

- Audited Financial Statements of the City of Midwest City, Oklahoma, which also includes the following public trusts.
  - Midwest City Hospital Authority (pages 21 & 22)
  - Midwest City Municipal Authority (pages 26-28)
  - Urban Renewal Authority (pages 66 & 68)
  - Midwest City Utilities Authority (pages 69-71)
- Single Audit Reports
- 2011 Annual Survey of City and Town Finances (SA&I Form 2643)

A filing fee of \$100 for this report has been previously delivered to the State Auditor & Inspector's Office.

Please let me know if you have any questions.

Thanks,

Whitney Webb  
Financial Processor  
405-218-4781



831 COUCH DRIVE, SUITE 200      PH: 405.239.7981      FX: 405.235.0042  
OKLAHOMA CITY, OK 73102-2251      WEB: [www.coleandreed.com](http://www.coleandreed.com)

**THE CITY OF MIDWEST CITY, OKLAHOMA**

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

**AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2011**

**CITY OF MIDWEST CITY, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2011**

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Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Midwest City, Oklahoma (the "City") as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City'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 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 Midwest City, Oklahoma, as of June 30, 2011 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.

As reflected in the balance sheet of the governmental funds and in the notes to the financial statements, the City has implemented GASB statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report (under separate cover) dated January 17, 2012, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying management's discussion and analysis and budgetary comparison schedules, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Midwest City's basic financial statements. The accompanying other supplementary information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The accompanying information included in the Statistical section, as listed in the table of contents, have not been subjected to the procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Cole & Reed P.C.

Oklahoma City, Oklahoma  
January 17, 2012

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**MANAGEMENT DISCUSSION AND ANALYSIS**



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

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

### **FINANCIAL HIGHLIGHTS**

- The assets of the City exceeded its liabilities at the close of the fiscal year ended June 30, 2011, by \$534,491,978 (net assets). Of this amount, unrestricted net assets of the government activities were (\$2,871,763) with the business type activities of \$23,563,288.
- The business type unrestricted net assets have \$24,414,583 of commitments as it relates to future capital needs of the City. At June 30, there were several projects under construction which consisted of the engineering for the Sewer Plant upgrades, Jet Dr./Harold Court and Soldier Creek Industry Park. Contracts related to these projects are disclosed on page 54 of the report. The Sewer fund is recording \$15,276,308 of the unrestricted funds however engineering is currently being done for plant upgrades which could cost as much as \$60,000,000. Additional funding for the sewer plant will be done through the issuance of revenue bonds, see subsequent event note, page 55. The construction is needed in order to meet the ever changing needs of the City and to comply with EPA mandates.
- The City's total net assets increased by \$8,433,276 or 1.6% from the prior year. This was a result of an increase of \$6,986,639 in the governmental activities. The detailed changes made from the governmental fund statements to the Statement of Net Assets can be found on page 18. The business-type activities had an increase of \$1,446,637. Both revenues and expenses increased over the prior year.
- At the end of the fiscal year, the unassigned General Fund was \$3,623,518.
- The City implemented GASB Statement 54 – Fund Balance Reporting and Governmental Fund Type Definitions which resulted in the reclassification of some fund types and presentation of fund balance in the new categories of nonspendable, restricted, assigned and unassigned

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

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

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

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

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

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

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

**Fund Financial Statements.** A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. Fund financial statements provide detailed information about the most significant funds, but not the City as a whole. Some funds are required to be established by state law or bond covenants. However, the City Council establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other monies. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and internal service funds.

- **Governmental funds.** The majority of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method identified as the modified accrual basis of accounting which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general governmental operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. By comparing information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements, readers may better understand the long-term impact of the government's near-term financing decisions. The relationship or differences between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds are detailed in a reconciliation following the fund financial statements.

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The City of Midwest City maintains individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General, Police, Fire, Hospital Authority, and the Tax Increment Financing funds. Data from the debt service fund, 12 special revenue funds, and 7 capital project funds, all of which are considered to be governmental, are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements starting on page 65 of this report.

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

The City of Midwest City maintains five major enterprise funds. The City uses these funds to account for its water, sewer, sanitation, conference center/hotel and drainage operations. The funds provide the same type of information as the government-wide financial statements, only in more detail and include some of the internal service fund-type activity. The City considers these enterprise fund activities to be major funds. Data from 6 non-major enterprise funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major proprietary funds is provided in the form of combining statements starting on page 69 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As of June 30, 2011, the City's combined net assets are \$534,491,978, of which \$433,411,261 can be attributed to governmental activities and \$101,080,717 attributed to business-type activities. This analysis focuses on the net assets (Table 1) and changes in net assets (Table 2) of the City's governmental and business-type activities.

The largest portion of the City's net assets, 80.1%, reflects its investment in capital assets (e.g., land, water rights, building, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The net change in capital assets can be reviewed in Table 1 with key element changes shown in Table 3.

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

	Governmental Activities		% Inc. (Dec.)	Business-type Activities		% Inc. (Dec.)	Total Primary Government		% Inc. (Dec.)
	2011	2010		2011	2010		2011	2010	
Current and other assets	\$ 118,995	\$ 106,107	12%	\$ 29,292	\$ 33,699	-13%	\$ 148,287	\$ 139,806	6%
Capital assets	364,224	370,354	-2%	103,740	99,114	5%	467,964	469,468	0%
Total assets	483,219	476,461	1%	133,032	132,813	0%	616,251	609,274	1%
Long-term debt outstanding	42,307	42,301	0%	29,623	30,222	-2%	71,930	72,523	-1%
Other liabilities	7,501	7,735	-3%	2,329	2,957	-21%	9,830	10,692	-8%
Total liabilities	49,808	50,036	0%	31,952	33,179	-4%	81,760	83,215	-2%
Net assets:									
Invested in capital assets,									
net of debt	354,524	359,237	-1%	76,262	69,944	9%	430,786	429,181	0%
Restricted	81,759	65,194	25%	1,255	1,259	0%	83,014	66,453	25%
Unrestricted	(2,872)	1,994	-244%	23,563	28,431	-17%	20,691	30,425	-32%
Total net assets	\$ 433,411	\$ 426,425	2%	\$101,080	\$99,634	1%	\$534,491	526,059	2%

Governmental activities increased the City's net assets by \$6,986,639 or 1.6%. The business type activities increased the City's net assets by \$1,446,637 or 1.45% for a net effect increase of \$8,433,276, or 1.6%. The key elements of these changes are contained in Table 2.

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Table 2  
Changes In Net Assets  
(In Thousands)

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total Primary Government		% Inc. (Dec.)
	2011	2010		2011	2010		2011	2010	
Revenues:									
Program revenues:									
Charges for services	\$ 5,200	\$ 4,588	13%	\$ 24,205	\$ 23,051	5%	\$ 29,405	\$ 27,639	6%
Operating grants and contributions	4,669	3,161	48%	-	-	-	4,669	3,161	48%
Capital grants and contributions	1,392	2,869	-51%	-	-	-	1,392	2,869	-51%
General revenues:									
Sales and use taxes	27,152	26,467	3%	-	-	-	27,152	26,467	3%
Other taxes	6,869	6,698	3%	-	-	-	6,869	6,698	3%
Other general revenue	14,723	7,648	93%	681	1,180	-42%	15,404	8,828	74%
Total revenues	<u>60,005</u>	<u>51,431</u>	17%	<u>24,886</u>	<u>24,231</u>	3%	<u>84,891</u>	<u>75,662</u>	12%
Program expenses:									
General government	6,129	5,063	21%	-	-	-	6,129	5,063	21%
Public safety	25,917	25,475	2%	-	-	-	25,917	25,475	2%
Streets	15,003	14,975	0%	-	-	-	15,003	14,975	0%
Cultural, parks and recreation	1,377	1,491	-8%	-	-	-	1,377	1,491	-8%
Health and Welfare	212	936	-77%	-	-	-	212	936	-77%
Economic Development	4,494	4,649	-3%	-	-	-	4,494	4,649	-3%
Water	-	-	-	4,674	5,887	-21%	4,674	5,887	-21%
Sewer	-	-	-	6,244	6,120	2%	6,244	6,120	2%
Sanitation	-	-	-	3,635	3,469	5%	3,635	3,469	5%
Drainage	-	-	-	668	560	19%	668	560	19%
Conference Center	-	-	-	7,003	5,273	33%	7,003	5,273	33%
Other activities	-	-	-	1,102	1,034	7%	1,102	1,034	7%
Total expenses	<u>53,132</u>	<u>52,589</u>	1%	<u>23,326</u>	<u>22,343</u>	4%	<u>76,458</u>	<u>74,932</u>	2%
Excess (deficiency) before transfers	6,873	(1,158)	694%	1,560	1,888	-17%	8,433	730	1055%
Transfers	113	(112)	201%	(113)	112	-201%	-	-	-
Increase (decrease) in net assets	<u>\$ 6,986</u>	<u>(\$ 1,270)</u>	650%	<u>\$ 1,447</u>	<u>\$ 2,000</u>	-28%	<u>\$ 8,433</u>	<u>\$ 730</u>	1055%

**Governmental Activities.** The revenues reflect an increase over last year of \$8,574,031. This significant increase is the result of the current year unrealized investment gain of \$11,770,165 compared to prior year unrealized gain of \$4,916,907. This increase in unrealized gain is due to strong market performance in FY 2011. The Hospital Authority is the only fund in which the unrealized gains or loss on investments are recorded. All other funds' investments are FDIC insured, collateralized or direct obligations of the United State Government. The most significant governmental activities expenditure was in providing public safety with a cost of \$25,916,780. These expenditures were funded by revenue collected from a variety of sources, the largest being a transfer from General Fund in the amount of \$16,517,787 and dedicated sales tax of \$4,763,988 for the fiscal year ended June 30, 2011. The most significant portion of public safety expense is the cost of personnel. Salaries and benefits totaled \$21,996,555. Other significant governmental expenditures are for the streets in the amount of \$15,003,080 of which \$11,791,312 is depreciation expense.

**Business-type Activities.** Business-type revenue increased by \$655,632, a 3% increase over prior year. The water revenue increased from \$5,616,635 in previous year to \$6,953,355 in this year as a result of utility rate increase. The investment income decreased from \$1,176,729 to \$664,010, due to

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decrease in cash and investment account balances as well as a decline in interest rates.

**Budgetary Highlights.** For fiscal year 2010-2011, General Fund revenue budget was amended by \$851,659 or 3.5% of the original budget of \$24,177,807. The actual revenues exceeded the final budget projections by \$241,063. General Fund actual expenditures (including transfers) on a budgetary basis were \$26,729,638 compared to the final budget of \$27,290,571. General Fund actual transfers were over budget projections by \$111,009 or 0.7%. Police and Fire accounted for \$65,090 and \$52,627 respectively due to the actual revenue collections for these funds were more than budget projection, see page 57 of the report for more detail.

The Police Fund revenue budget was increased by \$145,577, or 5.5%, of the original budget of \$2,629,367. This was needed due to increased sales tax of \$116,813 and JAG grant of \$28,764 for in-car cameras. The amended revenue budget was over projection by \$24,087 or 0.9%. The actual expenditures (including transfers) on a budgetary basis were \$12,120,547 compared to the final budget of \$13,043,823. Budget projections (including transfers) were \$923,276 or 7.3% over actual expenditures. Some positions were budgeted but not staffed due to military leave and vacancy; actual separation pay is less than expected; \$222,704 capital outlay encumbered but not spent due to vehicles, building remodel and major software purchase not able to be completed or acquired during the fiscal year.

The Fire Fund revenues budget was amended by \$104,876. This was the result of estimated actual tax revenues exceeded the final budget projections by \$94,876, a donation from liberty mutual for \$10,000. The actual miscellaneous revenue showing negative amount of \$3404 is due to \$20,730 write-off of receivable that is uncollectible. The actual expenditures (including transfers) on a budgetary basis was \$10,422,835 compared to the final budget of \$10,708,197. Actual expenditures including transfers were \$265,362 or 2.5% below projections.

The budget to actual comparisons for these funds can be found on pages 57-60 of the report.

**Capital Asset** At the end of fiscal year 2011, the City had \$467,963,992 invested in a broad range of capital assets, including police and fire equipment, buildings, conference center and hotel, park facilities, roads, bridges, water and sewer facilities and distribution systems. This amount represents a net decrease (including additions and deductions) of \$6,129,911 for the primary government and an increase of \$4,626,550 for the business type activities. For the primary government, although the City had building additions of \$1,911,451, construction in progress additions of \$2,090,937 and infrastructure additions of \$1,288,297; the depreciation expense of \$13,638,894 caused the current year reduction, as previously noted, \$11,791,312 of depreciation related to streets. Table 3 reflects the net key elements that make up the capital assets by type and source.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
	\$	\$	\$	\$	\$	\$
Land	30,325	29,086	7,550	7,550	37,875	36,636
Water rights	-	-	4,673	4,673	4,673	4,673
Construction in progress	3,694	2,289	9,292	4,091	12,986	6,380
Buildings	23,547	21,636	28,813	28,645	52,360	50,281
Machinery and equipment	15,731	15,143	11,022	10,194	26,753	25,337
Vehicles	7,122	6,561	5,662	5,740	12,784	12,301
Infrastructure	427,483	426,195	100,969	98,980	528,452	525,175
	<u>507,902</u>	<u>500,910</u>	<u>167,981</u>	<u>159,873</u>	<u>675,883</u>	<u>660,783</u>
Less: Depreciation	<u>(143,679)</u>	<u>(130,556)</u>	<u>(64,241)</u>	<u>(60,759)</u>	<u>(207,920)</u>	<u>(191,315)</u>
<b>Totals</b>	<u>\$ 364,223</u>	<u>\$ 370,354</u>	<u>\$ 103,740</u>	<u>\$ 99,114</u>	<u>\$ 467,963</u>	<u>\$ 469,468</u>

Additional information on the City's capital assets can be found on pages 37-39 of this report.

**Debt Administration.** At year end, the City had \$67,946,503 in long term debt outstanding as compared to \$69,949,793 at the end of the prior fiscal year, a decrease of 3% as shown in Table 4. See pages 41-43 for a more in depth review of long-term debt.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
	\$	\$	\$	\$	\$	\$
General obligation bonds	9,700	11,100	-	-	9,700	11,100
Notes payable	24,723	25,016	1,219	1,403	25,942	26,419
Accrued compensated absences	3,827	3,611	781	709	4,608	4,320
Revenue bonds	-	-	26,740	27,375	26,740	27,375
Revenue bonds premium	-	-	354	370	354	370
Revenue bonds deferred refunding	-	-	(835)	(951)	(835)	(951)
Refundable deposits	72	96	1,365	1,316	1,437	1,412
	<u>38,322</u>	<u>39,823</u>	<u>29,624</u>	<u>30,222</u>	<u>67,946</u>	<u>70,045</u>
<b>Totals</b>	<u>\$ 38,322</u>	<u>\$ 39,823</u>	<u>\$ 29,624</u>	<u>\$ 30,222</u>	<u>\$ 67,946</u>	<u>\$ 70,045</u>

**Economic Factors and Next Year's Budgets and Rates.** While fiscal circumstances have not been optimal, the City of Midwest City has been fortunate not to have experienced the severity of economic conditions that have affected many cities across the country.

Sales tax is a great indicator of our economic situation since it is the main revenue source for our governmental funds. Sales and Use tax collections for FY 2011 totaled \$27,152,264 compared to \$26,467,124 in FY 2010. The total increase in Sales and Use Tax collection was \$685,140 or 2.6% in fiscal comparison. A historical review of revenues can be found on page 78 of the report.

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The revenues for the original adopted FY 2012, excluding transfers in are \$82,530,338 compared to \$98,873,432 in FY 2011. The decrease in revenue projections comes from \$20,000,000 loan proceeds for the Sewer Plant construction that was budgeted in FY2011 but not included in the original FY2012. However in December of 2011, the sale of revenue bonds in the amount of \$46,550,000 did occur. The Hospital Authority had a lease interest increase of \$2,238,144. This was due to the completion of two new floors to the hospital which in turn the lease was amended to reflect the increased lease payments. With the ever increasing cost of medical and the City being self-insured, a multi-tiered premium was established in FY 11-12. The change in premiums resulted in a revenue increase of \$760,163 of which the employee contributes according to the tier in which they are participating.

The expenditures/expenses for FY 2012, excluding transfers out are \$110,401,188 compared to \$117,219,571 in FY 2011. The expenditure budget has several large capital projects proposed such as Wastewater Treatment Plant, Post Road widening between SE 15th Street and Reno Avenue, 5 miles of sidewalks throughout the city, site work for Soldier Creek Industrial Park, new cell tower to replace Bomber Water Tower, eastside water distribution improvements, I-40 corridor enhancements, golf course restrooms, and Air Depot Boulevard utility relocations. In addition, the City staff will continue to be heavily involved in a number of projects to enhance our operational capabilities. These will include the new Cityworks work order/inventory management software package for Public Works, new MCT's and new lap-top units for all police patrol units, which will be more user friendly, faster and contain a self-contained GPS unit.

The City made changes to the health benefits plan in the FY 10-11 as follows:

- Increased premiums \$15 per employee in which the city picked up the cost
- Employees electing family coverage were required to pay \$15 per pay period.
- Deductibles changed from \$600 to \$1000 for individual and from \$1200 to \$2000 for family.
- Co-pay increased from \$20 to \$25 for non-specialist and from \$20 to \$40 for specialist.

Although these changes did occur in FY 10-11, the escalating cost of health coverage required additional changes to the plan. As noted above a tiered system has been put in place for the FY 11-12 fiscal year. In addition to the tiered system, the employee is contributing \$10 a pay period toward the employee coverage. It is with great expectation that these changes will help with the funding of the health care plan.

The City has union contracts with the American Federation of State, County and Municipal Employees (AFCSME), police and fire. However, the AFCSME will no longer be recognized after November 1, 2011 due to a change in the state statutes. The budget does contain a cost of living increase of 2% for the Fire Union and the non-represented employees of the city. The police negotiated a 2.5% cost of living increase. There are no furloughs or reduction in wages reflected in the FY 11-12 budget.

As in the past, revenues and expenditures will be closely monitored throughout the year. Of particular concern will be whether the local economy rebounds or remains flat. In a resolution adopted by the City Council, the necessary emergency reserves (10% for General and 5% on all operational funds) are contained in each fund. As a measure of further protection, the General Fund is carrying a greater emergency reserve. The established reserves will help the City weather any unforeseen economic downturns.



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In September 2011, the City issued Capital Improvement Revenue Bonds, series 2011 to refund Capital Improvement Revenue Bonds, series 2003 which financed the hotel conference center, see subsequent event note, page 55.

In December 2011, the City Municipal Authority issued Capital Improvement Revenue Bonds, series 2011A for funding capital infrastructure improvements to the wastewater treatment plant, see subsequent event note, page 55.

The qualified electors of the City, voting at an election held on August 9, 2011, approved Ordinance No. 3145 of the City levying an additional sales tax of fifty-five hundredths of one percent (0.55%). The allocation of the new tax is as follows: 0.4015% to be used for waste water treatment plant debt service. 0.0495% to be used for public safety, 0.0495% be used for general government and 0.0495% be used for streets/parks. The new sales tax rate is effective on January 1, 2012.

There is a sewer rate adjustment per Ordinance 3158. A \$0.90 fee is added per one thousand (1,000) gallons billed to each customer to help fund the debt service requirements of the new waste water treatment plant. The new sewer rate is effective January 1, 2012.

**Request for Information.** This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City of Midwest City Finance Department, 100 N. Midwest Boulevard, Midwest City, Oklahoma 73110.

**CITY OF MIDWEST CITY, OKLAHOMA  
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**BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE**

**CITY OF MIDWEST CITY, OKLAHOMA**  
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**As of and for the Year Ended June 30, 2011**

**Statement of Net Assets– June 30, 2011**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 9,195,644	\$ 7,059,568	\$ 16,255,212
Investments	84,095,759	14,334,825	98,430,584
Accounts receivable, net	2,766,371	3,035,246	5,801,617
Interest receivable	44,420	32,992	77,412
Other receivable	29,255	70,238	99,493
Inventory	183,563	265,676	449,239
Internal balances	(4,025,383)	4,025,383	-
Prepaid expenses	3,180	-	3,180
Due from other governments	3,720,751	-	3,720,751
Lease receivable	22,294,687	-	22,294,687
Deposits held by others	687,300	-	687,300
Capital assets:			
Land, water rights, and construction in progress	34,019,380	21,515,432	55,534,812
Other capital assets, net of depreciation	330,204,208	82,224,972	412,429,180
Unamortized bond issuance costs	-	467,906	467,906
<b>Total assets</b>	<b>483,219,135</b>	<b>133,032,238</b>	<b>616,251,373</b>
<b>LIABILITIES:</b>			
Accounts payable and accrued liabilities	1,235,137	1,309,494	2,544,631
Wages payable	1,934,814	570,238	2,505,052
Claims payable	4,154,142	-	4,154,142
Due to other governments	17,302	-	17,302
Accrued interest payable	159,130	448,077	607,207
Long-term liabilities:			
Due within one year	3,242,360	1,300,438	4,542,798
Due in more than one year	39,064,989	28,323,274	67,388,263
<b>Total liabilities</b>	<b>49,807,874</b>	<b>31,951,521</b>	<b>81,759,395</b>
<b>NET ASSETS:</b>			
Invested in capital assets, net of related debt	354,523,588	75,410,892	429,934,480
Restricted by:			
Enabling legislation	64,143,217	1,039,108	65,182,325
Statutory requirements	1,861,260	-	1,861,260
External contracts	15,754,959	216,134	15,971,093
Unrestricted	(2,871,763)	24,414,583	21,542,820
<b>Total net assets</b>	<b>\$ 433,411,261</b>	<b>\$ 101,080,717</b>	<b>\$ 534,491,978</b>

See accompanying notes to the basic financial statements.

**CITY OF MIDWEST CITY, OKLAHOMA  
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**Statement of Activities – Year Ended June 30, 2011**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
<b>Primary government:</b>							
<b>Governmental activities:</b>							
General government	\$ 6,128,981	\$ 917,753	\$ 121,187	\$ 575,824	\$ (4,514,217)	\$ -	\$ (4,514,217)
Public safety	25,916,780	2,691,821	2,438,297	297,076	(20,489,586)	-	(\$20,489,586)
Streets	15,003,080	-	675,011	415,110	(13,912,959)	-	(\$13,912,959)
Culture and recreation	1,376,821	493,798	86,635	-	(796,388)	-	(\$796,388)
Health and welfare	211,721	-	119,716	-	(92,005)	-	(\$92,005)
Economic development	4,494,233	1,096,577	1,228,335	103,613	(2,065,708)	-	(\$2,065,708)
Total governmental activities	<u>53,131,616</u>	<u>5,199,949</u>	<u>4,669,181</u>	<u>1,391,623</u>	<u>(41,870,863)</u>	<u>-</u>	<u>(41,870,863)</u>
<b>Business-type activities:</b>							
Water	4,674,128	7,369,716	-	-	-	2,695,588	2,695,588
Wastewater	6,244,429	6,074,863	-	-	-	(169,566)	(169,566)
Sanitation	3,634,997	4,660,104	-	-	-	1,025,107	1,025,107
Drainage	667,987	394,070	-	-	-	(273,917)	(273,917)
Conference Center	7,003,194	4,566,280	-	-	-	(2,436,914)	(2,436,914)
Golf	1,023,914	1,059,332	-	-	-	35,418	35,418
Trailer park	77,723	79,132	-	-	-	1,409	1,409
Industrial park	108	1,800	-	-	-	1,692	1,692
Total business-type activities	<u>23,326,480</u>	<u>24,205,297</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>878,817</u>	<u>878,817</u>
<b>Total primary government</b>	<b>\$ 76,458,096</b>	<b>\$ 29,405,246</b>	<b>\$ 4,669,181</b>	<b>\$ 1,391,623</b>	<b>(41,870,863)</b>	<b>878,817</b>	<b>(40,992,046)</b>
<b>General revenues:</b>							
<b>Taxes:</b>							
Sales and use taxes					\$ 27,152,264	\$ -	\$ 27,152,264
Property tax					3,419,968	-	3,419,968
Franchise and public service taxes					2,449,317	-	2,449,317
Hotel motel taxes					534,761	-	534,761
Intergovernmental revenue not restricted to specific programs					465,023	-	465,023
Investment income					14,574,101	664,010	15,238,111
Miscellaneous					148,982	16,896	165,878
Transfers - Internal activity					113,086	(113,086)	-
Total general revenues and transfers					<u>48,857,502</u>	<u>567,820</u>	<u>49,425,322</u>
Change in net assets					6,986,639	1,446,637	8,433,276
Net assets - beginning					426,424,622	99,634,080	526,058,702
Net assets - ending					<u>\$ 433,411,261</u>	<u>\$ 101,080,717</u>	<u>\$ 534,491,978</u>

See accompanying notes to the basic financial statements.

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

**CITY OF MIDWEST CITY, OKLAHOMA  
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**Governmental Funds Balance Sheet - June 30, 2011**

	General Fund	Police Fund	Fire Fund	Midwest City Hospital Authority	Tax Increment Financing Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>							
Cash and cash equivalents	\$ 1,490,644	\$ 694,564	\$ 412,481	\$ 603,749	\$ -	\$ 4,729,911	\$ 7,931,349
Investments	3,741,121	1,823,730	978,119	63,818,515	-	10,844,460	81,205,945
Receivables:							
Accounts receivable	1,637,188	53,121	-	-	-	983,874	2,674,183
Accrued interest receivable	6,694	3,983	-	1,839	-	24,561	37,077
Due from other funds	93,863	1,062,750	852,495	660,547	-	105,631	2,775,286
Deposits held by others	-	-	-	-	-	687,300	687,300
Prepaid expenses	3,180	-	-	-	-	-	3,180
Other receivable	25,373	1,776	2,106	-	-	-	29,255
Due from other governments	2,744,113	331,069	266,246	-	-	379,323	3,720,751
Inventory	-	-	-	-	-	137,113	137,113
Total assets	<u>\$ 9,742,176</u>	<u>\$ 3,970,993</u>	<u>\$ 2,511,447</u>	<u>\$ 65,084,650</u>	<u>\$ -</u>	<u>\$ 17,892,173</u>	<u>\$ 99,201,439</u>
<b>LIABILITIES AND FUND BALANCES:</b>							
<b>Liabilities:</b>							
Accounts payable and accrued liabilities	\$ 189,180	\$ 22,094	\$ 6,161	\$ 136,464	\$ -	\$ 391,192	\$ 745,091
Accrued interest payable	-	-	-	-	-	137,734	137,734
Wages payable	516,957	692,522	569,993	2,483	-	91,860	1,873,815
Deferred revenue	1,315,276	35,972	-	288,073	-	288,155	1,927,476
Refundable deposits (court)	72,432	-	-	-	-	-	72,432
Due to other funds	1,906,864	-	1,122,787	-	4,741,620	228,401	7,999,672
Due to other governments	17,302	-	-	-	-	-	17,302
Total liabilities	<u>4,018,011</u>	<u>750,588</u>	<u>1,698,941</u>	<u>427,020</u>	<u>4,741,620</u>	<u>1,137,342</u>	<u>12,773,522</u>
<b>Fund Balances:</b>							
Nonspendable	3,180	-	-	-	-	824,413	827,593
Restricted	498,159	3,220,405	812,506	64,657,630	-	15,407,106	84,595,806
Assigned	1,599,308	-	-	-	-	523,312	2,122,620
Unassigned	3,623,518	-	-	-	(4,741,620)	-	(1,118,102)
Total fund balances	<u>5,724,165</u>	<u>3,220,405</u>	<u>812,506</u>	<u>64,657,630</u>	<u>(4,741,620)</u>	<u>16,754,831</u>	<u>86,427,917</u>
Total liabilities and fund balances	<u>\$ 9,742,176</u>	<u>\$ 3,970,993</u>	<u>\$ 2,511,447</u>	<u>\$ 65,084,650</u>	<u>\$ -</u>	<u>\$ 17,892,173</u>	<u>\$ 99,201,439</u>

See accompanying notes to the basic financial statements.

**CITY OF MIDWEST CITY, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2011**

**Governmental Funds Statement of Changes in Fund Balances – Year Ended June 30, 2011**

	General Fund	Police Fund	Fire Fund	Midwest City Hospital Authority	Tax Increment Financing Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>							
Taxes	\$ 22,035,973	\$ 2,628,833	\$ 2,135,155	\$ 547,580	\$ 981,161	\$ 5,237,514	\$ 33,566,216
Intergovernmental	553,823	589,978	1,676,441	-	-	3,620,262	6,440,504
Charges for services	763,738	45,144	9,023	-	-	1,375,697	2,193,602
Fines and forfeitures	1,676,242	117,669	-	-	-	207,411	2,001,322
Licenses and permits	291,907	-	10,375	-	-	93,229	395,511
Investment income	128,947	63,009	24,400	13,979,067	32	350,806	14,546,261
Miscellaneous	439,449	18,857	-	2,838	-	91,057	552,201
Total revenues	<u>25,890,079</u>	<u>3,463,490</u>	<u>3,855,394</u>	<u>14,529,485</u>	<u>981,193</u>	<u>10,975,976</u>	<u>59,695,617</u>
<b>Expenditures:</b>							
<b>Current:</b>							
General government	3,440,778	-	-	388,706	-	449,726	4,279,210
Public safety	777,107	11,471,378	10,661,221	-	-	827,752	23,737,458
Streets	2,629,855	-	-	-	-	89,800	2,719,655
Culture and recreation	909,255	-	-	-	-	211,608	1,120,863
Health and welfare	3,032	-	-	-	-	157,951	160,983
Economic development	2,783,208	-	-	-	145	1,207,976	3,991,329
Capital outlay	409,091	712,965	531,835	1,767,312	232,030	4,158,837	7,812,070
<b>Debt service:</b>							
Principal retirement	-	-	-	277,101	-	1,416,465	1,693,566
Interest and fiscal charges	-	-	39,035	1,442,935	-	503,760	1,985,730
Total expenditures	<u>10,952,326</u>	<u>12,184,343</u>	<u>11,232,091</u>	<u>3,876,054</u>	<u>232,175</u>	<u>9,023,875</u>	<u>47,500,864</u>
Excess (deficiency) of revenues over expenditures	14,937,753	(8,720,853)	(7,376,697)	10,653,431	749,018	1,952,101	12,194,753
<b>Other financing sources (uses):</b>							
Transfers in	2,542,348	9,178,057	7,340,480	-	-	2,097,596	21,158,481
Transfers out	(16,736,194)	-	(88,000)	(33,365)	-	(4,151,604)	(21,009,163)
Total other financing sources (uses)	<u>(14,193,846)</u>	<u>9,178,057</u>	<u>7,252,480</u>	<u>(33,365)</u>	<u>-</u>	<u>(2,054,008)</u>	<u>149,318</u>
Net change in fund balances	743,907	457,204	(124,217)	10,620,066	749,018	(101,907)	12,344,071
Fund balances - beginning	4,980,258	2,763,201	936,723	54,037,564	(5,490,638)	16,856,738	74,083,846
Fund balances - ending	<u>\$ 5,724,165</u>	<u>\$ 3,220,405</u>	<u>\$ 812,506</u>	<u>\$ 64,657,630</u>	<u>\$ (4,741,620)</u>	<u>\$ 16,754,831</u>	<u>\$ 86,427,917</u>

See accompanying notes to the basic financial statements.

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

**Fund Balance – Net Assets Reconciliation:**

<b>Fund balances of governmental funds</b>	<b>\$ 86,427,917</b>
 Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$142,938,547.	<u>363,325,992</u>
Certain long-term assets are not available to pay for current fund liabilities and, therefore, are deferred in the funds or not reported in the funds:	
Due from other governments	110,370
Other receivable, net of allowance	1,817,106
HMA Hospital Receivable	<u>22,294,687</u>
	<u>24,222,163</u>
Internal service funds are used by management to charge the costs of certain activities to individual funds. An allocation of the the assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	<u>(2,424,638)</u>
Certain long-term liabilities are not due and payable from current financial resources and, therefore, are not reported in the funds:	
General obligation bonds payable	(9,700,000)
Notes payable	(24,722,899)
Accrued compensated absences	(3,695,878)
Accrued interest payable	<u>(21,396)</u>
	<u>(38,140,173)</u>
 <b>Net assets of governmental activities</b>	 <b><u>\$ 433,411,261</u></b>

See accompanying notes to the basic financial statements.



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

<b>Net change in fund balances - total governmental funds</b>	S	12,344,071
 Amounts reported for governmental activities in the Statement of Activities are different because:		
 Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets		
Capital asset purchases capitalized		7,413,169
Loss on disposal of capital asset		(10,608)
Depreciation expense		(13,593,578)
		(6,191,017)
 Repayment of debt principal is an expenditure and repayment of leasehold receivable is a revenue in the governmental funds. However, the repayments reduce long-term liabilities or long-term or the long-term assets in the Statement of Net Assets.		
Leasehold receivable receipts		(205,313)
Note payable principal payments		293,566
General obligation bond principal payments		1,400,000
		1,488,253
 Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:		
Deferred revenue		525,353
		525,353
 Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
Change in accrued interest payable		2,099
Change in accrued compensated absences		(202,829)
		(200,730)
 Internal service fund activity is reported as a proprietary fund in the fund financial statements, but certain net revenues are reported in governmental activities on the Statement of Activities		
Total change in net assets for internal service funds		(979,291)
		(979,291)
 <b>Change in net assets of governmental activities</b>	 S	 6,986,639

See accompanying notes to the basic financial statements.

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

**CITY OF MIDWEST CITY, OKLAHOMA**  
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**Proprietary Funds Statement of Net Assets - June 30, 2011**

	Midwest City Municipal Authority				Drainage Fund	Debt Service Fund	Nonmajor Enterprise Funds	Total	Internal Service Funds
	Water Fund	Sewer Fund	Sanitation Fund	Conference Center/Hotel Fund					
<b>ASSETS:</b>									
<b>Current assets</b>									
Cash and cash equivalents	\$ 691,042	\$ 2,812,443	\$ 108,364	\$ 595,612	\$ 423,858	\$ -	\$ 945,724	\$ 5,577,043	\$ 1,372,040
Cash and cash equivalents, restricted	-	-	-	-	-	1,019,271	355,509	1,374,780	-
Investments	1,630,917	7,276,646	257,027	959,836	1,126,648	-	2,120,104	13,371,138	2,889,814
Accounts receivable, net	1,214,206	841,269	626,084	241,502	55,200	-	56,985	3,015,246	92,188
Other receivable	-	-	-	62,391	-	-	7,847	70,238	14,551
Accrued interest receivable	3,994	16,860	-	2,545	2,573	8	7,012	32,992	7,343
Inventory	124,024	94,530	-	47,122	-	-	-	265,676	46,450
Due from other funds	2,318	1,002,855	136,596	-	-	-	5,975	1,147,744	-
Total current assets	3,666,501	12,044,563	1,128,071	1,909,008	1,608,279	1,019,279	3,499,156	24,874,857	4,422,386
<b>Noncurrent assets</b>									
Investments, restricted	-	-	-	-	-	-	963,687	963,687	-
Due from other funds	-	3,738,765	1,176,939	-	-	-	-	4,915,704	-
Unamortized bond and note issue costs	-	-	-	-	-	467,906	-	467,906	-
Land, construction in progress, and water rights	8,737,672	3,826,657	1,102,140	3,143,000	13,326	-	7,832,494	21,515,472	15,313
Other capital assets, net	14,950,890	23,312,820	2,554,440	25,602,051	13,788,477	-	1,923,137	82,031,815	1,075,440
Total noncurrent assets	23,688,562	30,878,242	4,833,519	25,605,194	13,801,803	467,906	10,619,318	109,894,544	1,090,753
Total assets	27,355,063	42,922,805	5,961,590	27,514,202	15,410,082	1,487,185	14,118,474	134,769,401	5,513,139
<b>LIABILITIES:</b>									
<b>Current liabilities</b>									
Accounts payable and accrued liabilities	422,855	137,554	491,651	107,744	-	-	148,741	1,308,545	490,995
Claims liability	-	-	-	-	-	-	-	-	1,680,242
Wages payable	136,591	160,162	55,324	78,842	13,110	-	89,970	533,999	97,238
Due to other funds	-	-	-	-	-	-	47,237	47,237	-
Accrued interest payable	-	-	-	-	-	448,077	-	448,077	-
Accrued compensated absences	71,078	69,768	33,851	2,376	7,055	-	42,842	226,967	77,119
Refundable deposits	-	-	-	66,129	-	-	129,869	195,998	-
Notes payable	189,214	-	-	-	-	-	-	189,214	-
Revenue bonds payable	-	-	-	-	-	655,000	-	655,000	-
Total current liabilities	819,738	367,484	580,826	255,091	20,165	1,103,077	458,659	3,605,037	2,345,594
<b>Noncurrent liabilities</b>									
Accrued compensated absences	142,149	139,536	67,702	4,753	14,110	-	85,684	453,934	154,239
Claims liability	-	-	-	-	-	-	-	-	2,473,900
Unfunded OPEB liability	-	-	-	-	-	-	-	-	3,984,559
Due to other funds	-	-	-	-	-	-	806,376	806,376	-
Refundable deposits	-	-	-	-	-	-	1,168,819	1,168,819	-
Notes payable	1,029,790	-	-	-	-	-	-	1,029,790	-
Revenue bonds payable, net	-	-	-	-	-	25,604,213	-	25,604,213	-
Total noncurrent liabilities	1,171,939	139,536	67,702	4,753	14,110	25,604,213	2,060,879	29,063,132	6,612,698
Total liabilities	1,991,674	507,020	648,528	259,844	34,275	26,707,290	2,519,538	32,668,169	8,958,292
<b>NET ASSETS:</b>									
Invested in capital assets, net of related debt	22,469,558	27,139,477	3,656,580	25,605,194	13,801,803	(26,259,213)	8,804,376	75,217,735	1,090,753
Restricted for debt service	-	-	-	-	-	1,039,108	-	1,039,108	-
Restricted for other purposes	-	-	-	-	-	-	216,134	216,134	-
Unrestricted	2,893,831	15,276,308	1,656,482	1,649,164	1,574,004	-	2,578,466	25,628,255	(4,535,906)
Total net assets	\$ 25,363,389	\$ 42,415,785	\$ 5,313,062	\$ 27,254,358	\$ 15,375,907	\$ (25,220,105)	\$ 11,598,936	102,101,232	\$ (3,445,153)

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

(1,020,515)

Total net assets per Government-Wide financial statements

\$ 101,080,717

See accompanying notes to the basic financial statements.

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**Proprietary Funds Statement of Changes in Net Assets - Year Ended June 30, 2011**

	Midwest City Municipal Authority				Debt Service Fund	Nonmajor Enterprise Funds	Total	Internal Service Funds
	Water Fund	Sewer Fund	Sanitation Fund	Conference Center/ Hotel Fund				
<b>Operating Revenues:</b>								
Charges for services	\$ 6,953,355	\$ 5,754,756	\$ 4,407,395	\$ 4,566,970	\$ 393,986	\$ 2,050,332	\$ 24,126,794	\$ 8,685,610
Fees, licenses and permits	9,300	10,045	-	-	-	-	19,345	-
Miscellaneous	32,123	1,000	15,624	-	84	-	48,831	170,583
<b>Total operating revenues</b>	<b>6,994,778</b>	<b>5,765,801</b>	<b>4,423,019</b>	<b>4,566,970</b>	<b>394,070</b>	<b>2,050,332</b>	<b>24,194,970</b>	<b>8,856,193</b>
<b>Operating Expenses:</b>								
Personal services	1,860,126	3,042,364	1,049,579	1,868,125	215,201	-	9,348,254	1,554,285
Materials and supplies	410,229	593,259	560,551	1,372,524	102,433	-	3,417,540	1,292,534
Other services and charges	1,292,336	805,912	1,402,585	1,272,855	85,276	-	5,043,665	171,240
Insurance claims and expense	-	-	-	-	-	-	-	7,179,166
Depreciation and amortization	566,052	1,313,271	310,081	1,036,748	252,495	121,653	3,718,577	56,491
<b>Total operating expenses</b>	<b>4,128,743</b>	<b>5,754,706</b>	<b>3,322,796</b>	<b>5,550,252</b>	<b>655,405</b>	<b>121,653</b>	<b>21,528,036</b>	<b>10,253,716</b>
Operating income (loss)	2,866,035	11,095	1,100,223	(983,282)	(261,335)	(121,653)	2,666,934	(1,797,523)
<b>Non-Operating Revenues (Expenses):</b>								
Investment income	43,633	456,980	31,766	9,809	34,260	1,675	664,010	96,556
Interest expense and fiscal charges	(38,467)	-	-	-	-	(1,347,671)	(55,080)	(1,441,227)
Other non-operating revenue	2,000	-	-	-	804	-	27,914	-
<b>Total non-operating revenues (expenses)</b>	<b>7,166</b>	<b>456,980</b>	<b>31,766</b>	<b>9,809</b>	<b>35,064</b>	<b>(1,345,996)</b>	<b>55,908</b>	<b>96,556</b>
Net income (loss) before transfers	2,873,201	468,075	1,131,989	(973,473)	(226,271)	(1,467,649)	1,917,631	(1,300,967)
Transfers in	422,824	54,188	-	-	-	1,998,858	511,781	2,987,651
Transfers out	(1,099,004)	(868,866)	(761,936)	(361,217)	-	-	(7,714)	(52,000)
<b>Change in net assets</b>	<b>2,197,021</b>	<b>(346,603)</b>	<b>368,053</b>	<b>(1,334,690)</b>	<b>(226,271)</b>	<b>531,209</b>	<b>1,804,545</b>	<b>(1,337,199)</b>
<b>Total net assets - beginning</b>	<b>23,166,368</b>	<b>42,762,388</b>	<b>4,945,009</b>	<b>28,589,048</b>	<b>15,602,078</b>	<b>(25,751,314)</b>	<b>10,983,110</b>	<b>100,296,687</b>
<b>Total net assets - ending</b>	<b>\$ 25,363,389</b>	<b>\$ 42,415,785</b>	<b>\$ 5,313,062</b>	<b>\$ 27,254,358</b>	<b>\$ 15,375,807</b>	<b>\$ (25,220,105)</b>	<b>\$ 11,598,936</b>	<b>\$ 102,101,232</b>
Change in net assets per above							\$ 1,804,545	
Some amounts reported for business-type activities in the Statement of Activities are different because the net revenue of certain internal service funds is reported with business-type activities							(357,906)	
Change in Business Type Activities in Net Assets per Government Wide Financial Statements							\$ 1,446,637	

See accompanying notes to the basic financial statements.

**CITY OF MIDWEST CITY, OKLAHOMA  
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**Proprietary Funds Statement of Cash Flows - Year Ended June 30, 2011**

	Midwest City Municipal Authority				Drainage Fund	Debt Service Fund	Nonmajor Enterprise Funds	Total	Internal Service Funds
	Water Fund	Sewer Fund	Sanitation Fund	Conference Center/Hotel Fund					
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>									
Receipts from customers	\$ 6,769,608	\$ 5,762,260	\$ 4,394,730	\$ 5,050,658	\$ 394,470	\$ -	\$ 2,074,638	\$ 24,446,364	\$ 8,837,235
Payments to suppliers	(2,323,764)	(1,420,709)	(1,572,177)	(2,616,090)	(247,060)	-	(866,771)	(9,046,571)	(1,415,078)
Payments to employees	(1,835,863)	(3,021,676)	(1,036,679)	(1,842,554)	(209,725)	-	(1,273,594)	(9,220,091)	(1,541,797)
Receipts (payments) from interfund loan	198,480	4,487,783	(391,362)	-	-	-	(148,107)	4,348,794	(14,551)
Receipt of customer deposits	-	-	-	-	-	-	512,463	512,463	-
Return of customer deposits	-	-	-	-	-	-	(459,175)	(459,175)	-
Claims and benefits paid	-	-	-	-	-	-	-	-	(6,025,139)
Net Cash Provided (Used in) by Operating Activities	2,808,461	5,807,658	1,394,512	592,014	(62,315)	-	(158,546)	10,381,784	(149,330)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>									
Transfers from other funds	422,824	54,188	-	-	-	1,998,858	811,781	2,987,651	15,768
Transfers to other funds	(1,992,034)	(868,866)	(763,936)	(361,217)	-	-	(7,714)	(3,100,737)	(52,080)
Net Cash Provided by (Used in) Non-Capital Financing Activities	(676,180)	(814,678)	(763,936)	(361,217)	-	1,998,858	804,067	(173,086)	(36,312)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>									
Capital assets purchased	(2,824,966)	(2,752,429)	(701,065)	(23,581)	(343,135)	-	(1,586,844)	(8,232,019)	(152,661)
Principal paid on capital debt	(183,893)	-	-	-	-	(635,000)	-	(818,893)	-
Interest and fiscal charges paid on capital debt	(38,462)	-	-	-	-	(1,354,550)	(55,089)	(1,448,105)	-
Net Cash Provided by (Used in) Capital and Related Financing Activities	(3,047,321)	(2,752,429)	(701,065)	(23,581)	(343,135)	(1,989,550)	(1,641,933)	(10,499,018)	(152,661)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>									
Sale (purchase) of investments	18,419	(802,672)	(44,607)	(395,812)	(72,198)	-	(98,324)	(1,397,394)	(570,709)
Interest and dividends	45,807	458,969	51,766	9,252	34,994	1,722	98,565	677,198	97,088
Net Cash Provided by (Used in) Investing Activities	62,316	(343,703)	(12,841)	(386,560)	(37,204)	1,722	(7,729)	(719,999)	(473,621)
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(852,729)</b>	<b>1,866,849</b>	<b>(83,330)</b>	<b>(179,344)</b>	<b>(442,654)</b>	<b>11,030</b>	<b>(1,300,141)</b>	<b>(950,319)</b>	<b>(815,844)</b>
<b>Balances - beginning of the year</b>	<b>1,543,771</b>	<b>915,594</b>	<b>191,694</b>	<b>774,956</b>	<b>866,812</b>	<b>1,008,241</b>	<b>2,601,374</b>	<b>7,902,142</b>	<b>2,187,884</b>
<b>Balances - end of the year</b>	<b>\$ 691,042</b>	<b>\$ 2,812,443</b>	<b>\$ 108,364</b>	<b>\$ 595,612</b>	<b>\$ 423,858</b>	<b>\$ 1,019,271</b>	<b>\$ 1,301,233</b>	<b>\$ 6,951,823</b>	<b>\$ 1,372,040</b>
<b>Reconciliation to Statement of Net Assets:</b>									
Cash and cash equivalents	\$ 691,042	\$ 2,812,443	\$ 108,364	\$ 595,612	\$ 423,858	\$ -	\$ 945,724	\$ 5,677,043	\$ 1,372,040
Restricted cash and cash equivalents	-	-	-	-	-	1,019,271	355,509	1,374,780	-
Total cash and cash equivalents	\$ 691,042	\$ 2,812,443	\$ 108,364	\$ 595,612	\$ 423,858	\$ 1,019,271	\$ 1,301,233	\$ 6,951,823	\$ 1,372,040
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>									
Operating income (loss)	\$ 2,866,035	\$ 11,095	\$ 1,100,223	\$ (983,282)	\$ (261,335)	\$ (121,653)	\$ 55,851	\$ 2,666,934	\$ (1,397,523)
Adjustments to reconcile operating income to net cash provided (used) by operating activities									
Depreciation expense	566,052	1,313,271	310,081	1,036,748	252,495	-	118,277	3,596,924	56,491
Amortization expense	-	-	-	-	-	121,653	-	121,653	-
Other nonoperating revenue	2,000	-	-	-	804	-	25,110	27,914	-
Capital asset expense	-	-	-	-	-	-	-	43,611	-
Change in assets and liabilities									
Receivables, net	(227,170)	(3,541)	(28,289)	478,447	(494)	-	(894)	278,239	(18,958)
Other receivable	-	-	-	9,866	-	-	-	9,866	-
Due from other funds	198,480	4,487,783	(391,362)	-	-	-	(5,975)	4,288,926	(14,551)
Prepaid expenses	-	-	-	63,078	-	-	-	63,078	-
Inventory	(1,181)	(13,868)	-	(3,974)	-	-	-	(18,869)	(895)
Accounts payable	(620,181)	(7,770)	790,959	(30,615)	(59,351)	-	(347,037)	(673,995)	(10,434)
Claims liability	-	-	-	-	-	-	-	-	(97,155)
Due to other funds	-	-	-	-	-	-	(140,132)	(140,132)	-
Due to employees	21,091	(5,288)	1,062	20,364	2,558	-	9,064	50,861	5,037
Refundable deposits	-	-	-	(4,625)	-	-	53,288	48,663	-
Unfunded OPEB liability	-	-	-	-	-	-	-	-	1,411,207
Accrued compensated absences	1,172	25,976	11,838	5,207	2,038	-	70,191	77,402	7,451
Net Cash Provided by Operating Activities	\$ 2,808,461	\$ 5,807,658	\$ 1,394,512	\$ 592,014	\$ (62,315)	\$ -	\$ (158,546)	\$ 10,381,784	\$ (149,330)

See accompanying notes to the basic financial statements.

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**FOOTNOTES TO BASIC FINANCIAL STATEMENTS**

**Footnotes to the Basic Financial Statements:**

**1. Financial Reporting Entity**

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

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

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

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

**Blended Component Units** (separate legal entities for which the City Council is fiscally responsible, and for which the City Council members serve as the trustees/governing body of the entity):

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

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

**Midwest City Hospital Authority** – created to operate the hospital and manage activities related to the hospital lease.

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

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

**2. Basis of Presentation and Accounting**

This annual report is presented in a format that substantially meets the presentation requirements of the Governmental Accounting Standards Board (GASB) in accordance with generally accepted accounting

principles. The presentation includes financial statements that communicate the City's financial condition and changes therein at two distinct levels:

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

**Government-Wide Financial Statements:**

In the Statement of Net 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, parks and recreation. Sales taxes, franchise fees, fines, and state and federal grants finance most of these activities.

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

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

For business-type activities, Financial Accounting Standard Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

**Fund Financial Statements:**

***Governmental Funds:***

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



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Major Funds:

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

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

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

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

Capital Project Funds:

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

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

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

***Proprietary Funds:***

When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds include enterprise funds and internal service funds. Enterprise funds are used to account for business-like activities provided to the general public. Internal service funds are used to account for business-like activities provided to other funds or departments of the City. Proprietary funds are reported on the accrual basis of accounting and economic resources measurement focus. For example, proprietary fund capital assets are capitalized and depreciated and principal payments on long-term debt are recorded as a reduction to the liability. For the enterprise funds, Financial Accounting Standard Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

The City's proprietary funds include the following:

**Enterprise Fund**

Major:

- Water Fund (includes the Water Operating Fund and the Water Capital Projects Fund) accounts for the activities providing water services to the public. *Included in Midwest City Municipal Authority*
- Sewer Fund (includes the Sewer Operating Fund and the Sewer Capital Projects Fund) accounts for the activities providing sewer services to the public. *Included in Midwest City Municipal Authority*
- Sanitation Fund (includes the Sanitation Operating Fund) accounts for the activities providing sanitation services to the public. *Included in Midwest City Municipal Authority*
- Conference Center/Hotel Fund (includes the Conference and Hotel Operating Fund) accounts for the activities related to the Conference Center and Hotel. *Included in Midwest City Municipal Authority*
- Drainage Fund (includes the Drainage Operating Fund and the Capital Projects Fund) accounts for the activities providing drainage services to the public.
- Debt Service Fund accounts for the debt activities related to the 2003 Revenue Bonds.

Non-Major:

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

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**Internal Service Funds (combined for reporting purposes)**

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

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

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

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

**Deposits and Investments Risks**

The City of Midwest City primary government and blended component units are governed by the deposit and investment limitations of state law and trust indentures. The deposits and investments held at June 30, 2011 by these entities are as follows:

**Schedule of Deposits and Investments by Type - June 30, 2011**

Type	Fair Value	Maturities in Years				
		On Demand	Less Than One	1 - 5	6 - 10	More than 10
Demand deposits	\$ 14,849,270	\$ 14,849,270	\$ -	\$ -	\$ -	\$ -
Time deposits	16,520,307	-	13,817,881	2,702,426	-	-
Government Money Market Accounts	1,405,943	1,405,943	-	-	-	-
U.S. Agencies Obligations	21,065,377	-	-	-	3,536,111	17,529,266
Sub-Total	53,840,897	\$ 16,255,213	\$ 13,817,881	\$ 2,702,426	\$ 3,536,111	\$ 17,529,266
Hospital JP Morgan	59,569,320					
Other Investments	1,275,579					
Total Deposits and Investments	\$ 114,685,796					
<b>Reconciliation to Financial Statements:</b>		<b>Per report</b>				
Cash and cash equivalents	\$ 16,255,212					
Investments	98,430,584					
	\$ 114,685,796					

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

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investments exists when the City holds investments that are uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the City's name.

The City's policy as it relates to custodial credit risk is to secure its uninsured deposits with collateral, valued at no more than market value, at a minimum level of 110% of the uninsured deposits and accrued interest thereon. The City's policy limits acceptable collateral to U.S. Treasury securities, federally insured obligations, or direct debt obligations of municipalities, counties, and school districts in Oklahoma. Also, as required by Federal 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the City must have a written collateral agreement approved by the board of directors or loan committee.

At June 30, 2011, the City had no exposure to custodial credit risk as defined above.

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

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

Investment credit risk is the risk that an issuer or other counterpart to an investment will not fulfill its obligations. The City has no formal policy limiting investments based on credit rating, but discloses any such credit risk associated with their investments by reporting the credit quality ratings of investments in debt securities as determined by nationally recognized statistical rating organizations—rating agencies—as of the year end. Unless there is information to the contrary, obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

*Investment Interest Rate Risk* – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City's investment policy indicates that the investment portfolio, shall remain sufficiently liquid to enable the City to meet all operating requirements as anticipated. The City discloses its exposure to interest rate risk by disclosing the maturity dates of its various investments by date range.

As noted in the schedule of deposits and investments above, at June 30, 2011, the investments held by the City mature between 2011 through 2023.

*Concentration of Investment Credit Risk* - Exposure to concentration of credit risk is considered to exist when investments in any one issuer represent a significant percent of total investments of the City (any over 5% are disclosed). Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this consideration.

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**Hospital Authority Investments:**

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

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

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

Asset allocation guidelines for the Plan are as follows:

Class	Target	Maximum	June 2011 Percent
Equities – Domestic	2.0%-60%	85%	61.2%
Equities – International	2.5%-10%	30%	8.8%
Fixed Income	2.5%-25%	80%	10.5%
Real Estate	0%	20%	0%
Cash Equivalents	0%	36%	14.3%
Emerging Markets	2.5%-5%	10%	5.2%

At June 30, 2011, the City had complied with the investment policies as defined above.

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**Restricted Cash and Investments**

The amounts reported as restricted assets of the Enterprise Funds on the statement of net assets are comprised of amounts held by the Midwest City Proprietary Debt Service accounts of the trustee bank for revenue bond retirement, and the Customer Deposit Fund account for refundable deposits held by others. The restricted assets as of June 30, 2011 are as follows:

Cash and Cash Equivalents:	
Pooled Cash Restricted for Debt Service	\$ 1,019,271
Pooled Cash Restricted for Refundable Deposits	355,509
	<u>\$ 1,374,780</u>
Investments:	
Pooled Investments Restricted for Refundable Deposits	963,687
	<u>\$ 963,687</u>

**4. Capital Assets and Depreciation**

**Capital Assets:**

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

For the year ended June 30, 2011, capital assets balances changed as follows:

	Balance at July 1, 2010	Additions	Deductions	Balance at June 30, 2011
<b>PRIMARY GOVERNMENT:</b>				
<i>Governmental activities:</i>				
Capital assets not being depreciated:				
Land	\$ 29,085,911	\$ 1,239,410	\$ -	\$ 30,325,321
Construction in progress	2,288,720	2,090,937	685,598	3,694,059
Total capital assets not being depreciated	<u>31,374,631</u>	<u>3,330,347</u>	<u>685,598</u>	<u>34,019,380</u>
Other capital assets:				
Buildings	21,635,900	1,911,451	-	23,547,351
Machinery and equipment	15,143,090	599,973	12,083	15,730,980
Vehicles	6,561,449	1,075,119	514,459	7,122,109
Infrastructure	426,194,703	1,288,297	-	427,483,000
Total other capital assets at historical cost	<u>469,535,142</u>	<u>4,874,840</u>	<u>526,542</u>	<u>473,883,440</u>
Less accumulated depreciation for:				
Buildings	7,046,905	471,000	-	7,517,905
Machinery and equipment	9,882,208	793,432	7,175	10,668,465
Vehicles	4,002,685	441,845	508,761	3,935,769
Infrastructure	109,624,476	11,932,617	-	121,557,093
Total accumulated depreciation	<u>130,556,274</u>	<u>13,638,894</u>	<u>515,936</u>	<u>143,679,232</u>
Other capital assets, net	338,978,868	(8,764,054)	10,606	330,204,208
Governmental activities capital assets, net	<u>\$ 370,353,499</u>	<u>\$ (5,433,707)</u>	<u>\$ 696,204</u>	<u>\$ 364,223,588</u>

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	Balance at July 1, 2010	Additions	Deductions	Balance at June 30, 2011
<i>Business-type activities:</i>				
Capital assets not being depreciated:				
Land	\$ 7,549,649	\$ -	\$ -	\$ 7,549,649
Water rights	4,672,610	-	-	4,672,610
Construction in progress	4,091,375	7,788,218	2,586,420	9,293,173
Total capital assets not being depreciated	<u>16,313,634</u>	<u>7,788,218</u>	<u>2,586,420</u>	<u>21,515,432</u>
Other capital assets:				
Buildings	28,644,978	167,577	-	28,812,555
Machinery and equipment	10,194,258	846,168	18,399	11,022,027
Vehicles	5,739,774	30,000	107,572	5,662,202
Utility systems	98,979,769	1,989,106	-	100,968,875
Total other capital assets at historical cost	<u>143,558,779</u>	<u>3,032,851</u>	<u>125,971</u>	<u>146,465,659</u>
Less accumulated depreciation for:				
Buildings	5,704,316	685,381	-	6,389,697
Machinery and equipment	5,468,867	604,745	18,399	6,055,213
Vehicles	3,313,781	290,495	107,572	3,496,704
Utility systems	46,271,595	2,027,478	-	48,299,073
Total accumulated depreciation	<u>60,758,559</u>	<u>3,608,099</u>	<u>125,971</u>	<u>64,240,687</u>
Other capital assets, net	<u>82,800,220</u>	<u>(575,248)</u>	<u>-</u>	<u>82,224,972</u>
Business-type activities capital assets, net	<u>\$ 99,113,854</u>	<u>\$ 7,212,970</u>	<u>\$ 2,586,420</u>	<u>\$ 103,740,404</u>

**Depreciation:**

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

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

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

<b>Governmental Activities:</b>	
General Government	\$ 253,588
Public Safety	1,042,762
Streets	11,791,312
Culture and Recreation	197,220
Health and Welfare	36,507
Economic development	272,189
Sub-total governmental funds depreciation	<u>13,593,578</u>
Depreciation on capital assets held by the City's internal service funds is charged to the various functions based upon usage	
	<u>45,316</u>
Total	<u>\$ 13,638,894</u>

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**Business-Type Activities:**

Water	\$	566,052
Sewer		1,313,271
Sanitation		310,081
Drainage		252,495
Conference Center/Hotel		1,036,748
Golf		118,277
Total Business Type Activities		3,596,924
Depreciation on capital assets held by the City's internal service funds is charged to the various functions based upon usage		
		11,175
Total	\$	3,608,099

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

**Internal and Interfund Balances:**

The City's policy is to eliminate interfund receivable and payables between funds in the statement of net assets to avoid the grossing up of balances. Only the residual balances due between governmental and business-type activities are reported as internal balances and then offset in the total column. Interfund receivables and payables at June 30, 2011 were as follows:

Receivable Fund	Payable Fund	Amount	Nature of Interfund Balance
General Fund	Comm Dev Block Grant	\$ 49,009	To cover negative balance in pooled cash
General Fund	Grant Fund/Housing	5,159	To cover negative balance in pooled cash
General Fund	Grant Fund	39,695	To cover negative balance in pooled cash
Police Fund	General Fund	1,054,369	Restricted sales tax payable
Police Fund	Police Special Projects	8,380	To cover operational grant cost
Fire Fund	General Fund	852,495	Restricted sales tax payable
Hospital Authority	29th and Douglas	660,547	Long-term loan
Capital Outlay Fund	Grant Fund	84,869	To cover operational grant cost
Capital Improvements Fund	Grant Fund	20,762	To cover operational grant cost
Fleet Services Fund	Grant Fund	14,551	To cover operational grant cost
Sewer Construction Fund	Tax Increment Financing Fund	4,741,620	Long-term loan for economic improvements
Sanitation Fund	Fire Capitalization Fund	1,122,787	Long-term loan for capital improvements
Sanitation Fund	Golf Fund	190,749	Long-term loan for capital improvements
Water Fund	Customer Deposits Fund	2,318	Meter deposit liability
Golf Fund	Grant Fund	5,975	To cover operational grant cost
		\$ 8,853,285	
		Due From	Due To
		Other Funds	Other Funds
Reconciliation to Fund Financial Statements:		\$ 2,775,286	\$ 7,999,672
Governmental Funds		6,063,448	853,613
Proprietary Funds		14,551	-
Internal Service Fund		\$ 8,853,285	\$ 8,853,285
Total			\$ -
Reconciliation to Statement of Net Assets:			
Net Internal Balances		\$ 5,209,835	
Internal Service Fund Activity reported in Business-type Activities		(1,184,452)	
Net Internal Balance		\$ 4,025,383	



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**Internal and Interfund Transfers:**

The City's policy is to eliminate interfund transfers between funds in the statement of activities to avoid the grossing up of balances. Only the residual balances transferred between governmental and business-type activities are reported as internal transfers and then offset in the total column. Internal activities between funds and activities for the year ended June 30, 2011 were as follows:

Transfer In	Transfer Out	Amount	Nature of Interfund Transfer
General Fund	Fire Fund	\$ 88,000	Code Enforcement Allocation
General Fund	Storm Water Quality Fund	41,907	Indirect Cost Allocation
General Fund	Sanitation Fund	763,936	Indirect Cost Allocation
General Fund	Water Fund	748,459	Indirect Cost Allocation
General Fund	Sewer Fund	772,099	Indirect Cost Allocation
Street and Alley Fund	Water Fund	350,545	Reimburse Repair Cost
Technology Fund	Emergency Operations Fund	40,658	Contract Cost Allocation
Reimbursed Projects Fund	Convention/Visitor Bureau Fund	1,596	Operating Subsidy
Reimbursed Projects Fund	Capital Improvement Fund	20,000	Operating Subsidy
Reimbursed Projects Fund	Downtown Redevelopment Authority	35,000	Operating Subsidy
Police Fund	General Fund	9,177,307	Ordinance Obligation
Fire Fund	General Fund	7,340,480	Ordinance Obligation
Convention Visitor Bureau Fund	Welcome Center Fund	1,400	Operating Subsidy
Emergency Management Fund	Grants Fund	26,200	Grant Subsidy
Activity Fund	Grant Fund	4,321	Operating Subsidy
Activity Fund	Hospital Authority	33,365	Operating Subsidy
Community Development Block Grant	General Fund	65,559	City Match of CDBG Program
Grant Fund	General Fund	140,533	City Match of Weed and Seed Grant
Grant Fund	Police Impound Fees	5,738	Operating Subsidy
Disaster Relief	Grants Fund	33,665	Grant Subsidy
Capital Outlay Fund	General Fund	12,315	Capital Outlay Subsidy
Capital Outlay Fund	Storm Water Quality Fund	2,600	Capital Outlay Subsidy
Capital Outlay Fund	Public Works Admin	49,000	Capital Outlay Subsidy
Capital Outlay Fund	Fleet	3,000	Capital Outlay Subsidy
Capital Outlay Fund	Grant Fund	528,772	Capital Outlay Subsidy
Capital Outlay Fund	Downtown Redevelopment Authority	390,775	Capital Outlay Subsidy
Capital Outlay Fund	G.O.Debt Services	32,170	Capital Outlay Subsidy
Police Capitalization Fund	Capital Outlay Fund	750	Capital Outlay Subsidy
Capital Improvement Fund	Grant Fund	88,331	Capital Outlay Subsidy
Capital Improvement Fund	Conference Center / Hotel Fund	360,000	Capital Outlay Subsidy
Fleet	Grant Fund	14,551	Grant Subsidy
L & H benefit	Conference Center / Hotel Fund	1,217	Operating Subsidy

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Transfer In	Transfer Out	Amount	Nature of Interfund Transfer
Trailer Park Fund	Downtown Redevelopment Authority	80,546	Debt Service Subsidy
Construction Loan Payment Revenue	Grant Fund	415,110	Capital Outlay Subsidy
Utility Capitalization Fund	Capital Outlay Fund	175,000	Capital Outlay Subsidy
Utility Capitalization Fund	Storm Water Quality Fund	52,260	Capital Outlay Subsidy
Utility Capitalization Fund	Grant Fund	198,000	Capital Outlay Subsidy
Water Fund	Customer Deposits Fund	7,714	Interest Earnings
Sewer Fund	Grant Fund	54,188	Grant Subsidy
Golf Fund	Grant Fund	5,975	Grant Subsidy
Capital Improvement Revenue Bond Fund	Revenue Bond Sinking Fund	1,998,858	Debt Service Subsidy
		<u>\$ 24,161,900</u>	

Reconciliation to Fund Financial Statements:	Transfers to Other Funds	Transfers from Other Funds	Net Transfers
Governmental Funds	\$ 21,158,481	\$ (21,009,163)	\$ 149,318
Enterprise Funds	2,987,651	(3,100,737)	(113,086)
Internal Service Funds	15,768	(52,000)	(36,232)
Totals	<u>\$ 24,161,900</u>	<u>\$ (24,161,900)</u>	<u>\$ -</u>
<b>Reconciliation to Statement of Activities:</b>			
Net Transfers			\$ 149,318
Internal Service Fund Activity			(36,232)
Transfers - Internal Activity			<u>\$ 113,086</u>

## 6. Long-Term Debt

The City's long term debt consists of general obligation bonds, note payable, and accrued compensated absences. For the year ended June 30, 2011, the City's long-term debt balances changed as follows:

### Primary Government:

Type of Debt	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011	Due Within One Year
<b>Governmental Activities:</b>					
General Obligation Bonds	\$ 11,100,000	\$ -	\$ 1,400,000	\$ 9,700,000	\$ 1,400,000
Note Payable	25,016,465	-	293,566	24,722,899	486,425
Accrued Compensated Absences	3,610,901	1,793,150	1,576,592	3,827,459	1,283,503
Total Governmental Activities	<u>\$ 39,727,366</u>	<u>\$ 1,793,150</u>	<u>\$ 3,270,158</u>	38,250,358	3,169,928

### Reconciliation to Statement of Net Assets:

Plus: OPEB Obligation				3,984,559	-
Refundable Deposits				72,432	72,432
				<u>\$ 42,307,349</u>	<u>\$ 3,242,360</u>

### Business-Type Activities:

Notes Payable	\$ 1,402,897	\$ -	\$ 183,893	\$ 1,219,004	\$ 189,214
Revenue Bonds Payable	27,375,000	-	635,000	26,740,000	655,000
Revenue Bonds Premium	369,684	-	15,958	353,726	-
Revenue Bond Deferred Amount on Refunding	(950,961)	-	(116,449)	(834,512)	-
Refundable Deposits	1,316,154	512,463	463,800	1,364,817	195,998
Accrued Compensated Absences	709,653	583,548	512,523	780,678	260,226
Total Business-Type Activities	<u>\$ 30,222,427</u>	<u>\$ 1,096,011</u>	<u>\$ 1,694,725</u>	<u>\$ 29,623,713</u>	<u>\$ 1,300,438</u>

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

**General Obligation Bonds:**

\$4,500,000 general obligation bonds dated May 1, 2006 for public safety, payable in annual installments of \$275,000 the first year and \$325,000, thereafter, with interest rates of 3.75% to 3.95%, repaid by property tax levies. Current portion \$325,000.	\$3,250,000
\$15,000,000 general obligation bonds dated February 1, 2002 for street improvements, payable in annual installments of \$1,025,000 in the first year and \$1,075,000, thereafter, with interest rates of 5.00% to 5.25%, repaid by property tax levies. Current portion \$1,075,000.	<u>6,450,000</u>
Total general obligation bonds	<u>\$9,700,000</u>
Current	\$1,400,000
Non-current	<u>8,300,000</u>
Total	<u>\$9,700,000</u>

**Notes Payable:**

\$25,000,000 construction loan for hospital addition, payable in monthly installments beginning December 2010 of \$154,710; final payment due November 2019 of \$19,773,124; interest rate equal to the variable rate equal to the "Prime Rate," as quoted in the Money Rates Section of TheWall Street Journal, adjusted daily, with a minimum interest rate of five And one-half percent (5.50%) per annum and a maximum interest rate of eleven percent (11%) per annum with payments adjusted annually; current rate is 5.5%; construction Interest rate of 5.5%. Secured by a first mortgage lien on the property. Current portion \$486,425	<u>\$24,722,899</u>
Total notes payable	<u>\$24,722,899</u>
Current	\$486,425
Non-current	<u>24,236,474</u>
Total	<u>\$24,722,899</u>

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

**Revenue Bonds Payable:**

\$29,870,000 Series 2003 Capital Improvement Revenue Bonds, due in annual principal Installments of \$70,000 to \$1,905,000 through September 1, 2033, with interest rates from 2.95% to 5.375%.	\$26,740,000
Unamortized Revenue Bond Premium	353,726
Unamortized Gain (Loss) on Refunding	<u>(834,512)</u>
Total Revenue Bonds, Net	<u>\$26,259,214</u>
Current	\$655,000
Non-current	<u>26,085,000</u>
Total	<u>\$26,740,000</u>

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**Notes Payable:**

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

	<u>\$1,219,004</u>
Current	\$189,214
Non-current	<u>1,029,790</u>
Total	<u>\$1,219,004</u>

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

Governmental-Type Activities				
Year Ending June 30,	G.O. Bonds Payable		Notes Payable	
	Principal	Interest	Principal	Interest
2012	\$ 1,400,000	\$ 458,938	\$ 486,425	\$ 1,370,104
2013	1,400,000	392,350	518,036	1,338,493
2014	1,400,000	325,763	547,673	1,308,856
2015	1,400,000	259,175	579,006	1,277,523
2016	1,400,000	189,900	608,693	1,247,835
2017-2021	2,700,000	249,000	21,983,066	3,978,488
Total	\$ 9,700,000	\$ 1,875,126	\$24,722,899	\$ 10,521,299

  

Business-Type Activities				
Year Ending June 30,	Notes Payable		Revenue Bonds Payable	
	Principal	Interest	Principal	Interest
2012	\$ 189,214	\$ 33,425	\$ 655,000	\$ 1,344,231
2013	194,680	28,237	675,000	1,321,306
2014	200,601	22,899	700,000	1,296,669
2015	206,380	17,398	730,000	1,268,669
2016	212,039	11,739	770,000	1,230,344
2017-2021	216,090	5,925	4,485,000	5,502,274
2022-2026	-	-	5,815,000	4,173,768
2027-2031	-	-	7,470,000	2,517,250
2032-2034	-	-	5,440,000	553,000
Total	\$ 1,219,004	\$ 119,623	\$ 26,740,000	\$ 19,207,511

**Pledge of Future Revenues**

Sales Tax Pledge - The City has pledged one-fourth of one percent (or .25%) of future sales tax revenues to repay the 2003 Revenue Bonds which are payable through 2033. Proceeds from the bond provided financing for construction and equipping the Sheraton Hotel and the Reed Conference Center. The total principal and interest payable for the remainder of the life of the bond is \$45,947,511. Pledged sales taxes received in the current year was \$2,056,990. Debt service payments of \$1,982,671 for the current fiscal year were 96% of pledged sales tax. Other sources of revenues such as water and sewer are also pledged.

*Utility Revenue Pledge* – The City has pledged the revenues from the future sale of water to repay the Central Oklahoma Master Conservancy District note payable which is payable through 2016. Proceeds from the note provided funding for improvements and expansion of the water transportation and distribution system. The total principal and interest payable for the remainder of the life of the bond is \$1,338,627. Water revenues received in the current year was \$6,953,355. Debt service payments of \$222,360 for the current fiscal year were 3.2% of pledged water revenue.

## 7. Net Assets and Fund Balances

### *Government-Wide and Proprietary Fund Financial Statements:*

Net assets are displayed in three components:

- a. *Invested in capital assets, net of related debt* - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- b. *Restricted net assets* - Consists of net assets with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- c. *Unrestricted net assets* - All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

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

The following table shows the net assets restricted for other purposes shown on the Statement of Net Assets:

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Fund	Restricted By	Amount
Hospital Authority	Enabling legislation	\$ 62,517,491
Technology Fund	Enabling legislation	460,661
Police Impound Fund	Enabling legislation	73,771
Urban Renewal Authority	Enabling legislation	15,498
Capital Outlay Reserve Fund	Enabling legislation	1,047,754
General Fund	Enabling legislation	28,042
		<u>\$ 64,143,217</u>
Street and Alley Fund	Statutory requirements	\$ 1,037,613
Juvenile Fund	Statutory requirements	165,115
Police Special Projects	Statutory requirements	156,161
Police Lab Fee	Statutory requirements	32,254
General Fund	Statutory requirements	470,117
		<u>\$ 1,861,260</u>
Grant Fund	External contracts	\$ 239,538
General Fund	External contracts	470,117
General Fund	External contracts	28,042
Police Fund	External contracts	3,220,405
Fire Fund	External contracts	812,506
Park and Recreation Fund	External contracts	493,884
Emergency Operation Fund	External contracts	757,019
Welcome Center	External contracts	262,251
Convention and Visitors Bureau	External contracts	80,613
GO Debt Service Fund	External contracts	1,593,431
Capital Outlay Fund	External contracts	2,290,024
2002 GO Street Bond	External contracts	3,667,298
Downtown Redevelopment	External contracts	1,348,686
Street Tax Fund	External contracts	20,013
Sales Tax Capital Improvements	External contracts	471,132
		<u>\$ 15,754,959</u>

*Governmental Fund Financial Statements:*

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

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

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

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

	Major Special Revenue Fund					Other Governmental Fund	Total
	General Fund	Police Fund	Fire Fund	Hospital Authority	Tax Increment Financing		
<b>Fund Balance:</b>							
<b>Nonspendable:</b>							
Inventory	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 824,413	\$ 824,413
Prepaid expenses	3,180	-	-	-	-	-	3,180
	<u>3,180</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>824,413</u>	<u>827,593</u>
<b>Restricted For:</b>							
Police operations	28,042	3,055,694	-	-	-	106,025	3,189,761
Fire operations	-	-	812,506	-	-	-	812,506
Hospital	-	-	-	64,657,630	-	-	64,657,630
Jail operations	-	164,711	-	-	-	-	164,711
General obligation debt service	-	-	-	-	-	1,504,619	1,504,619
Capital improvements	-	-	-	-	-	5,092,252	5,092,252
Street improvements	-	-	-	-	-	3,687,311	3,687,311
Street operations	-	-	-	-	-	1,037,613	1,037,613
Technology improvements	-	-	-	-	-	460,681	460,681
Culture and rec programs	5,433	-	-	-	-	756,135	761,568
Economic development	435,778	-	-	-	-	192,399	628,177
Health and welfare programs	3,455	-	-	-	-	-	3,455
General government programs	25,451	-	-	-	-	143,108	168,559
Juvenile public safety programs	-	-	-	-	-	165,115	165,115
Police - drug programs	-	-	-	-	-	156,161	156,161
Emergency operations	-	-	-	-	-	757,019	757,019
Downtown redevelopment	-	-	-	-	-	1,348,668	1,348,668
Sub-total restricted	<u>498,159</u>	<u>3,220,405</u>	<u>812,506</u>	<u>64,657,630</u>	<u>-</u>	<u>15,407,106</u>	<u>84,595,806</u>
<b>Assigned in:</b>							
Capital improvements	-	-	-	-	-	25,691	25,691
Culture and rec programs	480,907	-	-	-	-	-	480,907
Downtown redevelopment	-	-	-	-	-	497,621	497,621
Disaster relief	930,146	-	-	-	-	-	930,146
Animal shelter	32,780	-	-	-	-	-	32,780
General government - encumbrances	29,630	-	-	-	-	-	29,630
Public safety - encumbrances	427	-	-	-	-	-	427
Public Works - encumbrances	59,855	-	-	-	-	-	59,855
Culture and rec - encumbrances	18,251	-	-	-	-	-	18,251
Economic development - encumbrances	47,312	-	-	-	-	-	47,312
Sub-total assigned	<u>1,599,308</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>523,312</u>	<u>2,122,620</u>
<b>Unassigned:</b>	3,623,518	-	-	-	(4,741,620)	-	(1,118,102)
<b>TOTAL FUND BALANCE</b>	<u>\$ 5,724,165</u>	<u>\$ 3,220,405</u>	<u>\$ 812,506</u>	<u>\$ 64,657,630</u>	<u>\$ (4,741,620)</u>	<u>\$ 16,754,831</u>	<u>\$ 86,427,917</u>

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The following amounts of encumbrances are included in the previous page numbers at June 30, 2011:

Fund	Balance
<b>Major Funds:</b>	
General Fund	\$ 218,920
Police Fund	236,012
Fire Fund	2,866
Hospital Authority	28,558
	\$ 486,356
<b>Non Major Fund:</b>	
Capital Outlay Fund	\$ 305,841
Street and Alley Fund	35,501
Technology Fund	14,540
Police Lab Fund	1,473
Police Impound Fund	6,300
Welcome Center Fund	1,161
Convention and Visitor Bureau	17,300
Emergency Operations Fund	93,534
Park and Recreation Fund	59,635
Grant Fund	32,272
Capital Improvement Fund	88,749
Downtown Redevelopment Fund	80,325
2002 GO Street Bond Fund	98,529
	\$ 835,160

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

## 8. Revenues

### Program Revenues:

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

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



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

**Sales Tax Revenue:**

Sales tax revenue represents a 3.30 cents tax on each dollar of taxable sales of which is collected by the Oklahoma Tax Commission and remitted to the City as follows:

The General Fund records 2.3805 cents. The Police and Fire Funds record .3195 and .2595, respectively. The Emergency 911 fund records .0405, the Capital Improvement Fund .25 and the Park and Recreation Fund .05.

**Property Tax Revenue:**

In accordance with state law, a municipality may only levy a property tax to retire general obligation debt approved by the voters and to pay judgments rendered against the City. Property taxes levied by the City are billed and collected by the County Treasurer's Office and remitted to the City in the month following collection. Property taxes are levied normally in October and are due in equal installments on December 31 and March 31. Property taxes unpaid for the fiscal year are attached by an enforceable lien on property in the following October. For the year ended June 30, 2011, the City's net assessed valuation of taxable property was \$284,605,074. The taxes levied by the City per \$1,000 of net assessed valuation for the year ended June 30, 2011 was \$6.62.

**9. Risk Management**

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

- General Liability – Covered through self-insurance
- Physical Property – Covered through purchased insurance with a \$25,000 deductible, per occurrence.
- Workers' Compensation – Workers' compensation is covered through self-insurance with the City administering the claims process. The city does not carry stop loss insurance.
- Employee's Group Medical –Covered through self-insurance using a third party administrator to process medical claims. The City uses the third party processor's estimates to record group insurance claims payable. The City also has a stop-loss policy which covers individual claims in excess of \$150,000 during any year.

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

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Claims Liability Analysis

The claims liabilities related to the above noted risks of loss that are retained are determined in accordance with the requirements of Statement of Financial Accounting Standards No. 5, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. For the internal service self-insurance funds, changes in the claims liability for the City from July 1, 2008, to June 30, 2011, are as follows:

	<u>Risk Fund</u>	<u>Health Care</u>	<u>Total</u>
Claim liability, June 30, 2008	\$ 2,861,000	\$ 602,000	\$ 3,463,000
Claims and changes in estimates	1,449,535	6,150,134	7,599,669
Claims payments	<u>(1,049,535)</u>	<u>(6,106,584)</u>	<u>(7,156,119)</u>
Claim liability, June 30, 2009	3,261,000	645,550	3,906,550
Claims and changes in estimates	2,493,468	5,734,064	8,227,532
Claims payments	<u>(1,972,468)</u>	<u>(5,910,317)</u>	<u>(7,882,785)</u>
Claim liability, June 30, 2010	3,782,000	469,297	4,251,297
Claims and changes in estimates	925,173	6,156,838	7,082,011
Claims payments	<u>(901,173)</u>	<u>(6,277,993)</u>	<u>(7,179,166)</u>
Claim liability, June 30, 2011	<u>\$ 3,806,000</u>	<u>\$ 348,142</u>	<u>\$ 4,154,142</u>

**10. Retirement Plan Participation**

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

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

*Oklahoma Firefighter's and Police Pension and Retirement Systems*

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

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	<u>Oklahoma Police Pension and Retirement System</u>	<u>Oklahoma Firefighter's Pension and Retirement System</u>
Obtaining separately issued financial statements	Police Pension and Retirement 1001 N.W. 63rd St., Suite 605 Oklahoma City, OK 73116-7335	Oklahoma Firefighter's Pension and Retirement System 4545 N. Lincoln Blvd., Suite 265 Oklahoma City, OK 73105-3414
Eligibility to participate	All full-time officers, employed by a participating municipality, not less than 21 years of age or more than 45 years of age when hired.	All full-time or voluntary firefighters of a participating municipality, not less than 18 years of age or more than 45 years of age.
Authority establishing contribution obligations and benefits	State Statute	State Statute
Employee's contribution rate (percent of covered payroll)	8% (a)	8% (b)
City's contribution rate (percent of covered payroll)	13% (c)	13% (d)
State obligation	State appropriation to fund the unfunded actuarial accrued liability.	State appropriation to fund the unfunded actuarial accrued liability.
Period required to vest	10 years	10 years
Eligibility and benefits for distribution (full-time)	20 years credited service, 2 ½% of final average salary multiplied by the years of credited service with a maximum of 30 years considered; if vested, at or after age 50, or after 10 but before 20 years of credited service, with reduced benefits.	20 years credited service 2 ½% of final average salary multiplied by the years of credited service with a maximum of 30 years considered; if vested, at or after age 50, or after 10 but before 20 years of credited service, with reduced benefits.
Eligibility and benefits for distribution (volunteer)	-	20 years credited service equal to \$5 46 per month per year of service, with a maximum of 30 years considered.
Deferred retirement option	Yes, 20 years credited service with additional option to participate in Louisiana Plan.	Yes, 20 years credited service with continued service for a maximum of 30 years.
Provisions for: Cost of living adjustments (normal retirement)	Yes	Yes, if vested by 5/83
Death (duty, non-duty, post retirement)	Yes	Yes
Disability (duty, non-duty)	Yes	Yes
Cost of living allowances	Yes	Yes

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

(b): 8% of base, college incentive, longevity, various commute pays, overtime, sick leave, vacation leave and paid day off buy backs, sick leave incentive, EMT, hazmat, inspector, instructor and suppression pays. However the City's contract with the union provides that member contribution will be 4%.

(c): 13% of eligible salary as stated above. However, the City contract with the union provides that the employer contribution will be 18%.

(d): 13% of eligible salary as stated above. However, the City contract with the union provides that the employer contribution will be 17%.

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Retirement Plan Contributions – OFPRS and OPFRS Cost-Sharing Plans

Oklahoma Police Pension and Retirement System			Oklahoma Firefighter's Pension and Retirement System		
Fiscal Year	Required Contribution	Percentage Contributed	Fiscal Year	Required Contribution	Percentage Contributed
2009	\$733,420	100%	2009	\$842,799	100%
2010	746,218	100%	2010	885,569	100%
2011	760,087	100%	2011	885,986	100%

The state made on-behalf payments for the police pension system for \$589,978 and for the fire pension system of \$1,676,441. These on-behalf payments were recognized as revenue and expenditures in the current fiscal year.

*OMRF Defined Contribution Plan:*

The City has also provided a defined contribution plan and trust known as the City of Midwest City Plan and Trust (the "Plan") in the form of the Oklahoma Municipal Retirement System Master Defined Contribution Plan. OMRF operations are supervised by a nine-member Council of Trustees elected by the participating municipalities. The Plan is administered by JPMorgan Chase of Oklahoma City. The defined contribution plan is available to all full-time employees on a voluntary basis who are not already participating in another plan. According to City Ordinance, the employee and employer are required to contribute amounts equal to 0.0% and 13.0%, respectively, of the employee's salary each month. The employer's contributions for each employee are 50% vested after five years, with 10% vesting for each subsequent year thereafter. If an employee terminates before becoming fully vested, the employer's contributions that are forfeited are allocated to the remaining fund participants based on percentage of contribution. The authority to establish and amend the provisions of the plan rests with the City Council. For the year ended June 30, 2011, the City contributed \$1,713,035 to the plan, while the employee contributions totaled \$353.

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

**11. Postemployment Healthcare Plan**

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

*Funding Policy.* The contribution requirements of plan members and the City are established by the City Council. Annual health insurance premium amounts are established by the City Council. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2011, the actuarially expected City contribution in the form of net age adjustment was \$842,224 to the Plan. Plan

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members receiving benefits contributed \$595,206 of the total premiums, through their payment of the full determined premium in FY 2011.

*Annual OPEB Cost and Net OPEB Obligation.* The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period of thirty years. The following table shows the components of the City's annual OPEB cost the amount actually contributed to the plan, and changes in the City's net OPEB obligation to for the year ended June 30, 2011:

Amortization of Actuarial Accrued Liability (AAL)	\$	2,037,793
Normal Cost		842,224
Interest on Net OPEB Obligations		121,273
Amortization of Net OPEB Obligation		(241,834)
Annual OPEB cost (expense)		2,759,456
Expected net benefits during the year		(1,328,012)
Increase in net OPEB obligation		1,431,444
Net OPEB obligation - beginning of year		2,553,115
Net OPEB obligation - end of year	\$	3,984,559

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/09	\$2,448,884	47%	\$1,286,676
6/30/10	\$2,510,001	50%	\$2,553,115
6/30/11	\$2,759,456	48%	\$3,984,559

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

*Funded Status and Funding Progress.* As of July 1, 2010, the most recent actuarial valuation date, the Plan was not funded. The actuarial accrued liability (AAL) for benefits was \$29,797,397, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$29,797,397. The covered payroll (annual payroll of active employees covered by the plan) was \$25.0 million, and the ratio of the UAAL to the covered payroll was 119 percent. Because the plan is a substantive plan there are no plan assets.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made

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

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

In the July 1, 2010, actuarial valuation, the Projected Unit Credit actuarial cost method was used. The actuarial assumptions included a 4.75 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the Plan at the valuation date, and an annual healthcare cost trend rate of 7 percent initially, reduced by decrements to an ultimate rate of 5 percent in 2015. The UAAL is being amortized over 30 years based on a level dollar basis. The remaining amortization period at July 1, 2010, was twenty eight years. As of the date of this valuation, there are no plan assets. Retiree premiums are paid as they come due from general operating assets of the City.

## **12. Stewardship, Compliance, and Accountability**

By its nature as a local government entity, the City and its component units are subject to various federal, state and local laws and contractual regulations. Title 11, Section 17-211 of the Oklahoma Statutes prohibits the creation of a deficit fund balance in any individual fund of the City (excluding public trusts). At June 30, 2011, the city reported a deficit fund balance of \$4,741,620 in the Tax Increment Financing Fund. This deficit is due to capital assets not being reported on the governmental fund financial statements.

## **13. Commitments and Contingencies**

### **Construction Contracts Outstanding**

The following construction contracts were outstanding at June 30, 2011:

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Soldier Credk Pedestrian Bridge	\$	1,600
Design Services - Bath House		50,000
Landscap/Irrigation Air Depot		1,013
Residential Street Repair		6,227
Residential Street Repair 2		54,313
Cmty Ctr Outreach Bldg.		17,785
HVAC Cmty Center		49,849
Clock Tower		4,000
Surplus Office Construction		2,900
Original Mile Enhancement		4,035
Cooper Headstart Expansion		30,748
Residential Sewer Line		5,196
Water Plant Expansion		26,763
Sewer Plant Engineering		1,415,097
NE 17th & 19th Water Ln.		7,700
Sidewalks 2		45,152
Local Funded Sidewalks		1,597
Soldier Creek Bridge Repl.		42,000
Ridgewood/Robin Drainage Channel		11,033
Post Rd. Widen		18,154
15th - Fry to Anderson		80,375
Soldier Creek Ind. Park		123,420
Demo. Original City Hall		50,325
Liquid Boot - Jack in Box		30,000
Jet Dr./Harold Court		74,462
Roof at Fire Headquarters		140,714
		<u>\$ 2,294,458</u>

**Litigation**

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

**Grant Programs**

The City of Midwest City participates in various federal or state grant/loan programs from year to year. In 2011, the City's involvement in federal and state award programs was not material due to no major disasters. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. The City has not been notified of any noncompliance with federal or state award requirements. Any liability for reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

### **13. Subsequent Events**

In September 2011, the Midwest City Municipal Authority (the "Authority") issued Capital Improvement Revenue Bonds, series 2011, in the aggregate principal amount of \$26,630,000, the net proceeds of \$26,345,850 (after premium of \$125,867 and payment of underwriting fees \$133,150 and other issuance costs of \$276,867) were used for refunding \$26,740,000 of outstanding Capital Improvement Revenue Bonds, series 2003 which provide financing for construction and equipping the Sheraton Hotel and the Reed Conference Center. The refinancing was done to capture the low interest rates.

In December 2011, the Authority issued Capital Improvement Revenue Bonds, series 2011A, in the aggregate principal amount of \$46,550,000. The net proceeds of \$49,315,000 (after premium of \$3,447,256 and payment of underwriting fees \$232,750 and other issuance costs of \$449,506) are to be used for funding capital infrastructure improvements to the wastewater treatment plant. The Authority has pledged all revenues derived from the operation of the water and sanitary sewer systems less operation cost, together with appropriated sales tax proceeds plus investment income of the Authority to repay the bond. Appropriated sales tax to the Authority comprise of the following: 1.0% per Ordinance No. 845, 0.25% per Ordinance No.2799, and 0.4015% per Ordinance No. 3145.



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**REQUIRED SUPPLEMENTARY INFORMATION**

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**Budgetary Comparison Schedules – Year Ended June 30, 2011**

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	(Budget basis)	Positive (Negative)
<b>Beginning Budgetary Fund Balance:</b>	\$ 1,244,853	\$ 947,039	\$ 2,475,648	\$ 1,528,609.00
<b>Resources (Inflows):</b>				
Taxes	21,088,984	21,940,642	22,016,545	75,903
Charges for services	432,840	432,840	455,854	23,014
Fines and forfeitures	1,668,400	1,668,400	1,717,323	48,923
Licenses and permits	290,776	290,776	291,907	1,131
Investment income	77,000	77,000	76,706	(294)
Intergovernmental	421,652	421,653	458,614	36,961
Miscellaneous	198,155	198,155	253,580	55,425
<b>Total Resources (Inflows)</b>	<u>24,177,807</u>	<u>25,029,466</u>	<u>25,270,529</u>	<u>241,063</u>
<b>Amounts available for appropriation</b>	<u>25,422,660</u>	<u>25,976,505</u>	<u>27,746,177</u>	<u>1,769,672</u>
<b>Charges to Appropriations (Outflows):</b>				
City Manager	479,345	506,128	495,345	10,783
City Clerk	550,253	553,821	519,701	34,120
Personnel	378,894	355,326	326,109	29,217
City Attorney	117,772	118,003	114,084	3,919
Community Development	1,665,058	1,701,733	1,513,468	188,265
Park & Recreation	470,094	491,858	456,192	35,666
Finance	544,753	546,682	528,177	18,505
Streets	2,681,776	2,822,151	2,635,537	186,614
General Government	913,482	919,629	881,176	38,453
Neighborhood Services	1,225,131	1,227,014	1,166,067	60,947
Information Technology	369,442	380,954	345,736	35,218
Emergency Response	797,429	798,277	773,451	24,826
Swimming Pools	237,005	247,661	242,252	5,409
<b>Total Charges to Appropriations</b>	<u>10,430,434</u>	<u>10,669,237</u>	<u>9,997,295</u>	<u>671,942</u>
<b>Other financing sources (uses)</b>				
Transfers from other funds	2,495,401	2,495,401	2,416,064	(79,337)
Transfers to other funds	(16,081,288)	(16,621,334)	(16,732,343)	(111,009)
<b>Total other financing sources (uses)</b>	<u>(13,585,887)</u>	<u>(14,125,933)</u>	<u>(14,316,279)</u>	<u>(190,346)</u>
<b>Ending Budgetary Fund Balance</b>	<u>\$ 1,406,339</u>	<u>\$ 1,181,335</u>	<u>\$ 3,432,603</u>	<u>\$ 2,251,268</u>

See accompanying notes to this schedule.

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	<b>POLICE FUND</b>			
	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>(Budget basis)</b>	<b>Positive (Negative)</b>
<b>Beginning Budgetary Fund Balance:</b>	\$ 616,948	\$ (420,153)	\$ 2,102,319	\$ 2,522,472
<b>Resources (Inflows):</b>				
Taxes	2,518,177	2,634,990	2,632,483	(2,507)
Intergovernmental	-	28,764	-	(28,764)
Investment income	46,738	46,738	41,090	(5,648)
Fines and forfeitures	-	64,000	58,426	(5,574)
Miscellaneous	64,452	452	18,858	18,406
<b>Total Resources (Inflows)</b>	<u>2,629,367</u>	<u>2,774,944</u>	<u>2,750,857</u>	<u>(24,087)</u>
<b>Amounts available for appropriation</b>	<u>3,246,315</u>	<u>2,354,791</u>	<u>4,853,176</u>	<u>2,498,385</u>
<b>Charges to Appropriations (Outflows):</b>				
Public Safety	11,802,490	12,725,174	11,801,898	923,276
<b>Total Charges to Appropriations</b>	<u>11,802,490</u>	<u>12,725,174</u>	<u>11,801,898</u>	<u>923,276</u>
<b>Other financing sources (uses)</b>				
Transfers from other funds	9,132,962	9,428,177	9,171,506	(256,671)
<b>Total other financing sources (uses)</b>	<u>9,132,962</u>	<u>9,428,177</u>	<u>9,171,506</u>	<u>(256,671)</u>
<b>Ending Budgetary Fund Balance</b>	<u>\$ 576,787</u>	<u>\$ (942,206)</u>	<u>\$ 2,222,784</u>	<u>\$ 3,164,990</u>

See accompanying notes to this schedule.

	<b>FIRE FUND</b>			
	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>(Budget basis)</b>	<b>Positive (Negative)</b>
<b>Beginning Budgetary Fund Balance:</b>	\$ 211,005	\$ 29,881	\$ 1,030,972	\$ 1,001,091
<b>Resources (Inflows):</b>				
Taxes	2,045,280	2,140,156	2,138,120	(2,036)
Charges for services	10,000	10,000	9,023	(977)
Investment income	15,879	15,879	24,399	8,520
Licenses and permits	13,700	13,700	10,375	(3,325)
Miscellaneous	41,500	51,500	(3,404)	(54,904)
<b>Total Resources (Inflows)</b>	<u>2,126,359</u>	<u>2,231,235</u>	<u>2,178,513</u>	<u>(52,722)</u>
<b>Amounts available for appropriation</b>	<u>2,337,364</u>	<u>2,261,116</u>	<u>3,209,485</u>	<u>948,369</u>
<b>Charges to Appropriations (Outflows):</b>				
Public Safety	9,121,928	10,489,413	10,209,140	280,273
<b>Total Charges to Appropriations</b>	<u>9,121,928</u>	<u>10,489,413</u>	<u>10,209,140</u>	<u>280,273</u>
<b>Other financing sources (uses)</b>				
Transfers from other funds	7,161,858	8,542,426	8,625,877	83,451
Transfers to other funds	(280,871)	(218,784)	(233,695)	(14,911)
<b>Total other financing sources (uses)</b>	<u>6,880,987</u>	<u>8,323,642</u>	<u>8,392,182</u>	<u>68,540</u>
<b>Ending Budgetary Fund Balance</b>	<u>\$ 96,423</u>	<u>\$ 95,345</u>	<u>\$ 1,392,527</u>	<u>\$ 1,297,182</u>

See accompanying notes to this schedule.

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**Footnotes to Budgetary Comparison Schedule:**

1. The budgetary comparison schedules and budgetary fund balance amounts are reported on the modified cash basis of accounting. In addition, obligations that are required to be funded from ending budgetary fund balances are subtracted from total ending budgetary fund balances to arrive at the unreserved budgetary fund balance. This presentation of unreserved fund balances on a budgetary basis is used to demonstrate compliance with Article 10, § 26 of the Oklahoma State Constitution.

2. The legal level of appropriation control is the department level within a fund. Transfers of appropriation between departments and object categories require the approval of the City Manager. All supplemental appropriations require the approval of the City Council. Supplemental appropriations must be filed with the Office of the State Auditor and Inspector. The city exceeded appropriations in the following categories:

General Fund – Transfers out - \$111,009  
Fire Fund – Transfers out - \$14,911

3. The budgetary basis differs from the modified accrual (GAAP) basis as shown in the schedules below:

<b>GENERAL FUND</b>	<b>Fund Balance June 30, 2010</b>	<b>Net Change in Fund Balance</b>	<b>Fund Balance June 30, 2011</b>
<b>Budget to GAAP Reconciliation:</b>			
<b>Fund Balance - GAAP Basis</b>	\$ 4,980,258	\$ 743,907	\$ 5,724,165
Increases (Decreases):			
Revenues:			
Receivable	(3,816,429)	(693,982)	(4,510,411)
Expenditures:			
Payables	3,592,436	779,454	4,371,890
Encumbrances	(201,283)	(45,808)	(247,091)
Impact of combining funds:			
Reimbursed Projects Fund	(515,150)	45,033	(470,117)
Employee Activity Fund	(9,401)	3,860	(5,541)
Activity Fund	(472,453)	5,087	(467,366)
Animals Best Friend Fund	(24,625)	(8,155)	(32,780)
Disaster Relief Fund	(1,057,705)	127,559	(930,146)
<b>Fund Balance - Budgetary Basis</b>	<b>\$ 2,475,648</b>	<b>\$ 956,955</b>	<b>\$ 3,432,603</b>

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<b>POLICE FUND</b>	<b>Fund Balance June 30, 2010</b>	<b>Net Change in Fund Balance</b>	<b>Fund Balance June 30, 2011</b>
<b>Budget to GAAP Reconciliation:</b>			
<b>Fund Balance - GAAP Basis</b>	\$ 2,763,201	\$ 457,204	\$ 3,220,405
Increases (Decreases):			
Revenues:			
Receivable	(1,561,476)	117,158	(1,444,318)
Expenditures:			
Payables	<u>900,594</u>	<u>(453,897)</u>	<u>446,697</u>
<b>Fund Balance - Budgetary Basis</b>	<u>\$ 2,102,319</u>	<u>\$ 120,465</u>	<u>\$ 2,222,784</u>
<b>FIRE FUND</b>	<b>Fund Balance June 30, 2010</b>	<b>Net Change in Fund Balance</b>	<b>Fund Balance June 30, 2011</b>
<b>Budget to GAAP Reconciliation:</b>			
<b>Fund Balance - GAAP Basis</b>	\$ 936,723	\$ (124,217)	\$ 812,506
Increases (Decreases):			
Revenues:			
Receivable	(1,116,406)	(2,514)	(1,118,920)
Expenditures:			
Payables	<u>1,210,655</u>	<u>488,286</u>	<u>1,698,941</u>
<b>Fund Balance - Budgetary Basis</b>	<u>\$ 1,030,972</u>	<u>\$ 361,555</u>	<u>\$ 1,392,527</u>

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*Required Supplementary Information – OPEB*

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

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

Three year trend information is not available.

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**OTHER SUPPLEMENTARY INFORMATION**

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**Combining Balance Sheet – General Fund – June 30, 2011**

	GENERAL FUND ACCOUNTS						TOTALS
	GENERAL FUND	REIMBURSED PROJECTS FUND	EMPLOYEE ACTIVITY FUND	ACTIVITY FUND	ANIMALS BEST FRIEND FUND	DISASTER RELIEF FUND	
<b>ASSETS</b>							
Cash and cash equivalents	\$ 990,665	\$ 143,757	\$ 3,365	\$ 145,830	\$ 32,819	\$ 264,215	\$ 1,490,644
Investments	2,428,277	349,975	-	345,181	-	626,688	3,741,121
Accounts receivable	1,234,611	-	-	-	6,396	396,181	1,637,188
Accrued interest receivable	6,438	-	-	256	-	-	6,694
Deposits held by others	-	-	-	-	-	-	-
Other receivable	15,482	3,075	5,176	1,649	-	-	25,373
Due from other governments	2,743,676	-	-	-	-	437	2,744,113
Due from other funds	93,863	-	-	-	-	-	93,863
Prepaid items	3,180	-	-	-	-	-	3,180
<b>Total Assets</b>	<b>\$ 7,426,194</b>	<b>\$ 487,807</b>	<b>\$ 8,541</b>	<b>\$ 492,907</b>	<b>\$ 39,206</b>	<b>\$ 1,287,521</b>	<b>\$ 9,742,176</b>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities:</b>							
Accounts payable and accrued liabilities	\$ 152,980	\$ 17,448	\$ -	\$ 17,975	\$ 30	\$ 747	\$ 189,180
Wages payable	514,349	242	-	2,566	-	-	516,957
Due to other governments	17,302	-	-	-	-	-	17,302
Refundable deposits	72,432	-	-	-	-	-	72,432
Due to other funds	1,906,864	-	-	-	-	-	1,906,864
Deferred revenue	952,252	-	-	-	6,506	356,628	1,315,276
<b>Total Liabilities</b>	<b>3,615,979</b>	<b>17,690</b>	<b>-</b>	<b>20,541</b>	<b>6,426</b>	<b>357,375</b>	<b>4,018,011</b>
<b>Fund balance:</b>							
Non-spendable	3,180	-	-	-	-	-	3,180
Restricted	28,042	470,117	-	-	-	-	498,159
Assigned	155,475	-	8,541	472,366	32,780	930,146	1,599,308
Unassigned	3,623,518	-	-	-	-	-	3,623,518
<b>Total Fund Balance</b>	<b>3,810,215</b>	<b>470,117</b>	<b>8,541</b>	<b>472,366</b>	<b>32,780</b>	<b>930,146</b>	<b>5,724,165</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 7,426,194</b>	<b>\$ 487,807</b>	<b>\$ 8,541</b>	<b>\$ 492,907</b>	<b>\$ 39,206</b>	<b>\$ 1,287,521</b>	<b>\$ 9,742,176</b>



**CITY OF MIDWEST CITY, OKLAHOMA  
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**Combining Schedule of Revenues, Expenditures and Changes in Fund Balance – General Fund – Year Ended June 30, 2011**

	GENERAL FUND ACCOUNTS						TOTALS
	GENERAL FUND	REIMBURSED PROJECTS FUND	EMPLOYEE ACTIVITY FUND	ACTIVITY FUND	ANIMALS BEST FRIEND FUND	DISASTER RELIEF FUND	
<b>Revenues:</b>							
Taxes	\$ 22,035,973	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,035,973
Intergovernmental	455,023	88,800	-	-	-	-	543,823
Charges for services	469,297	75,285	-	(103,313)	-	115,863	761,758
Investment income	165,134	11,335	94	9,351	595	3,458	128,947
Fines & forfeitures	1,666,574	-	-	-	9,668	-	1,676,242
Licenses & permits	291,907	-	-	-	-	-	291,907
Miscellaneous	252,923	9,289	8,604	119,484	664	48,485	439,449
<b>Total Revenue</b>	<b>25,286,831</b>	<b>183,709</b>	<b>8,678</b>	<b>252,148</b>	<b>10,927</b>	<b>167,786</b>	<b>25,890,179</b>
<b>Expenditures:</b>							
Current							
General government	2,232,025	26,843	12,538	-	-	169,372	2,440,778
Public safety	775,469	1,638	-	-	-	-	777,107
Streets	2,629,855	-	-	-	-	-	2,629,855
Culture and recreation	505,897	6,243	-	196,415	-	-	909,255
Health and welfare	-	260	-	-	2,772	-	3,032
Economic development	2,702,515	80,693	-	-	-	-	2,783,208
Capital outlay	1,966	168,963	-	78,596	-	159,638	409,093
Debt service	-	-	-	-	-	-	-
Principal retirement	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>10,047,747</b>	<b>285,338</b>	<b>12,538</b>	<b>274,921</b>	<b>2,772</b>	<b>329,010</b>	<b>10,952,326</b>
<b>Revenues over (under) expenditures</b>	<b>15,239,084</b>	<b>(101,629)</b>	<b>(3,860)</b>	<b>(42,773)</b>	<b>8,155</b>	<b>(161,224)</b>	<b>14,937,753</b>
<b>Other financing sources (uses):</b>							
Transfers in	2,414,401	56,596	-	37,688	-	33,665	2,542,348
Transfers out	(16,736,194)	-	-	-	-	-	(16,736,194)
Transfers in - interaccount	-	-	3,000	5,000	-	-	8,000
Transfers out - interaccount	(8,000)	-	-	-	-	-	(8,000)
<b>Total other financing sources (uses)</b>	<b>(14,329,793)</b>	<b>56,596</b>	<b>3,000</b>	<b>42,688</b>	<b>-</b>	<b>33,665</b>	<b>(14,193,844)</b>
<b>Net change in fund balances</b>	<b>909,291</b>	<b>(45,033)</b>	<b>(860)</b>	<b>(87)</b>	<b>8,155</b>	<b>(127,559)</b>	<b>743,907</b>
<b>Fund Balance - beginning of year</b>	<b>2,900,924</b>	<b>515,150</b>	<b>9,401</b>	<b>472,453</b>	<b>24,625</b>	<b>1,057,705</b>	<b>4,980,258</b>
<b>Fund Balance - end of year</b>	<b>\$ 3,810,215</b>	<b>\$ 470,117</b>	<b>\$ 8,541</b>	<b>\$ 472,366</b>	<b>\$ 32,780</b>	<b>\$ 930,146</b>	<b>\$ 5,724,165</b>

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**Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2011**

ASSETS	SPECIAL REVENUE FUNDS										CONVENTIONI/ VISITORS BUREAU
	GRANT FUND	JUVENILE FUND	PARK & RECREATION FUND	EMERGENCY OPERATIONS FUND	TECHNOLOGY FUND	WELCOME CENTER FUND	POLICE IMPOUND FEES	STREET & ALLEY FUND	POLICE SPECIAL PROJECTS FUND	POLICE LAB FEE FUND	
Cash and cash equivalents	\$ 290,951	\$ 45,498	\$ 135,310	\$ 217,741	\$ 128,379	\$ 75,994	\$ 73,171	\$ 273,280	\$ 156,458	\$ 30,988	\$ 58,938
Investments	-	107,916	320,941	516,456	304,499	180,248	-	740,788	-	-	-
Accrued interest receivable	-	-	-	-	-	-	-	1,965	-	-	-
Deposits held by others	-	-	-	-	-	-	-	-	-	-	-
Other receivable	263,132	60,218	52,300	41,978	167,681	-	1,000	500	8,982	10,542	-
Due from other governments	25,979	-	7,029	-	-	15,063	-	46,636	-	-	28,117
Due from other funds	-	-	-	-	-	-	-	-	-	-	-
Inventory	137,113	-	-	-	-	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 717,175</b>	<b>\$ 213,632</b>	<b>\$ 515,560</b>	<b>\$ 776,175</b>	<b>\$ 600,539</b>	<b>\$ 271,305</b>	<b>\$ 74,171</b>	<b>\$ 1,063,169</b>	<b>\$ 165,440</b>	<b>\$ 41,530</b>	<b>\$ 87,055</b>
<b>LIABILITIES AND FUND BALANCES</b>											
<b>Liabilities:</b>											
Accounts payable and accrued liabilities	\$ 91,910	\$ 39	\$ 10,819	\$ -	\$ 2,160	\$ 1,440	\$ -	\$ 25,556	\$ 898	\$ 957	\$ 1,181
Accrued interest payable	28,594	8,311	10,877	19,156	8,399	7,614	400	-	-	-	5,261
Wages payable	220,020	-	-	-	-	-	-	-	8,381	-	-
Due to other funds	-	40,167	-	-	129,299	-	-	-	-	8,319	-
Deferred revenue	-	-	-	-	-	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>\$ 340,524</b>	<b>\$ 48,517</b>	<b>\$ 21,696</b>	<b>\$ 19,156</b>	<b>\$ 139,858</b>	<b>\$ 9,054</b>	<b>\$ 400</b>	<b>\$ 25,556</b>	<b>\$ 9,279</b>	<b>\$ 9,276</b>	<b>\$ 6,442</b>
<b>Fund balance:</b>											
Nonspendable	137,113	-	-	-	-	-	-	-	-	-	-
Restricted	239,538	165,115	493,884	757,019	460,681	262,251	73,771	1,037,613	156,161	32,254	80,613
Assigned	-	-	-	-	-	-	-	-	-	-	-
<b>Total Fund Balance</b>	<b>\$ 376,651</b>	<b>\$ 165,115</b>	<b>\$ 493,884</b>	<b>\$ 757,019</b>	<b>\$ 460,681</b>	<b>\$ 262,251</b>	<b>\$ 73,771</b>	<b>\$ 1,037,613</b>	<b>\$ 156,161</b>	<b>\$ 32,254</b>	<b>\$ 80,613</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 717,175</b>	<b>\$ 213,632</b>	<b>\$ 515,560</b>	<b>\$ 776,175</b>	<b>\$ 600,539</b>	<b>\$ 271,305</b>	<b>\$ 74,171</b>	<b>\$ 1,063,169</b>	<b>\$ 165,440</b>	<b>\$ 41,530</b>	<b>\$ 87,055</b>

(Continued)

**CITY OF MIDWEST CITY, OKLAHOMA**  
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**Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2011**

ASSETS	CAPITAL PROJECT FUNDS										DEBT SERVICE FUND	
	SPECIAL REVENUE FUND URBAN RENEWAL AUTHORITY	CAPITAL OUTLAY FUND	DOWNTOWN DEVELOPMENT AUTHORITY	2002 STREET PROJECT FUND	STREET PROJECTS FUND	SALES TAX CAPITAL IMP. FUND	CAPITAL IMPROVEMENT FUND	CAPITAL OUTLAY RESERVE FUND	G.O. DEBT SERVICES FUND	TOTALS	TOTALS	TOTALS
Cash and cash equivalents	\$ 15,498	\$ 367,558	\$ 430,463	\$ 967,495	\$ 20,013	\$ 63,654	\$ 632,737	\$ 288,722	\$ 437,063	\$ 4,729,911	\$ 4,729,911	\$ 4,729,911
Investments	-	896,349	1,166,869	2,676,831	-	150,979	1,715,178	782,648	1,184,758	10,844,460	10,844,460	10,844,460
Accrued interest receivable	-	2,642	3,094	7,097	-	-	4,547	2,075	3,141	24,561	24,561	24,561
Deposits held by others	-	-	687,300	-	-	-	-	-	-	687,300	687,300	687,300
Accounts receivable	-	-	249,962	-	-	-	-	-	-	983,874	983,874	983,874
Due from other governments	-	-	-	-	-	256,499	-	-	-	379,323	379,323	379,323
Due from other funds	-	-	-	-	-	-	20,762	-	-	105,631	105,631	105,631
Inventory	-	-	-	-	-	-	-	-	-	137,113	137,113	137,113
<b>Total Assets</b>	<b>\$ 15,498</b>	<b>\$ 1,451,416</b>	<b>\$ 2,537,688</b>	<b>\$ 3,671,423</b>	<b>\$ 20,013</b>	<b>\$ 471,132</b>	<b>\$ 2,373,224</b>	<b>\$ 1,073,445</b>	<b>\$ 1,752,661</b>	<b>\$ 17,692,173</b>	<b>\$ 17,692,173</b>	<b>\$ 17,692,173</b>
<b>LIABILITIES AND FUND BALANCES</b>												
<b>Liabilities:</b>												
Accounts payable and accrued liabilities	\$ -	\$ 168,076	\$ 631	\$ 4,125	\$ -	\$ -	\$ 83,200	\$ -	\$ -	\$ 391,192	\$ 391,192	\$ 391,192
Accrued interest payable	-	-	-	-	-	-	-	-	-	137,734	137,734	137,734
Wages payable	-	-	3,248	-	-	-	-	-	-	91,860	91,860	91,860
Due to other funds	-	-	-	-	-	-	-	-	-	228,401	228,401	228,401
Deferred revenue	-	-	-	-	-	-	-	-	-	110,370	110,370	110,370
<b>Total Liabilities</b>	<b>-</b>	<b>168,076</b>	<b>4,079</b>	<b>4,125</b>	<b>-</b>	<b>-</b>	<b>83,200</b>	<b>-</b>	<b>-</b>	<b>248,104</b>	<b>1,137,342</b>	<b>1,137,342</b>
<b>Fund balance:</b>												
Nonspendable	-	-	687,300	-	-	-	-	-	-	-	824,413	824,413
Restricted	15,498	1,263,342	1,346,688	3,667,298	20,013	471,132	2,290,024	1,047,764	1,504,457	15,407,106	15,407,106	15,407,106
Assigned	-	-	497,621	-	-	-	-	25,691	-	523,312	523,312	523,312
<b>Total Fund Balance</b>	<b>15,498</b>	<b>1,263,342</b>	<b>2,533,609</b>	<b>3,667,298</b>	<b>20,013</b>	<b>471,132</b>	<b>2,290,024</b>	<b>1,073,445</b>	<b>1,504,457</b>	<b>16,754,831</b>	<b>16,754,831</b>	<b>16,754,831</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 15,498</b>	<b>\$ 1,451,416</b>	<b>\$ 2,537,688</b>	<b>\$ 3,671,423</b>	<b>\$ 20,013</b>	<b>\$ 471,132</b>	<b>\$ 2,373,224</b>	<b>\$ 1,073,445</b>	<b>\$ 1,752,661</b>	<b>\$ 17,692,173</b>	<b>\$ 17,692,173</b>	<b>\$ 17,692,173</b>

**CITY OF MIDWEST CITY, OKLAHOMA**  
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**Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Governmental Funds - Year Ended June 30, 2011**

	SPECIAL REVENUE FUNDS										CONVENTION VISITORS BUREAU	
	GRANT FUND	JUVENILE FUND	PARK & RECREATION FUND	EMERGENCY OPERATIONS FUND	TECHNOLOGY FUND	WELCOME CENTER FUND	POLICE IMPOUND FEES	STREET & ALLEY FUND	POLICE SPECIAL PROJECTS FUND	POLICE LAB FEE FUND		
<b>Revenues:</b>												
Taxes	\$ -	\$ -	\$ 486,265	\$ 333,232	\$ -	\$ 160,428	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 299,466
Intergovernmental	3,126,173	-	-	-	-	-	-	-	-	-	-	-
Charges for services	-	-	3,850	-	219,970	-	55,300	-	494,089	-	-	3,500
Investment income	771	3,024	7,631	15,177	8,156	4,963	1,239	-	24,866	2,762	582	1,030
Fines & forfeitures	-	122,749	-	24,979	36,052	-	-	-	-	6,299	-	-
Licenses & permits	-	-	-	-	6,550	-	-	-	-	-	-	-
Miscellaneous	19,897	625	40	-	547	7,883	-	27,534	-	17,136	-	-
<b>Total Revenues</b>	<b>3,146,841</b>	<b>126,398</b>	<b>497,786</b>	<b>373,388</b>	<b>271,275</b>	<b>173,274</b>	<b>56,599</b>	<b>546,489</b>	<b>26,197</b>	<b>17,924</b>	<b>303,996</b>	
<b>Expenditures:</b>												
<b>Current:</b>												
General government	-	-	-	-	304,967	144,759	-	-	-	-	-	-
Public safety	383,483	132,801	-	244,161	-	-	30,727	-	-	23,717	-	-
Streets	-	-	-	-	-	-	-	89,800	-	-	-	-
Culture and recreation	-	-	211,608	-	-	-	-	-	-	-	-	-
Health and welfare	-	-	49,608	-	-	-	-	-	-	-	-	-
Economic development	897,501	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	692,475	2,396	-	114,166	329	4,034	9,600	1,071,329	-	49,049	-	288,323
Debt service	-	-	-	-	-	-	-	-	-	-	-	-
Principal retirement	-	-	16,465	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	75	-	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>1,973,459</b>	<b>135,197</b>	<b>277,756</b>	<b>358,327</b>	<b>305,296</b>	<b>146,793</b>	<b>40,327</b>	<b>1,161,129</b>	<b>72,765</b>	<b>12,863</b>	<b>288,323</b>	
<b>Revenues over (under) expenditures</b>	<b>1,173,382</b>	<b>(8,799)</b>	<b>220,030</b>	<b>15,061</b>	<b>(34,021)</b>	<b>24,481</b>	<b>16,272</b>	<b>(614,640)</b>	<b>(46,569)</b>	<b>5,061</b>	<b>15,673</b>	
<b>Other financing sources (uses):</b>												
Transfers in	211,830	-	-	26,200	40,658	-	-	350,545	-	-	-	1,400
Transfers out	(1,365,113)	-	-	(40,658)	-	(1,400)	(5,738)	-	-	-	-	(1,396)
<b>Total other financing sources (uses)</b>	<b>(1,157,283)</b>	<b>-</b>	<b>-</b>	<b>(14,458)</b>	<b>40,658</b>	<b>(1,400)</b>	<b>(5,738)</b>	<b>350,545</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(196)</b>
<b>Net change in fund balances</b>	<b>16,099</b>	<b>(8,799)</b>	<b>220,030</b>	<b>603</b>	<b>6,637</b>	<b>23,081</b>	<b>10,534</b>	<b>(264,095)</b>	<b>(46,569)</b>	<b>5,061</b>	<b>15,477</b>	
<b>Fund Balance - beginning of year</b>	<b>360,552</b>	<b>173,914</b>	<b>273,854</b>	<b>756,416</b>	<b>454,044</b>	<b>239,170</b>	<b>63,237</b>	<b>1,301,708</b>	<b>202,730</b>	<b>27,193</b>	<b>65,136</b>	
<b>Fund Balance - end of year</b>	<b>376,651</b>	<b>165,115</b>	<b>493,884</b>	<b>757,019</b>	<b>460,681</b>	<b>262,251</b>	<b>73,771</b>	<b>1,037,613</b>	<b>156,161</b>	<b>32,254</b>	<b>80,613</b>	

(Continued)

**CITY OF MIDWEST CITY, OKLAHOMA**  
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**Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Governmental Funds -- Year Ended June 30, 2011**

	REVENUE FUNDS		CAPITAL PROJECT FUNDS					DEBT SERVICE FUND		TOTALS
	URBAN RENEWAL AUTHORITY	DOWNTOWN DEVELOPMENT AUTHORITY	2002 STREET PROJECT FUND	STREET PROJECTS FUND	SALES TAX CAPITAL IMP. FUND	CAPITAL IMPROVEMENT FUND	CAPITAL OUTLAY RESERVE FUND	G.O. DEBT SERVICES FUND		
<b>Revenues:</b>										
Taxes	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,901,133	\$ 5,237,514
Intergovernmental	-	-	-	-	-	-	-	-	-	3,620,262
Charges for services	-	1,093,077	-	-	-	-	-	-	-	1,375,697
Investment income	322	39,779	87,479	439	6,214	57,686	25,691	-	38,560	350,806
Fines & forfeitures	-	-	-	-	-	-	-	-	-	207,411
Licenses & permits	-	-	-	-	-	86,679	-	-	-	93,229
Miscellaneous	-	-	-	-	-	-	-	-	-	91,057
<b>Total Revenues</b>	<b>322</b>	<b>1,132,856</b>	<b>87,479</b>	<b>439</b>	<b>2,063,204</b>	<b>144,365</b>	<b>25,691</b>	<b>1,939,693</b>	<b>10,975,976</b>	
<b>Expenditures:</b>										
Current:										
General government	-	-	-	-	-	-	-	-	-	449,726
Public safety	-	-	-	-	-	-	-	-	-	827,752
Streets	-	-	-	-	-	-	-	-	-	89,800
Culture and recreation	-	-	-	-	-	-	-	-	-	211,608
Health and welfare	-	108,343	-	-	-	-	-	-	-	157,951
Economic development	1,581	20,571	-	-	-	-	-	-	-	1,207,976
Capital outlay	-	-	404,577	3,244	-	211,735	-	-	-	4,158,837
Debt service	-	1,595,903	-	-	-	-	-	1,400,000	503,685	1,416,465
Principal retirement	-	-	-	-	-	-	-	-	-	503,760
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	1,416,465
<b>Total Expenditures</b>	<b>1,581</b>	<b>1,595,903</b>	<b>404,577</b>	<b>3,244</b>	<b>2,063,204</b>	<b>211,735</b>	<b>25,691</b>	<b>1,903,685</b>	<b>36,008</b>	<b>9,023,875</b>
<b>Revenues over (under) expenditures</b>	<b>(1,259)</b>	<b>(1,554,143)</b>	<b>(317,098)</b>	<b>(2,805)</b>	<b>2,063,204</b>	<b>(67,370)</b>	<b>25,691</b>	<b>36,008</b>	<b>1,500,619</b>	<b>16,856,738</b>
<b>Other financing sources (uses):</b>										
Transfers in	-	1,018,632	-	-	-	448,331	-	-	-	2,097,596
Transfers out	-	(175,750)	-	-	(1,988,858)	(20,000)	-	(32,170)	-	(4,151,604)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>842,882</b>	<b>-</b>	<b>-</b>	<b>(1,988,858)</b>	<b>428,331</b>	<b>-</b>	<b>(32,170)</b>	<b>-</b>	<b>(2,054,008)</b>
<b>Net change in fund balances</b>	<b>(1,259)</b>	<b>(711,261)</b>	<b>(317,098)</b>	<b>(2,805)</b>	<b>64,346</b>	<b>360,961</b>	<b>25,691</b>	<b>3,838</b>	<b>1,500,619</b>	<b>(101,907)</b>
<b>Fund Balance - beginning of year</b>	<b>16,757</b>	<b>1,994,603</b>	<b>3,984,396</b>	<b>22,818</b>	<b>406,786</b>	<b>1,929,063</b>	<b>1,047,754</b>	<b>1,500,619</b>	<b>1,500,619</b>	<b>16,856,738</b>
<b>Fund Balance - end of year</b>	<b>15,498</b>	<b>1,283,342</b>	<b>3,667,298</b>	<b>20,013</b>	<b>471,132</b>	<b>2,290,024</b>	<b>1,073,445</b>	<b>1,504,457</b>	<b>1,504,457</b>	<b>16,754,831</b>

**CITY OF MIDWEST CITY, OKLAHOMA**  
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**Combining Statement of Net Assets - Nonmajor Enterprise Funds – June 30, 2011**

	UTILITIES AUTHORITY	UTILITY SERVICES	UTILITIES CAPITAL FUND	CUSTOMER DEPOSIT FUND	GOLF COURSES FUNDS	29TH & DOUGLAS FUND	TOTALS
<b>ASSETS</b>							
<b>Current assets:</b>							
Cash and cash equivalents	\$ 134,106	\$ 51,012	\$ 620,138	\$ -	\$ 140,468	\$ -	\$ 945,724
Cash and cash equivalents, restricted	-	-	-	355,509	-	-	355,509
Investments	318,084	120,985	1,681,025	-	-	-	2,120,104
Due from other funds	-	-	-	-	5,975	-	5,975
Receivables:							
Other receivable	-	-	-	-	2,023	5,824	7,847
Interest	-	-	4,457	2,555	-	-	7,012
Accounts receivable, net	-	53,745	-	7,240	-	-	56,985
<b>Total current assets</b>	<b>452,190</b>	<b>225,752</b>	<b>2,305,620</b>	<b>761,304</b>	<b>148,466</b>	<b>5,824</b>	<b>3,499,156</b>
<b>Noncurrent assets:</b>							
Investments, restricted	-	-	-	963,687	-	-	963,687
Land, construction in progress, and water rights	518,577	-	1,581,860	-	232,057	5,500,000	7,832,494
Other capital assets, net	-	1,074	561,203	-	1,260,360	-	1,823,137
<b>Total noncurrent assets</b>	<b>518,577</b>	<b>1,074</b>	<b>2,143,563</b>	<b>963,687</b>	<b>1,492,417</b>	<b>5,500,000</b>	<b>10,619,318</b>
<b>Total assets</b>	<b>970,767</b>	<b>226,826</b>	<b>4,449,183</b>	<b>1,324,991</b>	<b>1,640,883</b>	<b>5,505,824</b>	<b>14,118,474</b>
<b>LIABILITIES</b>							
<b>Current liabilities:</b>							
Accounts payable and accrued liabilities	22,523	2,459	113,840	-	9,604	315	148,741
Wages payable	-	44,143	-	-	45,827	-	89,970
Due to other funds	-	-	-	2,318	44,919	-	47,237
Accrued compensated absences	-	16,109	-	-	26,733	-	42,842
Refundable deposits	-	-	-	129,869	-	-	129,869
<b>Total current liabilities</b>	<b>22,523</b>	<b>62,711</b>	<b>113,840</b>	<b>132,187</b>	<b>127,083</b>	<b>315</b>	<b>458,659</b>
<b>Noncurrent liabilities:</b>							
Accrued compensated absences	-	32,218	-	-	53,466	-	85,684
Refundable deposits	-	-	-	1,168,819	-	-	1,168,819
Due to other funds	-	-	-	-	145,829	660,547	806,376
<b>Total noncurrent liabilities</b>	<b>-</b>	<b>32,218</b>	<b>-</b>	<b>1,168,819</b>	<b>199,295</b>	<b>660,547</b>	<b>2,060,879</b>
<b>Total liabilities</b>	<b>22,523</b>	<b>94,929</b>	<b>113,840</b>	<b>1,301,006</b>	<b>326,378</b>	<b>660,862</b>	<b>2,519,538</b>
<b>NET ASSETS</b>							
Investment in capital assets, net of related debt	518,577	1,074	2,143,563	-	1,301,669	4,839,453	8,804,136
Restricted for other purposes	216,134	-	-	-	-	-	216,134
Unrestricted	213,533	130,823	2,191,780	23,985	12,836	5,509	2,578,466
<b>Total net assets</b>	<b>\$ 948,244</b>	<b>\$ 131,897</b>	<b>\$ 4,335,343</b>	<b>\$ 23,985</b>	<b>\$ 1,314,505</b>	<b>\$ 4,844,962</b>	<b>\$ 11,598,936</b>

**CITY OF MIDWEST CITY, OKLAHOMA**  
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**Combining Statement of Revenues, Expenses and Changes in Net Assets - Nonmajor Enterprise Funds**  
**- Year Ended June 30, 2011**

	UTILITIES AUTHORITY	UTILITY SERVICES	UTILITIES CAPITAL FUND	CUSTOMER DEPOSIT FUND	GOLF COURSES FUNDS	29TH & DOUGLAS FUND	TOTALS
<b>Operating Revenues:</b>							
Charges for services	\$ -	\$ 921,086	\$ -	\$ -	\$ 1,050,114	\$ 79,132	\$ 2,050,332
<b>Total operating revenues</b>	<b>-</b>	<b>921,086</b>	<b>-</b>	<b>-</b>	<b>1,050,114</b>	<b>79,132</b>	<b>2,050,332</b>
<b>Operating Expenses:</b>							
Personal services	-	693,842	-	-	619,017	-	1,312,859
Materials and supplies	-	180,061	41,041	-	157,442	-	378,544
Other services and charges	108	29,380	-	-	123,321	71,992	184,801
Depreciation and amortization	-	300	20,386	-	97,591	-	118,277
<b>Total operating expenses</b>	<b>108</b>	<b>903,583</b>	<b>61,427</b>	<b>-</b>	<b>997,371</b>	<b>71,992</b>	<b>1,994,481</b>
<b>Operating income (loss)</b>	<b>(108)</b>	<b>17,503</b>	<b>(61,427)</b>	<b>-</b>	<b>52,743</b>	<b>47,140</b>	<b>55,851</b>
<b>Non-Operating Revenues (Expenses):</b>							
Investment income	9,483	2,977	40,451	31,699	1,277	-	85,887
Other non-operating revenue	1,800	-	14,092	-	9,218	-	25,110
Interest expense and fiscal charges	-	-	-	-	(9,358)	(45,731)	(55,089)
<b>Total non-operating revenues (expenses)</b>	<b>11,283</b>	<b>2,977</b>	<b>54,543</b>	<b>31,699</b>	<b>1,137</b>	<b>(45,731)</b>	<b>55,908</b>
<b>Net income (loss) before transfers</b>	<b>11,175</b>	<b>20,480</b>	<b>(6,884)</b>	<b>31,699</b>	<b>53,880</b>	<b>1,409</b>	<b>111,759</b>
Transfers in	-	-	425,260	-	5,975	80,546	511,781
Transfers out	-	-	-	(7,714)	-	-	(7,714)
<b>Change in net assets</b>	<b>11,175</b>	<b>20,480</b>	<b>418,376</b>	<b>23,985</b>	<b>59,855</b>	<b>81,955</b>	<b>615,826</b>
<b>Total net assets - beginning</b>	<b>937,069</b>	<b>111,417</b>	<b>3,916,967</b>	<b>-</b>	<b>1,254,650</b>	<b>4,763,007</b>	<b>10,983,110</b>
<b>Total net assets - ending</b>	<b>\$ 948,244</b>	<b>\$ 131,897</b>	<b>\$ 4,335,343</b>	<b>\$ 23,985</b>	<b>\$ 1,314,505</b>	<b>\$ 4,844,962</b>	<b>\$ 11,598,936</b>

**CITY OF MIDWEST CITY, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
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**Combining Statement of Cash Flows - Nonmajor Enterprise Funds – June 30, 2011**

	UTILITIES AUTHORITY	UTILITY SERVICES	UTILITIES CAPITAL FUND	CUSTOMER DEPOSIT FUND	GOLF COURSE FUND	29TH AND DOUGLAS FUND	TOTALS
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
Receipts from customers	\$ 1,800	\$ 923,262	\$ 14,092	\$ 1,085	\$ 1,058,609	\$ 75,790	\$ 2,074,638
Payments to suppliers	22,415	(206,982)	(371,185)	-	(279,033)	(31,986)	(866,771)
Payments to employees	-	(665,546)	-	-	(608,008)	-	(1,273,594)
Payments of interfund loan	-	-	-	(18,320)	(49,168)	(78,619)	(146,107)
Receipt of customer deposits	-	-	-	512,463	-	-	512,463
Return of customer deposits	-	-	-	(459,175)	-	-	(459,175)
Net Cash Provided by Operating Activities	24,215	50,694	(357,093)	36,053	122,400	(34,815)	(158,546)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>							
Transfers from other funds	-	-	425,260	-	5,975	80,546	511,781
Transfers to other funds	-	-	-	(7,714)	-	-	(7,714)
Net Cash Provided by (Used in) Non-Capital Financing Activities	-	-	425,260	(7,714)	5,975	80,546	504,067
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>							
Capital assets purchased	(53,348)	-	(1,521,546)	-	(11,950)	-	(1,586,844)
Interest and fiscal charges paid on capital debt	-	-	-	-	(9,358)	(45,731)	(55,089)
Net Cash Provided by (Used in) Capital and Related Financing Activities	(53,348)	-	(1,521,546)	-	(21,308)	(45,731)	(1,641,933)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
Sale of investments	(70,064)	(120,995)	358,826	(266,091)	-	-	(98,324)
Interest and dividends	9,483	2,977	51,815	29,043	1,277	-	94,595
Net Cash Provided by (Used in) Investing Activities	(60,581)	(118,018)	410,641	(237,048)	1,277	-	(3,729)
Net Increase (Decrease) in Cash and Cash Equivalents	(89,714)	(67,324)	(1,042,738)	(208,709)	108,344	-	(1,300,141)
Balances - beginning of the year	223,820	118,336	1,662,876	564,218	32,124	-	2,601,374
Balances - end of the year	\$ 134,106	\$ 51,012	\$ 620,138	\$ 355,509	\$ 140,468	\$ -	\$ 1,301,233
<b>Reconciliation to Statement of Net Assets:</b>							
Cash and cash equivalents	\$ 134,106	\$ 51,012	\$ 620,138	\$ -	\$ 140,468	\$ -	\$ 945,724
Restricted cash and cash equivalents	-	-	-	355,509	-	-	355,509
Total cash and cash equivalents	\$ 134,106	\$ 51,012	\$ 620,138	\$ 355,509	\$ 140,468	\$ -	\$ 1,301,233
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>							
Operating income (loss)	\$ (108)	\$ 17,503	\$ (61,427)	\$ -	\$ 52,743	\$ 47,140	\$ 55,851
Adjustments to reconcile operating income to net cash provided (used) by operating activities							
Depreciation expense	-	300	20,386	-	97,591	-	118,277
Other non-operating income	1,800	-	14,092	-	9,218	-	25,110
Capital asset expense	-	2,315	-	-	41,296	-	43,611
Change in assets and liabilities							
Receivables, net	-	2,176	-	1,085	(723)	(3,342)	(804)
Due from other funds	-	-	-	-	(5,975)	-	(5,975)
Accounts payables	22,523	144	(330,144)	-	(39,566)	6	(347,037)
Due to other funds	-	-	-	(18,320)	(43,193)	(78,619)	(140,132)
Due to employees	-	5,597	-	-	3,477	-	9,074
Refundable deposits	-	-	-	53,288	-	-	53,288
Accrued compensated absences	-	22,659	-	-	7,532	-	30,191
Net Cash Provided by Operating Activities	\$ 24,215	\$ 50,694	\$ (357,093)	\$ 36,053	\$ 122,400	\$ (34,815)	\$ (158,546)



**CITY OF MIDWEST CITY, OKLAHOMA**  
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**Combining Statement of Net Assets – Internal Service Funds – June 30, 2011**

	PUBLIC WORKS ADMINISTRATION	FLEET SERVICES FUND	SURPLUS PROPERTY FUND	RISK MANAGEMENT	L&H BENEFITS FUND	TOTALS
<b>ASSETS:</b>						
<b>Current assets:</b>						
Cash and cash equivalents	\$ 107,745	\$ 62,938	\$ 70,574	\$ 654,233	\$ 476,550	\$ 1,372,040
Investments	-	-	120,347	1,773,447	996,020	2,889,814
Receivables						
Accounts receivable	-	-	8,014	122	84,052	92,188
Accrued interest receivable	-	-	-	4,702	2,641	7,343
Due from other funds	-	14,551	-	-	-	14,551
Inventory	-	46,450	-	-	-	46,450
<b>Total current assets</b>	<u>107,745</u>	<u>123,939</u>	<u>198,935</u>	<u>2,432,504</u>	<u>1,559,263</u>	<u>4,422,386</u>
<b>Noncurrent assets:</b>						
<b>Capital Assets:</b>						
Nondepreciable	-	9,400	5,913	-	-	15,313
Depreciable, net of accumulated depreciation	193,157	791,559	90,724	-	-	1,075,440
<b>Total noncurrent assets</b>	<u>193,157</u>	<u>800,959</u>	<u>96,637</u>	<u>-</u>	<u>-</u>	<u>1,090,753</u>
<b>Total Assets</b>	<u>300,902</u>	<u>924,898</u>	<u>295,572</u>	<u>2,432,504</u>	<u>1,559,263</u>	<u>5,513,139</u>
<b>LIABILITIES:</b>						
<b>Current liabilities:</b>						
Accounts payable and accrued liabilities	949	73,651	165,403	48,594	202,398	490,995
Claims liability	-	-	-	1,332,100	348,142	1,680,242
Wages payable	36,239	44,494	1,065	13,649	1,591	97,238
Accrued compensated absences	33,259	32,831	151	9,958	920	77,119
<b>Total current liabilities</b>	<u>70,447</u>	<u>150,976</u>	<u>166,619</u>	<u>1,404,501</u>	<u>553,051</u>	<u>2,345,594</u>
<b>Noncurrent liabilities:</b>						
Accrued compensated absences	66,518	65,662	301	19,917	1,841	154,239
Unfunded OPEB liability	-	-	-	-	3,984,559	3,984,559
Claims liability	-	-	-	2,473,900	-	2,473,900
<b>Total noncurrent liabilities</b>	<u>66,518</u>	<u>65,662</u>	<u>301</u>	<u>2,493,817</u>	<u>3,986,400</u>	<u>6,612,698</u>
<b>Total Liabilities</b>	<u>136,965</u>	<u>216,638</u>	<u>166,920</u>	<u>3,898,318</u>	<u>4,539,451</u>	<u>8,958,292</u>
<b>NET ASSETS:</b>						
Investment in capital assets, net of related debt	193,157	800,959	96,637	-	-	1,090,753
Unrestricted	(29,220)	(92,699)	32,015	(1,465,814)	(2,980,188)	(4,535,906)
<b>Total Net Assets</b>	<u>\$ 163,937</u>	<u>\$ 708,260</u>	<u>\$ 128,652</u>	<u>\$ (1,465,814)</u>	<u>\$ (2,980,188)</u>	<u>\$ (3,445,153)</u>

**CITY OF MIDWEST CITY, OKLAHOMA**  
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**Combining Statement of Revenues, Expenses and Changes in Net Assets – Internal Service Funds –  
Year Ended June 30, 2011**

	<u>PUBLIC WORKS ADMINISTRATION</u>	<u>FLEET SERVICES FUND</u>	<u>SURPLUS PROPERTY FUND</u>	<u>RISK MANAGEMENT</u>	<u>L&amp;H BENEFITS FUND</u>	<u>TOTALS</u>
<b>Operating Revenues:</b>						
Charges for services	\$ 746,823	\$ 2,009,699	\$ 37,543	\$ 1,605,916	\$ 4,285,629	\$ 8,685,610
Miscellaneous	-	1,619	13	8,524	160,427	170,583
<b>Total operating revenues</b>	<u>746,823</u>	<u>2,011,318</u>	<u>37,556</u>	<u>1,614,440</u>	<u>4,446,056</u>	<u>8,856,193</u>
<b>Operating Expenses:</b>						
Personal services	606,210	693,796	20,383	211,798	22,098	1,554,285
Materials and supplies	8,897	1,243,910	16,819	22,908	-	1,292,534
Other services and charges	46,055	83,202	8,629	18,379	14,975	171,240
Insurance claims and expenses	-	-	-	901,173	6,277,993	7,179,166
Depreciation and amortization	11,175	43,274	2,042	-	-	56,491
<b>Total operating expenses</b>	<u>672,337</u>	<u>2,064,182</u>	<u>47,873</u>	<u>1,154,258</u>	<u>6,315,066</u>	<u>10,253,716</u>
<b>Operating Income (loss)</b>	74,486	(52,864)	(10,317)	460,182	(1,869,010)	(1,397,523)
<b>Non-Operating Revenues:</b>						
Investment income	2,358	1,796	4,035	58,911	29,456	96,556
<b>Total non-operating revenues</b>	<u>2,358</u>	<u>1,796</u>	<u>4,035</u>	<u>58,911</u>	<u>29,456</u>	<u>96,556</u>
<b>Net income (loss) before transfers</b>	76,844	(51,068)	(6,282)	519,093	(1,839,554)	(1,300,967)
Transfers in	-	14,551	-	-	1,217	15,768
Transfers out	(49,000)	(3,000)	-	-	-	(52,000)
<b>Change in net assets</b>	27,844	(39,517)	(6,282)	519,093	(1,838,337)	(1,337,199)
<b>Total net assets - beginning</b>	<u>136,093</u>	<u>747,777</u>	<u>134,934</u>	<u>(1,984,907)</u>	<u>(1,141,851)</u>	<u>(2,107,954)</u>
<b>Total net assets - ending</b>	<u>\$ 163,937</u>	<u>\$ 708,260</u>	<u>\$ 128,652</u>	<u>\$ (1,465,814)</u>	<u>\$ (2,980,188)</u>	<u>\$ (3,445,153)</u>

**CITY OF MIDWEST CITY, OKLAHOMA**  
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**Combining Statement of Cash Flows – Internal Service Funds – Year Ended June 30, 2011**

	PUBLIC WORKS ADMINISTRATION	FLEET SERVICES FUND	SURPLUS PROPERTY FUND	RISK MANAGEMENT	L&H BENEFITS FUND	TOTALS
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Receipts from customers	\$ 746,823	\$ 2,011,318	\$ 31,956	\$ 1,655,967	\$ 4,391,171	\$ 8,837,235
Payments to suppliers	(57,443)	(1,326,427)	25,054	(41,287)	(14,975)	(1,415,078)
Payments to employees	(609,159)	(682,058)	(20,737)	(2,087,762)	(21,081)	(1,541,797)
Payments of interfund loan	-	(14,551)	-	-	-	(14,551)
Claims and benefits paid	-	-	-	(1,103,194)	(4,911,945)	(6,015,139)
Net Cash Provided by (Used in) Operating Activities	<u>80,221</u>	<u>(11,718)</u>	<u>36,273</u>	<u>302,724</u>	<u>(556,830)</u>	<u>(149,330)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Transfers from other funds	-	14,551	-	-	1,217	15,768
Transfers to other funds	(49,000)	(3,000)	-	-	-	(52,000)
Net Cash Provided by (Used in) Non-Capital Financing Activities	<u>(49,000)</u>	<u>11,551</u>	<u>-</u>	<u>-</u>	<u>1,217</u>	<u>(36,232)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Capital assets purchased	(46,241)	(46,039)	(60,381)	-	-	(152,661)
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(46,241)</u>	<u>(46,039)</u>	<u>(60,381)</u>	<u>-</u>	<u>-</u>	<u>(152,661)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Sale of investments	-	-	(14,123)	(625,938)	69,352	(570,709)
Interest and dividends	2,358	1,796	4,035	51,496	33,403	93,088
Net Cash Provided by (Used in) Investing Activities	<u>2,358</u>	<u>1,796</u>	<u>(10,088)</u>	<u>(574,442)</u>	<u>102,755</u>	<u>(477,621)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(12,662)	(44,410)	(34,196)	(271,718)	(452,858)	(815,844)
Balances - beginning of the year	120,407	102,748	104,770	925,951	929,408	2,187,884
Balances - end of the year	<u>\$ 107,745</u>	<u>\$ 62,938</u>	<u>\$ 70,574</u>	<u>\$ 654,233</u>	<u>\$ 476,550</u>	<u>\$ 1,372,040</u>
<b>Reconciliation to Statement of Net Assets:</b>						
Cash and cash equivalents	\$ 107,745	\$ 62,938	\$ 70,574	\$ 654,233	\$ 476,550	\$ 1,372,040
Total cash and cash equivalents	<u>\$ 107,745</u>	<u>\$ 62,938</u>	<u>\$ 70,574</u>	<u>\$ 654,233</u>	<u>\$ 476,550</u>	<u>\$ 1,372,040</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>						
Operating income (loss)	\$ 74,486	\$ (52,864)	\$ (10,317)	\$ 460,182	\$ (1,869,010)	\$ (1,397,523)
Adjustments to reconcile operating income to net cash provided (used) by operating activities						
Depreciation expense	11,175	43,274	2,042	-	-	56,491
Change in assets and liabilities						
Receivables, net	-	-	(5,600)	41,527	(54,885)	(18,958)
Inventory	-	(895)	-	-	-	(895)
Accounts payables	(2,491)	1,580	50,502	(226,021)	75,996	(100,434)
Claims liability	-	-	-	24,000	(121,155)	(97,155)
Due from other funds	-	(14,551)	-	-	-	(14,551)
Due to employees	3,329	280	(428)	1,620	236	5,037
Unfunded OPEB liability	-	-	-	-	1,411,207	1,411,207
Accrued compensated absences	(6,278)	11,458	74	1,416	781	7,451
Net Cash Provided by Operating Activities	<u>\$ 80,221</u>	<u>\$ (11,718)</u>	<u>\$ 36,273</u>	<u>\$ 302,724</u>	<u>\$ (556,830)</u>	<u>\$ (149,330)</u>

**CITY OF MIDWEST CITY, OKLAHOMA  
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**Debt Service Coverage Schedule - Year Ended June 30, 2011**

	<b>2003 Revenue Bonds</b>
<b>GROSS REVENUE AVAILABLE:</b>	
Water revenue	\$ 6,953,355
Wastewater revenue	5,754,756
Pledged Sales Tax	1,998,858
Investment income	500,613
Total Gross Revenue Available	15,207,582
<b>OPERATING EXPENSES:</b>	
Total Operating Expenses	8,004,126
Net Revenue Available for Debt Service	\$ 7,203,456
Maximum Annual Debt Service on all Obligations Payable From Revenues of the System	\$ 2,000,344
Computed Coverage	360%
Coverage Requirement	125%

**CITY OF MIDWEST CITY, OKLAHOMA  
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**STATISTICAL INFORMATION**

**CITY OF MIDWEST CITY, OKLAHOMA  
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**General Government Expenditures by Function  
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Streets</u>	<u>Health and Welfare</u>	<u>Culture &amp; Recreation</u>	<u>Economic Development</u>	<u>Debt Services</u>	<u>Total</u>
2001-02	\$4,292,600	\$15,253,257	\$2,812,275	\$263,913	\$679,365	\$2,093,942	\$275,913	\$25,671,265
2002-03	3,892,384	16,329,159	7,673,533	297,756	2,645,644	2,625,182	265,875	33,729,533
2003-04	3,710,400	16,761,918	5,461,272	319,567	2,496,180	6,505,395	2,797,526	38,052,258
2004-05	4,048,014	17,875,391	6,333,521	311,796	2,384,770	31,607,784 (1)	2,035,085	64,596,361
2005-06	4,823,711	19,324,367	3,072,745	297,426	2,790,104	4,756,832	2,216,881	37,282,066
2006-07	4,638,916	19,653,099	2,860,439	1,060,332	1,269,324	4,286,769	1,874,210	35,643,089
2007-08	4,433,847	22,751,353	4,704,754	9,065,571	1,833,511	4,151,318	3,096,734	50,037,088
2008-09	4,731,952	28,025,096	5,832,627	23,077,926	1,720,807	4,523,604	2,241,289	70,153,301
2009-10	4,341,709	25,474,931	14,974,806	1,491,596	1,657,029	4,648,669	2,811,624	55,400,364
2010-11	6,459,976	25,157,469	6,006,443	160,983	1,120,863	4,915,834	3,679,296	47,500,864

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

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

<u>Fiscal Year</u>	<u>Taxes</u>	<u>Intergov- ernmental</u>	<u>Licenses &amp; Permits</u>	<u>Charges for Services</u>	<u>Fines &amp; Forfeitures</u>	<u>Investment Income</u>	<u>Misc Revenues</u>	<u>Total</u>
2001-02	\$ 20,159,151	\$ 160,579	\$ 309,093	\$ 321,035	#####	\$ 406,997	\$ 981,433	\$ 23,479,279
2002-03	23,022,229	1,183,059	380,425	1,885,413	1,098,749	1,251,173	1,613,759	30,434,807
2003-04	23,632,779	1,557,842	286,406	1,289,359	1,180,610	7,203,875	758,812	35,909,683
2004-05	25,114,085	2,849,637	294,562	1,540,414	1,179,584	5,014,453	4,012,368	40,005,103
2005-06	27,656,355	2,308,525	306,977	2,170,231	1,619,238	6,308,052	6,128,707	46,498,085
2006-07	28,111,696	1,173,791	566,845	1,851,771	1,458,500	#####	612,269	44,991,210
2007-08	31,705,767	8,261,565	413,183	1,766,807	1,916,846	(3,275,268)	1,162,943	41,951,843
2008-09	32,399,044	4,903,868	420,663	2,127,414	2,104,237	(9,252,051)	775,469	33,478,644
2009-10	33,166,047	4,906,373	385,949	2,066,991	1,878,424	6,582,036	2,445,317	51,431,137
2010-11	33,566,216	6,440,504	395,511	2,193,602	2,001,322	#####	552,201	59,695,617

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

Fiscal Year	Real Property	Personal Property	Public Service Property	Veteran and Homestead Exemption	Total Actual		Ratio of Total Assessed Value to Total Estimated Actual Value
					Assessed Value	Estimated Actual Value	
2002	\$153,576,279	\$22,224,405	\$11,562,906	\$11,076,288	\$176,287,302	\$1,602,611,836	11%
2003	162,503,893	22,940,909	11,773,297	11,093,564	186,124,535	1,692,041,227	11%
2004	173,101,148	23,175,077	11,938,564	10,958,198	197,256,591	1,793,241,736	11%
2005	187,753,614	25,809,437	12,908,515	10,986,804	215,484,762	1,958,952,382	11%
2006	201,408,334	26,324,714	13,201,094	10,757,246	230,176,896	2,092,517,236	11%
2007	216,308,965	27,831,980	12,095,233	10,654,076	245,582,102	2,232,564,564	11%
2008	233,726,705	27,869,971	12,100,868	14,043,632	259,653,912 (1)	2,360,490,127	11%
2009	244,609,641	29,359,839	12,004,561	14,504,429	271,469,612 (1)	2,467,905,563	11%
2010	252,013,094	27,856,671	13,374,321	10,453,302	278,216,075 (1)	2,529,237,045	11%
2011	258,517,927	27,728,562	13,697,571	10,398,494	284,605,074 (1)	2,587,318,855	11%

(1) New established exemption for veterans



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

<u>Fiscal Year</u>	<u>City Sinking Fund</u>	<u>MWC Schools</u>	<u>Rose State College</u>	<u>Oklahoma County</u>	<u>Total Midwest City Resident</u>	<u>Choctaw Schools</u>	<u>Total Midwest City Resident</u>	<u>OKC Schools</u>	<u>Total Midwest City Resident</u>
2002	14.20	60.00	16.66	22.35	113.21	60.58	113.79	59.64	112.85
2003	11.45	61.83	16.62	23.15	113.05	63.85	115.07	54.44	105.66
2004	9.82	61.11	16.50	22.99	110.42	61.33	110.64	57.84	107.15
2005	8.79	59.96	16.35	22.90	108.00	62.33	110.37	58.02	106.06
2006	9.25	62.79	18.29	22.81	113.14	62.60	112.95	57.07	107.42
2007	8.32	64.31	17.67	22.29	112.59	63.11	111.39	56.73	105.01
2008	7.29	65.05	17.30	23.18	112.82	66.66	114.43	52.48	100.25
2009	7.24	65.83	17.40	24.79	115.26	68.50	117.93	58.43	107.86
2010	6.81	65.60	17.32	24.27	114.00	69.41	117.81	58.70	107.10
2011	6.62	64.64	17.18	24.06	112.50	70.22	118.08	62.09	109.95

**CITY OF MIDWEST CITY, OKLAHOMA  
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Computation of Legal Debt Margin  
June 30, 2011

Net assessed valuation	\$284,605,074
Debt limit (a)	\$28,460,507
Applicable bonds outstanding	\$9,700,000
Legal debt margin	\$18,760,507

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

**CITY OF MIDWEST CITY, OKLAHOMA**  
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Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt  
To Total General Governmental Expenditures  
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Prinicipal</u>	<u>Interest (1)</u>	<u>Total Debt Service</u>	<u>Total General Governmental Expenditures (2)</u>	<u>Ratio of Debt Service to Government Expenditures</u>
2001-02	\$225,000	\$50,913	\$275,913	\$25,671,265	1.07%
2002-03	225,000	40,875	265,875	33,729,533	0.79%
2003-04	1,250,000	1,547,526	2,797,526	38,052,258	7.35%
2004-05	1,300,000	663,185	1,963,185	64,596,361	3.04%
2005-06	1,300,000	916,881	2,216,881	37,282,066	5.95%
2006-07	1,075,000	599,313	1,674,313	35,643,089	4.70%
2007-08	1,350,000	1,102,596	2,452,596	50,037,088	4.90%
2008-09	1,400,000	635,560	2,035,560	70,153,301	2.90%
2009-10	1,400,000	569,623	1,969,623	55,400,364	3.56%
2010-11	1,400,000	503,685	1,903,685	47,500,864	4.01%

(1) Excludes bond issuance and other costs

**CITY OF MIDWEST CITY, OKLAHOMA  
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As of and for the Year Ended June 30, 2011**

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

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Assessed Value (2)</u>	<u>Gross Bonded Debt</u>	<u>Less Debt Service Money Available (3)</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
2001-02	54,088	176,287,302	15,900,000	175,064	15,724,936	8.92%	291
2002-03	54,088	186,124,535	15,675,000	2,292,868	13,382,132	7.19%	247
2003-04	54,088	197,256,591	14,525,000	1,635,499	12,889,501	6.53%	238
2004-05	54,088	215,484,762	13,125,000	1,760,224	11,364,776	5.27%	210
2005-06	54,088	230,176,896	16,325,000	1,480,497	14,844,503	6.45%	274
2006-07	54,088	245,582,102	15,250,000	1,961,500	13,288,500	5.41%	246
2007-08	54,088	259,653,914	13,900,000	1,683,112	12,216,888	4.71%	226
2008-09	54,088	271,469,612	12,500,000	1,513,528	10,986,472	4.05%	203
2009-10	54,088	278,216,075	11,100,000	1,500,619	11,100,000	3.99%	205
2010-11	54,371	284,605,074	9,700,000	1,504,457	8,195,543	5.95%	151

(1) From table Demographics

(2) From table Assessed Value of Property

(3) Ending fund balances

**CITY OF MIDWEST CITY, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2011**

Revenue Bond and Note Coverage  
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Gross Revenues</u>	<u>Direct Operating Expenses</u>	<u>Net Revenue Available for Debt Service</u>	<u>Maximum Annual Debt Service</u>	<u>Debt Service Coverage</u>
2001-02	\$13,401,067	\$11,285,610	\$3,343,727 (1)	\$1,304,906	2.56
2002-03	14,763,741	9,238,913	5,524,828 (1)	1,304,906	4.23
2003-04	15,967,210	9,797,926	6,169,284 (1)	1,967,389	3.14
2004-05	14,814,730	8,982,892	5,831,838 (1)	2,000,344	2.92
2005-06	15,148,626	8,765,616	6,383,010 (1)	2,000,344	3.19
2006-07	11,389,730	7,378,584	4,011,146 (1)	2,000,344	2.01
2007-08	14,201,820	7,372,367	6,829,453 (1)	2,000,344	3.41
2008-09	14,535,584	8,191,452	6,344,132 (1)	2,000,344	3.17
2009-10	14,822,864	7,867,225	6,955,639 (1)	2,000,344	3.48
2010-11	15,207,582	8,004,126	7,203,456 (1)	2,000,344	3.60

(1) Includes designated sales tax revenue

**CITY OF MIDWEST CITY, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2011**

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Demographic Statistics

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

Population is taken from US Census conducted every 10 years.

**CITY OF MIDWEST CITY, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2011**

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New Construction  
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Commercial Construction</u>		<u>Residential Construction</u>		<u>Total Construction</u>
	<u>Number of Units</u>	<u>Value</u>	<u>Number of Units</u>	<u>Value</u>	
2000-01	140	\$14,156,260	651	\$11,450,298	\$25,606,558
2001-02	189	17,713,380	705	15,506,609	33,219,989
2002-03	214	8,483,577	680	26,304,941	34,788,518
2003-04	190	12,846,011	754	44,735,484	57,581,495
2004-05	232	22,444,891	801	34,627,558	57,072,449
2005-06	247	27,599,268	767	51,587,219	79,186,487
2006-07	245	49,578,946	618	33,434,637	83,013,583
2007-08	251	44,469,520	537	29,373,333	73,842,853
2008-09	264	28,032,074	504	29,169,569	57,201,643
2009-10	184	11,614,006	457	18,846,251	30,460,257
2010-11	170	14,052,174	203	23,937,338	37,989,512

**CITY OF MIDWEST CITY, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2011**

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Miscellaneous Statistics  
June 30, 2011

Date of Incorporation	1943
Form of government	Council-manager
Square miles in city limits	28
Miles of streets	564 Lane miles
<b>Education</b>	
Number of primary schools	12
Number of secondary schools	3
Number of High schools	2
Number of colleges	1
<b>Police Protection</b>	
Number of officers	93
<b>Fire Protection</b>	
Number of stations	5
Number of headquarters	1
Number of personnel per shift	27
<b>Public Works</b>	
Water storage capacity (millions of gallons)	9.5
Miles of water lines	283
Miles of sanitary sewer lines	277.19

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



**CITY OF MIDWEST CITY, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2011**

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Miscellaneous Statistics, Continued  
June 30, 2011

**City Employees**

<u>Fiscal Year</u>	<u>Full Time Government</u>	<u>Full Time Hotel/Conference Center</u>
2001-02	470	-
2002-03	476	-
2003-04	476	-
2004-05	476	-
2005-06	496	-
2006-07	503	-
2007-08	499	-
2008-09	499	-
2009-10	502	60
2010-11	494	62

**CITY OF MIDWEST CITY, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2011**

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Miscellaneous Statistics, Continued  
June 30, 2011

City Water Usage (Gallons)

<u>Fiscal Year</u>	<u>Annual Usage</u>	<u>Average Daily Usage</u>
2001-02	1,830,318,000	5,014,570
2002-03	1,758,223,000	4,817,049
2003-04	1,869,864,000	5,122,915
2004-05	1,768,672,000	4,845,676
2005-06	2,174,375,000	5,957,192
2006-07	2,021,890,000	5,539,425
2007-08	1,863,117,000	5,104,430
2008-09	1,931,741,887	5,292,444
2009-10	1,910,755,000	5,235,000
2010-11	1,953,204,878	5,351,246

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*Single Audit Reports*

**THE CITY OF  
MIDWEST CITY,  
OKLAHOMA**

**June 30, 2011**

Single Audit Reports

THE CITY OF MIDWEST CITY, OKLAHOMA  
June 30, 2011

REPORT REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

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

REPORTS REQUIRED BY OMB CIRCULAR A-133

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

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

Notes to Schedule of Expenditures of Federal Awards..... 7

Schedule of Findings and Questioned Costs..... 8

Summary Schedule of Prior Audit Findings..... 13

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Midwest City, Oklahoma, as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements and have issued our report thereon dated January 17, 2012. Our report contained an explanatory paragraph describing the City's adoption of GASB Statement No. 54 in the year ended June 30, 2011. 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

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City'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 misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

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

Cole & Reed P.C.

Oklahoma City, Oklahoma  
January 17, 2012

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

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

Compliance

We have audited the compliance of the City of Midwest City, Oklahoma (the "City") with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2011. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs are the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City of Midwest City, Oklahoma complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. However, the results of our procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2011-01 and 2011-02.



### Internal Control over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 2011-01. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City's responses and, accordingly, we express no opinion on the responses.

### Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2010, and have issued our report thereon dated January 17, 2012. Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Cole & Reed P.C.

Oklahoma City, Oklahoma  
January 17, 2012

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

THE CITY OF MIDWEST CITY, OKLAHOMA

For the Year Ended June 30, 2011

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Grantor Number	Federal Expenditures
<u>U.S. Department of Justice</u>			
Weed and Seed Program	16.595	2009-WS-QX-0074	\$ 56,295
Bulletproof Vest Partnership Program	16.607	N/A	2,849
Passed through OK Dept. of Mental Health & Substance Abuse:			
Edward Byrne Memorial Justice Assistance Grant	16.738	OCSO 2M2L 2010-0002	3,748
Enforcing Underage Drinking Laws Program	16.727	OCSO 2M2L 2010-0002	26,166
Total U.S. Department of Justice			<u>89,058</u>
<u>Federal Emergency Management Agency</u>			
Passed through Oklahoma Department of Civil Emergency Management:			
Emergency Performance Grant 10	97.042		10,000
Emergency Performance Grant 11	97.042		23,190
June 2010 Flooding Disaster Relief	97.036	FEMA-1926-DR-OK	75,864
Hazard Mitigation Grant Program	97.039	FEMA-1803-DR-OK	280,087
Passed through Oklahoma Office of Homeland Security:			
2008 Urban Area Security Initiative Grant	97.008	131.012	19,023
State Homeland Security Program	97.073-32	N/A	3,059
Total Federal Emergency Management Agency			<u>411,223</u>
<u>U.S. Dept. of Housing and Urban Development</u>			
Community Dev Block Grant	14.218	B-05-MC-40-0005	95,101
Community Dev Block Grant	14.218	B-06-MC-40-0005	53,410
Community Dev Block Grant	14.218	B-07-MC-40-0005	107,742
Community Dev Block Grant	14.218	B-08-MC-40-0005	46,409
Community Dev Block Grant	14.218	B-09-MC-40-0005	44,917
Community Dev Block Grant - Recovery	14.218	B-09-MY-40-0005	103,614
Community Dev Block Grant	14.218	B-10-MC-40-0005	352,788
Economic Development Initiative Grant	14.251	N/A	198,000
			<u>1,001,981</u>
Passed through the Oklahoma Department of Commerce			
Neighborhood Stabilization Program	14.228	13593 NSP 08	496,114
Total U.S. Department of Housing and Urban Development			<u>1,498,095</u>
<u>U.S. Environmental Protection Agency</u>			
Midwest City Water Treatment Plant Upgrade	66.202	N/A	415,110
<u>U.S. Department of Energy</u>			
Energy Efficiency and Conservation Block Grant	81.128	N/A	472,211
<u>U.S. Department of Transportation</u>			
Passed through Oklahoma Highway Safety Office:			
Oklahoma Highway Safety Office	20.600-0000	PT10-03-24-07	20,423
Oklahoma Highway Safety Office	20.600	OP11-03-08-08	49,365
Passed through Oklahoma Dept. of Transportation:			
Pedestrian Walkways Grant	20.205	HPP-155E (590) HP	54,822
Pedestrian Walkways Grant	20.205	HPP-155E (590) HP	20,762
Passed through Oklahoma Dept. of Agriculture:			
2008 Highway Tree Program	20.205	SAFETEALU-08-04	4,321
Total U.S. Department of Transportation			<u>149,693</u>
Total Expenditures of Federal Awards			<u>\$ 3,035,390</u>

See Notes to Schedule of Expenditures of Federal Awards

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

THE CITY OF MIDWEST CITY, OKLAHOMA

Year Ended June 30, 2011

NOTE A--BASIS OF ACCOUNTING

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

NOTE B--SUBRECIPIENTS

The City provided no federal awards to subrecipients.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

THE CITY OF MIDWEST CITY, OKLAHOMA

Year Ended June 30, 2011

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

*Financial statements*

Type of auditors' report issued:

*Unqualified*

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?

yes  no

*Federal Awards*

Internal control over major programs:

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

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

*Unqualified*

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?

yes  no

Identification of major programs:

<u>Program</u>	<u>CFDA Number</u>
Neighborhood Stabilization Program	14.228
Water Treatment Plant	66.202
Energy Efficiency and Conservation Block Grant	81.128

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

Auditee qualified as low-risk auditee?

yes  no

SCHEDULE OF FINDINGS AND QUESTIONED COSTS--Continued

THE CITY OF MIDWEST CITY, OKLAHOMA

Year Ended June 30, 2011

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

There are none to report for the June 30, 2011 period.

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

See Findings 2011-01 and 2011-02.

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS--Continued

THE CITY OF MIDWEST CITY, OKLAHOMA

Year Ended June 30, 2011

### **Finding 2011 – 01**

Deficiency: The Schedule of Expenditures of Federal Awards was not complete for the year ending June 30, 2010. The City omitted the Edward Byrne Memorial Justice Assistance Grant (CFDA #16.804) from the Schedule of Expenditures of Federal Awards. Additionally, the Edward Byrne Memorial Justice Assistance Grant was funded using appropriations from the American Recovery Reinvestment Act of 2009 and, therefore, would have been considered a major program in fiscal year 2010. The omission of the grant from the Schedule of Expenditures of Federal Awards resulted in the program not being tested for the year ending June 20, 2010.

Requirement: Office of Management and Budget (“OMB”) Circular A-133 “Auditees”, Subpart C, Section 210. A. (2), “Schedule of Expenditures of Federal Awards”, requires that *“For Federal awards received as subrecipient, the name of the pass-through entity and identifying number assigned by the pass0through entity shall be included.”*

Additionally, per Appendix VII “Other OMB Circular A-133 Advisories” Part I, American Recovery and Reinvestment Act, *“Even though a Type A program otherwise meets the criteria as low0risk under § .520(c) of OMB Circular A-133, due to the inherent risk associated with the transparency and accountability requirements governing expenditures of ARRA award, and program or cluster with expenditures of ARRA awards would not qualify as low-risk Type A. Even a de minimus amount of ARRA expenditures would not support identifying the program as low risk.”*

Potential Effects: The City submitted an incomplete Data Collection Form in FY2010 and omitted a major program from testing and reporting in the Single Audit Report for the period ending June 30, 2010; which could affect the approval of future grant requests from federal agencies and future omissions of federal expenditures from the Schedule of Expenditures of Federal Awards.

Cause of the Condition: The City did not have sufficient procedures in place to ensure that the Schedule of Expenditures of Federal Awards is complete. Additionally, the staff believed that because they were a subrecipient of these funds from the City of Oklahoma City, that the City of Oklahoma City was the only entity required to report these funds.

Recommendation: We recommend that procedures be put in place to ensure that the Schedule of Expenditures of Federal Awards is complete each year. An example of such a procedure would be a reconciliation of grant revenue from the financial statements to the Schedule of Expenditures of Federal Awards at year end. We also would recommend additional training for staff involved in federal grants to gain a better understanding of the financial reporting requirements under OMB Circular A-133.

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS--Continued

THE CITY OF MIDWEST CITY, OKLAHOMA

Year Ended June 30, 2011

### **Finding 2011 – 01--Continued**

City's Response: The City agrees that the Edward Byrne Memorial Justice Assistance Grant was omitted from the Schedule of Expenditures of Federal Awards (SEFA) in fiscal year 2010. The City has established a separate fund for receiving all grant proceeds. These funds pass through from the City of Oklahoma City. The City of Oklahoma City reported the grant on their SEFA. Midwest City did not report it due to misunderstand of the reporting responsibility for these funds. The City concurs that additional training is needed by staff for these departments that handle their own grants. Staff will encourage additional training on compliance of grant administration and reporting.

Current Status: City will review current procedure to ensure correct reporting, for example, implement the completion of a schedule each year in our audit preparation which reconciles all revenues classified as 'Intergovernmental' to the schedule of federal expenditures or obtain an explanation of variances.

### **Finding 2011 – 02**

Deficiency: The fourth quarter SF-425 report for the Energy Efficiency and Conservation Block Grant (CFDA #81.128) was submitted on August 29, 2011. The due date of this report was July 30, 2011. The reporting requirements of the grant require that quarterly report submissions be submitted no later than 30 days after the end of the reporting period.

Requirement: Per review of Federal Financial Report Instructions for OMB Circular A-133, "Reporting Requirements" section 2, "*Quarterly and semi-annual interim reports shall be submitted no later than 30 days after the end of each reporting period.*"

Potential Effects: The city submitted the SF-425 quarterly federal financial report after its due date, which could affect the approval of future grant requests from federal agencies.

Cause of the Condition: The City had some issues during its electronic submission of the form. They attempted to submit the report before the due date, but received no confirmation back from the Department of Energy stating that the transmittal had been completed. The City was notified in August that the report had not been received and that the report was needed immediately.



SCHEDULE OF FINDINGS AND QUESTIONED COSTS--Continued

THE CITY OF MIDWEST CITY, OKLAHOMA

Year Ended June 30, 2011

**Finding 2011 – 02--Continued**

Recommendation: We recommend that the City follow up with all report submissions by contacting the agencies providing grant funding after the reports are submitted to ensure that the reports are received. We would also recommend that confirmations received of successful submission of these reports be retained by the City.

City's Response: The City agrees that the report was received by the grantor agency after the stated deadline. When a report is successfully uploaded from the 3<sup>rd</sup> party system (PAGE) to DOE, a confirmation is received and retained by the City. However due to City's inability to upload the report from PAGE to DOE, the report had to be retrieved directly from PAGE by DOE, which occurred after the deadline.

Current Status: Subsequent reports continue to be retrieved by the grantor agency after contact by the City to the PAGE helpdesk and/or DOE program officer. Attention will be taken to assure this is completed within 30 days of the end of a reporting period. The City will continue to work on a attempt to resolve transmittal issues with the grantor agency and our local systems.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

THE CITY OF MIDWEST CITY, OKLAHOMA

Year Ended June 30, 2011

No matters are reportable.