 686,550</u>	<u>\$ -</u>

10. Sales Tax

Sales tax revenue represents a 4 cents tax on each dollar of taxable sales of which is recorded as follows:

- 2 cents is recorded in the General Fund. ½ cent of the 2 cents is pledged for El Reno Recreational Authority debt service on golf course capital debt and ½ cent is pledged for the 2005 Series Sales Tax Bonds.
- 1.5 cents is recorded in the General fund and then transferred to the El Reno Municipal Authority for debt service per debt agreement.
- .25 cents is recorded in the Sales Tax ¼ Cent Fund to be transferred to the El Reno Recreation Authority for debt service on golf course capital debt.
- .25 cents is recorded in the Safety Sales Tax ¼ Cent Fund to pay for costs pertaining to the provision of emergency services.

11. Risk Management

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

- General Liability and Physical Property – Covered through participation in Oklahoma Municipal Assurance Group risk entity pool
- Workers' Compensation – Self-insured within limits of Oklahoma worker's compensation laws. 100% risk of loss retained.
- Employee's Group Medical –Covered through participation in Coventry.

The City's risk is transferred to the risk entity pool except for claim deductible amounts. The risk pool maintains deposits for claims reserves and other purposes for the benefit of the City. The portion of the reserves to which the City has access is reported as Deposits with Insurance

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Pool. 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.

For the internal service self-insurance funds, changes in the worker's comp claims liability for the City from July 1, 2009, to June 30, 2012, are as follows:

	<u>Workers'</u> <u>Compensation</u>	<u>Health</u> <u>Care</u>	<u>Total</u>
Claim liability, June 30, 2009	\$ 33,228	\$ -	\$ 33,228
Claims and changes in estimates	213,049	1,031,794	1,244,843
Claims payments	(90,633)	(1,031,794)	(1,122,427)
Claim liability, June 30, 2010	155,644	-	155,644
Claims and changes in estimates	238,886	1,017,578	1,256,464
Claims payments	(161,412)	(1,017,578)	(1,178,990)
Claim liability, June 30, 2011	233,118	-	233,118
Claims and changes in estimates	654,622	1,048,004	1,702,626
Claims payments	(187,200)	(1,048,004)	(1,235,204)
Claim liability, June 30, 2012	<u>\$ 700,540</u>	<u>\$ -</u>	<u>\$ 700,540</u>

Reconciliation to Statement of Net Assets:

Current portion	\$ 331,535
Noncurrent portion	369,005
Total	<u>\$ 700,540</u>

12. Commitments and Contingencies

Litigation:

The City is currently involved in a lawsuit, related to the City Council's denial of a Conditional Use Permit (CUP). The judge's bailiff advises that this case will be on the disposition docket in 2013 and will be dismissed if nothing further occurs. The probability of a favorable outcome is at least reasonably possible. The dollar amount of and adverse outcome (if any) in this issue is undeterminable at this time, and no provision for a loss contingency has been recognized in the financial statements. Any judgment in this case against the City would not be covered by liability insurance and would be paid out of the budget or by placing the judgment on the judgment roles and paying out over three years.

The City of El Reno Hospital Authority is currently involved in a lawsuit regarding an accident involving one of their ambulances. The plaintiff is seeking damages up to \$150,000. The City's insurance coverage through Oklahoma Municipal Assurance Group will not cover this claim. The claim will be paid out of the budget. An unfavorable outcome is probable and a liability has been recorded as of June 30, 2012.

The City of El Reno Hospital Authority is currently involved in a breach of contract lawsuit on a Physicians agreement. The judge found that the contract was breached and it is probable that a motion for a summary judgment of \$162,982 will be ruled in favor of the plaintiff. Any judgment in this case would not be covered by insurance and would be paid out of the budget. A liability has been recorded as of June 30, 2012.

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Federal and State Award Programs:

The City of El Reno participates in various federal or state grant/loan programs from year to year. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. Any liability for reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

Construction Commitments:

At June 30, 2012 the City had awarded construction contracts totaling approximately \$4,361,662 for the public safety building and the design for the police remodel and of this amount, \$326,852 was still outstanding and payable.

13. Pension Plan Participation

The City of El Reno participates in three pension or retirement plans:

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

Firefighters' Plan:

Pursuant to the requirements of Title 11, section 49-102, the City of El Reno participates in the statewide cost-sharing multi-employer defined benefit plan administered by the Oklahoma Firefighters Pension Board on behalf of both paid and volunteer firefighters. The paid firefighter contributes 8% to the plan. The City is required by state law to contribute 13% per year per paid firefighter to the statewide plan. The plan is funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary. The contribution requirements of the plan member and the city are established by state statute and may be amended by the legislature. The state made on be-half contributions to the Fire pension plan of \$377,824.

A copy of the Firefighters Statewide Pension Plan financial statements can be obtained from the Oklahoma Firefighters Pension System, 4545 Lincoln Blvd. Suite 263, Oklahoma City, OK, 73105-3707.

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Police Plan:

Pursuant to the requirements of Title 11, section 50-102, the City of El Reno participates in the statewide cost-sharing multi-employer defined benefit plan administered by the Oklahoma Police Pension and Retirement System (OPPRS). The paid police person contributes 8% to the plan. The City is required by state law to contribute 13% per year per paid police person to the statewide plan. The plan is funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary. The contribution requirements of the plan member and the city are established by state statute and may be amended by the legislature. The state made on-be-half contributions to the Police pension plan of \$135,364.

The OPPRS issues a publicly available report that includes financial statements, which can be obtained from the Oklahoma Police Pension and Retirement System, 1001 N.W. 63rd Street, Oklahoma City, OK, 73116-7335.

Summary of Contributions – 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
2010	\$ 142,587	100%	2010	\$ 143,030	100%
2011	134,697	100%	2011	158,096	100%
2012	158,433	100%	2012	173,595	100%

Employee Plan:

The City provides a pension benefit for all of its full-time employees with the exception of the police and fire departments, through the Oklahoma Municipal Retirement Fund (OMRF).

1. Plan Description

Effective January 1, 1967, the City began contributing to the City of El Reno Plan and Trust in the form of a guaranteed annuity contract with Southwestern Life Insurance Company. The group annuity contract purchased under the plan is fully funded. On February 1, 2005, the City began participating in the agent multiple-employer plan—Oklahoma Municipal Retirement Fund (OMRF). Under the terms of the new retirement system with OMRF, the benefits payable from Southwestern Life for existing employees will be a portion of the total benefits calculated under the OMRF plan. When all employees previously participating in Southwestern Life have retired, all benefit payments will be paid by OMRF. At June 30, 2012, the Southwestern Life plan had total reserves of \$600,048 and a fund balance of \$305,721.

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2. Eligibility Factors, Contribution Methods and Benefit Provisions

<u>Provision</u>	<u>OMRF Plan</u>
a. Eligible to Participate	Full-time, non-uniformed employees of the City or Authority six months following hire date except for City Manager, Assistant City Manager, Finance Director, Public Works Director, and Police Chief.
b. Contribution Requirements:	
- Authorization	By City ordinance
- Actuarially Determined	Yes
- Employer Rate	8.67%
- Employee Rate	4.50%
c. Period Required to Vest	10 years Cliff vesting schedule
d. Eligibility for Distribution	<ul style="list-style-type: none"> - Normal retirement at age 65 with 10 years of service - Early retirement at age 55 with a 5% reduction in benefits for each year of service less than 10 years - Disability retirement available for vested employees - Death benefit of 50% for five years certain for a non-spouse beneficiary; and 50% pension for lifetime or remarriage for a spouse beneficiary
e. Benefit Determination Base	Final average salary – the average of the five highest consecutive annual salaries out of the last 10 calendar years of service
f. Benefit Determination Methods:	
- Normal Retirement	2.25% of final average salary multiplied by credited years of service
- Early Retirement	Actuarially reduced benefit based upon age and years of service at termination.
- Disability Retirement	Yes
- Death Benefit	Yes
- Prior to 10 Years Service	Return of employee contributions with interest.
g. Form of Benefit Payments	Employee may elect optional form of benefit payments.

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Schedule of Contributions - OMRF Defined Benefit Plan

<u>Period Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2010	\$ 223,126	100%	-
June 30, 2011	186,906	100%	-
June 30, 2012	219,484	100%	-

Funded Status and Funding Progress

As of January 1, 2012, the funded status of the OMRF agent multiple employer defined benefit plan is as follows:

Actuarial accrued liability (AAL)	\$3,781,560
Actuarial value of plan assets	<u>2,369,078</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$1,412,482</u>
Funded ratio (actuarial value of plan assets/AAL)	63%
Annual covered payroll (active plan members)	\$2,257,802
UAAL as a percentage of covered payroll	63%

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

OMRF issues separate plan financial statements which may be obtained by contacting the Oklahoma Municipal Retirement Fund, 525 Central Park Drive, Suite 320, Oklahoma City, Oklahoma, 73105.

14. Use of Estimates

Certain estimates are made in the preparation of the financial statements, such as estimated lives for capital assets depreciation. Estimates are based on management's best judgments and may vary from actual results.

15. Subsequent Event

In November 2012 The City voted to set aside sales tax revenue in Fund 415 in an irrevocable escrow account, with the amount required to pay off the El Reno Recreation Authority 2006 Sales Tax Revenue Bonds in the amount of \$990,000. The bonds however are not callable until 2013.

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REQUIRED SUPPLEMENTARY INFORMATION

Account	2012	2011	2010
101-101-0000	100,000	100,000	100,000
101-101-0001	200,000	200,000	200,000
101-101-0002	300,000	300,000	300,000
101-101-0003	400,000	400,000	400,000
101-101-0004	500,000	500,000	500,000
101-101-0005	600,000	600,000	600,000
101-101-0006	700,000	700,000	700,000
101-101-0007	800,000	800,000	800,000
101-101-0008	900,000	900,000	900,000
101-101-0009	1,000,000	1,000,000	1,000,000
101-101-0010	1,100,000	1,100,000	1,100,000
101-101-0011	1,200,000	1,200,000	1,200,000
101-101-0012	1,300,000	1,300,000	1,300,000
101-101-0013	1,400,000	1,400,000	1,400,000
101-101-0014	1,500,000	1,500,000	1,500,000
101-101-0015	1,600,000	1,600,000	1,600,000
101-101-0016	1,700,000	1,700,000	1,700,000
101-101-0017	1,800,000	1,800,000	1,800,000
101-101-0018	1,900,000	1,900,000	1,900,000
101-101-0019	2,000,000	2,000,000	2,000,000
101-101-0020	2,100,000	2,100,000	2,100,000
101-101-0021	2,200,000	2,200,000	2,200,000
101-101-0022	2,300,000	2,300,000	2,300,000
101-101-0023	2,400,000	2,400,000	2,400,000
101-101-0024	2,500,000	2,500,000	2,500,000
101-101-0025	2,600,000	2,600,000	2,600,000
101-101-0026	2,700,000	2,700,000	2,700,000
101-101-0027	2,800,000	2,800,000	2,800,000
101-101-0028	2,900,000	2,900,000	2,900,000
101-101-0029	3,000,000	3,000,000	3,000,000
101-101-0030	3,100,000	3,100,000	3,100,000
101-101-0031	3,200,000	3,200,000	3,200,000
101-101-0032	3,300,000	3,300,000	3,300,000
101-101-0033	3,400,000	3,400,000	3,400,000
101-101-0034	3,500,000	3,500,000	3,500,000
101-101-0035	3,600,000	3,600,000	3,600,000
101-101-0036	3,700,000	3,700,000	3,700,000
101-101-0037	3,800,000	3,800,000	3,800,000
101-101-0038	3,900,000	3,900,000	3,900,000
101-101-0039	4,000,000	4,000,000	4,000,000
101-101-0040	4,100,000	4,100,000	4,100,000
101-101-0041	4,200,000	4,200,000	4,200,000
101-101-0042	4,300,000	4,300,000	4,300,000
101-101-0043	4,400,000	4,400,000	4,400,000
101-101-0044	4,500,000	4,500,000	4,500,000
101-101-0045	4,600,000	4,600,000	4,600,000
101-101-0046	4,700,000	4,700,000	4,700,000
101-101-0047	4,800,000	4,800,000	4,800,000
101-101-0048	4,900,000	4,900,000	4,900,000
101-101-0049	5,000,000	5,000,000	5,000,000
101-101-0050	5,100,000	5,100,000	5,100,000
101-101-0051	5,200,000	5,200,000	5,200,000
101-101-0052	5,300,000	5,300,000	5,300,000
101-101-0053	5,400,000	5,400,000	5,400,000
101-101-0054	5,500,000	5,500,000	5,500,000
101-101-0055	5,600,000	5,600,000	5,600,000
101-101-0056	5,700,000	5,700,000	5,700,000
101-101-0057	5,800,000	5,800,000	5,800,000
101-101-0058	5,900,000	5,900,000	5,900,000
101-101-0059	6,000,000	6,000,000	6,000,000
101-101-0060	6,100,000	6,100,000	6,100,000
101-101-0061	6,200,000	6,200,000	6,200,000
101-101-0062	6,300,000	6,300,000	6,300,000
101-101-0063	6,400,000	6,400,000	6,400,000
101-101-0064	6,500,000	6,500,000	6,500,000
101-101-0065	6,600,000	6,600,000	6,600,000
101-101-0066	6,700,000	6,700,000	6,700,000
101-101-0067	6,800,000	6,800,000	6,800,000
101-101-0068	6,900,000	6,900,000	6,900,000
101-101-0069	7,000,000	7,000,000	7,000,000
101-101-0070	7,100,000	7,100,000	7,100,000
101-101-0071	7,200,000	7,200,000	7,200,000
101-101-0072	7,300,000	7,300,000	7,300,000
101-101-0073	7,400,000	7,400,000	7,400,000
101-101-0074	7,500,000	7,500,000	7,500,000
101-101-0075	7,600,000	7,600,000	7,600,000
101-101-0076	7,700,000	7,700,000	7,700,000
101-101-0077	7,800,000	7,800,000	7,800,000
101-101-0078	7,900,000	7,900,000	7,900,000
101-101-0079	8,000,000	8,000,000	8,000,000
101-101-0080	8,100,000	8,100,000	8,100,000
101-101-0081	8,200,000	8,200,000	8,200,000
101-101-0082	8,300,000	8,300,000	8,300,000
101-101-0083	8,400,000	8,400,000	8,400,000
101-101-0084	8,500,000	8,500,000	8,500,000
101-101-0085	8,600,000	8,600,000	8,600,000
101-101-0086	8,700,000	8,700,000	8,700,000
101-101-0087	8,800,000	8,800,000	8,800,000
101-101-0088	8,900,000	8,900,000	8,900,000
101-101-0089	9,000,000	9,000,000	9,000,000
101-101-0090	9,100,000	9,100,000	9,100,000
101-101-0091	9,200,000	9,200,000	9,200,000
101-101-0092	9,300,000	9,300,000	9,300,000
101-101-0093	9,400,000	9,400,000	9,400,000
101-101-0094	9,500,000	9,500,000	9,500,000
101-101-0095	9,600,000	9,600,000	9,600,000
101-101-0096	9,700,000	9,700,000	9,700,000
101-101-0097	9,800,000	9,800,000	9,800,000
101-101-0098	9,900,000	9,900,000	9,900,000
101-101-0099	10,000,000	10,000,000	10,000,000

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Budgetary Comparison Schedule – Year Ended June 30, 2012

	GENERAL FUND			Variance with
	Budgeted Amounts		Actual Amounts,	Final Budget -
	Original	Final	Budgetary Basis	Positive (Negative)
REVENUES				
Taxes	\$ 8,991,500	\$ 11,383,821	\$ 11,954,655	\$ 570,834
Fees and fines	385,500	385,500	380,962	(4,538)
Licenses and permits	153,120	153,120	241,220	88,100
Intergovernmental	495,300	795,230	594,367	(200,863)
Charges for services	64,600	64,600	77,732	13,132
Investment earnings	24,800	24,800	38,734	13,934
Miscellaneous	304,870	368,497	418,789	50,292
Transfers from Other Funds	1,295,988	816,538	815,541	(997)
Total revenues	<u>11,715,678</u>	<u>13,992,106</u>	<u>14,522,000</u>	<u>529,894</u>
EXPENDITURES				
Mayor and Council	165,050	363,970	189,647	174,323
Administration	459,229	460,729	404,447	56,282
Finance	766,846	795,146	730,643	64,503
Police	2,826,635	2,878,246	2,777,472	100,774
Fire	2,067,221	2,112,885	2,031,445	81,440
Library	217,653	222,453	216,385	6,068
Community Development	294,643	402,253	320,971	81,282
Senior Citizens	58,141	58,401	51,860	6,541
Municipal Garage	132,775	132,775	98,292	34,483
Streets	759,838	769,368	705,902	63,466
Municipal Court	157,095	171,843	167,019	4,824
Legal	43,050	43,050	30,244	12,806
Parks and Recreation	555,804	671,757	552,196	119,561
Swimming Pool	146,171	162,762	98,517	64,245
Animal Control	68,638	71,838	70,664	1,174
Cemetery	172,331	203,896	197,046	6,850
Transfers to Other Funds	3,850,000	5,384,386	5,144,635	239,751
Total Expenditures	<u>12,741,120</u>	<u>14,905,758</u>	<u>13,787,385</u>	<u>1,118,373</u>
Excess (deficiency) of revenues over expenditures	<u>(1,025,442)</u>	<u>(913,652)</u>	<u>734,615</u>	<u>1,648,267</u>
Net change in fund balances	(1,025,442)	(913,652)	734,615	1,648,267
Fund balances - beginning	2,472,284	2,472,284	2,316,764	(155,520)
Fund balances - ending	<u>\$ 1,446,842</u>	<u>\$ 1,558,632</u>	<u>\$ 3,051,379</u>	<u>\$ 1,492,747</u>

See accompanying footnotes to this schedule.

Footnotes to Budgetary Comparison Schedules:

1. The budgetary comparison schedule is reported on a non-GAAP budgetary basis that report revenues and expenditures on a modified cash basis. For budgetary purposes expenditures are recorded in the period the invoice is received, except for payroll expenditures that are recorded when paid.
2. The legal level of appropriation control is the department level within a fund. Transfers of appropriation within a fund require the approval of the City 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 basis as shown in the schedule below:

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	General Fund
Total revenue- budgetary basis	\$ 14,522,000
Total expense- budgetary basis	(13,787,385)
Change in fund balance-budgetary basis	734,615
Revenue Accruals	1,050,510
Expenditures accruals	(983,399)
Change in fund balance-GAAP basis	\$ 801,726

Schedule of Pension Plan Funding Progress – OMRF Defined Benefit and El Reno Employee Retirement System Plans

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Actuarial Method	Unfunded (Overfunded) AAL (UAAL)	Funded Ratio	Covered Payroll	Unfunded AAL as a Percentage of Covered Payroll
1/1/2002	\$ 1,762,445	\$ 1,762,445	*	-	100%	*	0%
1/1/2003	1,326,838	1,326,838	*	-	100%	*	0%
1/1/2004	1,485,412	1,485,412	*	-	100%	\$ 1,502,485	0%
7/1/2005	1,310,269	1,310,269	*	-	100%	1,445,530	0%
1/1/2006 **	1,296,605	2,497,077	EAN	\$ 1,200,472	52%	1,703,897	70%
1/1/2007	1,328,271	2,520,993	EAN	1,192,722	53%	1,850,824	64%
1/1/2008	1,590,439	2,800,036	EAN	1,209,597	57%	2,014,499	60%
1/1/2009	1,604,085	3,005,996	EAN	1,401,911	53%	2,029,556	69%
1/1/2010	1,939,263	3,418,721	EAN	1,479,458	57%	2,341,710	63%
1/1/2011	2,312,185	3,683,643	EAN	1,371,458	63%	1,983,683	69%
1/1/2012	2,369,078	3,781,560	EAN	1,412,482	63%	2,257,802	63%

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

Actuarial Method – EAN refers to “Entry Age Normal”.

* - Information unavailable

** - First actuarial valuation for OMRF plan. Prior years represent information for Southwestern Life Insurance Annuity Contract.

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OTHER SUPPLEMENTARY INFORMATION

CITY OF EL RENO, OKLAHOMA
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Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2012

	911 Emergency Fund (204)	CDBG Fund (211)	Cemetery Care Fund (208)	Hotel Motel Occupancy Surcharge Fund	Safety Sales Tax 1/4 Cent Fund (616)	Other Governmental Debt Service 1 (212)	Infrastructure Fund (420)
ASSETS							
Cash and cash equivalents	\$ 8,322	\$ (70,117)	\$ 110,008	\$ 406,439	\$ 434,315	\$ -	\$ 42,457
Investments	15,512	-	150,889	41,234	-	-	248,071
Interest receivable	2	-	22	6	-	-	37
Due from other funds	-	-	-	-	-	-	-
Due from other governments	-	70,118	-	-	70,673	-	-
Franchise tax receivable	799	-	-	-	-	-	-
Total assets	24,635	1	260,919	447,679	504,988	-	290,565
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	-	-	-	2,337	756	-	-
Accrued payroll payable	-	-	-	1,030	-	-	-
Due to other funds	-	-	-	-	-	-	-
Due to component unit	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-
Total liabilities	-	-	-	3,367	756	-	-
Fund balances:							
Nonspendable	-	-	-	-	-	-	-
Restricted	24,635	-	213,625	413,945	504,232	-	284,634
Committed	-	-	25,253	-	-	-	-
Assigned	-	1	22,041	30,367	-	-	5,931
Unassigned	-	-	-	-	-	-	-
Total fund balances	24,635	1	260,919	444,312	504,232	-	290,565
Total liabilities and fund balances	\$ 24,635	\$ 1	\$ 260,919	\$ 447,679	\$ 504,988	\$ -	\$ 290,565

	Drainage Improvement Fund (422)	Capital Improvement Fund (425)	2009 Ser. Capital Improvement Fund (409)	Tax Increment Fund (217)	Library Endowment (215)	Cemetery Perpetual (820)	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 28,607	\$ 206,425	\$ -	\$ 7,317	\$ 104	\$ 2,405	\$ 1,176,282
Investments	-	-	-	-	31,143	154,516	641,365
Interest receivable	-	-	-	-	5	23	95
Due from other funds	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	140,791
Franchise tax receivable	-	-	-	-	-	-	799
Total assets	28,607	206,425	-	7,317	31,252	156,944	1,959,332
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	-	-	-	-	-	-	3,093
Accrued payroll payable	-	-	-	-	-	-	1,030
Due to other funds	-	-	-	-	-	-	-
Due to component unit	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-	4,123
Fund balances:							
Nonspendable	-	-	-	-	31,050	151,889	182,939
Restricted	28,607	138,806	-	7,317	202	5,055	1,621,058
Committed	-	-	-	-	-	-	25,253
Assigned	-	67,619	-	-	-	-	125,959
Unassigned	-	-	-	-	-	-	-
Total fund balances	28,607	206,425	-	7,317	31,252	156,944	1,955,209
Total liabilities and fund balances	\$ 28,607	\$ 206,425	\$ -	\$ 7,317	\$ 31,252	\$ 156,944	\$ 1,959,332

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Combining Schedule of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds – For the Year Ended June 30, 2012

	<u>911 Emergency Fund (204)</u>	<u>CDBG Fund (211)</u>	<u>Cemetery Care Fund (208)</u>	<u>Hotel Motel Occupancy Surcharge (203)</u>	<u>Safety Sales Tax 1/4 Cent Fund (616)</u>	<u>Other Governmental Debt Service 1 (212)</u>	<u>Infrastructure Fund (420)</u>
REVENUES							
Taxes	\$ 9,595	\$ -	\$ -	\$ 271,011	\$ 627,895	\$ -	\$ -
Intergovernmental	-	70,118	-	-	29,528	-	-
Charges for services	-	-	38,302	14,803	-	-	-
Investment income	124	-	1,909	3,717	2,269	-	2,003
Miscellaneous	-	-	200	-	-	-	-
Total revenues	<u>9,719</u>	<u>70,118</u>	<u>40,411</u>	<u>289,531</u>	<u>659,692</u>	<u>-</u>	<u>2,003</u>
EXPENDITURES							
Current:							
Culture, parks, and recreation	-	-	868	-	-	-	-
Public Safety	-	-	-	-	5,505	-	-
General government	-	-	-	177,437	-	-	-
Capital Outlay	12,225	70,118	-	18,420	135,090	-	-
Debt Service:							
Principal	-	-	-	-	86,821	-	-
Interest	-	-	-	-	9,592	-	-
Total Expenditures	<u>12,225</u>	<u>70,118</u>	<u>868</u>	<u>195,857</u>	<u>237,008</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(2,506)</u>	<u>-</u>	<u>39,543</u>	<u>93,674</u>	<u>422,684</u>	<u>-</u>	<u>2,003</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	(75,178)	(50,000)	(20,179)	-
Transfers out - component unit	-	-	-	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>(75,178)</u>	<u>(50,000)</u>	<u>(20,179)</u>	<u>-</u>
Net change in fund balances	(2,506)	-	39,543	18,496	372,684	(20,179)	2,003
Fund balances - beginning	27,141	1	221,376	425,816	131,548	20,179	288,562
Fund balances - ending	<u>\$ 24,635</u>	<u>\$ 1</u>	<u>\$ 260,919</u>	<u>\$ 444,312</u>	<u>\$ 504,232</u>	<u>\$ -</u>	<u>\$ 290,565</u>

	<u>Drainage Improvement Fund (422)</u>	<u>Capital Improvement Fund (425)</u>	<u>2009 Ser. Capital Improvement Fund (409)</u>	<u>Tax Increment Fund (217)</u>	<u>Library Endowment (215)</u>	<u>Cemetery Perpetual (820)</u>	<u>Total-Other Governmental Funds</u>
REVENUES							
Taxes	\$ -	\$ -	\$ -	\$ 29,355	\$ -	\$ -	\$ 937,856
Intergovernmental	-	-	-	-	-	-	99,646
Charges for services	-	25,739	-	-	-	-	78,844
Investment income	-	1,206	-	-	276	1,325	12,829
Miscellaneous	-	-	-	-	-	-	200
Total revenues	<u>-</u>	<u>26,945</u>	<u>-</u>	<u>29,355</u>	<u>276</u>	<u>1,325</u>	<u>1,129,375</u>
EXPENDITURES							
Current:							
Culture, parks, and recreation	-	-	-	-	419	-	1,287
Public Safety	-	-	-	-	-	-	5,505
General government	-	-	-	25,713	-	-	203,150
Capital Outlay	-	-	-	-	-	-	235,853
Debt Service:							
Principal	-	-	-	-	-	-	86,821
Interest	-	-	-	-	-	-	9,592
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,713</u>	<u>419</u>	<u>-</u>	<u>542,208</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>26,945</u>	<u>-</u>	<u>3,642</u>	<u>(143)</u>	<u>1,325</u>	<u>587,167</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	66,413	-	-	-	-	66,413
Transfers out	-	-	(35)	-	-	-	(145,392)
Transfers out - component unit	-	-	-	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>66,413</u>	<u>(35)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(78,979)</u>
Net change in fund balances	-	93,358	(35)	3,642	(143)	1,325	508,188
Fund balances - beginning	28,607	113,067	35	3,675	31,395	155,619	1,447,021
Fund balances - ending	<u>\$ 28,607</u>	<u>\$ 206,425</u>	<u>\$ -</u>	<u>\$ 7,317</u>	<u>\$ 31,252</u>	<u>\$ 156,944</u>	<u>\$ 1,955,209</u>

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Combining Balance Sheet – General Fund Accounts – June 30, 2012

	<u>General Fund</u>	<u>NWCC Repair and Maintenance Fund (209)</u>	<u>Lake Fund (213)</u>	<u>Care & Share Fund (220)</u>	<u>Friends of Route 66</u>	<u>Sales Tax 1/4 Cent Fund (415)</u>
ASSETS						
Cash and cash equivalents	\$ 2,837,269	\$ 1,542	\$ 43,693	\$ -	\$ -	\$ 582,168
Investments	403,331	-	-	-	-	186,365
Interest receivable	60	-	-	-	-	28
Due from other funds	88,688	-	-	-	-	-
Due from other governments	1,177,252	-	-	-	-	-
Franchise tax receivable	97,110	-	-	-	-	70,674
Court fine receivable, net	342,533	-	-	-	-	-
Total assets	<u>4,946,243</u>	<u>1,542</u>	<u>43,693</u>	<u>-</u>	<u>-</u>	<u>839,235</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	88,805	-	-	-	-	-
Accrued payroll payable	151,458	-	-	-	-	-
Due to other funds	446,736	-	-	-	-	-
Due to other governments	-	-	-	-	-	-
Due to component unit	-	-	-	-	-	-
Refundable court bonds	3,547	-	-	-	-	-
Deferred revenue	322,935	-	-	-	-	-
Total liabilities	<u>1,013,481</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:						
Nonspendable	-	-	-	-	-	-
Restricted	70,275	-	-	-	-	839,235
Committed	-	-	-	-	-	-
Assigned	1,611,681	1,542	43,693	-	-	-
Unassigned	2,250,806	-	-	-	-	-
Total fund balances	<u>3,932,762</u>	<u>1,542</u>	<u>43,693</u>	<u>-</u>	<u>-</u>	<u>839,235</u>
Total liabilities and fund balances	<u>\$ 4,946,243</u>	<u>\$ 1,542</u>	<u>\$ 43,693</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 839,235</u>

	<u>Sales Tax Reserve Fund (612)</u>	<u>Cemetery Everlasting Care Fund (821)</u>	<u>Park Improvement & Special Activity Fund (210)</u>	<u>Total General Fund Accounts</u>
ASSETS				
Cash and cash equivalents	\$ 8,015	\$ 47,456	\$ 37,617	\$ 3,557,760
Investments	856,883	29,626	20,056	1,496,261
Interest receivable	127	5	3	223
Due from other funds	-	-	-	88,688
Due from other governments	-	-	-	1,177,252
Franchise tax receivable	-	-	-	167,784
Court fine receivable, net	-	-	-	342,533
Total assets	<u>865,025</u>	<u>77,087</u>	<u>57,676</u>	<u>6,830,501</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	-	-	-	88,805
Accrued payroll payable	-	-	-	151,458
Due to other funds	-	-	-	446,736
Due to other governments	-	-	-	-
Due to component unit	-	-	-	-
Refundable court bonds	-	-	-	3,547
Deferred revenue	-	-	-	322,935
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,013,481</u>
Fund balances:				
Nonspendable	-	-	-	-
Restricted	848,293	75,677	45,251	1,878,731
Committed	-	-	-	-
Assigned	16,732	1,410	12,425	1,687,483
Unassigned	-	-	-	2,250,806
Total fund balances	<u>865,025</u>	<u>77,087</u>	<u>57,676</u>	<u>5,817,020</u>
Total liabilities and fund balances	<u>\$ 865,025</u>	<u>\$ 77,087</u>	<u>\$ 57,676</u>	<u>\$ 6,830,501</u>

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Combining Schedule of Revenues, Expenditures and Changes in Fund Balance – General Fund
Accounts – For the Year Ended June 30, 2012

	<u>General Fund</u>	<u>NWCC Repair and Maintenance Fund (209)</u>	<u>Lake Fund (213)</u>	<u>Care & Share Fund (220)</u>	<u>Friends of Route 66</u>	<u>Sales Tax 1/4 Cent Fund (415)</u>
REVENUES						
Taxes	\$ 10,472,482	\$ -	\$ -	\$ -	\$ -	\$ 627,895
Intergovernmental	1,125,920	-	-	-	-	-
Licenses and permits	240,970	-	-	-	-	-
Charges for services	50,932	-	-	-	-	-
Fines and forfeitures	376,019	-	-	-	-	-
Investment income	38,672	-	405	2	62	5,510
Miscellaneous	417,367	1,686	5,050	609	-	-
Total revenues	<u>12,722,362</u>	<u>1,686</u>	<u>5,455</u>	<u>611</u>	<u>62</u>	<u>633,405</u>
EXPENDITURES						
Current:						
General government	1,663,502	1,152	-	912	-	2,000
Public Safety	5,440,322	-	-	-	-	-
Streets	685,010	-	-	-	-	-
Culture, parks, and recreation	1,055,470	-	3,916	-	10,378	-
Capital outlay	477,544	-	-	-	-	-
Debt Service:						
Principal	7,510	-	-	-	-	-
Interest	1,029	-	-	-	-	-
Total Expenditures	<u>9,330,387</u>	<u>1,152</u>	<u>3,916</u>	<u>912</u>	<u>10,378</u>	<u>2,000</u>
Excess (deficiency) of revenues over expenditures	<u>3,391,975</u>	<u>534</u>	<u>1,539</u>	<u>(301)</u>	<u>(10,316)</u>	<u>631,405</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	811,444	-	-	-	-	-
Transfers out	(3,833,778)	-	-	-	-	(356,086)
Transfers In - component unit	3,810	-	-	-	-	-
Proceeds from long-term debt	361,862	-	-	-	-	-
Proceeds from sale of building	66,413	-	-	-	-	-
Total other financing sources and uses	<u>(2,590,249)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(356,086)</u>
Net change in fund balances	801,726	534	1,539	(301)	(10,316)	275,319
Fund balances - beginning	3,131,036	1,008	42,154	301	10,316	563,916
Fund balances - ending	<u>\$ 3,932,762</u>	<u>\$ 1,542</u>	<u>\$ 43,693</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 839,235</u>

	<u>Sales Tax Reserve Fund (612)</u>	<u>Cemetery Everlasting Care Fund (821)</u>	<u>Park Improvement & Special Activity Fund (210)</u>	<u>Total General Fund Accounts</u>
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ 11,100,377
Intergovernmental	10,714	-	-	1,145,634
Licenses and permits	-	-	-	240,970
Charges for services	-	8,850	-	59,782
Fines and forfeitures	-	-	-	376,019
Investment income	5,132	501	216	50,590
Miscellaneous	-	-	25,621	450,333
Total revenues	<u>24,846</u>	<u>9,441</u>	<u>25,837</u>	<u>13,423,705</u>
EXPENDITURES				
Current:				
General government	-	-	-	1,667,566
Public Safety	-	-	-	5,440,322
Streets	-	-	-	685,010
Culture, parks, and recreation	-	-	24,248	1,094,012
Capital outlay	24,239	-	10,210	511,983
Debt Service:				
Principal	-	-	-	7,510
Interest	-	-	-	1,029
Total Expenditures	<u>24,239</u>	<u>-</u>	<u>34,458</u>	<u>9,407,442</u>
Excess (deficiency) of revenues over expenditures	<u>607</u>	<u>9,441</u>	<u>(8,621)</u>	<u>4,016,263</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	811,444
Transfers out	-	-	-	(4,189,864)
Transfers In - component unit	-	-	-	3,810
Proceeds from long-term debt	-	-	-	361,862
Proceeds from sale of building	-	-	-	66,413
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,946,335)</u>
Net change in fund balances	607	9,441	(8,621)	1,069,928
Fund balances - beginning	864,418	67,646	66,297	4,747,092
Fund balances - ending	<u>\$ 865,025</u>	<u>\$ 77,087</u>	<u>\$ 57,676</u>	<u>\$ 5,817,020</u>

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Combining Statement of Net Assets – El Reno Municipal Authority– June 30, 2012

	<u>EREF (610)</u>	<u>ERMA Sales Tax (611)</u>	<u>Utility Deposit (800)</u>	<u>MA Tax Sur. PW Fac (407)</u>	<u>SRF OWRB Loans Fund (429)</u>	<u>Total</u>
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 622,627	\$ 1,594,191	\$ -	\$ -	\$ -	\$ 2,216,818
Restricted cash and cash equivalents	2,475,217	-	35,548	9,853	-	2,520,618
Investments	92,556	1,658,116	-	-	-	1,750,672
Interest receivable	50	246	-	-	-	296
Due from other funds	173,826	424,036	-	-	-	597,862
Due from other governments	423	-	-	-	-	423
Accounts Receivable, net	842,116	-	-	-	-	842,116
Total current assets	<u>4,206,815</u>	<u>3,676,589</u>	<u>35,548</u>	<u>9,853</u>	<u>-</u>	<u>7,928,805</u>
Non-current assets:						
Restricted investments	-	-	244,999	-	-	244,999
Capital Assets:						
Land and construction in progress	759,513	-	-	-	-	759,513
Other capital assets, net of accumulated depr	17,890,698	-	-	-	-	17,890,698
Unamortized debt issuance costs	561,485	-	-	-	-	561,485
Total non-current assets	<u>19,211,696</u>	<u>-</u>	<u>244,999</u>	<u>-</u>	<u>-</u>	<u>19,456,695</u>
Total assets	<u>23,418,511</u>	<u>3,676,589</u>	<u>280,547</u>	<u>9,853</u>	<u>-</u>	<u>27,385,500</u>
LIABILITIES						
Current Liabilities:						
Accounts payable	187,754	-	-	-	-	187,754
Accrued payroll payable	25,535	-	-	-	-	25,535
Accrued interest payable	666,233	-	-	-	-	666,233
Deferred Revenue	1,117	-	-	-	-	1,117
Current portion of:						
Refundable grant obligation	13,873	-	-	-	-	13,873
Notes payable	319,086	-	-	-	-	319,086
Revenue bonds payable	2,486,000	-	-	-	-	2,486,000
Capital Lease Obligations	21,592	-	-	-	-	21,592
Accrued compensated absences	9,266	-	-	-	-	9,266
Total current liabilities	<u>3,730,456</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,730,456</u>
Non-current liabilities:						
Deposits subject to refund	13,237	-	279,690	-	-	292,927
Refundable grant obligation	56,283	-	-	-	-	56,283
Notes payable	4,665,704	-	-	-	-	4,665,704
Revenue bonds payable, net	30,163,675	-	-	-	-	30,163,675
Capital Lease Obligations	72,143	-	-	-	-	72,143
Accrued compensated absences	83,393	-	-	-	-	83,393
Total non-current liabilities	<u>35,054,435</u>	<u>-</u>	<u>279,690</u>	<u>-</u>	<u>-</u>	<u>35,334,125</u>
Total liabilities	<u>38,784,891</u>	<u>-</u>	<u>279,690</u>	<u>-</u>	<u>-</u>	<u>39,064,581</u>
NET ASSETS						
Invested in capital assets, net of related debt	8,828,860	-	-	-	-	8,828,860
Restricted for debt service	1,854,385	-	-	-	-	1,854,385
Unrestricted	(26,049,625)	3,676,589	857	9,853	-	(22,362,326)
Total net assets (deficit)	<u>\$ (15,366,380)</u>	<u>\$ 3,676,589</u>	<u>\$ 857</u>	<u>\$ 9,853</u>	<u>\$ -</u>	<u>\$ (11,679,081)</u>

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Combining Schedule of Revenues, Expenses, and Changes in Net Assets – El Reno Municipal Authority - Year Ended June 30, 2012

	<u>EREF (610)</u>	<u>ERMA Sales Tax (611)</u>	<u>Utility Deposit (800)</u>	<u>MA Tax Sur. PW Fac (407)</u>	<u>SRF OWRB Loans Fund (429)</u>	<u>Total</u>
OPERATING REVENUES						
Water charges	\$ 3,029,997	\$ -	\$ -	\$ -	\$ -	\$ 3,029,997
Sewer charges	1,208,536	-	-	-	-	1,208,536
Sanitation	990,211	-	-	-	-	990,211
Water and sewer taps	5,700	-	-	-	-	5,700
Transfer fees	4,401	-	-	-	-	4,401
Returned check charges	2,767	-	-	-	-	2,767
Cut off charges	32,499	-	-	-	-	32,499
Penalties	59,904	-	-	-	-	59,904
Miscellaneous	114,985	-	-	-	-	114,985
Total operating revenues	<u>5,449,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,449,000</u>
OPERATING EXPENSES						
Managerial	156,133	-	-	-	-	156,133
Administration	186,129	-	-	-	-	186,129
Billing	773,690	-	-	-	-	773,690
Water Plant	945,895	-	-	-	-	945,895
Wastewater	495,418	-	-	-	-	495,418
Utility Lines	397,905	-	-	-	-	397,905
Depreciation expense	787,735	-	-	-	-	787,735
Amortization expense	65,131	-	-	-	-	65,131
Total Operating Expenses	<u>3,808,036</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,808,036</u>
Operating income (loss)	<u>1,640,964</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,640,964</u>
NON-OPERATING REVENUES (EXPENSES)						
Investment income	9,378	20,689	(90)	1	1	29,979
Interest expense and fiscal charges	(1,425,062)	-	-	-	-	(1,425,062)
Total non-operating revenue (expenses)	<u>(1,415,684)</u>	<u>20,689</u>	<u>(90)</u>	<u>1</u>	<u>1</u>	<u>(1,395,083)</u>
Income (loss) before contributions and transfers	<u>225,280</u>	<u>20,689</u>	<u>(90)</u>	<u>1</u>	<u>1</u>	<u>245,881</u>
Capital contributions	-	-	-	-	-	-
Transfers in	3,357,348	3,767,365	-	-	-	7,124,713
Transfers out	(5,847,940)	(2,862,992)	-	-	(182)	(8,711,114)
Change in net assets	<u>(2,265,312)</u>	<u>925,062</u>	<u>(90)</u>	<u>1</u>	<u>(181)</u>	<u>(1,340,520)</u>
Total net assets (deficit) - beginning	<u>(13,101,068)</u>	<u>2,751,527</u>	<u>947</u>	<u>9,852</u>	<u>181</u>	<u>(10,338,561)</u>
Total net assets (deficit) - ending	<u>\$ (15,366,380)</u>	<u>\$ 3,676,589</u>	<u>\$ 857</u>	<u>\$ 9,853</u>	<u>\$ -</u>	<u>\$ (11,679,081)</u>

CITY OF EL RENO, OKLAHOMA
ANNUAL FINANCIAL REPORT
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Combining Statement of Net Assets – Internal Service Funds – June 30, 2012

	<u>Self Insurance</u> <u>Worker's Comp</u> <u>(810)</u>	<u>Self Insurance</u> <u>Health</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 178,515	\$ 126,728	\$ 305,243
Total current assets	<u>178,515</u>	<u>126,728</u>	<u>305,243</u>
Total assets	<u><u>178,515</u></u>	<u><u>126,728</u></u>	<u><u>305,243</u></u>
LIABILITIES			
Current Liabilities:			
Accounts payable	2,495	-	2,495
Current portion of:			
Claims liability	<u>331,535</u>	<u>-</u>	<u>331,535</u>
Total current liabilities	<u>334,030</u>	<u>-</u>	<u>334,030</u>
Non-current liabilities:			
Claims liability	<u>369,005</u>	<u>-</u>	<u>369,005</u>
Total non-current liabilities	<u>369,005</u>	<u>-</u>	<u>369,005</u>
Total liabilities	<u><u>703,035</u></u>	<u><u>-</u></u>	<u><u>703,035</u></u>
NET ASSETS			
Unrestricted	(524,520)	126,728	(397,792)
Total net assets	<u><u>\$ (524,520)</u></u>	<u><u>\$ 126,728</u></u>	<u><u>\$ (397,792)</u></u>

CITY OF EL RENO, OKLAHOMA
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Combining Schedule of Changes in Net Assets – Internal Service Funds – Year Ended June 30, 2012

	<u>Self Insurance Worker's Comp (810)</u>	<u>Self Insurance Health</u>	<u>Total</u>
REVENUES			
Self insurance charges	\$ 219,679	1,036,313	\$ 1,255,992
Total operating revenues	<u>219,679</u>	<u>1,036,313</u>	<u>1,255,992</u>
OPERATING EXPENSES			
Claims expenses	671,886	1,048,004	1,719,890
Total operating expenses	<u>671,886</u>	<u>1,048,004</u>	<u>1,719,890</u>
Operating income (loss)	<u>(452,207)</u>	<u>(11,691)</u>	<u>(463,898)</u>
NON-OPERATING REVENUES (EXPENSES)			
Unpledged revenues:			
Investment income	325	1,194	1,519
Total non-operating revenue (expenses)	<u>325</u>	<u>1,194</u>	<u>1,519</u>
Income (loss) before contributions and transfers	<u>(451,882)</u>	<u>(10,497)</u>	<u>(462,379)</u>
Change in net assets	<u>(72,638)</u>	<u>(10,497)</u>	<u>(462,379)</u>
Total net assets (deficit) - beginning	<u>(72,638)</u>	<u>137,225</u>	<u>64,587</u>
Total net assets (deficit) - ending	<u>\$ (524,520)</u>	<u>\$ 126,728</u>	<u>\$ (397,792)</u>

CITY OF EL RENO, OKLAHOMA
ANNUAL FINANCIAL REPORT
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Schedule of Expenditures of Federal and State Awards – Year Ended June 30, 2012

Federal/State Grantor/Pass Thru Agency Grantor/Program Title	Federal CFDA Number	Project or Award Number	Award Amount	Awards Expended
FEDERAL AWARDS:				
<u>U.S. DEPARTMENT OF JUSTICE:</u>				
Bullet-Proof Vest Partnership Program	16.607		\$ 2,935	\$ 810
<u>U.S. DEPARTMENT OF EMERGENCY MANAGEMENT:</u>				
Passed through Oklahoma Department of Emergency Management:				
Disaster Recovery	97.036	OK-DR1989	28,670	7,547
Disaster Recovery	97.036	OK-DR1989	19,714	19,714
Staffing for Adequate Fire and Emergency Response	97.083	EMW-2008-00386	650,280	155,170
Total U.S. Department of Emergency Management			<u>698,664</u>	<u>182,431</u>
<u>ENVIRONMENTAL PROTECTION AGENCY:</u>				
Passed through Oklahoma Water Resource Board				
Drinking Water State Revolving Loan Fund	66.468	ORF-09-0033-DW	83,891	83,891
<u>U.S. DEPARTMENT OF HOMELAND SECURITY:</u>				
Passed through Oklahoma Office of Homeland Security				
Central Oklahoma Urban Area Security Initiative Intoperable Communications	97.008	IOC 290.051	18,000	18,000
<u>U.S. DEPARTMENT OF TRANSPORTATION:</u>				
Passed through Oklahoma Tourism & Recreation Department				
Recreational Trails Program	20.219	RT09(100)	49,976	3,013
<u>Federal Aviation Administration:</u>				
Airport Improvement Program (ARRA)	20.106	AIP-3-40-0026-008-2010	508,396	30,017
 Total Federal Awards			 <u>\$ 1,361,862</u>	 <u>\$ 318,162</u>
State Grantor/Pass Thru Agency Grantor/Program Title		Project or Award Number	Award Amount	Awards Expended
STATE AWARDS:				
<u>OKLAHOMA DEPARTMENT OF LIBRARIES</u>				
State Aid		N/A	\$ 12,436	\$ 12,436
State Aid		N/A	1,431	1,431
Continuing education conference grant		N/A	844	844
Total Oklahoma Department of Libraries			<u>14,711</u>	<u>14,711</u>
Total State Awards			<u>\$ 14,711</u>	<u>\$ 14,711</u>

Footnotes to Schedule of Expenditures of Federal and State Awards:

1. The Schedule of Expenditures of Federal and State Awards is prepared on an accrual basis of accounting. The expenditures are recorded when the liability is incurred regardless of when the award proceeds are received.
2. The City has not been notified of any noncompliance with federal and 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.

**CITY OF EL RENO, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2012**

INTERNAL CONTROL AND COMPLIANCE INFORMATION



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

To the Honorable Mayor and
Members of the City Council
City of El Reno, Oklahoma

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of El Reno, Oklahoma, as of and for the year ended June 30, 2012, which collectively comprise the City of El Reno, Oklahoma's basic financial statements and have issued our report thereon dated February 1, 2013. 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.

Internal Control Over Financial Reporting

Management of City of El Reno, Oklahoma, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered City of El Reno, Oklahoma's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of El Reno, Oklahoma's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of El Reno, Oklahoma's internal control over financial reporting.

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

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of El Reno, Oklahoma'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*.

This report is intended solely for the information and use of management, City Council, others within the entity, 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.

HBC CPAs & Advisors

Yukon, Oklahoma
February 1, 2013