



Financial Statements  
June 30, 2011

# The City of Del City, Oklahoma

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## Independent Auditor's Report

To the City Council  
City of Del City  
Del City, Oklahoma

We have audited the accompanying statements of net assets – budgetary basis, changes in net assets – budgetary basis and the budgetary comparison statements – budgetary basis, for the separate legal entities of the City of Del City, Del City Municipal Services Authority, and the Del City Economic Development Authority (collectively referred to as the City's reporting entity) 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 City and Authorities' 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.

As described more fully in Note 2, the City has prepared these financial statements using accounting practices prescribed or permitted by and defined by the Oklahoma Municipal League to demonstrate compliance with the provisions of the State of Oklahoma Constitution and budget laws, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory basis accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City's reporting entity, as of June 30, 2011, or the changes in financial position or cash flows thereof for the year then ended. Further, the City has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the budgetary basis financial position of each legal entity of the City's reporting entity, as noted above, as of June 30, 2011, and their respective changes in financial position – budgetary basis and budgetary results for the year then ended on the basis of accounting described Note 2.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2011, on our consideration of the City reporting entity's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that retirement system information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United State of America, which consisted of consisted of inquiries if of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's reporting entity financial statements as a whole. The combining financial statements listed under the table of contents are presented for purposes of additional analysis and are not required part of the financial statements. The accompanying schedule of expenditures of Federal and State Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining statements described above and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying account and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Oklahoma City, Oklahoma  
December 23, 2011

City of Del City, Oklahoma  
Statement of Net Assets (Budgetary Basis)  
June 30, 2011

	Primary Government			Totals
	City of Del City	Del City Municipal Services Authority	Del City Economic Development Authority	
<b>Assets</b>				
Cash - Unrestricted	\$ 431,030	\$ (1,131,944)	1,900,808	\$ 1,199,894
Cash - Restricted	1,394,793	1,939,223	1,821,489	5,155,505
Billed Accounts Receivable	18,426	493,584	-	512,010
Internal Balances	2,153,317	(461,416)	(1,691,901)	-
Total Assets	<u>3,997,566</u>	<u>839,447</u>	<u>2,030,396</u>	<u>6,867,409</u>
<b>Liabilities</b>				
Vendor Payments Due	237,520	135,098	373,839	746,457
Employee Obligations	72,376	23,598	-	95,974
Employee Compensation Obligations	1,355,237	344,992	-	1,700,229
Restricted Assets Held on Behalf of Others	57,149	404,250	-	461,399
Total Liabilities	<u>1,722,282</u>	<u>907,938</u>	<u>373,839</u>	<u>3,004,059</u>
<b>Net Assets</b>				
<b>Externally Restricted by Legislation:</b>				
Voter Restricted - Hotel / Motel Tax	33,406	-	-	33,406
Voter Restricted - Ad Valorem Tax	701,968	-	-	701,968
Voter Restricted - Sales Tax for Capital Outlay	(1,233,961)	-	-	(1,233,961)
Voter Restricted - Sales Tax for Debt Service	830,553	-	-	830,553
Voter Restricted - Sales Tax for Recreation	177,418	-	-	177,418
Voter Restricted - Sales Tax for Personnel	353,170	-	-	353,170
Voter Restricted - Sales Tax for Streets	(510,642)	-	-	(510,642)
Voter Restricted - Sales Tax for Juvenile Justice	428	-	-	428
<b>Internally Restricted:</b>				
<b>By ordinance:</b>				
Drainage Improvements	687,224	-	-	687,224
Police Training	29,052	-	-	29,052
Labor Relations	16,214	-	-	16,214
Debt Service	-	-	505,497	505,497
Capital improvements	-	-	1,315,992	1,315,992
<b>By trustee action:</b>				
Sanitation capital outlay	-	357,192	-	357,192
Capital outlay	-	-	-	-
Capital improvements - Water	-	612,082	-	612,082
Capital improvements - Sewer	-	540,892	-	540,892
Unrestricted	<u>1,190,454</u>	<u>(1,578,657)</u>	<u>(164,932)</u>	<u>(553,135)</u>
Total Net Assets (Deficit)	<u>\$ 2,275,284</u>	<u>\$ (68,491)</u>	<u>\$ 1,656,557</u>	<u>\$ 3,863,350</u>

City of Del City, Oklahoma  
Statement of Changes in Net Assets (Budgetary Basis)  
Year Ended June 30, 2011

	Primary Government			Totals
	City of Del City	Del City Municipal Services Authority	Del City Economic Development Authority	
Revenue Recognized				
Program Revenue:				
Police	\$ 738,296	\$ -	\$ -	\$ 738,296
Parks and Recreation	127,500	-	-	127,500
General Government	250,914	-	-	250,914
Drainage	100,177	-	-	100,177
Sanitation	-	1,567,490	-	1,567,490
Water	-	1,969,539	-	1,969,539
Sewer	-	1,743,879	-	1,743,879
	<u>1,216,887</u>	<u>5,280,908</u>	<u>-</u>	<u>6,497,795</u>
Total Program Revenue				
	1,216,887	5,280,908	-	6,497,795
Unrestricted General Revenue:				
Sales Tax - Unrestricted	4,658,314	-	-	4,658,314
Use Tax - Unrestricted	114,255	-	-	114,255
Franchise Tax - Electric	478,113	-	-	478,113
Franchise Tax - Gas	174,945	-	-	174,945
Franchise Tax - Phone	59,087	-	-	59,087
Franchise Tax - Cable	148,798	-	-	148,798
State Alcoholic Beverage Tax Allocation	33,103	-	-	33,103
State Tobacco Allocation	120,499	-	-	120,499
Ad Valorem Taxes	907,343	-	-	907,343
Miscellaneous	436,463	414,838	24,212	875,513
Interest and Investment Income	1,613	793	891	3,297
	<u>7,132,533</u>	<u>415,631</u>	<u>25,103</u>	<u>7,573,267</u>
Total Unrestricted General Revenue				
	7,132,533	415,631	25,103	7,573,267
Restricted General Revenue:				
Sales Tax - Restricted	3,493,737	-	-	3,493,737
State Gas Tax Allocation	57,729	-	-	57,729
State Motor Vehicle Tax Allocation	167,118	-	-	167,118
Hotel / Motel Tax	51,138	-	-	51,138
E911 Tax	7,829	-	-	7,829
	<u>3,777,551</u>	<u>-</u>	<u>-</u>	<u>3,777,551</u>
Total Restricted General Revenue				
	3,777,551	-	-	3,777,551
Debt Service- Debt Proceeds:	-	144,403	1,950,000	2,094,403
Total Revenue Recognized	<u>\$ 12,126,971</u>	<u>\$ 5,840,942</u>	<u>\$ 1,975,103</u>	<u>\$ 19,943,016</u>

City of Del City, Oklahoma  
Statement of Changes in Net Assets (Budgetary Basis)  
Year Ended June 30, 2011

	Primary Government			Totals
	City of Del City	Del City Municipal Services Authority	Del City Economic Development Authority	
Revenue Expended and Obligated:				
Current Operations:				
Management and General Government	\$ 968,261	\$ 471,400	\$ 531,829	\$ 1,971,490
City Clerk	363,329	-	-	363,329
Municipal Court	105,302	-	-	105,302
City Attorney	266,626	-	-	266,626
Human Resources	299,161	-	-	299,161
Community Services	420,493	-	-	420,493
Parks and Recreation	513,681	-	-	513,681
Fire	2,280,871	-	-	2,280,871
Police	2,947,302	-	-	2,947,302
Street and Alley	572,133	-	-	572,133
Drainage	14,155	-	-	14,155
Fleet Maintenance	-	535,883	-	535,883
Sanitation	-	849,281	-	849,281
Water	-	1,711,655	-	1,711,655
Sewer	-	1,060,937	-	1,060,937
Total Current Operations	8,751,314	4,629,156	531,829	13,912,299
Debt Service - Debt Payments:	684,485	282,149	1,712,250	2,678,884
Capital Outlay:	2,840,892	284,345	2,425,764	5,551,001
Total Expended and Obligated	12,276,691	5,195,650	4,669,843	22,142,184
Income and Revenue Recognized Over (Under) Expended and Obligated Before Transfers	(149,720)	645,292	(2,694,740)	(2,199,168)
Transfers Between Legal Entities	159,284	(751,893)	592,609	-
Change in Net Assets	9,564	(106,601)	(2,102,131)	(2,199,168)
Beginning Net Assets	2,265,720	38,110	3,758,688	6,062,518
Ending Net Assets (Deficit)	\$ 2,275,284	\$ (68,491)	\$ 1,656,557	\$ 3,863,350

City of Del City, Oklahoma  
Budgetary Comparison Statements (Budgetary Basis)  
Year Ended June 30, 2011

**General Fund**

Sources of Income and Revenue	Budget	Actual	Budget to Actual Variance
Taxes	\$ 5,767,000	\$ 5,685,192	\$ (81,808)
Licenses & Permits	215,700	153,842	(61,858)
Intergovernmental	692,000	396,599	(295,401)
Charges for Services	326,300	275,607	(50,693)
Fines & Forfeitures	660,000	658,068	(1,932)
Miscellaneous	267,480	365,629	98,149
Interfund Transfers	1,480,350	1,460,000	(20,350)
Use of Money & Property	60,500	-	(60,500)
Net Asset Carryover	1,214,873	-	(1,214,873)
Totals - All Sources	<u>\$ 10,684,203</u>	<u>\$ 8,994,937</u>	<u>\$ (1,689,266)</u>
<b>Uses of Income and Revenue</b>			
<b>City Management</b>			
Personal Services	\$ 267,187	\$ 267,158	\$ 29
Material & Supplies	1,672	1,683	(11)
Other Services & Charges	5,165	5,165	-
Capital Outlay	23	23	-
Total City Management	<u>274,047</u>	<u>274,029</u>	<u>18</u>
<b>Municipal Court</b>			
Personal Services	101,909	99,522	2,387
Material & Supplies	4,971	4,964	7
Other Services & Charges	821	816	5
Total Municipal Court	<u>107,701</u>	<u>105,302</u>	<u>2,399</u>
<b>City Attorney</b>			
Personal Services	252,028	252,014	14
Material & Supplies	12,926	12,850	76
Other Services & Charges	1,762	1,762	-
Total City Attorney	<u>266,716</u>	<u>266,626</u>	<u>90</u>
<b>Human Resources</b>			
Personal Services	241,287	240,859	428
Material & Supplies	2,746	2,725	21
Other Services & Charges	54,727	54,325	402
Total Human Resources	<u>298,760</u>	<u>297,909</u>	<u>851</u>
<b>City Clerk</b>			
Personal Services	347,730	341,965	5,765
Material & Supplies	3,949	2,949	1,000
Other Services & Charges	18,148	18,415	(267)
Capital Outlay	-	-	-
Total City Clerk	<u>369,827</u>	<u>363,329</u>	<u>6,498</u>
<b>Community Services</b>			
Personal Services	356,650	356,180	470
Material & Supplies	12,518	12,383	135
Other Services & Charges	52,036	51,930	106
Capital Outlay	2,000	1,774	226
Total Community Services	<u>423,204</u>	<u>422,267</u>	<u>937</u>



City of Del City, Oklahoma  
 Budgetary Comparison Statements (Budgetary Basis)  
 Year Ended June 30, 2011

<b>General Fund</b>			
Uses of Income and Revenue	Budget	Actual	Budget to Actual Variance
<b>Recreation</b>			
Personal Services	108,573	106,823	1,750
Material & Supplies	11,811	11,810	1
Other Services & Charges	31,334	31,173	161
Capital Outlay	-	-	-
<b>Total Recreation</b>	<b>151,718</b>	<b>149,806</b>	<b>1,912</b>
<b>Eagle Harbor Aquatics Center</b>			
Personal Services	74,323	68,726	5,597
Material & Supplies	27,903	27,385	518
Other Services & Charges	14,476	11,338	3,138
Capital Outlay	2,300	2,124	176
<b>Total Eagle Harbor Aquatics Center</b>	<b>119,002</b>	<b>109,573</b>	<b>9,429</b>
<b>Street / Alley</b>			
Personal Services	385,313	385,278	35
Material & Supplies	20,830	20,623	207
Other Services & Charges	177,578	176,411	1,167
Capital Outlay	120,150	120,150	-
<b>Total Street / Alley</b>	<b>703,871</b>	<b>702,462</b>	<b>1,409</b>
<b>Park Maintenance</b>			
Personal Services	141,046	127,764	13,282
Material & Supplies	31,208	29,711	1,497
Other Services & Charges	1,592	971	621
Capital Outlay	-	-	-
<b>Total Park Maintenance</b>	<b>173,846</b>	<b>158,446</b>	<b>15,400</b>
<b>Fire Department</b>			
Personal Services	2,255,024	2,237,349	17,675
Material & Supplies	59,905	59,305	600
Other Services & Charges	43,299	40,691	2,608
Capital Outlay	12,000	11,031	969
<b>Total Fire Department</b>	<b>2,370,228</b>	<b>2,348,376</b>	<b>21,852</b>
<b>Police Department</b>			
Personal Services	2,866,734	2,802,128	64,606
Material & Supplies	36,900	35,142	1,758
Other Services & Charges	106,180	106,001	179
Capital Outlay	3,140	2,940	200
<b>Total Police Department</b>	<b>3,012,954</b>	<b>2,946,211</b>	<b>66,743</b>
<b>General Government</b>			
Personal Services	87,545	55,065	32,480
Material & Supplies	219,066	208,280	10,786
Other Services & Charges	298,849	283,945	14,904
Capital Outlay	207,393	185,638	21,755
Transfers	104,200	91,267	12,933
<b>Total General Government</b>	<b>917,053</b>	<b>824,195</b>	<b>92,858</b>

City of Del City, Oklahoma  
Budgetary Comparison Statements (Budgetary Basis)  
Year Ended June 30, 2011

<b>General Fund</b>			
Uses of Income and Revenue	Budget	Actual	Budget to Actual Variance
Drainage			
Material & Supplies	10,500	1,797	8,703
Other Services & Charges	30,000	12,358	17,642
Capital Outlay	228,755	180,000	48,755
Total Drainage	269,255	194,155	75,100
Reserves	1,226,022	-	1,226,022
Totals - Current Year Uses	\$ 10,684,204	\$ 9,162,686	\$ 1,521,518

<b>Special Revenue / Limited Purpose Fund</b>			
Sources of Income and Revenue	Budget	Actual	Budget to Actual Variance
Taxes	\$ 3,438,720	\$ 3,493,737	\$ 55,017
Intergovernmental	-	1,110,000	1,110,000
Miscellaneous	-	(19,228)	(19,228)
Interfund Transfers	1,260,000	-	(1,260,000)
Net Asset Carryover	1,644,187	-	(1,644,187)
Totals - All Sources	\$ 6,342,907	\$ 4,584,509	\$ (1,758,398)

Uses of Income and Revenue			
City Management			
Capital Outlay	\$ 540,947	\$ 194,842	\$ 346,105
Total City Management	540,947	194,842	346,105
Community Services			
Capital Outlay	11,000	-	11,000
Total Community Services	11,000	-	11,000
Recreation			
Other Services & Charges	60,568	60,538	30
Capital Outlay	1,624,700	1,050,067	574,633
Total Recreation	1,685,268	1,110,605	574,663
Street / Alley			
Material & Supplies	5,000	4,821	179
Capital Outlay	102,955	70,196	32,759
Total Street / Alley	107,955	75,017	32,938
Park Maintenance			
Capital Outlay	30,000	28,685	1,315
Total Park Maintenance	30,000	28,685	1,315

City of Del City, Oklahoma  
 Budgetary Comparison Statements (Budgetary Basis)  
 Year Ended June 30, 2011

**Special Revenue / Limited Purpose Fund**

Uses of Income and Revenue	Budget	Actual	Budget to Actual Variance
Fire Department			
Material & Supplies	3,526	-	3,526
Other Services & Charges	-	3,526	(3,526)
Capital Outlay	51,946	45,089	6,857
Total Fire Department	<u>55,472</u>	<u>48,615</u>	<u>6,857</u>
Police Department			
Capital Outlay	10,208	10,208	-
Total Police Department	<u>10,208</u>	<u>10,208</u>	<u>-</u>
General Government			
Capital Outlay	116,685	99,906	16,779
Total General Government	<u>116,685</u>	<u>99,906</u>	<u>16,779</u>
Drainage			
Capital Outlay	20,890	15,694	5,196
Total Drainage	<u>20,890</u>	<u>15,694</u>	<u>5,196</u>
Sanitation			
Capital Outlay	13,500	10,889	2,611
Total Sanitation	<u>13,500</u>	<u>10,889</u>	<u>2,611</u>
Water Line Maintenance			
Capital Outlay	65,000	42,439	22,561
Total Water Line Maintenance	<u>65,000</u>	<u>42,439</u>	<u>22,561</u>
Water Treatment Plant			
Capital Outlay	287,970	285,887	2,083
Total Water Treatment Plant	<u>287,970</u>	<u>285,887</u>	<u>2,083</u>
Fleet Maintenance			
Material & Supplies	-	-	-
Capital Outlay	4,000	3,528	472
Total Fleet Maintenance	<u>4,000</u>	<u>3,528</u>	<u>472</u>
Wastewater Treatment Plant			
Capital Outlay	56,820	56,820	-
Total Wastewater Treatment Plant	<u>56,820</u>	<u>56,820</u>	<u>-</u>
Sewer Line Maintenance			
Capital Outlay	9,684	5,858	3,826
Total Sewer line Maintenance	<u>9,684</u>	<u>5,858</u>	<u>3,826</u>
General Government			
Material & Supplies	2,000	-	2,000
Total General Government	<u>2,000</u>	<u>-</u>	<u>2,000</u>
Capital Improvement			
Capital Outlay	466,843	386,966	79,877
Total Capital Improvement	<u>466,843</u>	<u>386,966</u>	<u>79,877</u>

City of Del City, Oklahoma  
 Budgetary Comparison Statements (Budgetary Basis)  
 Year Ended June 30, 2011

**Special Revenue / Limited Purpose Fund**

Uses of Income and Revenue	Budget	Actual	Budget to Actual Variance
Debt Service			
Transfers	2,320,370	2,319,450	920
Total Special Revenue	2,320,370	2,319,450	920
Reserves	538,295	-	538,295
Totals - Current Year Uses	\$ 6,342,907	\$ 4,695,409	\$ 1,647,498

**Hotel / Motel Tax Fund**

Sources of Income and Revenue	Budget	Actual	Budget to Actual Variance
Taxes	\$ 75,000	\$ 51,138	\$ (23,862)
Miscellaneous	500	617	117
Use of Money & Property	500	-	(500)
Net Asset Carryover	75,000	-	(75,000)
Totals - All Sources	\$ 151,000	\$ 51,755	\$ (99,245)

Uses of Income and Revenue			
Horticulture			
Material & Supplies	\$ 4,000	\$ 989	\$ 3,011
Capital Outlay	7,000	-	7,000
Total Horticulture	11,000	989	10,011
Hotel / Motel Tax			
Personal Services	54,895	-	54,895
Material & Supplies	9,800	3,620	6,180
Other Services & Charges	35,900	35,833	67
Capital Outlay	23,825	16,416	7,409
Total Hotel / Motel Tax	124,420	55,869	68,551
Reserves	15,580	-	15,580
Totals - Current Year Uses	\$ 151,000	\$ 56,858	\$ 94,142

City of Del City, Oklahoma  
 Budgetary Comparison Statements (Budgetary Basis)  
 Year Ended June 30, 2011

**Special Revenue - Police Training Fund**

Sources of Income and Revenue	Budget	Actual	Budget to Actual Variance
Fines & Forfeitures	\$ 25,000	\$ 24,349	\$ (651)
Net Asset Carryover	30,158	-	(30,158)
Totals - All Sources	<u>\$ 55,158</u>	<u>\$ 24,349</u>	<u>\$ (30,809)</u>
Uses of Income and Revenue			
Police Department			
Personal Services	\$ 5,000	\$ -	\$ 5,000
Material & Supplies	35,158	20,643	14,515
Other Services & Charges	15,000	8,388	6,612
Total Police Department	<u>55,158</u>	<u>29,031</u>	<u>26,127</u>
Totals - Current Year Uses	<u>\$ 55,158</u>	<u>\$ 29,031</u>	<u>\$ 26,127</u>

**Special Revenue - Police Grant**

Sources of Income and Revenue	Budget	Actual	Budget to Actual Variance
Grant Proceeds	\$ 58,496	\$ 11,790	\$ (46,706)
Miscellaneous	(6,510)	-	6,510
Totals - All Sources	<u>\$ 51,986</u>	<u>\$ 11,790</u>	<u>\$ (40,196)</u>
Uses of Income and Revenue			
Police Department			
Capital Outlay	\$ 51,986	\$ -	\$ 51,986
Totals - Current Year Uses	<u>\$ 51,986</u>	<u>\$ -</u>	<u>\$ 51,986</u>

**Special Revenue - HR Labor Relations Fund**

Sources of Income and Revenue	Budget	Actual	Budget to Actual Variance
Fines & Forfeitures	\$ 6,500	\$ 6,488	\$ (12)
Net Asset Carryover	10,978	-	(10,978)
Totals - All Sources	<u>\$ 17,478</u>	<u>\$ 6,488</u>	<u>\$ (10,990)</u>

City of Del City, Oklahoma  
 Budgetary Comparison Statements (Budgetary Basis)  
 Year Ended June 30, 2011

Uses of Income and Revenue			
HR Labor Relations			
Other Services & Charges	\$ 17,478	1,252	\$ 16,226
Total HR Labor Relations	17,478	1,252	16,226
Totals - Current Year Uses	<u>\$ 17,478</u>	<u>\$ 1,252</u>	<u>\$ 16,226</u>

**Special Revenue - Community Development Block (CDGB) Grant Fund**

Sources of Income and Revenue	Budget	Actual	Budget to Actual Variance
Intergovernmental Revenue	\$ 75,000	\$ 91,110	\$ 16,110
Interfund Transfers	75,000	-	(75,000)
Net Asset Carryover	22,250	-	(22,250)
Totals - All Sources	<u>\$ 172,250</u>	<u>\$ 91,110</u>	<u>\$ (81,140)</u>

Uses of Income and Revenue			
CDBG			
Capital Outlay	\$ 172,250	\$ 17,250	\$ 155,000
Total CDBG	172,250	17,250	155,000
Reserves	-	-	-
Totals - Current Year Uses	<u>\$ 172,250</u>	<u>\$ 17,250</u>	<u>\$ 155,000</u>

**Debt Service Fund**

Sources of Income and Revenue	Budget	Actual	Budget to Actual Variance
Taxes	\$ 900,000	\$ 907,343	\$ 7,343
Miscellaneous	2,000	12,468	10,468
Net Asset Carryover	575,000	-	(575,000)
Totals - All Sources	<u>\$ 1,477,000</u>	<u>\$ 919,811</u>	<u>\$ (557,189)</u>

Uses of Income and Revenue			
Debt Service			
Other Services & Charges	\$ 880,550	\$ 879,565	\$ 985
Total Debt Service	880,550	879,565	985
Reserves	596,450	-	596,450
Totals - Current Year Uses	<u>\$ 1,477,000</u>	<u>\$ 879,565</u>	<u>\$ 597,435</u>

City of Del City, Oklahoma  
 Budgetary Comparison Statements (Budgetary Basis)  
 Year Ended June 30, 2011

**Workers Compensation Fund**

Sources of Income and Revenue	Budget	Actual	Budget to Actual Variance
Miscellaneous	\$ -	\$ 5,629	\$ 5,629
Interfund Transfers	363,000	392,633	29,633
Net Asset Carryover	285,000	-	(285,000)
Totals - All Sources	<u>\$ 648,000</u>	<u>\$ 398,262</u>	<u>\$ (249,738)</u>
<b>Uses of Income and Revenue</b>			
General Fund			
Personal Services	\$ 212,000	\$ 178,994	\$ 33,006
Total General Fund	<u>212,000</u>	<u>178,994</u>	<u>33,006</u>
Enterprise Fund			
Personal Services	331,450	242,463	88,987
Total Enterprise Fund	<u>331,450</u>	<u>242,463</u>	<u>88,987</u>
Reserves	104,550	-	104,550
Totals - Current Year Uses	<u>\$ 648,000</u>	<u>\$ 421,457</u>	<u>\$ 226,543</u>

**Unemployment Fund**

Sources of Income and Revenue	Budget	Actual	Budget to Actual Variance
Miscellaneous	\$ -	\$ 1	\$ 1
Interfund Transfers	32,000	32,000	-
Net Asset Carryover	1,000	-	(1,000)
Totals - All Sources	<u>\$ 33,000</u>	<u>\$ 32,001</u>	<u>\$ (999)</u>
<b>Uses of Income and Revenue</b>			
Unemployment			
Personal Services	\$ 33,000	\$ 32,271	\$ 729
Total Enterprise Fund	<u>33,000</u>	<u>32,271</u>	<u>729</u>
Totals - Current Year Uses	<u>\$ 33,000</u>	<u>\$ 32,271</u>	<u>\$ 729</u>

## **Note 1 - The Financial Reporting Entity**

In determining the financial reporting entity, the City complies with the provision of Governmental Accounting Standards Board Statement No. 14, "*The Financial Reporting Entity*" that requires the primary government and all component units of which the primary government is financially accountable be included in the financial report. The City's financial reporting entity includes three separate legal entities reported as the primary government.

**The City of Del City** – an incorporated City that operates the public safety, streets and public works, health and welfare, culture and recreation, and administrative activities of the City – *reported as part of the primary government presentation for reporting purposes.*

**The Del City Municipal Services Authority (DCMSA)** – public trust created pursuant to 60 O.S. § 176 to operate the water, wastewater, gas and sanitation services of the City, with the City Council members serving as the trustees – *considered part of the primary government presentation for reporting purposes.*

**The Del City Economic Development Authority (DCEDA)** – public trust created pursuant to 60 O.S. § 176 to provide economic development opportunities, in or near the City, with the trustees appointed by the City Council – *considered part of the primary government presentation for reporting purposes.*

For each of the above public trusts, the City of Del City is the beneficiary of the trust and the City Council either serves as the governing body of the trust or appoints the trustees. In addition, as required by state law, all debt obligations incurred by the trusts must be approved by two-thirds vote of the City Council. This is considered sufficient imposition of will to include the trusts within the City's financial reporting entity. The public trusts do not issue separate annual financial statements.

## **Note 2 - Basis of Accounting and Presentation**

For the fiscal year ended June 30, 2011, the City has elected to present its financial statements on a budgetary basis of accounting, as permitted and defined by the Oklahoma Municipal League, to demonstrate the City's level of compliance with applicable provisions of the Oklahoma State Constitution and budget laws. As a result, the statements of net assets and changes in net assets, and the budgetary comparison statements are reported on a basis of accounting and presentation that differs from accounting principles generally accepted in the United States of America. For example, under this budgetary basis of accounting, certain assets and their related revenues (such as capital assets and certain accrued revenue and receivables) and certain liabilities and their related expenses (such as long-term debt and other obligations not subject to Oklahoma State Constitution debt limitation) which are normally reported in financial statements prepared in accordance with accounting principles generally accepted in the United States of America are not reported in these budgetary basis financial statements.



Specifically, expenditures and obligations are recognized in these financial statements in a manner to demonstrate compliance with the provisions of Article 10, § 26 of the Oklahoma Constitution, and revenues are recognized in accordance with the budget provisions of 11 O.S. § 17-204.

Article 10, § 26 of the Constitution provision regulates municipal revenues, expenditures, and the incurring of obligations as follows:

*No City or Town, or other subdivision of the state, shall be allowed to become indebted, in any manner, or for any purpose, to an amount exceeding, in any year, the income and revenue provided for such year without the assent of three-fifths of the voters thereof. Any such indebtedness shall be limited in an amount, including existing indebtedness, in the aggregate not exceeding ten percent (10%) of the valuation of the taxable property therein. Provided, further, that any City or Town incurring any indebtedness requiring assent of the voters as aforesaid, shall, before or at the time of doing so, provide for the collection of an annual tax sufficient to pay the interest on such indebtedness as it falls due, and also to constitute a sinking fund for the payment of the principal thereof within no more than twenty-five (25) years from the time of contracting the same.*

The Municipal Budget Act in 11 O.S. § 17-204 defines revenue from a budgetary perspective as follows:

*“Estimated revenue” means the amount of revenues estimated to be received during the budget year in each fund for which a budget is prepared.*

Article 30, Section 3018 of Title 68 states that fund balance shall be determined by taking cash on hand over and above all legal obligations, as follows:

*“any cash fund balance remaining shall accrue and be transferred to the current fiscal year... The term “actual cash fund balance” as used herein, is hereby defined to mean an excess of actual cash actually on hand over and above all legal obligations. Taxes in the process of collection shall not be considered in determining the actual cash fund balance for any fund for any fiscal year or years.*

#### The City

For the City of Del City, this budgetary basis of accounting and presentation reports revenues on a cash basis as prescribed by the applicable State budget laws, and reports expenditures when the related obligation, as defined by State Constitution, is incurred and payable from income and revenue available from the current year. See description of obligations in Note 4.

#### Public Trusts

The public trusts (or Authorities), as separate legal entities from the City, are not governed by the same Constitutional and statutory requirements applicable to the City as noted above. However, for financial reporting purposes the Authorities report revenues, expenditures and related assets and obligations using the same basis of accounting as the City, except for the following:

- In the Del City Municipal Services Authority, utility revenue and related accounts receivable are reported for utility services provided and billed prior to year end but not yet collected.

- In all Authorities, all long-term bonds, notes and other obligations payable from future year revenues are not reported as obligations.

Because of their separate legal status as it relates to demonstrating compliance with Constitutional and statutory requirements, these public trusts are presented in a separate column for financial reporting purposes.

### **Note 3 - Asset Accounting Policies**

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 accounts.

In DCMSA, utility revenue and related accounts receivable are reported for utility services provided and billed prior to year end but not yet collected.

### **Note 4 - Obligation Accounting Policies**

In substance, there are generally two types of obligations or debts defined in the Oklahoma Constitution and statutes: (1) current obligations, and (2) long-term debt. Current obligations represent commitments entered into by the government entity that are legally required to be funded from current year income and revenue, including available cash-basis carryover of prior year uncommitted revenues. Long-term debt represents commitments or liabilities entered into by the government for which the government is authorized or required to levy future taxes or raise other revenues within their legal ability.

For the purposes of these financial statements, only current obligations are reported as obligations. However, long-term debt is disclosed as long-term commitments in these notes to the financial statements.

#### The City

Obligations (current obligations), as defined by the Constitution and interpreted by relevant court cases, including the following:

- Vendor obligations due and payable for goods and services received but not yet paid
- Vendor obligations encumbered for contractual commitments incurred prior to year end, for which no good or services have yet been received, that will be honored subsequent to year end, when encumbered appropriations do not lapse at year end
- Lease purchase or other debt-related obligations that do not include a non-appropriation clause and therefore do not legally cease at year end
- Employee compensation obligations due and payable at year end such as pay and benefits due for services rendered prior to year end but not yet paid
- Employee obligations for compensated absences and other benefits earned by employees that would be due and payable upon employee termination or retirement
- Obligations for moneys held on behalf of third parties, such as refundable court bonds and utility deposits, and amounts collected that are due to other governments

Excluded from this definition of obligations are:

- General obligations bonds and indebtedness approved by voters and to be repaid from mandatory future property tax levies
- Judgment obligations rendered against the City that are required, by Constitution, to be repaid from mandatory future property tax levies
- Capital lease agreement obligations and other contract obligations that cease at year end or carry a non-appropriation clause, and therefore must be funded from future year income and revenue

#### The Public Trusts

The public trusts (or Authorities), as separate legal entities from the City, are not governed by the same Constitutional and statutory requirements applicable to the City as noted above. However, for financial reporting purposes the Authorities report obligations using the same basis of accounting as the City:

#### **Note 5 - Net Assets Accounting Policies**

Net assets are displayed in two components:

- a. *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 provision or enabling legislation.
- b. *Unrestricted net assets* – All other net assets that do not meet the definition of “restricted.”

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

As of June 30, 2011, DCMSA reported a deficit in net assets of (\$68,491). This was the result of adjustments to internal service for actual workers compensation expense incurred by DCMSA.

#### **Note 6 - Fund Accounting**

For internal accounting purposes, the City of Del City maintains different accounting funds to separate certain financial activities. For presentation purposes, these funds are combined to constitute the presentation in the City of Del City column in the statements of net assets and changes in net assets.

**Note 7 - Deposits and Credit Risk**

At June 30, 2011, the reporting entity had the following deposits and investments:

<b>Type of Deposits – Primary Government</b>	<b>Carrying Value</b>
Deposits:	
Petty Cash	\$ 3,510
Demand deposits:	
General fund	1,116,442
DCEDA	3,722,297
Limited purpose sales tax fund	(375,501)
Worker’s compensation fund	33,330
Unemployment fund	1,191
Sinking fund/debt service	732,161
Police State Training	11,668
Municipal court fund	14,010
Employee benefits fund	656
Legal escrow fund	25,144
DCMSA	410,837
Hotel/motel tax fund	36,674
Water meter deposit fund	395,392
Labor relations fund	16,214
Police training fund	32,487
Cable franchise security fund	20,238
Police grant fund	70,157
Del City Housing Authority fund	9,302
Spec Revenue/Comm Dev Blk Grant	79,190
Total Demand Deposits	6,351,889
<b>Total Deposits</b>	<b>\$ 6,355,399</b>
<b>Reconciliation to Statement of Net Assets:</b>	
Cash - Unrestricted	\$ 1,199,894
Cash - Restricted	5,155,505
	<b>\$ 6,355,399</b>

**Custodial Credit Risk**

Exposure to custodial credit risk related to deposits exists when the City holds deposits that are uninsured and uncollateralized; collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the City’s name; or collateralized without a written or approved collateral agreement. Exposure to custodial credit risk related to investments exist 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 comply with state law and secure its uninsured deposits with collateral, valued at no more than market value, at least at a level of 100% of the uninsured deposits and accrued interest thereon. Acceptable collateral is defined in state statutes and includes U.S. Treasury securities and direct debt obligations of municipalities, counties and school districts in the state of Oklahoma, surety bonds, and letters of credit. 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 was not exposed to custodial credit risk as defined above.

### **Investment Credit Risk**

The City limits its investments to those allowed in state law applicable to municipalities. Investment credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City has no formal policy limiting investments based on credit rating, but discloses any such credit risk associated with their investments by reporting the credit quality rating issued by 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 investment credit risk and do not require disclosure of credit quality. At June 30, 2011, the City did not have any investments and therefore was not exposed to investment credit risk as defined above.

### **Investment Interest Rate Risk**

Investment interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City has no investment policy that limits risk based on maturity. The City discloses its exposure to interest rate risk by disclosing the maturity dates of its various investments. As noted in the schedule of deposits, at June 30, 2011, the City held no investments.

### **Concentration of Investment Credit Risk**

Exposure to concentration of credit risk is considered to exist when investments in any one issuer represent a significant percent of total investments of the City (any over 5% are disclosed). Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this consideration. The City's has no investment policy regarding concentration of credit risk. At June 30, 2011, the City had no concentration of credit risk as defined above.

**Note 8 - Schedule of Transfers and Balances Between Funds and Legal Entities**

Transfer From	Transfer To	Amount	Nature of Transfer
Del City Municipal Service Authority	General Fund (City)	\$ 900,000	Admin Fee
General Fund (City)	DCEDA	91,267	TIF Sales Tax Refunds
Limited Purpose Sales Tax Fund (City)	DCMSA	148,107	Debt Service
Limited Purpose Sales Tax Fund (City)	DCEDA	1,611,342	Debt Service
Del City Economic Development Authority	Limited Purpose Sales Tax Fund (City)	1,110,000	Debt Service
Total Transfers between Legal Entities		<u>\$ 3,860,716</u>	
Limited Purpose Sales Tax Fund	General Fund	\$ 560,000	Sales Tax - Staffing & Juvenile
Debt Service Fund	Worker's Comp Fund	195,080	Workers Comp Judgements
Total Transfers within City of Del City Opinion Unit		<u>\$ 755,080</u>	

Reconciliation to Statement of Changes in Net Assets (Budgetary Basis):

	Transfers In	Transfers Out	Net Transfers
City of Del City	\$ 2,765,080	\$ 2,605,796	\$ 159,284
Del City Economic Development Authority	1,702,609	1,110,000	592,609
Del City Municipal Services Authority	148,107	900,000	(751,893)
Total	<u>\$ 4,615,796</u>	<u>\$ 4,615,796</u>	<u>\$ -</u>

Due To	Due From	Amount	Nature of Balance
General Fund (City)	DCMSA	\$ 22,828	ACH & Drainage
Workers Compensation Fund (City)	DCMSA	431,925	Workers Comp Expenses
Limited Purpose Sales Tax Fund (City)	DCEDA	1,691,901	Street Widening
Unemployment Fund (City)	DCMSA	6,663	Unemployment Expenses
Total Internal Balance		<u>\$ 2,153,317</u>	
General Fund (City)	CDBG	\$ 17,812	Advance for Grant Expense
General Fund (City)	Workers Comp Expense	6,005	Workers Comp Expense
General Fund (City)	Agency-Police Training	11,668	Fine Revenues
General Fund (City)	Agency-Municipal Court	16,203	Fine Revenues
General Fund (City)	Police Training	111	Fine Revenues
General Fund (City)	Police Grants	64,496	Advance for Grant Expense
Workers Comp	Sinking Fund	185,080	Judgements
Workers Comp	General Fund	1,561	Judgements
Sinking Fund	General Fund	5,341	Ad Valorem
Total Balances between City Funds		<u>\$ 308,277</u>	

Reconciliation to Statement of Net Assets (Budgetary Basis):

	Due to	Due From	Internal Balances
City of Del City	\$ (306,716)	\$ 2,460,033	\$ 2,153,317
Del City Municipal Services Authority	(461,416)	-	(461,416)
Del City Economic Development Authority	(1,691,901)	-	(1,691,901)
Total	<u>\$ (2,460,033)</u>	<u>\$ 2,460,033</u>	<u>\$ -</u>

The Worker's Comp Fund will be paid for outstanding judgments of \$195,080 plus interest at statutory rates over the next 3 years as ad valorem taxes are collected. The current amount of \$185,080 due from the Sinking Fund to the Worker's Comp Fund represents ad valorem taxes collected but not yet transferred to the Worker's Comp Fund.

**Note 9 - Long-term debt commitments**

**City of Del City:**

**General Obligation Bonds Payable:**

\$6,185,000 General Obligation Refunding Bonds of 2002, due in annual installments between \$920,000 and \$205,000; final maturity in August 2012 at interest rates varying from 4% to 7%.

Balance Outstanding at June 30, 2011 \$ 685,000

**Del City Municipal Services Authority (DCMSA):**

**Contract Payable:**

\$2,172,752 contract payable with Central Oklahoma Master Conservancy District, 1974 Repayment Contract, payable in 42 annual installments; final maturity dated 2017 with interest at 2.74% used for the purpose of reimbursing costs of construction of water storage, distribution and pumping facilities to furnish a municipal water supply to cities and towns within the District; secured by a lien on the net revenues of DCMSA's water system.

Balance Outstanding at June 30, 2011 \$ 568,575

**Contract Payable:**

The City and Del City Municipal Services Authority on 9/22/09 approved refinancing the 7/1/07 amendment to the Central Oklahoma Master Conservancy District dated October 2007, whereby the Authority agreed to incur \$397,502 of debt, payable in 34 annual installments beginning March 2010; final maturity dated 2026 with interest at 2.44% used for the purpose of funding its proportionate share of the District's 2007 Electrical Energy Savings Project with a total projected cost of \$2,475,000.

Balance Outstanding at June 30, 2011 \$ 363,295

**Note Payable:**

Del City Municipal Services Authority entered into a loan agreement with Oklahoma Water Resources Board dated October 1, 2009 in the amount of \$1,190,000 for modifications to the wastewater treatment plant. During 2011, a change order was added for \$144,403 increasing the principal balance. Semi-annual payments of principal and accrued interest at 2.08%, plus an administrative fee at 0.5% annum on the outstanding balance of disbursed loan proceeds, beginning March 15, 2010 shall be made on total disbursed loan proceeds. As of June 30, 2011 the Authority had drawn down a total principal balance of \$1,041,140. Using funds received from the American Recovery and Reinvestment Act of 2009, the Oklahoma Water Resources Board forgave \$367,472 of the principal of this loan. The note is to be repaid no later than 20 years after the date the project is completed; maturity is on the earlier of March 15 or September 15, 2030.

Balance Outstanding at June 30, 2011 \$ 770,471

**Del City Economic Development Authority (DCEDA):**

**Revenue Note Payable:**

\$5,385,000 Del City Economic Development Authority Sales Tax Revenue Note, Series 2008, dated July 22, 2008, payable monthly; final maturity dated March 2013 with interest rate of 3.27% used for acquisition and renovation of a facility converted to a new City Hall site and design and construction of a new police station.

Balance Outstanding at June 30, 2011 \$ 1,795,000

**Revenue Note Payable:**

\$1,950,000 Del City Economic Development Authority Sales Tax Revenue Note, Series 2010, dated October 21, 2010, payable semi-annually; final maturity date March 1, 2013 with interest rate of 1.65% used to finance the construction of a new police station on existing City property, finance the renovation of the Del City Community Center, finance the construction of various street improvements, finance the repair of a clearwell water storage tank, and pay certain costs associated with the issuance of the note.

Balance Outstanding at June 30, 2011 \$ 1,362,233



City of Del City, Oklahoma  
Notes to Basic Financial Statements  
June 30, 2011

Payment Requirements to Maturity:

Year Ended June 30,	City of Del City General Obligation Bonds		Del City Municipal Authority Note Payable	
	Principal	Interest	Principal	Interest
2012	\$ 480,000	\$ 19,460	\$ 28,051	\$ 13,296
2013	205,000	4,510	28,637	12,709
2014	-	-	29,236	12,110
Thereafter	-	-	684,547	101,272
Total	<u>\$ 685,000</u>	<u>\$ 23,970</u>	<u>\$ 770,471</u>	<u>\$ 139,387</u>

  

Year Ended June 30,	Del City Municipal Authority Contract Payable-COMC		Del City Municipal Authority Contract Payable-COMC	
	Principal	Interest	Principal	Interest
2012	\$ 88,199	\$ 15,590	\$ 20,134	\$ 10,126
2013	90,949	13,172	20,584	9,528
2014	93,443	10,678	21,047	8,945
Thereafter	295,984	16,350	301,530	56,741
Total	<u>\$ 568,575</u>	<u>\$ 55,790</u>	<u>\$ 363,295</u>	<u>\$ 85,340</u>

  

Year Ended June 30,	Del City Economic Development Authority Note Payable - Note Series 2008		Del City Economic Development Authority Note Payable - Note Series 2010	
	Principal	Interest	Principal	Interest
2012	\$ 1,075,000	\$ 42,661	\$ 811,694	\$ 19,140
2013	720,000	8,810	550,539	6,820
Total	<u>\$ 1,795,000</u>	<u>\$ 51,471</u>	<u>\$ 1,362,233</u>	<u>\$ 25,960</u>

**Note 10 - Commitment:**

**Revenue Note Commitment:**

Del City Economic Development Authority has multiple Tax Apportionment Revenue Notes for a total of \$5,629,577. A-1 dated July 31, 2008 in the amount of \$175,000, A-2 dated April 21, 2009 in the amount of \$3,989,674, A-3 dated April 21, 2009 in the amount of \$773,327, and A-4 dated April 21, 2009 in the amount of \$388,216, A-5 dated October 23, 2009 in the amount of \$303,360 payable monthly from the incremental sales, use, and hotel/motel tax generated by the development at Sooner Road and South I-40 Service Rd; final maturity of notes is July 1, 2020 with interest calculated annually at 2% above the London Interbank Offered Rate (LIBOR).

Balance Outstanding at June 30, 2011

\$ 5,629,577

**Note 11 - Employee Compensation Obligations:**

The City allows full-time employees to earn vacation, sick and compensatory time that is paid to employees upon termination based on various vesting levels. The amounts reported on the Statement of Net Assets for these obligations are as follows:

City of Del City	\$ 1,355,237
DCMSA	344,992
Total Employee Compensation Obligation	\$ 1,700,229

**Note 12 - Contractual Obligations**

Vendor obligations due and payable for goods and services received prior to fiscal year end, but not yet paid:

City of Del City	\$ 237,520
DCMSA	135,098
DCEDA	373,839
Total Vendor Obligations	\$ 746,457

**Note 13 - Risk Management**

The City and its public trusts are 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. These risks are managed by securing commercial insurance for all risks except injuries to employees. Management believes such insurance coverage is sufficient to preclude any significant uninsured losses. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

The workers' compensation self-insurance fund accounts for and finances its workers' compensation risk. All departments of the City and the Del City Municipal Services Authority participate in the program and make payments to the self-insurance fund based on estimates of amounts needed to pay claims.

At June 30, 2011, the workers' compensation total estimated constructive liability for incurred but not paid (IBNP) was approximately \$8,198. The liability is estimated on a case by case basis using schedules of the Oklahoma Workers' Compensation Court and the Oklahoma statutes as guides to the cost by type and severity of the injury. At June 30, 2011 a cash reserve in the amount of \$33,330 was available to pay these claims. The City does not perform an actuarial analysis to determine potential incurred but not reported (IBNR) claim liabilities. Since this is a constructive liability rather than a legal obligation as defined by the state constitution, the balance is not reported on the Statement of Net Assets.

## **Note 14 - Employee Retirement Plan Participation**

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

- Oklahoma Firefighter's Pension and Retirement System (OFPRS) – a statewide cost-sharing plan
- Oklahoma Police Pension and Retirement System (OPPRS) – a statewide cost-sharing plan
- Oklahoma Municipal Retirement System Master Defined Benefit Plan and Trust (OMRF) – an agent multiple-employer defined plan

### **OFPRS**

The City of Del City, as the employer, participates in a statewide cost-sharing multiple employer defined benefit pension plan through the Oklahoma Firefighter's Pension and Retirement System (OFPRS) as a result of the employment of full-time firefighters. The OFPRS defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Pursuant to the requirements of Title 11, section 22-102, the City must participate in the plan if they employ fulltime or volunteer firefighters. OFPRS plan members are required to contribute 8% to the plan. The City is required by state law to contribute 13% per year of covered payroll for paid firefighters. The plan is funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary. For 2011, the City's annual required contribution was \$197,062 for the OFPRS plan and was equal to the City's actual contribution.

The OFPRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

OFPRS  
4545 N. Lincoln Blvd., Suite 265  
Oklahoma City, OK 73105-3414

### **OPPRS**

The City of Del City, as the employer, participates in a statewide cost-sharing multiple employer defined benefit pension plan through the Oklahoma Police Pension and Retirement System (OPPRS). The OPPRS defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Pursuant to the requirements of Title 11, section 22-102, the City must participate in the plan if they employ a certain number of fulltime police officers. The City is required by state law to contribute 13% of covered payroll per year for each police officer. Employees contribute 8% of covered payroll. The plan is funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary. For 2011, the City's annual required contribution was \$179,977 for the OPPRS plan and was equal to the City's actual contribution.

The OPPRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

OPPRS  
1001 N.W. 63rd St. Suite 605  
Oklahoma City, OK 73116-7335

**OMRF Defined Benefit Plan**

The City contributes to the City of Del City and Trust in the form of The Oklahoma Municipal Retirement System Master Defined Benefit Plan and Trust (OMRF), an agent multiple employer – defined benefit plan, for all eligible employees except for those covered by the Police and Firefighter Pension Systems. Administration of the City’s individual plan rests with the City Council. The overall operations of OMRF are supervised by a nine-member Council of Trustees elected by the participating municipalities. JP Morgan Chase of Oklahoma City acts as administrator and securities custodian.

Eligibility Factors, Contribution Methods and Benefit Provisions

<b>Provision</b>	<b>OMRF Plan</b>
a. Eligible to Participate	Full-time, non-uniformed employees of the City after one month probationary period.
b. Contribution Requirements:	
-Authorization	By City ordinance
-Actuarially Determined	Yes
-Employer Rate	10% of covered payroll
-Employee Rate	For employees hired after 2/1/10: 6% of earnings. For employees hired before 2/1/10: 2% of earnings, increased 1% each year until reached 6%.
c. Period Required to Vest	7 years of credited service
d. Eligibility for Distribution	-Normal retirement at age 60 with 7 years of vesting service or 55 with 20 or more years of vesting service -Early retirement at age 55 with 7 years of vesting service -Marital death benefit with 7 years of vesting service
e. Benefit Determination Base	Final average salary – the average of the five highest consecutive annual salaries out of the last 10 calendar years of service
f. Benefit Determination Methods:	
-Normal Retirement	3% of final average salary multiplied by credited years of service
-Early Retirement	Actuarially reduced benefit based upon age and years of service at termination
-Disability Retirement	Same as normal retirement
-Death Benefit	50% of employee’s accrued benefit, but terminates upon spouse remarriage
-Prior to 7 Years Service	Return of employee contributions with accrued interest
g. Form of Benefit Payments	Normal form is a 10 years certain and life thereafter basis. Employee may elect, with City consent, optional form based on actuarial equivalent

The City's actuarially determined required contribution rate is 30.35% of covered payroll. The City funded 10% of covered payroll in the amount of \$303,963. Employee contributions were \$64,147 for the year ending June 30, 2011

### **Actuarial Valuation Information**

The most recent actuarial valuation dated July 1, 2011 reported actuarial value of plan assets of \$12,649,484 and an actuarial accrued plan liability of \$17,644,012, resulting in an unfunded liability of \$4,994,528, or a 72% funded ratio.

#### Actuarial Assumptions

##### **For Plan Year July 1, 2011 (Date of Last Actuarial Valuation)**

a. Actuarial Cost Method	Entry age normal
b. Rate of Return on Investments	7.5%
c. Projected Salary Increase	Rates by age
d. Post Retirement Cost-of-Living Increase	N/A
e. Inflation Rate	Separate inflation rate not available; inflation included in projected salary increase
f. Mortality	UP 94 mortality
g. Asset Valuation Method	Actuarial method

The required schedule of funding progress immediately 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 liability for benefits.

### **Note 15 - Budgetary Compliance Level**

The City is required to adopt appropriations for all funds of the City of Del City legal entity. The level at which expenditures and legal obligations should not exceed appropriations is the department level within a fund as provided by the Municipal Budget Act. Transfers of appropriation between departments within a fund and all transfers in excess of \$5,000 (to accounts not originally budgeted) or in excess of \$10,000 (to accounts originally budgeted) require approval of the City Council and are subsequently filed with the Oklahoma State Auditor's Office.

### **Note 16 - Litigation Contingencies and Judgment Funding**

The City and its public trusts are parties to various legal proceedings or have threatened litigation which normally occurs in the course of municipal governmental operations. The financial statements do not include accruals or provisions for loss contingencies that may result from these proceedings. State Constitution and statutes provide for the levy of an ad valorem tax over a three-year period by a Sinking Fund for the payment of any court assessed judgment rendered against the City. (This provision is not available to public trusts). While the outcome of the above noted proceedings or threatened litigation 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.

**Note 17 - Subsequent Event**

**Funding:**

Tax Apportionment Revenue Notes in the amount of \$847,283 remain to be issued to the developer, Del City Retail Development, LLC, for the construction of a commercial center, including retail and hotel ("Development") at Del City located at Sooner Rd and I-40 Service Rd. Repayment of the notes will be made from the incremental sales tax generated by the Development payable monthly over twenty years.

**General Obligation Bonds:**

The City of Del City issued \$3,000,000 General Obligation Bonds, Series 2011A on November 1, 2011 due November 1, 2026 and \$3,000,000 General Obligation Limited Tax Bonds, Series 2011B dated November 1, 2011 due November 1, 2026.



Required Supplementary Information  
June 30, 2011

# City of Del City, Oklahoma

City of Del City, Oklahoma  
Retirement System Information (Unaudited)  
June 30, 2011

Trend information and funding progress for the OMRF retirement system (unaudited)

<u>Year ending June 30</u>	<u>Valuation Payroll</u>	<u>Required Contribution Rate</u>	<u>Annual Required Contribution (ARC)</u>	<u>Actual Contributions</u>	<u>Percentage of ARC Contributed</u>	<u>Net Pension Obligations</u>
2008	\$ 2,571,885	19.43%	\$ 499,717	\$ 264,893	53.00%	\$ 775,925
2009	3,098,439	20.85%	646,025	288,088	44.60%	1,133,942
2010	3,129,760	28.22%	883,218	305,516	36.10%	1,698,174
2011	2,983,078	30.35%	905,364	303,963	33.60%	2,299,575

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Percentage Funded</u>	<u>Unfunded AAL (UAAL)</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
1/1/2002	\$ 12,589,613	\$ 10,518,083	119.70%	\$ (2,071,530)	\$ 2,470,612	-83.80%
1/1/2003	11,302,101	10,753,794	105.10%	(548,307)	2,414,949	-22.70%
1/1/2004	11,723,879	11,655,963	100.60%	(67,916)	2,227,445	-3.00%
1/1/2005	12,201,835	12,684,580	96.19%	482,744	2,239,843	21.60%
1/1/2006	12,660,798	13,090,481	96.72%	429,683	2,247,360	19.12%
1/1/2007	13,338,624	14,085,208	94.70%	746,584	2,234,485	33.41%
1/1/2008	13,980,903	14,923,134	93.70%	942,231	2,571,885	36.60%
1/1/2009	12,638,955	16,032,896	78.80%	3,393,941	3,098,439	109.50%
1/1/2010	12,562,197	16,798,293	74.80%	4,236,096	3,129,760	135.30%
1/1/2011	12,649,484	17,644,012	71.70%	4,994,528	2,983,078	167.40%





Supplementary Information  
June 30, 2011

# City of Del City, Oklahoma

City of Del City, Oklahoma  
 Schedule of Expenditures of Federal and State Awards  
 Year Ended June 30, 2011

<u>Federal/State Grantor/Pass through agency</u> <u>Grantor/Program Title</u>	<u>Federal CFDA #</u>	<u>Grant</u>	<u>Awards</u> <u>Expended</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Pass-through program from Oklahoma Department of Commerce:			
Community Development Block Grant	14.228	13349 CIP 08	\$ 17,250
			<u>\$ 17,250</u>
<u>U.S Department of Emergency Management</u>			
Oklahoma Department of Emergency Management	97.036	PA-06-OK-1926	\$ 18,080
U.S. Department of Homeland Security Total:			<u>\$ 18,080</u>
<u>U.S Department of Justice</u>			
Bullet Proof Vest Partnership Program			\$ 810
Cops Hiring Recovery Program-ARRA			20,664
U.S. Department of Justice Total:			<u>\$ 21,474</u>
Total Expenditures of Federal Awards			<u>\$ 56,804</u>

Note 1 - Basis of Presentation

The above expenditures of federal awards includes the federal grant activity of City of Del City, Oklahoma.

The schedule is prepared using a cash receipts and disbursements basis. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Note 2 - Loan

The City received \$110,738 of loan proceeds under the Environmental Protection Agency identified as a Capitalization Grant for Clean Water Revolving Loan CFDA #66.458. These proceeds were through the American Recovery and Reinvestment Act. As of June 30, 2011, approximately \$1.4 million was outstanding on this loan.

City of Del City, Oklahoma  
Combining Statement of Net Assets, City of Del City (Budgetary Basis)  
June 30, 2011

	Governmental					
	General Fund	Limited Purpose Sales Tax	Hotel / Motel Tax	Police Training	Police Grant	Labor Relations
<b>Assets</b>						
Cash - Unrestricted	\$ 431,030	\$ -	\$ -	\$ -	\$ -	\$ -
Cash - Restricted	687,223	(375,501)	36,674	32,487	70,157	16,214
Accounts Receivable	16,883	-	-	-	-	-
Due from Internal Service	6,005	-	-	-	-	-
Due from Other Funds	133,118	1,691,901	-	-	-	-
Total Assets	<u>1,274,259</u>	<u>1,316,400</u>	<u>36,674</u>	<u>32,487</u>	<u>70,157</u>	<u>16,214</u>
<b>Liabilities</b>						
Vendor Payments Due	53,808	177,120	3,268	3,324	-	-
Employee Obligations	74,185	-	-	-	-	-
Employee Compensation Obligations	1,355,237	-	-	-	-	-
Due to Internal Service	1,561	-	-	-	-	-
Due to Other Funds	5,341	-	-	111	64,496	-
Restricted Assets Held on Behalf of Others	-	-	-	-	-	-
Total Liabilities	<u>1,490,132</u>	<u>177,120</u>	<u>3,268</u>	<u>3,435</u>	<u>64,496</u>	<u>-</u>
<b>Net Assets</b>						
<b>Externally Restricted by Legislation:</b>						
Voter Restricted - Hotel / Motel Tax	-	-	33,406	-	-	-
Voter Restricted - Ad Valorem Tax	-	-	-	-	-	-
Voter Restricted - Sales Tax for Capital Outlay	-	(1,233,961)	-	-	-	-
Voter Restricted - Sales Tax for Debt Service	-	830,553	-	-	-	-
Voter Restricted - Sales Tax for Recreation	-	177,418	-	-	-	-
Voter Restricted - Sales Tax for Personnel	-	353,170	-	-	-	-
Voter Restricted - Sales Tax for Streets	-	(510,642)	-	-	-	-
Voter Restricted - Sales Tax for Juvenile Justice	-	428	-	-	-	-
<b>Internally Restricted by Ordinance:</b>						
Drainage Improvements	687,224	-	-	-	-	-
Police Training	-	-	-	29,052	-	-
Labor Relations	-	-	-	-	-	16,214
Unrestricted	<u>(903,097)</u>	<u>1,522,314</u>	<u>-</u>	<u>-</u>	<u>5,661</u>	<u>-</u>
Total Net Assets (Deficit)	<u>\$ (215,873)</u>	<u>\$ 1,139,280</u>	<u>\$ 33,406</u>	<u>\$ 29,052</u>	<u>\$ 5,661</u>	<u>\$ 16,214</u>

City of Del City, Oklahoma  
Combining Statement of Net Assets, City of Del City (Budgetary Basis)  
June 30, 2011

	Governmental		Internal Service		
	CDBG	Debt Service	Worker's Compensation	Unemployment Reimbursement	Allocation of Internal Services
<b>Assets</b>					
Cash - Unrestricted	\$ -	\$ -	\$ -	\$ -	\$ -
Cash - Restricted	79,189	732,161	33,330	1,191	-
Accounts Receivable	-	-	-	-	-
Due from Internal Service	-	-	1,561	-	-
Due from Other Funds	-	5,341	185,080	-	493,328
Total Assets	<u>79,189</u>	<u>737,502</u>	<u>219,971</u>	<u>1,191</u>	<u>493,328</u>
<b>Liabilities</b>					
Vendor Payments Due	-	-	-	-	-
Employee Obligations	-	-	-	-	-
Employee Compensation Obligations	-	-	-	-	-
Due to Internal Service	-	-	54,740	-	-
Due to Other Funds	17,812	185,080	6,005	-	-
Restricted Assets Held on Behalf of Others	-	-	-	-	-
Total Liabilities	<u>17,812</u>	<u>185,080</u>	<u>60,745</u>	<u>-</u>	<u>-</u>
<b>Net Assets</b>					
<b>Externally Restricted by Legislation:</b>					
Voter Restricted - Hotel / Motel Tax	-	-	-	-	-
Voter Restricted - Ad Valorem Tax	-	701,968	-	-	-
Voter Restricted - Sales Tax for Capital Outlay	-	-	-	-	-
Voter Restricted - Sales Tax for Debt Service	-	-	-	-	-
Voter Restricted - Sales Tax for Recreation	-	-	-	-	-
Voter Restricted - Sales Tax for Personnel	-	-	-	-	-
Voter Restricted - Sales Tax for Streets	-	-	-	-	-
Voter Restricted - Sales Tax for Juvenile Justice	-	-	-	-	-
<b>Internally Restricted by Ordinance:</b>					
Drainage Improvements	-	-	-	-	-
Police Training	-	-	-	-	-
Labor Relations	-	-	-	-	-
Unrestricted	<u>61,377</u>	<u>(149,546)</u>	<u>159,226</u>	<u>1,191</u>	<u>493,328</u>
Total Net Assets	<u>\$ 61,377</u>	<u>\$ 552,422</u>	<u>\$ 159,226</u>	<u>\$ 1,191</u>	<u>\$ 493,328</u>

City of Del City, Oklahoma  
Combining Statement of Net Assets, City of Del City (Budgetary Basis)  
June 30, 2011

	Agency							Totals
	Police State Training	Municipal Court	Employee Benefits	Cable Franchise Security	Legal Escrow	Del City Housing Authority	Combining Entry	
<b>Assets</b>								
Cash - Unrestricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 431,030
Cash - Restricted	11,668	14,660	656	20,238	25,144	9,302	-	1,394,793
Accounts Receivable	-	1,543	-	-	-	-	-	18,426
Due from Internal Service	-	-	-	-	-	-	(7,566)	-
Due from Other Funds	-	-	-	-	-	-	(355,451)	2,153,317
Total Assets	<u>11,668</u>	<u>16,203</u>	<u>656</u>	<u>20,238</u>	<u>25,144</u>	<u>9,302</u>	<u>(363,017)</u>	<u>3,997,566</u>
<b>Liabilities</b>								
Vendor Payments Due	-	-	-	-	-	-	-	237,520
Employee Obligations	-	-	(1,809)	-	-	-	-	72,376
Employee Compensation Obligations	-	-	-	-	-	-	-	1,355,237
Due to Internal Service	-	-	-	-	-	-	(56,301)	-
Due to Other Funds	11,668	16,203	-	-	-	-	(306,716)	-
Restricted Assets Held on Behalf of Others	-	-	2,465	20,238	25,144	9,302	-	57,149
Total Liabilities	<u>11,668</u>	<u>16,203</u>	<u>656</u>	<u>20,238</u>	<u>25,144</u>	<u>9,302</u>	<u>(363,017)</u>	<u>1,722,282</u>
<b>Net Assets</b>								
<b>Externally Restricted by Legislation:</b>								
Voter Restricted - Hotel / Motel Tax	-	-	-	-	-	-	-	33,406
Voter Restricted - Ad Valorem Tax	-	-	-	-	-	-	-	701,968
Voter Restricted - Sales Tax for Capital Outlay	-	-	-	-	-	-	-	(1,233,961)
Voter Restricted - Sales Tax for Debt Service	-	-	-	-	-	-	-	830,553
Voter Restricted - Sales Tax for Recreation	-	-	-	-	-	-	-	177,418
Voter Restricted - Sales Tax for Personnel	-	-	-	-	-	-	-	353,170
Voter Restricted - Sales Tax for Streets	-	-	-	-	-	-	-	(510,642)
Voter Restricted - Sales Tax for Juvenile Justice	-	-	-	-	-	-	-	428
<b>Internally Restricted by Ordinance:</b>								
Drainage Improvements	-	-	-	-	-	-	-	687,224
Police Training	-	-	-	-	-	-	-	29,052
Labor Relations	-	-	-	-	-	-	-	16,214
Unrestricted	-	-	-	-	-	-	-	1,190,454
Total Net Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,275,284</u>

City of Del City, Oklahoma  
Combining Statement of Changes in Net Assets, City of Del City (Budgetary Basis)  
Year Ended June 30, 2011

	Governmental					
	General Fund	Limited Purpose Sales Tax	Hotel / Motel Tax	Police Training	Police Grant	Labor Relations
Revenue Recognized						
Program Revenue:						
Police	\$ 695,669	\$ -	\$ -	\$ 24,349	\$ 11,790	\$ 6,488
Parks and Recreation	127,500	-	-	-	-	-
General Government	250,914	-	-	-	-	-
Drainage	100,177	-	-	-	-	-
Total Program Revenue	<u>1,174,260</u>	<u>-</u>	<u>-</u>	<u>24,349</u>	<u>11,790</u>	<u>6,488</u>
Unrestricted General Revenue:						
Sales Tax - Unrestricted	4,658,314	-	-	-	-	-
Use Tax - Unrestricted	114,255	-	-	-	-	-
Franchise Tax - Electric	478,113	-	-	-	-	-
Franchise Tax - Gas	174,945	-	-	-	-	-
Franchise Tax - Phone	59,087	-	-	-	-	-
Franchise Tax - Cable	148,798	-	-	-	-	-
State Alcoholic Beverage Tax Allocation	33,103	-	-	-	-	-
State Tobacco Allocation	120,499	-	-	-	-	-
Ad Valorem Taxes	-	-	-	-	-	-
Miscellaneous	339,535	(19,228)	600	-	-	-
Interest and Investment Income	1,353	(2)	16	1	-	-
Total Unrestricted General Revenue	<u>6,128,002</u>	<u>(19,230)</u>	<u>616</u>	<u>1</u>	<u>-</u>	<u>-</u>
Restricted General Revenue:						
Sales Tax - Restricted	-	3,493,737	-	-	-	-
State Gas Tax Allocation	57,729	-	-	-	-	-
State Motor Vehicle Tax Allocation	167,118	-	-	-	-	-
Hotel / Motel Tax	-	-	51,138	-	-	-
E911 Tax	7,829	-	-	-	-	-
Total Unrestricted General Revenue	<u>232,676</u>	<u>3,493,737</u>	<u>51,138</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenue Recognized	<u>7,534,938</u>	<u>3,474,507</u>	<u>51,754</u>	<u>24,350</u>	<u>11,790</u>	<u>6,488</u>

City of Del City, Oklahoma  
Combining Statement of Changes in Net Assets, City of Del City (Budgetary Basis)  
June 30, 2011

	Governmental					
	General Fund	Limited Purpose Sales Tax	Hotel / Motel Tax	Police Training	Police Grant	Labor Relations
Revenue Recognized						
Revenue Expended and Obligated:						
Current Operations:						
Management and General Government	821,296	3,529	-	-	-	-
City Clerk	363,329	-	-	-	-	-
Municipal Court	105,302	-	-	-	-	-
City Attorney	266,626	-	-	-	-	-
Human Resources	297,909	-	-	-	-	1,252
Community Services	420,493	-	-	-	-	-
Parks and Recreation	415,701	60,538	40,442	-	-	-
Fire	2,337,345	3,526	-	-	-	-
Police	2,943,271	-	-	29,031	-	-
Street and Alley	582,312	4,821	-	-	-	-
Drainage	14,155	-	-	-	-	-
Total Current Operations	<u>8,567,739</u>	<u>72,414</u>	<u>40,442</u>	<u>29,031</u>	<u>-</u>	<u>1,252</u>
Debt Service - Debt Payments:	-	-	-	-	-	-
Capital Outlay:	503,680	2,303,546	16,416	-	-	-
Total Expended and Obligated	<u>9,071,419</u>	<u>2,375,960</u>	<u>56,858</u>	<u>29,031</u>	<u>-</u>	<u>1,252</u>
Income and Revenue Recognized Over (Under) Expended and Obligated Before						
Transfers	(1,536,481)	1,098,547	(5,104)	(4,681)	11,790	5,236
Transfers to City Funds	-	(560,000)	-	-	-	-
Transfers from City Funds	560,000	-	-	-	-	-
Transfers between Legal Entities	<u>808,733</u>	<u>(649,449)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Assets	(167,748)	(110,902)	(5,104)	(4,681)	11,790	5,236
Beginning Net Assets (Deficit)	<u>(48,125)</u>	<u>1,250,182</u>	<u>38,510</u>	<u>33,733</u>	<u>(6,129)</u>	<u>10,978</u>
Ending Net Assets (Deficit)	<u>\$ (215,873)</u>	<u>\$ 1,139,280</u>	<u>\$ 33,406</u>	<u>\$ 29,052</u>	<u>\$ 5,661</u>	<u>\$ 16,214</u>

City of Del City, Oklahoma  
Combining Statement of Changes in Net Assets, City of Del City (Budgetary Basis)  
June 30, 2011

	Governmental		Internal Service			Totals
	CDBG	Debt Service	Worker's Compensation	Unemployment Reimbursement	Allocation of Internal Services	
Revenue Recognized						
Program Revenue:						
Police	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 738,296
Parks and Recreation	-	-	-	-	-	127,500
General Government	-	-	190,961	32,000	(222,961)	250,914
Drainage	-	-	-	-	-	100,177
Total Program Revenue	-	-	190,961	32,000	(222,961)	1,216,887
Unrestricted General Revenue:						
Sales Tax - Unrestricted	-	-	-	-	-	4,658,314
Use Tax - Unrestricted	-	-	-	-	-	114,255
Franchise Tax - Electric	-	-	-	-	-	478,113
Franchise Tax - Gas	-	-	-	-	-	174,945
Franchise Tax - Phone	-	-	-	-	-	59,087
Franchise Tax - Cable	-	-	-	-	-	148,798
State Alcoholic Beverage Tax Allocation	-	-	-	-	-	33,103
State Tobacco Allocation	-	-	-	-	-	120,499
Ad Valorem Taxes	-	907,343	-	-	-	907,343
Miscellaneous	91,110	12,242	12,204	-	-	436,463
Interest and Investment Income	-	227	17	1	-	1,613
Total Unrestricted General Revenue	91,110	919,812	12,221	1	-	7,132,533
Restricted General Revenue:						
Sales Tax - Restricted	-	-	-	-	-	3,493,737
State Gas Tax Allocation	-	-	-	-	-	57,729
State Motor Vehicle Tax Allocation	-	-	-	-	-	167,118
Hotel / Motel Tax	-	-	-	-	-	51,138
E911 Tax	-	-	-	-	-	7,829
Total Restricted General Revenue	-	-	-	-	-	3,777,551
Total Revenue Recognized	91,110	919,812	203,182	32,001	(222,961)	12,126,971



City of Del City, Oklahoma  
Combining Statement of Changes in Net Assets, City of Del City (Budgetary Basis)  
June 30, 2011

	Governmental		Internal Service			Totals
	CDBG	Debt Service	Worker's Compensation	Unemployment Reimbursement	Allocation of Internal Services	
Revenue Recognized						
Revenue Expended and Obligated:						
Current Operations:						
Management and General Government	-	-	421,457	32,271	(310,292)	968,261
City Clerk	-	-	-	-	-	363,329
Municipal Court	-	-	-	-	-	105,302
City Attorney	-	-	-	-	-	266,626
Human Resources	-	-	-	-	-	299,161
Community Services	-	-	-	-	-	420,493
Parks and Recreation	-	-	-	-	(3,000)	513,681
Fire	-	-	-	-	(60,000)	2,280,871
Police	-	-	-	-	(25,000)	2,947,302
Street and Alley	-	-	-	-	(15,000)	572,133
Drainage	-	-	-	-	-	14,155
Total Current Operations	-	-	421,457	32,271	(413,292)	8,751,314
Debt Service - Debt Payments:	-	684,485	-	-	-	684,485
Capital Outlay:	17,250	-	-	-	-	2,840,892
Total Expended and Obligated	17,250	684,485	421,457	32,271	(413,292)	12,276,691
Income and Revenue Recognized Over (Under) Expended and Obligated Before						
Transfers	73,860	235,327	(218,275)	(270)	190,331	(149,720)
Transfers to City Funds	-	(195,080)	-	-	-	(755,080)
Transfers from City Funds	-	-	195,080	-	-	755,080
Transfers between Legal Entities	-	-	-	-	-	159,284
Change in Net Assets	73,860	40,247	(23,195)	(270)	190,331	9,564
Beginning Net Assets (Deficit)	(12,483)	512,175	182,421	1,461	302,997	2,265,720
Ending Net Assets (Deficit)	\$ 61,377	\$ 552,422	\$ 159,226	\$ 1,191	\$ 493,328	\$ 2,275,284

City of Del City, Oklahoma  
Combining Statement of Net Assets, Del City Municipal Services Authority (Budgetary Basis)  
June 30, 2011

	<u>Del City Municipal Service Authority</u>	<u>Water Meter Deposit Fund</u>	<u>Totals</u>
<b>Assets</b>			
Cash and Cash Equivalents - Unrestricted	\$ (1,131,944)	\$ -	\$ (1,131,944)
Cash and Cash Equivalents - Restricted	1,543,831	395,392	1,939,223
Billed Receivables	493,584	-	493,584
Internal Balances	<u>(461,416)</u>	<u>-</u>	<u>(461,416)</u>
Total Assets	<u>444,055</u>	<u>395,392</u>	<u>839,447</u>
<b>Obligations</b>			
Vendor Payments Due	135,098	-	135,098
Employee Obligations	23,598	-	23,598
Employee Compensation Obligations	344,992	-	344,992
Restricted Assets Held on Behalf of Others	<u>-</u>	<u>404,250</u>	<u>404,250</u>
Total Liabilities	<u>503,688</u>	<u>404,250</u>	<u>907,938</u>
<b>Net Assets</b>			
<b>Internally Restricted by Ordinance:</b>			
<b>By Trustee Action</b>			
Sanitation Capital Outlay	357,192	-	357,192
Capital improvements - Water	612,082	-	612,082
Capital improvements - Sewer	540,892	-	540,892
Unrestricted	<u>(1,569,799)</u>	<u>(8,858)</u>	<u>(1,578,657)</u>
Total Net Deficit	<u>\$ (59,633)</u>	<u>\$ (8,858)</u>	<u>\$ (68,491)</u>

City of Del City, Oklahoma  
Combining Statement of Changes in Net Assets, Del City Municipal Services Authority (Budgetary Basis)  
Year Ended June 30, 2011

	<u>Municipal Service Authority</u>	<u>Meter Deposit Fund</u>	<u>Totals</u>
Revenue Recognized			
Program Revenue:			
Sanitation	\$ 1,567,490	\$ -	\$ 1,567,490
Water	1,969,539		1,969,539
Sewer	1,743,879	-	1,743,879
Total Program Revenue	<u>5,280,908</u>	<u>-</u>	<u>5,280,908</u>
Unrestricted General Revenue:			
Miscellaneous	414,838	-	414,838
Interest and Investment Income	793	-	793
Total Unrestricted General Revenue	<u>415,631</u>	<u>-</u>	<u>415,631</u>
Debt Proceeds:			
Proceeds from Debt Obligations	144,403	-	144,403
Total Debt Proceeds	<u>144,403</u>	<u>-</u>	<u>144,403</u>
Total Income and Revenue Recognized	<u>5,840,942</u>	<u>-</u>	<u>5,840,942</u>
Revenue Expended and Obligated:			
Current Operations:			
Management and General Government	471,400	-	471,400
Fleet Maintenance	535,883	-	535,883
Sanitation	849,281	-	849,281
Water	1,711,655	-	1,711,655
Sewer	1,060,937	-	1,060,937
Total Current Operations	<u>4,629,156</u>	<u>-</u>	<u>4,629,156</u>
Debt Service:	282,149	-	282,149
Capital Outlay:	284,345	-	284,345
Total Expended and Obligated	<u>5,195,650</u>	<u>-</u>	<u>5,195,650</u>
Income and Revenue Recognized Over (Under) Expended and Obligated Before Transfers	645,292	-	645,292
Transfers between Legal Entities	<u>(751,893)</u>	<u>-</u>	<u>(751,893)</u>
Change in Net Assets	(106,601)	-	(106,601)
Beginning Net Assets (Deficit)	<u>46,968</u>	<u>(8,858)</u>	<u>38,110</u>
Ending Net Deficit	<u>\$ (59,633)</u>	<u>\$ (8,858)</u>	<u>\$ (68,491)</u>

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

To the City Council,  
City of Del City  
Del City, Oklahoma:

We have audited the financial statements of the budgetary basis of each separate legal entity of the City of Del City, Oklahoma, as of and for the year ended June 30, 2011, and have issued our report thereon dated December 23, 2011 which collectively comprise the City's basic financial statements. Our report was modified because the City's reporting entity prepares its financial statements using accounting practices prescribed or permitted and defined by the Oklahoma Municipal League to demonstrate compliance with the provisions of the State of Oklahoma Constitution and budget laws which practices differ from accounting principles generally accepted in the United States of America. 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 of Del City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Del City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Del City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over the financial reporting that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements would not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as item 2011-1 and 2011-2 to be material weaknesses.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Del 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2011-2.

We noted certain matters that we reported to management of the City of Del City in a separate letter December 23, 2011.

The City of Del City, Oklahoma's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the City of Del City's responses and, accordingly, we express no opinion on them.

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

The image shows a handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Oklahoma City, Oklahoma  
December 23, 2011

Section II—Financial Statement Findings

2011-1	Condition:	During the City's process of continuing to implement new controls for year-end financial reporting process, it was determined that year-end close out entries had not been properly made for reporting purposes relating to Workers Compensation Fund (Fund 06) and DCMSA (Fund 20&24).
	Criteria:	The development and implementation of a year-end financial reporting control system is the responsibility of the City's management. This process includes the preparation of the financial statements and footnotes and the entries to internal service funds for government wide reporting.
	Cause:	Management prepared financial statement totals included estimates in the fund financial reports instead of actual amounts.
	Context:	Material adjustments were necessary to properly state transfers between Workers Compensation Fund (Fund 06) and DCMSA (Fund 20&24) at the government wide level and at the DCMSA legal opinion unit level. Beginning fund balance amounts were also adjusted for similar adjustments made in previous periods to the City of Del City and to agree with the audited 2010 City of Del City ending government wide net asset amounts.
	Effect:	Misstatement of government wide and DCMSA financial statements not identified by management.
	Recommendation:	We recommend that actual transfer amounts be included in management prepared financial statements and prior year amounts be reflected as additions or reductions to the transfer accounts rather than current activity in the statement of net assets.
	Response:	Based on prior discussions with our auditors as to the proper way of handling the entry for the transfer between the DCMSA Fund and the Workers Compensation Fund, we believed that all entries had been recorded properly and the beginning fund balances were correct. To avoid this confusion in future fiscal years, we will record workers compensation expense directly to the General Fund and DCMSA Fund departments where claims have been paid.

2011-2 Condition:	Funds being collected by municipal court were not deposited in a timely manner and lacked proper supporting documentation.
Criteria:	Internal controls should be established that daily deposits are deposited within the next business day. State statute title 62.3.517.3b states the treasurer of every public entity shall deposit daily, no later than the immediate next banking day, all funds or monies of whatsoever kind that shall come into the possession of the treasurer by virtue of the office into an appropriate financial institution. Each citation should have proper documentation to verify payment.
Cause:	Funds at municipal court were held for numerous days and certain documentation could not be located.
Effect:	Risk of misappropriation of funds.
Recommendation:	Implement procedures to ensure funds collected by the City are deposited within the next business day and that documentation is properly kept and tracked
Response:	Timely deposits of funds collected at the Municipal Court have always been an issue since the Court uses different software for cash collections than the software used in the Finance Department. Conversion to the same accounting software used in the Finance Department would allow receipting and deposit of collections at the Municipal Court to be consistent with the Utility Billing Department. With the move to the newly constructed police station in the spring of 2012, the computer network and workstations will be upgraded. The conversion to the same accounting software used in the Finance Department will be incorporated into this upgrade.