City of Jenks, Oklahoma

Financial Report
June 30, 2012

CITY OF JENKS
Jenks, Oklahoma

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Jenks, Oklahoma

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HBC CPAs & Advisors

INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Jenks, Oklahoma

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Jenks, 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 Jenks, 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, each major fund, and the aggregate remaining fund information of the City of Jenks, 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 5, 2013, on our consideration of the City of Jenks, 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 and budgetary comparison information on pages 3 through 8 and 39 through 42 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

1401 Health Center Parkway Yukon, Oklahoma 73099
827 NW 63rd Suite 202 Oklahoma City, Oklahoma 73116
Phone (405) 848-7797 Fax (405) 848-7840 Web address: www.hbc-cpas.com

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Jenks, Oklahoma's financial statements as a whole. The combining and individual nonmajor fund financial statements, and the schedule of expenditures of federal awards, are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal 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 5, 2013

1401 Health Center Parkway Yukon, Oklahoma 73099
827 NW 63rd Suite 202 Oklahoma City, Oklahoma 73116
Phone (405) 848-7797 Fax (405) 848-7840 Web address: www.hbc-cpas.com

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2012
Unaudited

Introduction

Our discussion and analysis of the City of Jenks 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 transmittal letter and the City's financial statements, which follow.

Overview of Financial Statements and Financial Analysis

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

The government-wide financial statements present the complete financial picture of the City from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business type activities separately and combined. These statements include all assets of the City (including infrastructure) as well as all liabilities (including long-term debt).

Statement of Net Assets

The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities. These statements include all assets and liabilities using the accrual basis of accounting. All of the current year's revenues and expenditures are taken into account regardless of when cash is received or paid.

These two 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 or deteriorating. However, you must consider other non-financial factors, such as changes in the City's property tax base and the condition of the City's roads, to assess the overall health of the City.

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

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

- Business-type activities – The City charges a fee to customers to cover the cost of certain services it provides. The City's water and sewer service, Aquarium and Industrial Authority are reported here.

Reporting the City's Most Significant Funds

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

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

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

The City of Jenks' Net Assets

	Governmental Activities		Business-Type Activities		Total	
	6/30/12	6/30/11	6/30/12	6/30/11	6/30/12	6/30/11
Current and other assets	$ 25,470,567	$ 27,062,397	$ 35,332,864	$ 33,231,314	$ 60,803,431	$ 60,293,711
Capital assets	22,395,033	22,861,707	25,147,152	25,233,861	47,542,185	48,095,568
Total assets	47,865,600	49,924,104	60,480,016	58,465,175	108,345,616	108,389,279
Long-term liabilities	23,735,710	26,563,617	23,513,160	24,544,848	47,248,870	51,108,465
Other liabilities	740,640	774,041	2,099,789	1,728,543	2,840,429	2,502,584
Total liabilities	24,476,350	27,337,658	25,612,949	26,273,391	50,089,299	53,611,049
Net assets:						
Invested in capital assets, net of related debt	(1,340,677)	(3,701,910)	1,633,992	689,013	293,315	(3,012,897)
Restricted	17,418,634	18,507,302	2,750,416	3,093,569	20,169,050	21,600,871
Unrestricted	7,311,293	7,781,054	30,482,659	28,409,202	37,793,952	36,190,256
Total net assets	$ 23,389,250	$ 22,586,446	$ 34,867,067	$ 32,191,784	$ 58,256,317	$ 54,778,230

The above numbers reflect an increase of 3.56% for governmental activities and an increase of 8.31% for business type activities. Overall, the net assets for both governmental and business-type activities increased 6.35% for this last fiscal year.

Governmental activities assets decreased by $2,058,504 or 4.12% in the current fiscal year compared to the prior fiscal year. The decrease in assets is attributable primarily to depreciation and cash and other current assets decreasing. Liabilities decreased by $2,861,308 or 10.47%. The decrease in liabilities is primarily due to paying down notes and bonds payable.

Business-type activities assets increased by $2,041,841 or 3.45% that reflects the increase in capital assets primarily related to construction of buildings and infrastructure improvements. Liabilities decreased by $660,442 or 2.51%.

City of Jenks' Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	6/30/12	6/30/11	6/30/12	6/30/11	6/30/12	6/30/11
Revenues:						
Program revenues						
Charges for services	$ 542,329	$ 416,584	$ 14,220,307	$ 12,825,059	$ 14,762,636	$ 13,241,643
Operating grants and contributions	51,250	65,169	1,179,326	1,827,915	1,230,576	1,893,084
Capital grants and contributions	-	-	-	-	-	-
General revenues:						
Sales, use and cigarette taxes	3,439,882	3,326,583	1,579,664	1,495,493	5,019,546	4,822,076
Franchise fees	883,828	890,792	-	-	883,828	890,792
Property taxes	2,537,873	2,784,728	-	-	2,537,873	2,784,728
Intergovernmental	442,566	300,809	-	-	442,566	300,809
Investment earnings	23,863	62,079	88,785	97,841	112,648	159,920
Miscellaneous	253,029	393,514	55,136	134,366	308,165	527,880
Sale of property	-	(5,345)	-	-	-	(5,345)
Rental receipts	1,960	1,160	3,600	3,300	5,560	4,460
Total revenues	8,176,580	8,236,073	17,126,818	16,383,974	25,303,398	24,620,047
Expenses:						
General government	960,885	1,024,530	-	-	960,885	1,024,530
Public safety and judiciary	3,503,417	3,324,598	-	-	3,503,417	3,324,598
Transportation	332,591	274,167	-	-	332,591	274,167
Cultural, parks and recreation	286,771	300,994	-	-	286,771	300,994
Economic development	197,070	92,480	-	-	197,070	92,480
Unallocated depreciation	1,214,390	795,771	581,203	518,498	1,795,593	1,314,269
Aquarium	-	-	4,045,489	4,074,703	4,045,489	4,074,703
Public works	-	-	8,207,943	7,208,333	8,207,943	7,208,333
Industrial Authority	-	-	17,218	17,218	17,218	17,218
Financing	960,420	1,001,183	1,429,967	1,424,390	2,390,387	2,425,573
Total expenses	7,455,544	6,813,723	14,281,820	13,243,142	21,737,364	20,056,865
Increases in net assets before transfers	721,036	1,422,350	2,844,998	3,140,832	3,566,034	4,563,182
Transfers	169,712	175,111	(169,712)	(175,111)	-	-
Increase in net assets	890,748	1,597,461	2,675,286	2,965,721	3,566,034	4,563,182
Net assets - beginning of year	22,498,502	20,901,041	32,191,781	29,226,060	54,690,283	50,127,101
Net assets - end of year	$ 23,389,250	$ 22,498,502	$ 34,867,067	$ 32,191,781	$ 58,256,317	$ 54,690,283

Governmental -Type Activities

Total revenues in governmental activities decreased 0.72% during the year, while operating expenditures increased 9.42%.

Business-Type Activities

Total revenues in business-type activities increased 4.54% during the year, while operating expenditures increased 7.84%.

Jenks Aquarium Authority continues to receive annual funds from Vision 2025 in the amount of $923,076.92 for aquarium debt service payments.

In reviewing the departmental net (expense) revenue, the Public Works Departments recorded charges for services that exceeded all related expenses. The Aquarium's charges for services were more than related expenses. Included in expenses of the Business-Type Activities are expenses related to debt service requirements.

Sales Taxes are received by the Public Works Authority as a requirement for debt coverage and are classified as general revenue on the Statement of Activities. Two of the three cents received are recorded in the General Fund for general operations, if available, and one cent is transferred to the One Cent Capital Fund for debt payments and additional capital improvements.

Budgetary Highlights

General fund revenues have continued to improve and Jenks Public Works Authority revenues have increased nominally.

Capital Assets at Year-end

At the end of June 30, 2012, the City had a little over $65 million invested in capital assets including police and fire equipment, buildings, water and sewer lines, roads and park facilities.

	Governmental Activities		Business-Type Activities		Total	
	6/30/12	6/30/11	6/30/12	6/30/11	6/30/12	6/30/11
Land	$ 1,640,504	$ 1,640,504	$ 1,737,561	$ 1,737,561	$ 3,378,065	$ 3,378,065
Construction in progress	3,498,952	2,979,177	1,266,174	998,327	4,765,126	3,977,504
Buildings & Improvement	6,894,970	6,889,743	19,529,917	19,082,268	26,424,887	25,972,011
Property & Equipment	1,231,152	1,013,179	1,991,408	1,727,029	3,222,560	2,740,208
Exhibits	-	-	4,838,600	4,838,600	4,838,600	4,838,600
Vehicles	2,382,333	2,382,333	-	-	2,382,333	2,382,333
Infrastructure	12,891,924	12,887,183	7,150,277	7,150,277	20,042,201	20,037,460
Total capital assets	28,539,835	$ 27,792,119	$ 36,513,937	$ 35,534,062	$ 65,053,772	$ 63,326,181
Less: Depreciation	(6,144,802)	(4,930,412)	(11,366,785)	(10,300,201)	(17,511,587)	(15,230,613)
Total	$ 22,395,033	22,861,707	25,147,152	25,233,861	47,542,185	48,095,568

Debt Administration

At the end of June 30, 2012, the City had over $47 million in outstanding notes, bonds, and capital leases. These debts are further detailed below:

	Governmental Activities		Business-Type Activities		Total	
	6/30/12	6/30/11	6/30/12	6/30/11	6/30/12	6/30/11
General obligation bonds	$ 21,400,000	$ 23,015,000	$ -	$ -	$ 21,400,000	$ 23,015,000
Revenue bonds payable	-	-	23,320,000	24,205,000	23,320,000	24,205,000
Notes payable	1,938,529	3,180,829	1,441,632	1,462,448	3,380,161	4,643,277
Capital leases payable	64,695	-	-	3,001	64,695	3,001
Deferred loss on early retirement of debt	-	-	(1,248,472)	(1,112,532)	(1,248,472)	(1,112,532)
Total	$ 23,403,224	$ 26,195,829	$ 23,513,160	$ 24,557,917	$ 46,916,384	$ 50,753,746

Additionally, the City had $613,652 in accrued compensated absences, benefits payable and utility deposits.

Additionally, the JPWA acts as guarantor for the outstanding bonds and long term note of the Jenks Aquarium Authority as detailed in the above schedule pertaining to JAA in Business-Type Activities.

Operations Concerns and Anticipated Actions

The City General Fund and Utility Enterprise Fund (JPWA) continue to be managed with limited staffing and limited funding for material products. However, an experienced and dedicated staff continues to innovate and increase productivity which allows for essential operations along with some services which provide quality of life enhancements to the community. It is critical that the potable water delivery costs payable to the City of Tulsa continue to be passed through to the customers when costs are increased by the provider. This has been the long-standing practice of the policy bodies to do so.

The financial portfolios of the cities in the state are substandard compared to similar cities in other states in the nation. The City will continue to work with the State Legislature to strengthen City revenues. Preliminary research would appear to indicate that cities and towns in Oklahoma have broad legal authority to "enterprise" other areas of municipal operations. It is anticipated that the City of Jenks through its JPWA will begin to classify additional services for cost recovery as a utility function in the future—in the absence of other, additional revenue generating authority from the Legislature, e.g., ad valorem taxation authority for operations.

Overall Aquarium attendance remains strong even during the recent national recession for this audit period; however, operating expenses for increased energy costs and life support services continue to rise. Therefore, it is essential that these costs be contained or reduced in the future. Management will actively seek to secure funds to retro-fit the Aquarium to a geo-thermal heating and cooling system and will continue the re-work of some exhibits to achieve further efficiencies in life support maintenance as well as appeal to visitors and thereby maintain and enhance gate revenues. Aquarium management will continue to explore alternative revenue generating adjuncts to current operations such as the formation of an Aquatic Education and Research Center (AERC) which has the potential to be a partial offset to life support personnel and operating costs. The City of Jenks finances for this audit period have remained positive regardless of the recent historic national recession due to the prudent policy fiscal policy choices by the City Council as implemented by its management. While sales taxes have not grown by normal expectations, expenses have been reduced to compensate.

The Jenks Public Works Authority (JPWA) has continued to perform without adverse balances in the context of budget limitations as a result of the overall economy. JPWA outsources the operation of its Wastewater Treatment Plant which is expected to improve the overall quality of this asset, including regulatory compliance. The JPWA is an anchor to the City and its related entities credit worthiness through being the enterprise financial vehicle not only for itself but as guarantor of the other related entities' bonds and loans which are guaranteed by the JPWA revenue stream and its authorizations under the State Constitution and State Statutes. During this audit period there have been no recourses to such guarantees.

Economic Factors and Next Year's Budget

The 2012-2013 General Fund Budget included projections for sales tax increase due to anticipated commercial construction activities. Jenks Public Works Authority revenues are projected to increase slightly based upon a small rate increase in the fall of 2012 due to the increase by the water provider, the City of Tulsa. Budgets continue to be impacted as a result of the 2011 recovering national economic recession although management was able to adequately implement expense reductions and delay other anticipated costs to off-set less available, customary revenue during this audit period.

Next year's budget includes modest stipend pay to the workforce, less employees covered by collective bargaining agreements. The City negotiated five years collective bargaining agreements for the covered police and fire employees, respectively beginning FY 2011-2012 which are not yet projected to be fully monetized by recurring revenue. Economic growth in high single digits will be necessary for full funding of these contract provisions - on average over the contract' periods.

As the community continues to grow, the need for infrastructure improvements and other public services grow as well. The budget addresses many of these needs although insufficient revenues are available to address all issues that may be desirable for improvements or expansion. Two Tax Increment Financing districts have been re-constructed to assist the local economy and to provide opportunities for long term revenue growth in support of public services. The City has pre-financed (with JPWA as guarantor) TIF District No. 1 in the amount of two million dollars, and currently ad valorem receipts are not projected to meet debt service requirements. Any further requirements and City participation in TIF no. 1 infrastructure is anticipated to be funded by cash reserves from JPWA.

Jenks has a large ad valorem tax base (limited to voter approved debt service) and an extremely limited sales tax base as compared to population due to commercial established nearby in the City of Tulsa and the City of Glenpool. With the Tulsa Hills project to our north and the Glenpool major shopping center to our south, our opportunities for significant commercial growth become even more problematical. Therefore, it remains a major challenge for the City to compensate for these issues in a variety of ways. Some alternatives will involve continued dedication to commercial, office, and point of destination strategies. Other alternatives may have to focus to the mix of revenue currently available. The City's increasing population brings these challenges even more to the forefront.

The City is currently working with the development community toward significant commercial square footage additions along and near the east bank of the Arkansas River in Jenks.

The three core markets for the Oklahoma Aquarium are the Tulsa, Oklahoma metropolitan area; the Oklahoma City metropolitan area; and the Springdale - Bentonville - Fayetteville, Arkansas metropolitan area. The aquarium is attracting a significant attendance from all of these areas, and it is anticipated that the markets offer substantial additional opportunities for revenue growth. Opportunities for additional cost containment also exist, as adjustments to operations are ongoing for this start-up cultural enterprise. The financial contributions by Tulsa County toward capital costs are providing the needed bridge financing through June 2016 in anticipation of stronger operating income compared to expense. However, the Aquarium's long-term debt and the ability to reinvest in capital for facility maintenance is an ongoing concern. The overall strategic planning for the Aquarium has focused on resolving these issues over the next four years. In the absence of debt retirement, the debt requirements will have to be subsidized by the beneficiary or another of its related entities and/or other sources when Tulsa County funds are no longer available after fiscal year 2016-2017. At this point the cash and cash equivalents available to the aquarium appear to be adequate for cash flow purposes. Finally, the Oklahoma Aquarium, with the City of Jenks as its beneficiary, and with the City or any of its related entities' approval, may have access to additional resources.

Finally, as has been the usual practice, the City, JPWA and JAA budgets have been balanced with a carry forward from the respective fund balances.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Clerk's Office at P.O. Box 2007, Jenks, OK 74037 or phone at (918) 299-5883.

CITY OF JENKS
STATEMENT OF NET ASSETS
June 30, 2012

	Primary Government		
	Governmental Activities	**Business-Type Activities**	**Total**
Assets:			
Cash and investments:			
Cash & cash equivalents (Note 1)	$ 6,806,663	$ 14,823,379	$ 21,630,042
Investments, at cost	15,834,448	15,657,864	31,492,312
Receivables (net of allowance for uncollectibles):			
Services	73,033	1,513,311	1,586,344
Taxes	573,872	-	573,872
Interest	3,585	3,483	7,068
Notes receivable	1,938,529	-	1,938,529
Due to/from other funds (Note 2D)	240,437	(240,437)	-
Restricted assets:			
Investments, at cost	-	390,201	390,201
Bond fund/cash & investments (Note 1)	-	2,750,416	2,750,416
Prepaid expenses	-	1,085	1,085
Capital assets:			
Land and construction in progress	5,139,456	3,003,735	8,143,191
Depreciable buildings, property, equipment and infrastructure, net of depreciation (Notes 1 & 2)	17,255,577	22,143,417	39,398,994
Deferred charges:			
Bond issue cost, discount, premium (net of accumulated amortization) (Note 1)	-	433,562	433,562
Total assets	$ 47,865,600	$ 60,480,016	$ 108,345,616
Liabilities:			
Current liabilities:			
Accounts payable	$ 118,951	$ 1,123,056	$ 1,242,007
Accrued compensated absences payable (Note 1)	142,378	81,073	223,451
OPEB liability	479,311	-	479,311
Accrued interest payable	332,486	-	332,486
Payable from restricted assets:			
Interest payable	-	505,459	505,459
Security deposits	-	390,201	390,201
Revenue bonds payable (Note 2)	-	820,000	820,000
Leases payable (Note 2)	48,192	-	48,192
Notes payable (Note 2)	-	20,816	20,816
Revenue bonds payable (Note 2)	1,640,000	-	1,640,000
Non-current liabilities:			
Leases payable (Note 2)	16,503	-	16,503
Notes payable (Note 2)	1,938,529	1,420,816	3,359,345
Revenue bonds payable (Note 2)	19,760,000	21,251,528	41,011,528
Total liabilities	24,476,350	25,612,949	50,089,299
Net assets:			
Invested in capital assets, net of related debt	(1,340,677)	1,633,992	293,315
Restricted	17,418,634	2,750,416	20,169,050
Unrestricted	7,311,293	30,482,659	37,793,952
Total net assets	$ 23,389,250	$ 34,867,067	$ 58,256,317

The accompanying notes are an integral part of the basic financial statements.

CITY OF JENKS
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
Year Ended June 30, 2012

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense)/ Revenue
Governmental activities:					
General government:					
City clerk	$ 98,222	$ -	$ -	$ -	$ (98,222)
City manager	73,650	-	-	-	(73,650)
City treasurer	43,249	-	-	-	(43,249)
General government	745,764	275,403	51,250	-	(419,111)
Total general government	960,885	275,403	51,250	-	(634,232)
Public safety and judiciary:					
City attorney	68,607	-	-	-	(68,607)
Inspections	81,547	-	-	-	(81,547)
Fire	1,540,638	-	-	-	(1,540,638)
Municipal court	59,165	266,926	-	-	207,761
Police	1,603,923	-	-	-	(1,603,923)
911 services	68,519	-	-	-	(68,519)
Animal control	64,609	-	-	-	(64,609)
Courtesy patrol	1,313	-	-	-	(1,313)
Civil defense	15,096	-	-	-	(15,096)
Total public safety and judiciary	3,503,417	266,926	-	-	(3,236,491)
Transportation:					
Streets	332,591	-	-	-	(332,591)
Total transportation	332,591	-	-	-	(332,591)
Cultural and recreation:					
Parks	286,771	-	-	-	(286,771)
Total cultural and recreation	286,771	-	-	-	(286,771)
Economic development					
Economic development	197,070	-	-	-	(197,070)
Total economic development	197,070	-	-	-	(197,070)
Financing costs	960,420	-	-	-	(960,420)
Unallocated depreciation*	1,214,390	-	-	-	(1,214,390)
Total governmental activities	7,455,544	542,329	51,250	-	(6,861,965)
Business-type activities					
Aquarium	4,045,489	4,617,389	1,179,326	-	1,751,226
General operations	1,433,337	469,498	-	-	(963,839)
Industrial Authority	17,218	-	-	-	(17,218)
Water	5,268,106	6,876,822	-	-	1,608,716
Sewer	674,442	1,409,225	-	-	734,783
Solid waste	832,058	847,373	-	-	15,315
Financing costs	1,429,967	-	-	-	(1,429,967)
Unallocated depreciation*	581,203	-	-	-	(581,203)
Total business-type activities	14,281,820	14,220,307	1,179,326	-	1,117,813
Total	$ 21,737,364	$ 14,762,636	$ 1,230,576	$ -	$ (5,744,152)

* - This amount does not include the depreciation that is included in the direct expenses of various programs.

The accompanying notes are an integral part of the basic financial statements.

CITY OF JENKS
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
Year Ended June 30, 2012

	Net (Expense) Revenue and Changes in Net Assets		
	Governmental Activities	**Business-Type Activities**	**Total**
Net (expense)/revenue	(6,861,965)	1,117,813	(5,744,152)
General revenues:			
Taxes:			
Sales, use, hotel, gross receipts and cigarette taxes	3,439,882	1,579,664	5,019,546
Franchise taxes	883,828	-	883,828
Property taxes	2,537,873	-	2,537,873
Intergovernmental	465,586	-	465,586
Investment earnings	23,863	88,785	112,648
Miscellaneous	253,029	55,136	308,165
Sale of property	-	-	-
Rental receipts	1,960	3,600	5,560
Transfers	169,712	(169,712)	-
Total general revenues and transfers	7,775,733	1,557,473	9,333,206
Change in net assets	913,768	2,675,286	3,589,054
Net assets - beginning of year	22,586,446	32,191,781	54,778,227
Change in prior year net assets	(87,944)	-	(87,944)
Net assets - beginning of year restated	22,498,502	32,191,781	54,690,283
Net assets - end of year	$ 23,412,270	$ 34,867,067	$ 58,279,337

The accompanying notes are an integral part of the basic financial statements.

CITY OF JENKS
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2012

	General Fund	Debt Service Sinking Fund	Capital Projects 2010 GO Bond Fund	Other Governmental Funds	Total Governmental Funds
Assets:					
Cash and investments:					
Cash & cash equivalents (Note 1)	$ 3,130,323	$ 1,312,450	$ 94,288	$ 2,269,602	$ 6,806,663
Investments, at cost	3,652,385	851,167	4,442,122	6,888,774	15,834,448
Receivables (net of allowance for uncollectibles):					
Accounts receivable	28,840	-	-	44,193	73,033
Taxes	569,306	4,566	-	-	573,872
Interest	561	120	1,008	1,896	3,585
Due from other funds (Note 2D)	245,912	15,918	-	29,509	291,339
Total assets	$ 7,627,327	$ 2,184,221	$ 4,537,418	$ 9,233,974	$ 23,582,940
Liabilities:					
Accounts payable	$ 95,635	$ -	$ 18,965	$ 4,351	$ 118,951
Due to other funds (Note 2D)	902	-	-	50,000	50,902
Total liabilities	96,537	-	18,965	54,351	169,853
Fund balance:					
Restricted for:					
Municipal improvement projects	-	-	4,515,944	-	4,515,944
GO bond issues	2,614,428	-	-	-	2,614,428
Debt service	-	805,711	-	-	805,711
Other purposes	-	-	-	9,161,469	9,161,469
Committed to:					
Municipal improvement projects	-	-	2,509	-	2,509
Debt service	-	2,751	-	-	2,751
Future budget years	294,314	-	-	-	294,314
Other purposes	-	-	-	21,508	21,508
Unassigned	4,622,048	1,375,759	-	(3,354)	5,994,453
Total fund balance	7,530,790	2,184,221	4,518,453	9,179,623	23,413,087
Total liabilities and fund equity	$ 7,627,327	$ 2,184,221	$ 4,537,418	$ 9,233,974	$ 23,582,940

The accompanying notes are an integral part of the basic financial statements.

CITY OF JENKS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS
June 30, 2012

Total Fund Balances - Total Governmental Funds		$ 23,413,087
Amounts reported for governmental activities in the statement of net assets are different because:		
Notes receivable		1,938,529
Accrued compensated absenses payable		(142,378)
OPEB liability		(479,311)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. These liabilities consist of:		
Leases payable	(64,695)	
Notes payable	(1,938,529)	
Revenue bonds payable	(21,400,000)	
Accrued interest payable	(332,486)	
Total		(23,735,710)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:		
Land	$ 1,640,504	
Construction in processs	3,498,952	
Buildings & Improvements	6,894,968	
Furniture and equipment	1,059,444	
Vehicles	2,504,048	
Infrastructure	12,891,925	
Accumulated depreciation	(6,094,808)	
Total		22,395,033
Net assets of governmental activities		$ 23,389,250

The accompanying notes are an integral part of the basic financial statements.

CITY OF JENKS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2012

	General Fund	Debt Service Sinking Fund	Capital Projects 2010 GO Bond Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Charges for services	$ 75,426	$ -	$ -	$ -	$ 75,426
Licenses and permits	199,977	-	-	-	199,977
Interest	9,670	2,751	2,509	8,933	23,863
Franchise fees	883,828	-	-	-	883,828
Intergovernmental programs	27,352	-	-	438,234	465,586
Fines and forfeits	266,926	-	-	-	266,926
Rental receipts	1,960	-	-	-	1,960
Miscellaneous revenue	94,251	-	-	158,778	253,029
Taxes	3,287,859	-	-	152,023	3,439,882
Property taxes	-	2,537,873	-	-	2,537,873
Sale of property	-	-	-	-	-
Donations and other	-	-	-	51,250	51,250
Total revenues	4,847,249	2,540,624	2,509	809,218	8,199,600
Expenditures:					
Current:					
General government	867,630	1,600	-	168,746	1,037,976
Economic development	55,579	-	-	141,491	197,070
Public safety	3,434,098	-	-	69,319	3,503,417
Highways and roads	268,572	-	-	64,019	332,591
Cultural and recreational	259,554	-	-	27,217	286,771
Debt Service:					
Principal	64,963	1,615,000	-	-	1,679,963
Interest expense	4,088	991,634	-	-	995,722
Capital outlay	-	-	272,876	474,840	747,716
Total expenditures	4,954,484	2,608,234	272,876	945,632	8,781,226
Excess of revenues over (under) expenditures	(107,235)	(67,610)	(270,367)	(136,414)	(581,626)
Other financing uses:					
Operating transfers in (out)	83,904	-	(7,655)	93,463	169,712
Total other financing uses	83,904	-	(7,655)	93,463	169,712
Excess of revenues over (under) expenditures & transfers	(23,331)	(67,610)	(278,022)	(42,951)	(411,914)
Fund balance - beginning of year	7,554,121	2,251,831	4,796,475	9,222,574	23,825,001
Fund balance - end of year	$ 7,530,790	$ 2,184,221	$ 4,518,453	$ 9,179,623	$ 23,413,087

The accompanying notes are an integral part of the basic financial statements.

CITY OF JENKS
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
Year Ended June 30, 2012

Net Change in Fund Balances - Total Governmental Funds	$	(411,914)
Amounts reported for governemental activities in the Statement of Activities are different because:		
Government-Wide Statement of Activities and Changes in Net Assets report OPEB liabilities in the period incurred. However, Governmental Funds do not pay on this liability. The amount of the change for the OPEB liability recorded in the current period.		(29,392)
Governmental Funds report note and lease payments as expenditures. However, in the Government-Wide Statement of Activities and Changes in Net Assets, the principal paid on that liability is applied against the liability. This is the amount of principal recorded in the current period.		1,679,963
Government-Wide Statement of Activities and Changes in Net Assets report accrued compensated absenses in the period incurred. However, Governmental Funds do not pay on this liability until the employee has left employment. The amount of the change in accrued absenses recorded in the current period.		106,483
The interest paid on notes and leases is recorded as an expense in governmental funds and not as a payment against the accrual. However, in the Government-Wide Statement of Activities and Changes in Net Assets, the interest is recorded against the payable. This is the amount of interest paid in the current period.		35,302
Governmental Funds report capital outlay as expenditures. However, in the Government-Wide Statement of Activities and Changes in Net Assets, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.		747,716
Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities and Changes in Net Assets, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in Governmental Funds.		(1,214,390)
Change in Net Assets of Governmental Activities	$	913,768

The accompanying notes are an integral part of the basic financial statements.

CITY OF JENKS
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2012

	Business-type Activities - Enterprise Funds			
	Public Works Authority (Major)	**Aquarium Authority (Major)**	**Industrial Authority (Non-major)**	**Totals**
Assets:				
Cash and investments:				
Cash & cash equivalents (Note 1)	$ 11,764,508	$ 3,058,312	$ 559	$ 14,823,379
Investments, at cost	14,193,182	1,464,682	-	15,657,864
Receivables (net of allowance for uncollectibles):				
Accounts receivable	1,479,237	34,074	-	1,513,311
Interest	3,363	120	-	3,483
Due from other funds	50,902	-	-	50,902
Restricted assets:				
Investments, at cost	390,201	-	-	390,201
Bond fund/cash & investments (Note 1)	239,738	2,510,678	-	2,750,416
Prepaid expenses	-	1,085	-	1,085
Capital assets:				
Land and construction in progress	1,844,562	1,159,173	-	3,003,735
Depreciable buildings, property, equipment and infrastructure, net of depreciation (Notes 1 & 2)	8,918,454	12,779,387	445,576	22,143,417
Deferred charges:				
Bond issue cost, discount, premium (net of accumulated amortization) (Note 1)	154,535	279,027	-	433,562
Total assets	$ 39,038,682	$ 21,286,538	$ 446,135	$ 60,771,355
Liabilities:				
Current liabilities:				
Accounts payable	$ 1,054,461	$ 68,595	$ -	$ 1,123,056
Due to other funds	291,339	-	-	291,339
Accrued compensated absences payable (Note 1)	37,943	43,130	-	81,073
Payable from restricted assets:				
Interest payable	21,581	483,878	-	505,459
Security deposits	390,201	-	-	390,201
Revenue bonds payable (Note 2)	400,000	420,000	-	820,000
Leases payable (Note 2)	-	-	-	-
Notes payable (Note 2)	-	-	20,816	20,816
Non-current liabilities:				
Leases payable (Note 2)	-	-	-	-
Notes payable (Note 2)	-	1,400,000	20,816	1,420,816
Revenue bonds payable (Note 2)	3,845,302	17,406,226	-	21,251,528
Total liabilities	6,040,827	19,821,829	41,632	25,904,288
Net assets:				
Invested in capital assets, net of related debt	6,517,714	(5,287,666)	403,944	1,633,992
Restricted	239,738	2,510,678	-	2,750,416
Unrestricted	26,240,403	4,241,697	559	30,482,659
Total net assets	$ 32,997,855	$ 1,464,709	$ 404,503	$ 34,867,067

The accompanying notes are an integral part of the basic financial statements.

CITY OF JENKS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
Year Ended June 30, 2012

	Business-type Activities - Enterprise Funds			
	Public Works Authority (Major)	Aquarium Authority (Major)	Industrial Authority (Non-major)	Totals
Revenues:				
Water revenue	$ 6,876,822	$ -	$ -	$ 6,876,822
Sewer revenue	1,409,225	-	-	1,409,225
Solid waste revenues	847,373	-	-	847,373
Licenses and permits	77,856	-	-	77,856
Rental receipts	3,600	-	-	3,600
Fees	-	3,200,998	-	3,200,998
Catering	-	489,435	-	489,435
Gift shop	-	160,776	-	160,776
Other charges	391,642	325,828	-	717,470
Miscellaneous	55,136	440,352	-	495,488
Total revenues	9,661,654	4,617,389	-	14,279,043
Operating expenses:				
General and administrative	1,194,219	-	-	1,194,219
Economic development	230,127	-	-	230,127
Cultural and recreational	8,991	-	-	8,991
Water service	5,268,106	-	-	5,268,106
Sewer service	674,442	-	-	674,442
Solid waste service	832,058	-	-	832,058
Aquarium operations	-	3,560,108	-	3,560,108
Depreciation	581,203	485,381	17,218	1,083,802
Total operating expenses	8,789,146	4,045,489	17,218	12,851,853
Income before non-operating revenues, expenses & transfers	872,508	571,900	(17,218)	1,427,190
Non-operating revenues (expenses):				
Interest revenue	51,453	37,332	-	88,785
Interest expense	(269,778)	(1,096,905)	-	(1,366,683)
Sales and use tax	1,579,664	-	-	1,579,664
Amortization	(22,999)	(12,683)	-	(35,682)
Grants and contributions	-	1,179,326	-	1,179,326
Trustee fees	(16,977)	(10,625)	-	(27,602)
Total	1,321,363	96,445	-	1,417,808
Income (loss) before operating transfers	2,193,871	668,345	(17,218)	2,844,998
Transfers in (out)	(203,278)	12,750	20,816	(169,712)
Change in net assets	1,990,593	681,095	3,598	2,675,286
Net assets at beginning of year	31,007,262	783,614	400,905	32,191,781
Net assets at end of year	$ 32,997,855	$ 1,464,709	$ 404,503	$ 34,867,067

The accompanying notes are an integral part of the basic financial statements.

CITY OF JENKS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2012

	Business-type Activities - Enterprise Funds			
	Public Works Authority (Major)	**Aquarium Authority (Major)**	**Industrial Authority (Non-major)**	**Totals**
Cash flows from operating activities:				
Cash received from customers & service users	$ 9,628,849	$ 4,598,319	$ -	$ 14,227,168
Cash payments for goods & services & employees	(7,830,680)	(3,583,797)	-	(11,414,477)
Other operating revenues	55,136	-	-	55,136
Net cash provided by operating activities	1,853,305	1,014,522	-	2,867,827
Cash flows from noncapital financing activities:				
Contributions	-	1,179,326	-	1,179,326
Change in due to/from accounts	-	-	-	-
Sales and use tax	1,579,664	-	-	1,579,664
Operating transfers out to other funds	(2,441,231)	-	-	(2,441,231)
Operating transfers in from other funds	2,237,954	12,750	20,816	2,271,520
Net cash provided (used) for noncapital financing activities	1,376,387	1,192,076	20,816	2,589,279
Cash flows from capital and related financing activities:				
Acquisition & construction of capital assets	(247,909)	(729,475)	-	(977,384)
Principal paid on debt	(4,968,002)	(410,000)	(20,816)	(5,398,818)
Proceeds from new debt issue	4,490,000	-	-	4,490,000
Interest paid on debt	(267,910)	(1,018,071)	-	(1,285,981)
Bond issue costs	(154,535)	-	-	(154,535)
Trustee fees	(16,977)	(10,625)	-	(27,602)
Net cash provided (used) for capital and related financing activities	(1,165,333)	(2,168,171)	(20,816)	(3,354,320)
Cash flows from investing activities:				
(Purchase) liquidation of investments - unrestricted	4,980	(2,015)	-	2,965
Interest on investments	54,071	37,407	-	91,478
Net cash provided by investing activities	59,051	35,392	-	94,443
Net increase (decrease) in cash & cash equivalents	2,123,410	73,819	-	2,197,229
Cash and cash equivalents - beginning of year	9,880,836	5,495,171	559	15,376,566
Cash and cash equivalents - end of year	$ 12,004,246	$ 5,568,990	$ 559	$ 17,573,795
Reconciliation of cash:				
Unrestricted cash & cash equivalents	11,764,508	3,058,312	559	14,823,379
Restricted bond fund/cash	239,738	2,510,678	-	2,750,416
Total	$ 12,004,246	$ 5,568,990	$ 559	$ 17,573,795
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	$ 872,508	$ 571,900	$ (17,218)	$ 1,444,408
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	581,203	485,381	17,218	1,066,584
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	22,331	(19,070)	-	3,261
(Increase) decrease in prepaid expense	-	1,186	-	1,186
Increase (decrease) in accounts payable	391,718	970	-	392,688
Increase (decrease) in accrued expenses	(14,455)	(25,845)	-	(40,300)
Total adjustments	980,797	442,622	17,218	1,423,419
Net cash provided by operating activities	$ 1,853,305	$ 1,014,522	$ -	$ 2,867,827

The accompanying notes are an integral part of the basic financial statements.

CITY OF JENKS
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
June 30, 2012

		Agency Funds
Assets:		
Cash and investments	$	48,956
Total assets	$	48,956
Liabilities:		
Due to others	$	48,956
Total liabilities	$	48,956

The accompanying notes are an integral part of the basic financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Jenks, Oklahoma (the City) complies with accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the City has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the City has chosen not to do so. The more significant accounting policies established in GAAP and used by the City are discussed below.

A. Reporting Entity

The City of Jenks, Oklahoma is organized under Title 11, Chapter 17 of the State of Oklahoma statutes. The City operates under a council-manager form of government and is governed by a seven-member council. The City provides the following services as authorized by its charter: general government, public safety (fire and police), highways and streets, utility service (water, sewer, and sanitation), welfare, culture, parks and recreation, public improvements, planning and zoning.

As required by accounting principles generally accepted in the United States of America, these financial statements present the activities of the City and its component units and trusts, entities for which the City is considered to be financially accountable. Blended component units and trusts, although legally separate entities are, in substance, part of the City's operations and so data from these units are combined with the data of the primary government.

Blended Component Units/Trusts:

The Jenks Public Works Authority (JPWA) was created pursuant to a Trust Indenture, for the benefit of the City of Jenks, Oklahoma. JPWA was established to acquire, construct, develop, equip, operate, maintain, repair, enlarge and remodel water and sanitary sewer facilities for the City of Jenks. The water, sanitary sewer and solid waste disposal systems owned by the City have been leased to JPWA until such date that all indebtedness of the Authority is retired or provided for. JPWA is a public trust and an agency of the State of Oklahoma under Title 60, Oklahoma Statutes 1991, Section 176, et seq., and is governed by a board consisting of seven council members identical with the City Council. JPWA is exempt from State and Federal Income taxes. JPWA is reported as an enterprise fund.

The Jenks Aquarium Authority (JAA) is a public trust created under and pursuant to the provisions of Title 60, Oklahoma Statutes 1991, Section 176, et seq., for the use and benefit of the City of Jenks, Oklahoma. The JAA was created to finance, develop and operate the Oklahoma Aquarium. Four City Council members and three members of the Oklahoma Aquarium Foundation serve as the governing body (Trustees). JAA is exempt from State and Federal Income taxes. JAA is reported as an enterprise fund.

The Jenks Industrial Authority (JIA) is a public trust created under and pursuant to the provisions of Title 60, Oklahoma Statutes 1951, Section 176, et seq., for the use and benefit of the City of Jenks, Oklahoma. JIA was created to promote the development of industry and to provide additional employment in the Jenks, Oklahoma, area. JIA is exempt from State and Federal Income taxes. JIA is reported as an enterprise fund.

B. Measurement Focus, Basis of Accounting and Basis of Presentation – Fund Accounting

The City's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information. Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation – Fund Accounting (Continued)

Government-wide Financial Statements – The statement of net assets and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

The statement of net assets presents the financial condition of the governmental and business-type activities at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for the business-type activities of the City. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on program revenues are presented as general revenues of the city, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the City.

Fund Financial Statements – During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Major funds represent 10% of assets, liabilities, revenues, or expenditures of the corresponding element for all funds of that category *and* is at least 5% of the corresponding element total for all governmental and enterprise funds combined *or* is a fund that the government believes is important enough for financial statement users to be reported as a major fund. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

Fund Accounting – The accounts of the City are organized and operated on the basis of funds. A fund is an independent fiscal accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. There are three categories of funds: governmental, proprietary and fiduciary.

Governmental Funds – are used to account for the government's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation – Fund Accounting (Continued)

Sales taxes, use taxes, gasoline excise taxes and motor vehicle taxes collected and held by the state and county at year-end on behalf of the City are susceptible to accrual and are recognized as revenue. Other receipts and taxes (franchise taxes, licenses, etc.) become measurable and available when cash is received by the government and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The following are the City's major governmental funds:

General Fund – is the general operating fund of the City. It accounts and reports for all financial resources not required to be reported in another fund.

Debt Service Fund – accounts for and report financial resources that are restricted, committed, or assigned to principal and interest payments. At balance sheet date there is no known bond, coupon, or judgment indebtedness outstanding.

2010 GO Bond Fund – which accounts for and reports resources that are restricted, committed, or assigned to expenditure for the acquisition or construction of major capital facilities, other than those activities financed by proprietary activities or held in trust for individuals, private organizations or other governments.

Other governmental funds of the City that are considered non-major funds include:

Special Revenue Funds – account for specific revenue sources that are legally restricted or committed to expenditures for specific purposes (not including major capital projects). The following are the City's Special Revenue Funds: Street and Alley, Skyline Improvement, E-911, Aquarium Project, Police Seizure, Senior Citizens, Home Rebate, City Risk Management, Community Service, Economic Development, Economic Development Accommodation, TIF District #1 and Park Recreation Funds.

Capital Projects Funds – which accounts for and reports resources that are restricted, committed, or assigned to expenditure for the acquisition or construction of major capital facilities, other than those activities financed by proprietary activities or held in trust for individuals, private organizations or other governments. Capital Project Funds of the City include the 1978 Sanitary Sewer, 2002 GO Bond, 1991 GO Bond, 2006 GO Bond, CDBG and 1998 Roadway Improvement WWTP Funds.

Permanent Funds – account for and report resources that are restricted to the extent that only earnings (not principal) may be used for purposes that support the reporting government's programs, excluding private-purpose trusts. The fund is accounted for using the modified accrual basis of accounting and the measurement focus is essentially the flow of current financial resources. The City's permanent funds are composed of the Riverwalk Improvement District and the TIF District #1.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation – Fund Accounting (Continued)

Proprietary Funds – are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. In compliance with the Governmental Accounting Standards Board (GASB) Statement No. 20 the City has adopted only Financial Accounting Standards Board (FASB), Accounting Principles Board (APB) and Accounting Research Board (ARB) materials issued on or before November 30, 1989 that do not conflict with GASB. Proprietary funds are classified as enterprise.

Enterprise Funds – are used to account for those operations that are financed and operated in a manner similar to private business where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where the governing body has decided that the determination of revenues earned, costs incurred and/or net income is necessary for capital maintenance, public policy or management accountability.

The following are the City's major enterprise funds:

Jenks Public Works Authority – accounts for the operations of providing public works (water, sewer and sanitation) to the City.

Jenks Aquarium Authority – accounts for the operations of the Oklahoma Aquarium.

The other enterprise fund of the City that is considered a non-major fund includes:

Jenks Industrial Authority – accounts for promotion of the development of industry and provides additional employment in the Jenks, Oklahoma area.

Fiduciary Funds – account for assets held by the government in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the government under the terms of a formal trust agreement. Agency funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. These funds are used to account for assets that the government holds for others in an agency capacity. The City's only fiduciary funds are agency funds that are composed of the Municipal Court Fund.

C. Assets, Liabilities and Equity

1. Deposits and Investments

Oklahoma Statutes authorize the City to invest in certificates of deposit, repurchase agreements, passbooks, bankers' acceptances, and other available bank investments provided that all deposits are fully covered by approved securities pledged to secure those funds. In addition, the City can invest in direct debt securities of the United States unless law expressly prohibits such an investment.

For financial statement presentation and for purposes of the statement of cash flows, the City's cash and cash equivalents are considered to be cash on hand, demand deposits and certificates of deposit with maturity date of three months or less. Debt instruments with a maturity date of more than three months from date of issue are considered to be investments. Investments are stated at cost.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Assets, Liabilities and Equity (Continued)

2. Restricted Cash and Investments

The restricted bond fund cash and investments are the result of financial requirements of bond issues and consist of funds held in Bond Fund Reserve Accounts, Bond Fund Principal Accounts, Bond Fund Interest Accounts, Construction Accounts, and Sales Tax Revenue Accounts. Under the terms and provisions of the Bond Indenture, these special accounts and reserve funds are maintained with the Trustee bank for the benefit of the holders of the bonds and are not subject to lien or attachment by any other creditors. These accounts and reserve funds are to be maintained so long as any bonds are outstanding. Monies contained in the accounts and reserve funds held by the Trustee are required to be continuously invested in authorized securities that mature not later than the respective dates when the funds shall be required for the purpose intended by the trust indenture.

3. Fair Value of Financial Instruments

The City's financial instruments include cash and cash equivalents, investments, accounts receivable and accounts payable. The City's estimates of the fair value of all financial instruments do not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

4. Estimates

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

5. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due from other/due to other funds".

6. Inventories

Inventories in both governmental funds and proprietary funds normally consist of minimal amounts of expendable supplies held for consumption. The costs of such inventories are recorded as expenditures when purchased rather than when consumed.

7. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported in the business-type activities column of the government-wide statement of net assets and in the respective funds. All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of $1,000 for the governmental and proprietary funds.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Assets, Liabilities and Equity (Continued)

7. Capital Assets (Continued)

The City's infrastructure consists of roads, bridges, culverts, curbs and gutter, streets and sidewalks, drainage system, lighting systems and similar assets that are immovable and of value only to the City. Such infrastructure assets acquired are capitalized in accordance with the requirements of GASB 34. Improvements are capitalized; the costs of normal maintenance and repairs that do not add value of the asset or materially extend an asset's life are not capitalized. Major outlays for capital assets and improvements are capitalized in proprietary funds as projects are constructed. Interest incurred during the construction phase of proprietary fund capital assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

All reported capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement.

Depreciation is computed using the straight-line method over the following estimated useful lives:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Buildings	10 - 40 years	10 - 40 years
Other improvements	5 - 40 years	5 - 40 years
Equipment and vehicles	3 - 300 years	3 - 300 years
Infrastructure	5 - 50 years	5 - 50 years

8. Deferred Charges

Bond project costs and bond issue costs are amortized ratably over the repayment period of the applicable bond using the straight-line method. Deferred loss on early retirement of debt is being amortized over the life of the refunded issue and is presented net of related debt as required by Governmental Accounting Standards Board Statement No. 23.

9. Compensated Absences

Employees are granted vacation and sick leave based upon length of employment. In the event of termination, the employee is paid for accumulated vacation leave. Payment of sick leave is restricted to those with more than 60 days of accumulated benefits and is limited to a maximum of $500. Vacation and sick leave is recorded when incurred and sick leave is recorded when vested. The expense and related liability for vested vacation benefits and sick leave is recorded in the respective funds of the City or component unit. The liability is computed based on pay rates in effect as of June 30, 2012.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Assets, Liabilities and Equity (Continued)

10. Long-term Obligations

The accounting and reporting treatment applied to long-term liabilities associated with a fund are determined by its measurement focus. All governmental fund types are accounted for on a spending "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and liabilities (whether current or non-current) associated with their activity are included on their balance sheets. Therefore, long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate funds.

11. Net Assets/Fund Balance

In the government-wide financial statement, net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws or other governments, or are imposed by law through constitutional provisions or enabling legislation.

In the fund financial statements, governmental funds report the hierarchy of fund balances. The hierarchy is based primarily on the degree of spending constraints placed upon use of resources for specific purposes versus availability of appropriation. An important distinction that is made in reporting fund balance is between amounts that are considered *nonspendable* (i.e., fund balance associated with assets that are *not in spendable form,* such as inventories or prepaid items, long-term portions of loans and notes receivable, or items that are legally required to be maintained intact (such as the corpus of a permanent fund)) and those that are *spendable* (such as fund balance associated with cash, investments or receivables).

Amounts in the *spendable* fund balance category are further classified as *restricted, committed, assigned* or *unassigned*, as appropriate.

Restricted fund balance represents amounts that are constrained either externally by creditors (such as debt covenants), grantors, contributors or laws or regulations of other governments; or by law, through constitutional provisions or enabling legislation.

Committed fund balance represents amount that are useable only for specific purposes by formal action of the government's highest level of decision-making authority. Such amounts are not subject to legal enforceability (like restricted amounts), but cannot be used for any other purpose unless the government removes or changes the limitation by taking action similar to that which imposed the commitment. The City Ordinance is the highest level of decision-making authority of the City.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Assets, Liabilities and Equity (Continued)

11. Net Assets/Fund Balance (Continued)

Assigned fund balance represents amounts that are *intended* to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by the governing body itself, or a subordinated high-level body or official who the governing body has delegated the authority to assign amounts to be used for specific purposes. Assigned fund balances includes all remaining spendable amounts (except negative balances) that are reported in governmental funds *other than the general fund*, that are neither restricted nor committed, and amounts in the general fund that are intended to be used for specific purpose in accordance with the provisions of the standard.

Unassigned fund balance is the residual classification for the general fund. It represents the amounts that have not been assigned to other funds, and that have not been restricted, committed, or assigned to specific purposes within the general fund.

12. Resource Use Policy

It is in the City's policy for all funds that when an expenditure/expense is incurred for purposes for which both restricted and unrestricted resources, including fund balances, are available, the City considers restricted amounts to be spent first before any unrestricted amounts are used. Furthermore, it is the City's policy that when an expenditure/expense is incurred for purposes for which committed, assigned, or unassigned resources, including fund balances, are available, the City considers committed amounts to be spent first, followed by assigned amounts and lastly unassigned amounts.

2. DETAILED NOTES CONCERNING THE FUNDS

A. Deposits and Investments

Custodial Credit Risk

At June 30, 2012, the City held deposits of approximately $56,311,927 at financial institutions. These institutions are required by law to pledge securities in addition to Federal Deposit Insurance Corporation (FDIC) insurance at least equal to the amount on deposit at all times. As of June 30, 2012, the balances in cash and certificates of deposit were fully secured.

Investment Interest Rate Risk

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

Investment Credit Risk

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

a. Direct obligations of the U.S. Government, its agencies and instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
b. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.

2. DETAILED NOTES CONCERNING THE FUNDS (Continued)

A. Deposits and Investments (Continued)

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.-d.).

The investments held at June 30, 2012 are as follows:

Type	Weighted Average Maturity (Months)	Credit Rating	Market Value	Cost
Investments				
Money Market	N/A	AAAm	$ 8,907,811	$ 8,907,811
Certificate of deposit	6.32	N/A	22,981,258	22,994,359
Total investments			$ 31,889,069	$ 31,902,170

Reconcilation to Statement of Net Assets	
Governmental activities	$ 15,834,449
Business-type activities	16,048,679
Agency funds	19,042
	31,902,170

Concentration of Investment Credit Risk

The City places no limit on the amount it may invest in any one issuer. The City has the following of credit risk: 72% in Certificates of deposit ($22,994,359) and 28% in money market funds ($8,907,811).

B. Uncollectible Accounts

The City's estimate of uncollectible accounts receivable by fund and activity is as follows:

	General Fund	Jenks Public Works Authority
Fines	$ 317,180	$ -
Utilties	-	250,353
Total	$ 317,180	$ 250,353

2. DETAILED NOTES CONCERNING THE FUNDS (Continued)

C. Capital Assets

Primary Government capital asset activity for the year ended is as follows:

Governmental Activities:	Balance 6/30/11	Additions	Disposals	Balance 6/30/12
Non-depreciable assets:				
Land	$ 1,640,504	$ -	$ -	$ 1,640,504
Construction in progress	2,979,177	519,775	-	3,498,952
Total non-depreciable assets	4,619,681	519,775	-	5,139,456
Depreciable assets:				
Buildings and improvements	6,889,745	5,225	-	6,894,970
Furniture, fixtures and equipment	3,395,511	217,974	-	3,613,485
Infrastructure	12,887,182	4,742	-	12,891,924
Total depreciable assets	23,172,438	227,941	-	23,400,379
Less accumulated depreciation:				
Buildings and improvements	(1,751,574)	(342,124)	-	(2,093,698)
Furniture, fixtures and equipment	(2,529,730)	(202,007)	-	(2,731,737)
Infrastructure	(649,108)	(670,259)	-	(1,319,367)
Total accumulated depreciation	(4,930,412)	(1,214,390)	-	(6,144,802)
Net depreciable assets	18,242,026	(986,449)	-	17,255,577
Net governmental activities capital assets	$ 22,861,707	$ (466,674)	$ -	$ 22,395,033

2. DETAILED NOTES CONCERNING THE FUNDS (Continued)

C. Capital Assets (Continued)

Business-Type Activities:	Balance 6/30/11	Additions	Disposals	Balance 6/30/12
Non-depreciable assets:				
Land	$ 1,737,561	$ -	$ -	$ 1,737,561
Construction in progress	998,327	710,142	442,295	1,266,174
Total non-depreciable assets	2,735,888	710,142	442,295	3,003,735
Depreciable assets:				
Buildings and improvements	19,082,268	447,649	-	19,529,917
Furniture, fixtures and equipment	1,727,029	264,379	-	1,991,408
Exhibits	4,838,600	-	-	4,838,600
Infrastructure	7,150,277	-	-	7,150,277
Total depreciable assets	32,798,174	712,028	-	33,510,202
Less accumulated depreciation:				
Buildings and improvements	(5,182,953)	(526,151)	-	(5,709,104)
Furniture, fixtures and equipment	(1,161,524)	(181,344)	-	(1,342,868)
Exhibits	(874,551)	(128,781)	-	(1,003,332)
Infrastructure	(3,081,173)	(230,308)	-	(3,311,481)
Total accumulated depreciation	(10,300,201)	(1,066,584)	-	(11,366,785)
Net depreciable assets	22,497,973	(354,556)	-	22,143,417
Net business-type activities capital assets	$ 25,233,861	$ 355,586	$ 442,295	$ 25,147,152

Depreciation expense was charged as a direct expense of the various programs.

2. DETAILED NOTES CONCERNING THE FUNDS (Continued)

D. Inter-fund Receivables and Payables

The following schedule reflects the City's inter-fund due from and due to other governmental funds, which have been eliminated in the statement of net assets presentation in accordance with GASB 34:

	Due From	Due To
General Fund:		
JPWA	$ 245,913	$ 902
Special Revenue Funds:		
Skyline:		
JPWA	24,509	50,000
Risk Management:		
JPWA	5,000	-
Debt Service:		
G.O. Sinking Fund:		
JPWA	15,918	-
Enterprise Funds:		
JPWA:		
General Fund	902	245,913
Sinking Fund	-	15,918
Risk Management	-	5,000
Skyline	50,000	24,509
Total all funds	$ 342,242	$ 342,242

E. Capitalized Leases

The City has entered into a capitalized lease for the acquisition of police cars. The lease agreements met the criteria of a capital lease as defined by *FASB Accounting Standards Codification* (ASC) 840-10 (Formerly FAS No. 13), *Accounting for Leases*, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds. These expenditures are reported as expenditures on the fund financial statements.

Lease payable to BancFirst, dated February 2, 2009, in the original amount of $78,493, payable in 36 monthly installments of $2,390, including interest at 6.0% for the purchase of 3 police cars. This lease was paid off in the current year.

Lease payable to BancFirst, dated October 25, 2010, in the original amount of $140,800, payable in 36 monthly installments of $4,161, including interest at 4.0% for the purchase of 5 police units.

The following is a summary of capitalized lease transactions for the year:

	Balance July 1, 2011	Additions	Payments and Cancellations	Balance June 30, 2012	Current Portion 6/30/2012
Capital lease obligations	$ 129,658	$ -	$ 64,963	$ 64,695	$ 48,192

2. DETAILED NOTES CONCERNING THE FUNDS (Continued)

F. Long-term Debt

The City's long-term debt is described below, segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities.

The governmental long-term debt of the financial reporting entity consisted of the following:

Note payable to BancFirst, dated June 4, 2009, in the original amount of $1,300,000, payable in monthly installments of $12,637.81 for 15 years, including interest at 8% for the construction of a RiverWalk building. A note receivable has also been issued by the City of Jenks with RWC Management, LLC who takes control of the building upon completion and is responsible for paying to the City a special assessment fee monthly. This note was paid off in the current year.

Note payable to BancFirst, dated November 6, 2010, in the original amount of $2,000,000, payable in quarterly installments of $136,048.55 for 4 years, including interest at 4.089% for the construction of a building. Note payments are set to begin January 6, 2014. A note receivable has also been issued by the City of Jenks with Village on Main who takes control of the building upon completion and is responsible for paying to the City a special assessment fee monthly. Only $1,938,529.04 has been drawn at this time.

General obligation bonds were issued for the City of Jenks for various municipal improvements and projects. These bonds are approved by the voters and repaid with property taxes recorded in the Debt Service Fund. These bonds are required to be fully paid within 25 years from the date of issue and are backed by the full faith and credit of the City.

The City issued General Obligation Bonds Series 1999 at an original issue amount of $3,700,000 with varying interest rates from 3.45% to 4.40% and a maturity date of January 2019.

The City issued General Obligation Bonds Series 2002 at an original issue amount of $5,970,000 with varying interest rates from 0.125% to 10.0% and a maturity date of January 2022.

The City issued General Obligation Bonds Series 2006 at an original issue amount of $16,090,000 with varying interest rates from 4% to 5% and a maturity date of February 2026.

The City issued General Obligation Bonds Series 2010 at an original issue amount of $5,200,000 with varying interest rates from 2.25% to 5.25% and a maturity date of June 2030.

2. DETAILED NOTES CONCERNING THE FUNDS (Continued)

F. Long-term Debt (Continued)

The following is a summary of long-term debt transactions of the Governmental Activities of the City:

	Balance Outstanding 7/1/11	Issued	Retired, or Defeased During Year	Balance Outstanding 6/30/12	Current Portion 6/30/12
Governmental Activities:					
Bancfirst Note Payable	$ 1,934,929	$ 3,600	$ -	$ 1,938,529	$ -
Bancfirst Note Payable	1,227,208	-	(1,227,208)	-	-
2010 GO Bond	5,200,000	-	(250,000)	4,950,000	275,000
1999 GO Bond	1,600,000	-	(200,000)	1,400,000	200,000
2002 GO Bond	3,465,000	-	(315,000)	3,150,000	315,000
2006 GO Bond	12,750,000	-	(850,000)	11,900,000	850,000
Total	$ 26,177,137	$ 3,600	$ (2,842,208)	$ 23,338,529	$ 1,640,000

The business-type long-term debt of the financial reporting entity consisted of the following:

Jenks Public Works Authority:

In 2002, the Jenks Public Works Authority issued $7,240,000 in Revenue Bonds, Series 2002. The revenue bonds have interest rates varying from 1.80% to 5.15% and a maturity date of June 2022. This bond was refunded into the 2012 refunding bond below.

In 2012, the Jenks Public Works Authority issued $4,490,000 in a Refunding Revenue Bonds, Series 2012. The revenue bonds have interest rates varying from 1.40% to 2.5% and a maturity date of June 2022.

Lease payable to Bancfirst, dated October 13, 2008, in the original amount of $25,029, payable in 36 monthly installments of $759, including interest at 5.74% for the purchase of a vehicle. This lease was paid off in the current year.

Jenks Aquarium Authority:

Notes payable - The Authority has a note payable to BancFirst for $1,400,000. The note bears an interest rate of 4.0% and maturity is extended to April 12, 2013. Aquarium revenues are pledged as collateral on this note.

Jenks Aquarium Authority Revenue Bonds, Series 2004 - The Jenks Aquarium Authority Revenue Bonds, Series 2004 were issued in April 2004 to refund the Jenks Aquarium Authority Revenue Bonds, Series 2000 and to repay debt owed to the Jenks Public Works Authority through refunding Jenks Public Works Authority Revenue Bonds, Series 2003. The proceeds were also used to retire outstanding promissory notes between the Jenks Public Works Authority and the Jenks Aquarium Authority. The interest rates on the bonds vary from 1.50% to 5.25%.

Jenks Industrial Authority:

Note payable to Oklahoma Department of Commerce, payable in quarterly installments of $5,204, non-interest bearing.

2. DETAILED NOTES CONCERNING THE FUNDS (Continued)

F. Long-term Debt (Continued)

The following is a summary of long-term debt transactions of the Business-Type Activities of the City:

	Balance Outstanding 7/1/11	Issued	Retired, or Defeased During Year	Balance Outstanding 6/30/12	Current Portion 6/30/12
Business-type activities					
Notes payable	$ 1,462,448	$ -	$ (20,816)	$ 1,441,632	$ 20,816
Leases payable	3,001	-	(3,001)	-	-
Revenue bonds payable	24,205,000	4,490,000	(5,375,000)	23,320,000	820,000
Less: Deferred Loss on Early Retirement of Debt	(1,112,532)	(244,698)	108,758	(1,248,472)	-
Total business-type activities	$ 24,557,917	$ 4,245,302	$ (5,290,059)	$ 23,513,160	$ 840,816

The annual debt service requirements to maturity, including principal, interest and administrative fees, for long-term debt are as follows:

Governmental Activities

Year Ending June 30,	Principal	Interest	Total
2013	$ 1,688,192	$ 976,164	$ 2,664,356
2014	1,889,311	937,643	2,826,954
2015	2,119,737	874,032	2,993,769
2016	2,139,389	684,699	2,824,088
2017	2,160,054	602,003	2,762,057
2018-2022	7,806,540	2,006,330	9,812,870
2023-2027	4,775,000	745,512	5,520,512
2028-2030	825,000	67,788	892,788
Total	$ 23,403,223	$ 6,894,171	$ 30,297,394

Business-Type Activities

Year Ending June 30,	Principal	Interest	Total
2013	$ 840,816	$ 1,051,237	$ 1,892,053
2014	2,280,816	1,014,586	3,295,402
2015	880,000	986,335	1,866,335
2016	915,000	953,454	1,868,454
2017	945,000	921,260	1,866,260
2018-2022	5,275,000	4,056,260	9,331,260
2023-2027	3,775,000	3,022,107	6,797,107
2028-2032	4,880,000	1,891,651	6,771,651
2033-2035	4,970,000	430,800	5,400,800
Total	24,761,632	14,327,690	39,089,322

3. OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; employee health benefits; unemployment; and natural disasters. The City has established a self insurance fund to cover deductibles on claims related to destruction, theft or damage of assets. Losses related to other risks or those exceeding deductibles are covered by commercial insurance. Management believes that such coverage 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.

B. Contingent Liabilities

The City is a defendant in ongoing litigation and various legal actions arising from normal governmental activities. Although most of such actions are covered by insurance, certain actions might have some degree of exposure to the City. The outcome of these lawsuits is not presently determinable, and it is not known if the resolution of these matters will have a material adverse effect on the financial condition of the City.

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

C. Employee Retirement System and Plans

City employees participate in three retirement plans, which are discussed below:

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

1. Oklahoma Police Pension and Retirement Fund

All City police department employees hired before age 45 are covered by a statewide cost sharing multi-employer defined benefit plan adopted under Oklahoma Statutes. This plan is operated and administered by the Oklahoma Police Pension and Retirement System (OPPRS). Under this plan, police department personnel contribute 8.0% of base salary and the City contributes an additional 13.0%. The OPPRS issue publicly available financial reports that include financial statements and required supplementary information for the fund. These reports may be obtained by writing to the Oklahoma Police Pension and Retirement System, 101 NW 63rd Street, Suite 305, Oklahoma City, OK 73116-7335, or by calling 1-800-347-6552.

The required contribution from the City for these plans was $99,749, $95,165 and $90,688 for 2012, 2011 and 2010, respectively. The required contribution was fully contributed. At June 30, 2012 the system held no related-party investments of the City or of its related entities.

3. OTHER INFORMATION (Continued)

C. Employee Retirement System and Plans (Continued)

2. Oklahoma Firefighter's Pension and Retirement Fund

All City fire department employees hired before age 45 are covered by a statewide cost sharing multi-employer defined benefit plan adopted under Oklahoma Statutes. This plan is operated and administered by the Oklahoma Firefighters Pension and Retirement System (OFPRS). Under this plan, fire department personnel contribute 8.0% of base salary and the City contributes an additional 13.0%. The OFPRS issue publicly available financial reports that include financial statements and required supplementary information for the fund. These reports may be obtained by writing to the Oklahoma Firefighters Pension and Retirement System, 4545 North Lincoln Blvd., Suite 265, Oklahoma City, OK 73105-3414, or by calling 1-800-525-7461.

The required contribution from the City for these plans was $103,833, $103,783 and $101,835 for 2012, 2011 and 2010, respectively. The required contribution was fully contributed. At June 30, 2012 the system held no related-party investments of the City or of its related entities.

3. Defined Contribution Plan Description

The City participates in a defined contribution plan administered by the ICMA Retirement Corporation. Plan provisions are established or amended by City Council resolution. The City and its related entities are required to contribute 6.8% of annual covered payroll. Participants may make voluntary contributions to the plan. For the fiscal year ended June 30, 2012, 2011 and 2010, actual contributions by the City and plan participants were $174,830, $182,814 and $184,400, respectively. The plan participants include all employees. Participants vest after one year of service and are entitled to 100 percent of vested contributions. The plan is a variable funding option plan where the contribution may be varied from year to year by the employer.

D. Other Post-Employment Benefits

Plan Description

The City provides post-retirement benefit options for health care, prescription drug, dental and vision benefits for retired employees and their dependents that elect to make required contributions. The benefits are provided in accordance with State law, police and firefighter's union contracts and the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). The relationship for these benefits is not formalized in a contract or plan document, only a few sentences in the administrative policy. These benefits are considered for accounting purposes to be provided in accordance with a single employer substantive plan. A substantive plan is one in which the plan terms are understood by the city and plan members. This understanding is based on communications between the employers and plan member and the historical pattern of practice with regard to the sharing of benefit costs. Substantially all of the government's employees may become eligible for those post-retirement benefits if they reach normal retirement age while working for the City. As of June 30, 2012, approximately 3 of the retired employees are receiving benefits under this plan.

3. OTHER INFORMATION (Continued)

D. Other Post-Employment Benefits (Continued)

Funding Policy

The contribution requirement of the City is an implicit subsidy. The implicit subsidy is not a direct payment from the employer on behalf of the member but rather stems from retiree contribution levels that are less than the claims cost at retiree ages. Since claims experience for employees and non-Medicare eligible retirees are pooled when determining premiums, these retired members pay a premium based on a pool of members that, on average, are younger and healthier. There is an implicit subsidy from the employee group since the premiums paid by the retirees are lower than they would have been if the retirees were insured separately. The subsidies are valued using the difference between the age-based claims costs and the premium paid by the retiree. The amount required to fund the implicit rate is based on projected pay-as-you-go financing requirements. Plan members receiving benefits contributed $18,285, or approximately 100 percent of the total premiums, through their required contribution of $507.93 per month for retiree medical coverage.

Annual OPEB Cost and Net OPEB Obligation

The City's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. GASB 45 requires entities with over 200 employees to have the actuarial valuation performed biennially. The following table shows the components of the City's annual OPEB cost the amount actually contributed to the plan, and changes in the City's net OPEB obligation for the year ended June 30, 2012:

Current Service Cost ($54,762) + Amortization Amount ($30,474) = Total Contribution ($85,236).
OPEB obligation for retired employees as determined by Actuarial is $479,311.

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

Actuarial Valuation Date	Value of Assets	Asset Valuation Basis	Actuarial Accrued Liability (AAL)*	Unfunded AAL (UAAL)	Funded Ratio
6/30/2012	$ -	Actuarial	$ 479,311	$ 479,311	0.0%

3. OTHER INFORMATION (Continued)

D. Other Post-Employment Benefits (Continued)

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. In the June 30, 2012, actuarial valuation, since the City does not pre-fund the retiree healthcare benefits, a discount rate of 5.25% was used. There were no assets to determine the actuarial value of assets. The UAAL is being amortized over 30 years as level payments. The remaining amortization period at June 30, 2012, was twenty-nine years.

4. PRIOR PERIOD ADJUSTMENT

The prior period adjustment in the Governmental Activities on the Government-Wide Financial Statements is due to correction of a lease payable not recorded in the prior year.

5. SUBSEQUENT EVENTS

Management has evaluated subsequent events through date of the auditors' report, which is the date the financial statements were available to be issued and has determined that no additional information needs to be added to the financial statements.

CITY OF JENKS
REQUIRED SUPPLEMENTAL INFORMATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (GAAP BUDGETARY BASIS) AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2012
(Unaudited)

GENERAL FUND

	Budgeted Amounts			
	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues:				
Charges for services	$ 59,160	$ 59,160	$ 75,426	$ 16,266
Licenses and permits	246,993	246,993	199,977	(47,016)
Interest	63,750	63,750	9,670	(54,080)
Franchise fees	989,400	989,400	883,828	(105,572)
Intergovernmental programs	32,640	32,640	27,352	(5,288)
Fines and forfeits	175,000	175,000	266,926	91,926
Rental receipts	816	816	1,960	1,144
Miscellaneous revenue	40,800	40,800	94,251	53,451
Taxes	3,675,366	3,675,366	3,287,859	(387,507)
Sale of property	-	-	-	-
Donations and other	-	-	-	-
Total revenues	5,283,925	5,283,925	4,847,249	(436,676)
Expenditures:				
Current:				
General government	880,555	880,555	867,630	12,925
Economic development	74,450	74,450	55,579	18,871
Public safety	4,024,087	4,024,087	3,434,098	589,989
Highways, roads, & airport	320,670	320,670	268,572	52,098
Cultural & recreational	283,040	283,040	259,554	23,486
Debt Service:				
Principal	66,500	66,500	64,963	1,537
Interest expense	5,000	5,000	4,088	912
Capital outlay	-	-	-	-
Total expenditures	5,654,302	5,654,302	4,954,484	699,818
Excess of revenue over (under) expenditures	(370,377)	(370,377)	(107,235)	263,142
Other financing sources (uses):				
Operating transfers in (out)	37,200	37,200	83,904	46,704
Total other financing sources	37,200	37,200	83,904	46,704
Net changes in fund balance	(333,177)	(333,177)	(23,331)	309,846
Fund balance at beginning of year	7,554,121	7,554,121	7,554,121	-
Fund balance at end of year	$ 7,220,944	$ 7,220,944	$ 7,530,790	$ 309,846

The Notes to Required Supplemental Information are an integral part of this statement.

CITY OF JENKS
REQUIRED SUPPLEMENTAL INFORMATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (GAAP BUDGETARY BASIS) AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2012
(Unaudited)

SPECIAL REVENUE FUNDS

	Budgeted Amounts			
	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues:				
Taxes	$ 59,000	$ 59,000	$ 152,023	$ 93,023
Rental receipts	-	-	-	-
Fees and assessments	90,160	90,160	216,586	126,426
Grant revenue	-	-	23,020	23,020
Licenses and permits	-	-	51,250	51,250
Interest	-	-	5,806	5,806
Miscellaneous	-	-	91,570	91,570
Total revenues	149,160	149,160	540,255	391,095
Expenditures:				
Economic development	500,000	500,000	20,038	479,962
General government	150,000	150,000	114,443	35,557
Public safety	92,160	92,160	69,319	22,841
Highways, roads & airport	90,000	90,000	64,019	25,981
Cultural & recreation	250,000	250,000	27,217	222,783
Capital outlay	1,150,000	1,150,000	177,759	972,241
Total expenditures	2,232,160	2,232,160	472,795	1,759,365
Excess of revenue over (under) expenditures	(2,083,000)	(2,083,000)	67,460	2,150,460
Other financing sources (uses):				
Operating transfers in (out)	100,000	100,000	93,463	(6,537)
Net changes in fund balance	(1,983,000)	(1,983,000)	160,923	2,143,923
Fund balance at beginning of year	5,719,961	5,719,961	5,719,961	-
Fund balance at end of year	$ 3,736,961	$ 3,736,961	$ 5,880,884	$ 2,143,923

The Notes to Required Supplemental Information are an integral part of this statement.

CITY OF JENKS
REQUIRED SUPPLEMENTAL INFORMATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (GAAP BUDGETARY BASIS) AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2012
(Unaudited)
CAPITAL PROJECTS FUND

	Budgeted Amounts			
	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues:				
Interest	$ -	$ -	$ 2,685	$ 2,685
Intergovernment programs	-	-	-	-
Donations and other	-	-	-	-
Miscellaneous	191,000	191,000	49,303	(141,697)
Total revenues	191,000	191,000	51,988	(139,012)
Expenditures:				
General government	338,800	338,800	-	338,800
Highways, roads & airport	-	-	-	-
Interest expense	-	-	-	-
Capital outlay	2,325,000	2,325,000	297,081	2,027,919
Total expenditures	2,663,800	2,663,800	297,081	2,366,719
Excess of revenue over (under) expenditures	(2,472,800)	(2,472,800)	(245,093)	2,227,707
Other financing sources (uses):				
Operating transfers in (out)	135,000	135,000	-	(135,000)
Net changes in fund balance	(2,337,800)	(2,337,800)	(245,093)	2,092,707
Fund balance at beginning of year	3,149,275	3,149,275	3,149,275	-
Fund balance at end of year	$ 811,475	$ 811,475	$ 2,904,182	$ 2,092,707

The Notes to Required Supplemental Information are an integral part of this statement.

CITY OF JENKS
Jenks, Oklahoma

NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
For the Fiscal Year Ended June 30, 2012
(Unaudited)

BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP) for all governmental funds. The enterprise funds and internal service fund adopt budgets on the non-GAAP basis wherein service fees, bond and note proceeds are recognized as revenue, principal payments on debt and capital expenditures are recognized as expenses, and depreciation expense is not budgeted. Annual appropriated budgets are not adopted for the agency funds. Budgetary data for enterprise funds, internal service, and permanent funds are not presented in these financial statements.

Prior to July 1, the City Manager (not an elected official) submits a proposed operating budget for the fiscal year commencing July 1, to the Commissioners (elected officials). Public hearings are held at regular or special meetings to obtain taxpayer input. Prior to July 1, the budget is legally enacted through passage of a budget resolution. The operating budget, for all budgeted funds, includes proposed expenditures and the means of financing. Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department which includes general government; public safety; highways, roads & airport; cultural & recreational; and administrative; and included within each department it is divided by class as follows: personal services, maintenance and operations, capital outlay, transfers, and debt service. This constitutes the legal level of control. Expenditures may not exceed appropriations at this level. A more detailed budget is used for operating purposes. All budget revisions at the legal level are subject to final approval by the City Council. Within these control levels, management may transfer appropriations without council approval. Revisions to the budget were made during the year in accordance with the provisions of the Oklahoma Statutes. All annual appropriations lapse at year-end.

The City uses encumbrance accounting. Encumbrances are recorded when purchase orders are issued but generally are not considered expenditures until liabilities for payments are incurred. At year-end, open purchase orders are reviewed and payments are made on those where the receipt of goods and services is eminent. The remaining purchase orders (and encumbrances) are cancelled and reissued during the following year. There are no outstanding encumbrances at year-end.

CITY OF JENKS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2012

	Special Revenue								
	Police Seizure Fund	**Street & Alley Fund**	**Park Recreation Fund**	**Community Service Fund**	**Senior Citizen Fund**	**Home Rebate Fund**	**City Risk Management Fund**	**Aquarium Project Fund**	**Economic Develop-ment Fund**
Assets:									
Cash and equivalents	$ 3,032	$ 327,658	$ 38,459	$ -	$ 547	$ 4,281	$ 342,499	$ -	$ 82,644
Investments at cost	-	159,569	461,807	-	2,282	177,518	284,444	-	2,846,722
Accounts receivable, net	-	29,355	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	5,000	-	-
Interest receivable	-	-	163	-	-	4	-	-	1,187
Total assets	$ 3,032	$ 516,582	$ 500,429	$ -	$ 2,829	$ 181,803	$ 631,943	$ -	$ 2,930,553
Liabilities:									
Accounts payable	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Due to other funds	-	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-	-	-	-
Fund balances:									
Restricted	3,026	515,138	498,578	-	2,821	181,614	629,531	-	2,922,357
Committed	6	1,444	1,851	-	8	189	2,412	-	8,196
Unassigned	-	-	-	-	-	-	-	-	-
Total fund balances	3,032	516,582	500,429	-	2,829	181,803	631,943	-	2,930,553
Total liabilities and fund balances	$ 3,032	$ 516,582	$ 500,429	$ -	$ 2,829	$ 181,803	$ 631,943	$ -	$ 2,930,553

CITY OF JENKS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2012

	Special Revenue				Capital Projects			
(Continued)	**Skyline Improvement Fund**	**Economic Development Accomodation Fund**	**TIF District #1 Fund**	**E-911 Fund**	**1978 Sanitary Sewer Fund**	**2002 GO Bond Fund**	**1991 GO Bond Fund**	**CDBG Fund**
Assets:								
Cash and equivalents	$ 10,842	$ 486,038	$ 41	$ 302,869	$ 68	$ 19,854	$ 3,189	$ 886
Investments at cost	11,295	-	-	314,211	-	41,576	69,667	-
Accounts receivable, net	-	7,902	-	6,936	-	-	-	-
Due from other funds	24,509	-	-	-	-	-	-	-
Interest receivable	-	-	-	72	-	-	-	-
Total assets	$ 46,646	$ 493,940	$ 41	$ 624,088	$ 68	$ 61,430	$ 72,856	$ 886
Liabilities:								
Accounts payable	$ -	$ -	$ -	$ 961	$ -	$ -	$ -	$ -
Due to other funds	50,000	-	-	-	-	-	-	-
Total liabilities	50,000	-	-	961	-	-	-	-
Fund balances:								
Restricted	-	491,775	-	621,736	68	61,323	72,790	886
Committed	-	2,165	41	1,391	-	107	66	-
Unassigned	(3,354)	-	-	-	-	-	-	-
Total fund balances	(3,354)	493,940	41	623,127	68	61,430	72,856	886
Total liabilities and fund balances	$ 46,646	$ 493,940	$ 41	$ 624,088	$ 68	$ 61,430	$ 72,856	$ 886

CITY OF JENKS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2012

	Capital Projects		Permanent Funds		
(Continued)	**1998 Roadway Improvement Fund**	**2006 GO Bond Fund**	**TIF District #1 Fund**	**Riverwalk Improvement District**	**Total Non-Major Governmental Funds**
Assets:					
Cash and equivalents	$ 55,244	$ 196,935	$ 375,216	$ 19,300	$ 2,269,602
Investments at cost	105,071	2,414,612	-	-	6,888,774
Accounts receivable, net	-	-	-	-	44,193
Due from other funds	-	-	-	-	29,509
Interest receivable	-	470	-	-	1,896
Total assets	$ 160,315	$ 2,612,017	$ 375,216	$ 19,300	$ 9,233,974
Liabilities:					
Accounts payable	$ -	$ 3,390	$ -	$ -	$ 4,351
Due to other funds	-	-	-	-	50,000
Total liabilities	-	3,390	-	-	54,351
Fund balances:					
Restricted	159,992	2,606,110	374,766	18,958	9,161,469
Committed	323	2,517	450	342	21,508
Unassigned	-	-	-	-	(3,354)
Total fund balances	160,315	2,608,627	375,216	19,300	9,179,623
Total liabilities and fund balances	$ 160,315	$ 2,612,017	$ 375,216	$ 19,300	$ 9,233,974

CITY OF JENKS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2012

	Special Revenue								
	Police Seizure Fund	**Street & Alley Fund**	**Park Recreation Fund**	**Community Service Fund**	**Senior Citizen Fund**	**Home Rebate Fund**	**City Risk Management Fund**	**Aquarium Project Fund**	**Economic Develop-ment Fund**
Revenues:									
Taxes	$ -	$ 152,023	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Rental receipts	-	-	-	-	-	-	-	-	-
Fees and assessments	-	-	-	-	-	-	-	-	-
Grant revenue	-	-	23,020	-	-	-	-	-	-
Licenses and permits	-	-	51,250	-	-	-	-	-	-
Interest	-	498	359	-	3	161	1,035	-	2,487
Miscellaneous	-	-	-	-	-	-	91,570	-	-
Total revenues	$ -	$ 152,521	$ 74,629	$ -	$ 3	$ 161	$ 92,605	$ -	$ 2,487
Expenditures:									
Economic development	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 20,038
General government	-	-	-	-	-	-	114,443	-	-
Public safety	800	-	-	-	-	-	-	-	-
Highways, roads & airport	-	64,019	-	-	-	-	-	-	-
Cultural & recreation	-	-	22,159	-	-	-	-	5,058	-
Capital outlay	-	-	137,702	-	-	-	-	-	40,057
Total expenditures	800	64,019	159,861	-	-	-	114,443	5,058	60,095
Excess of revenues over (under) expenditures	(800)	88,502	(85,232)	-	3	161	(21,838)	(5,058)	(57,608)
Other financing uses:									
Operating transfers in (out)	-	-	7,655	-	-	-	100,000	-	-
Excess of revenues over (under) expenditures & transfers	(800)	88,502	(77,577)	-	3	161	78,162	(5,058)	(57,608)
Fund balance-beginning of year	3,832	428,080	578,006	-	2,826	181,642	553,781	5,058	2,988,161
Fund balance-end of year	$ 3,032	$ 516,582	$ 500,429	$ -	$ 2,829	$ 181,803	$ 631,943	$ -	$ 2,930,553

CITY OF JENKS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2012

	Special Revenue				Capital Projects			
(Continued)	**Skyline Improvement Fund**	**Economic Development Accomodation Fund**	**TIF District #1 Fund**	**E-911 Fund**	**1978 Sanitary Sewer Fund**	**2002 GO Bond Fund**	**1991 GO Bond Fund**	**CDBG Fund**
Revenues:								
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Rental receipts	-	-	-	-		-	-	-
Fees and assessments	-	83,949	198,628	132,637	-	-	-	-
Grant revenue	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Interest	13	714	62	536	-	39	11	-
Miscellaneous	-	-	-	-	-	-	-	-
Total revenues	$ 13	$ 84,663	$ 198,690	$ 133,173	$ -	$ 39	$ 11	$ -
Expenditures:								
Economic development	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
General government	-	-	271	-	-	-	-	-
Public safety	-	-	-	68,519	-	-	-	-
Highways, roads & airport	-	-	-	-	-	-	-	-
Cultural & recreation	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	20,450	-
Total expenditures	-	-	271	68,519	-	-	20,450	-
Excess of revenues over (under) expenditures	13	84,663	198,419	64,654	-	39	(20,439)	-
Other financing uses:								
Operating transfers in (out)	-	(14,192)	(198,628)	-	-	-	-	-
Excess of revenues over (under) expenditures & transfers	13	70,471	(209)	64,654	-	39	(20,439)	-
Fund balance - beginning of year	(3,367)	423,469	250	558,473	68	61,391	93,295	886
Fund balance - end of year	$ (3,354)	$ 493,940	$ 41	$ 623,127	$ 68	$ 61,430	$ 72,856	$ 886

CITY OF JENKS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2012

	Capital Projects		Permanent Funds		
(Continued)	**1998 Roadway Improvement Fund**	**2006 GO Bond Fund**	**TIF District #1 Fund**	**Riverwalk Improvement District**	**Total Non-Major Governmental Funds**
Revenues:					
Taxes	$ -	$ -	$ -	$ -	$ 152,023
Rental receipts	-	-	-		-
Fees and assessments	-	-	-	-	415,214
Grant revenue	-	-	-	-	23,020
Licenses and permits	-	-	-	-	51,250
Interest	118	2,517	244	136	8,933
Miscellaneous	-	49,303	-	17,905	158,778
Total revenues	$ 118	$ 51,820	$ 244	$ 18,041	$ 809,218
Expenditures:					
Economic development	$ -	$ -	$ 121,453	$ -	$ 141,491
General government	-	-	-	54,032	168,746
Public safety	-	-	-	-	69,319
Highways, roads & airport	-	-	-	-	64,019
Cultural & recreation	-	-	-	-	27,217
Capital outlay	-	276,631	-	-	474,840
Total expenditures	-	276,631	121,453	54,032	945,632
Excess of revenues over (under) expenditures	118	(224,811)	(121,209)	(35,991)	(136,414)
Other financing uses:					
Operating transfers in (out)	-	-	198,628	-	93,463
Excess of revenues over (under) expenditures & transfers	118	(224,811)	77,419	(35,991)	(42,951)
Fund balance - beginning of year	160,197	2,833,438	297,797	55,291	9,222,574
Fund balance - end of year	$ 160,315	$ 2,608,627	$ 375,216	$ 19,300	$ 9,179,623

CITY OF JENKS
Jenks, Oklahoma

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For Year Ending June 30, 2012

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Program or Award Amount	Revenue Collected	Federal Expend-itures
None		-	-	-
Total of Expenditures of Federal Awards		$ -	$ -	$ -

Note A - This schedule was prepared on an accrual (GAAP) basis of accounting consistent with the preparation of the basic financial statements.

HBC CPAs & Advisors

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 City Council
City of Jenks, Oklahoma

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Jenks, Oklahoma, as of and for the year ended June 30, 2012, which collectively comprise the City of Jenks, Oklahoma's basic financial statements and have issued our report thereon dated February 5, 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 Jenks, Oklahoma, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered City of Jenks, 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 Jenks, Oklahoma's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Jenks, 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Jenks, 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 5, 2013

1401 Health Center Parkway Yukon, Oklahoma 73099
827 NW 63rd Suite 202 Oklahoma City, Oklahoma 73116
Phone (405) 848-7797 Fax (405) 848-7840 Web address: www.hbc-cpas.com