

**CITY OF MOORE, OKLAHOMA**  
**ANNUAL FINANCIAL STATEMENTS**  
**AND INDEPENDENT AUDITOR'S REPORTS**  
**AS OF AND FOR THE FISCAL YEAR**  
**ENDED JUNE 30, 2012**

**CITY OF MOORE, OKLAHOMA**

**LIST OF PRINCIPAL OFFICIALS**

**City Council**

Glenn Lewis  
David Roberts  
Robert Krows  
Mark Hamm  
Kathy Griffith  
Terry Cavnar  
Jason Blair

Mayor  
Ward 1  
Ward 1  
Ward 2  
Ward 2  
Ward 3  
Ward 3

Stephen O. Eddy

City Manager

Stan Drake

Assistant City Manager

Jim Corbett

Finance Director

Cheryl McConnell

Assistant Finance Director

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# **INDEPENDENT AUDITOR'S REPORT**

# DILLON & ASSOCIATES, P.C.

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MIDWEST CITY, OK 73130

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## INDEPENDENT AUDITOR'S REPORT

City Council  
City of Moore  
Moore, Oklahoma

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Moore, Oklahoma, as of and for the year ended June 30, 2012, which collectively comprise the City of Moore's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Moore's management. Our responsibility is to express an opinion 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 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 Moore, Oklahoma, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 1, 2012, on our consideration of the City of Moore'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 compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 11 and budgetary comparison information on page 50 and the notes on page 55 through 56 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements is required by Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basis financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Moore's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis and is not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements 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 taken as a whole. The statistical section, as listed in the table of Contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

***Dillon & Associates, P.C.***

Midwest City, Oklahoma  
September 1, 2012

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**



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

The following discussion and analysis of the City of Moore's (the City) financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2012. Please read it in conjunction with the City's financial statements, which begin on page 12.

**Financial Highlights**

- The assets of the City of Moore exceeded its liabilities at the close of the most recent fiscal year by \$52,756,971 (net assets), a decrease of \$6,743,469 or 11.3% from the prior year.
- During the year, the City's expenses for governmental activities were \$46,406,405 and were funded by program revenues of \$5,038,126 and further funded with taxes and other general revenues, grants and transfers that totaled \$41,764,500.
- In the business-type activities, which are primarily utilities, program revenues of \$18,068,473 exceeded program expenses of \$15,530,729 and other revenue by \$2,715,497.
- Sales and use taxes increased by \$1,315,609 or 4.9% over the prior fiscal year.
- At June 30, 2012, the General Fund reported an unreserved, undesignated fund balance of \$2,481,262, an increase of \$97,938 from the prior year.
- The City's total debt increased by \$17,530,236 during the current fiscal year. The key factors in this increase was the issuance in notes by the Oklahoma Water Resource Board - Series 2010 in the amount of \$25,137,144.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City of Moore's basic financial statements. The City of Moore's basic financial statements comprise 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 themselves.

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

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

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

Both of the government-wide financial statements distinguish functions of the City of Moore that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Moore include general government, public safety, public works, and culture and recreation. The business-type activities of the City of Moore, which include the City's water, wastewater, and sanitation utility operations, are included in the Moore Public Works Authority.

The government-wide financial statements include not only the City of Moore itself, but also the legally separate Moore Public Works Authority and the Moore Economic Development Authority as a blended component units. The Authorities, although also legally separate, functions for all practical purposes as departments of the City of Moore, and therefore have been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 12-14 of this report.

**Fund Financial Statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Moore, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Moore can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, which is considered to be a major fund.

The City adopts an annual appropriated budget for its general and other governmental funds. Budgetary comparison statements have been provided for each governmental fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 15-17 of this report.

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

***Proprietary funds.*** The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its public works authority.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its risk management and insurance activities. These services have been allocated to governmental and business-type functions in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Moore Public Works Authority which is considered to be a major fund of the City.

The basic proprietary fund financial statements can be found on pages 18-20 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 21-49 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's actual revenues and expenditures on a budgetary basis compared with the original and final budgets for the general fund. Required supplementary information can be found on page 50-56 of this report.

**Government-Wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$52,756,971 at the close of the most recent fiscal year.

By far the largest portion of the City's net assets (83.5%) reflects its investment in capital assets (e.g., land, buildings, improvements, vehicles, and equipment) less any related debt used to acquire those assets that are 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.

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

Table 1  
Net Assets  
(In Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Current and other assets	\$ 31,417	35,360	6,077	8,326	37,494	43,686
Capital assets	42,244	46,128	59,104	35,622	101,348	81,750
Total assets	<u>73,661</u>	<u>81,488</u>	<u>65,181</u>	<u>43,948</u>	<u>138,842</u>	<u>125,436</u>
Long-term debt outstanding	36,707	39,522	41,149	14,314	77,856	53,836
Other liabilities	6,919	9,327	1,310	2,771	8,229	12,098
Total liabilities	<u>43,626</u>	<u>48,849</u>	<u>42,459</u>	<u>17,085</u>	<u>86,085</u>	<u>65,934</u>
Net assets:						
Invested in capital assets, net of debt	24,050	26,276	20,027	22,289	44,077	48,565
Restricted	7,552	6,243	(375)	1,194	7,177	7,437
Unrestricted	(1,567)	120	3,070	3,378	1,503	3,498
Total net assets	<u>\$ 30,035</u>	<u>32,639</u>	<u>22,722</u>	<u>26,861</u>	<u>52,757</u>	<u>59,500</u>

A portion of the City's net assets (13.6%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets of \$1,503,598 may be used to meet the government's ongoing obligations to citizens and creditors.

The government's net assets decreased by \$6,743,469 during the current fiscal year. This decrease represents the overall excess of expenses, including depreciation of \$11,672,055 over revenues.

**Governmental activities.** Governmental activities decreased the City's net assets by \$2,603,779. The key element was a non-cash charge for depreciation on capital assets of \$9,452,915.

**Business-type activities.** Business-type activities decreased the City's net assets by \$4,139,690. The increase in net assets included a non-cash charge for depreciation on capital assets of \$2,219,140.

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

Table 2  
Changes in Net Assets (In Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Revenues:						
Program revenues						
Charges for services	\$ 5,038	4,518	18,068	17,677	23,106	22,195
Operating grants	108	1,253	-	-	108	1,253
Capital grants	179	-	-	-	179	-
General revenues						
Sales and use taxes	25,673	23,712	-	-	25,673	23,712
Property taxes	3,351	4,305	-	-	3,351	4,305
Franchise tax (fees)	2,627	2,643	-	-	2,627	2,643
Other taxes	2,295	1,950	-	-	2,295	1,950
Investment income	60	66	26	7	86	73
Other	618	354	152	193	770	547
Total revenues	<u>39,949</u>	<u>38,801</u>	<u>18,246</u>	<u>17,877</u>	<u>58,195</u>	<u>56,678</u>
Expenses:						
General government	12,716	8,120	2,204	1,795	14,920	9,915
Public safety	21,838	23,338	-	-	21,838	23,338
Streets	6,567	4,071	-	-	6,567	4,071
Public works	3,112	4,160	-	-	3,112	4,160
Cultural & recreation	2,156	1,866	-	-	2,156	1,866
Community development	1,992	3,690	-	-	1,992	3,690
Water and sewer	-	-	11,708	9,671	11,708	9,671
Sanitation	-	-	1,618	1,409	1,618	1,409
Interest on debt	1,025	1,248	-	-	1,025	1,248
Total expenses	<u>49,406</u>	<u>46,493</u>	<u>15,530</u>	<u>12,875</u>	<u>64,936</u>	<u>59,368</u>
Increase in net assets						
before transfers	(9,457)	(7,692)	2,716	5,002	(6,741)	(2,690)
Transfers	6,855	4,324	(6,855)	(4,324)	-	-
Change in net assets	<u>(2,602)</u>	<u>(3,368)</u>	<u>(4,139)</u>	<u>678</u>	<u>(6,741)</u>	<u>(2,690)</u>
Beginning net assets	32,637	36,007	26,861	26,183	59,498	62,190
Ending net assets	<u>\$ 30,035</u>	<u>32,639</u>	<u>22,722</u>	<u>26,861</u>	<u>52,757</u>	<u>59,500</u>

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

**Financial Analysis of the Government's Funds**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

***Governmental funds.*** The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$28,358,654, an decrease of \$4,206,799, in comparison with the prior year. Approximately 8.7% of this total amount (\$2,481,262) constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed for capital improvements and debt service.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was \$2,481,262. As a measure of the general fund's liquidity, it may be useful to compare fund balance to total fund expenditures. Unreserved fund balance represents 8.69% of total general fund expenditures and transfers out.

The fund balance of the City's general fund increased by \$97,938 during the current fiscal year.

***Proprietary funds.*** The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Moore Public Works Authority at the end of the year amounted to \$3,269,592. The total decrease in net assets was \$3,707,239.

- Operating revenues increased by \$48,999 over the prior year due to increased utility revenues.
- Operating expenses increased by \$2,370,032, mainly due to a general increase utility operating expense.

**Budgetary Highlights of Major Governmental Funds**

There were differences between the original budget and the final budget for the general fund. Overall, actual revenues on the budgetary basis of \$26,839,688 were \$113,273 more than the estimated revenues in the budget of \$26,726,415. Actual expenditures of \$28,649,217 were \$2,966,393 less than the \$31,615,610 approved in budget appropriations. After a net transfer in of \$1,199,660 from other funds, the City decreased by \$609,869 its carry forward funds to cover the overall excess of expenditures over receipts. The amount of carryover funds budget for expenditure was \$2,383,325.

**Capital Asset and Debt Administration**

**Capital assets.** The City's investment in capital assets for its governmental and business-type activities as of June 30, 2012, amounts to \$101,347,379 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, equipment, vehicles, and infrastructure.

Major capital asset events during the current fiscal year included the following:

- Minor equipment purchases in various funds.
- Infrastructure improvements including construction in progress of a wastewater system.

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

Table 3  
Capital Assets  
(In Thousands)

	Governmental Activities <u>2012</u>	Business-type Activities <u>2012</u>	Total <u>2012</u>
Land and construction in progress	\$ 3,635	40,247	43,882
Building and improvements	21,138	1,782	22,920
Machinery and equipment	10,520	5,614	16,134
Vehicles	8,851	2,608	11,459
Infrastructure	105,636	61,811	167,447
	149,780	112,062	261,842
Less : Accumulated depreciation	107,536	52,958	160,494
Net capital assets	\$ 42,244	59,104	101,348

  

	Governmental Activities <u>2011</u>	Business-type Activities <u>2011</u>	Total <u>2011</u>
Land and construction in progress	\$ 3,629	14,547	18,176
Building and improvements	20,030	1,782	21,812
Machinery and equipment	9,871	5,613	15,484
Vehicles	8,439	2,608	11,047
Infrastructure	102,279	61,811	164,090
	144,248	86,361	230,609
Less : Accumulated depreciation	98,120	50,739	148,859
Net capital assets	\$ 46,128	35,622	81,750

Additional information of the City's capital assets can be found in Note 2.D. on pages 33-34 of this report.

**Long-term debt.** As of the end of the current fiscal year, the City had total debt outstanding of \$71,367,172. This represents debt secured solely by specified revenue sources (i.e., general obligation bonds, revenue notes and bonds) of \$70,812,311 and judgments of \$554,861.

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

Table 4  
Long-term Debt  
(In Thousands)

	Governmental	Business-type	
	Activities	Activities	Total
	<u>2012</u>	<u>2012</u>	<u>2012</u>
General obligation bonds	\$ 14,925	-	14,925
Revenue bonds and notes	17,178	38,704	55,882
Other	555	5	560
	<hr/>	<hr/>	<hr/>
Net long-term debt	\$ 32,658	38,709	71,367
	<hr/>	<hr/>	<hr/>
	Governmental	Business-type	
	Activities	Activities	Total
	<u>2011</u>	<u>2011</u>	<u>2011</u>
General obligation bonds	\$ 16,925	-	16,925
Revenue bonds and notes	21,694	14,312	36,006
Other	898	8	906
	<hr/>	<hr/>	<hr/>
Net long-term debt	\$ 39,517	14,320	53,837
	<hr/>	<hr/>	<hr/>

The City's total debt increased by \$17,530,236 during the current fiscal year. The key factors in this increase was the issuance in notes by the Oklahoma Water Resource Board - Series 2010 in the amount of \$25,137,144.

Additional information on the City's long-term debt can be found in Notes 2.E. on pages 35-38 of this report.

#### **Economic Factors and Next Year's Budgets and Rates**

The City's elected and appointed officials considered many factors when setting the fiscal-year 2012-2013 budget, tax rates, and fees that will be charged for the proprietary fund type activities. One of these factors is the economy. Slower growth of the national economy has affected the local economy. Unemployment is up, sales tax revenues, however, have shown steady growth for the last several years, and utility revenues were strong and have shown moderate growth.

These indicators were taken into account when adopting the general fund budget for 2012-2013.

❖ Revenues, transfers in and expenses for the City's general fund are expected to increase slightly over the actual amounts received and expended in the fiscal year ended June 30, 2012.

❖ As for the City's proprietary fund activities, we expect significant growth in the revenues and expenses over those received in 2012.

All of these factors were considered in preparing the City's budget for the 2012-2013 fiscal year.



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

**Requests for Information**

This financial report is designed to provide our citizens, taxpayers, customers, bond rating agencies and creditors with a general overview of the City's finances reflecting the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Director's Office at 301 N. Broadway, Moore, Oklahoma 73160 or telephone at 405-793-5060.

Jim Corbett, CPA  
Finance Director

## **BASIC FINANCIAL STATEMENTS**

City of Moore, Oklahoma  
Statement of Net Assets  
June 30, 2012

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Pooled cash and cash equivalents	\$ 1,994,988	709,071	2,704,059
Investments	2,623,880	1,289,120	3,913,000
Receivables (net of allowance for uncollectibles)	76,185	1,510,630	1,586,815
Receivables from other governments	2,799,314	-	2,799,314
Inventories	28,397	-	28,397
Bond issue cost (net of accumulated amortization)	440,003	165,077	605,080
Restricted assets:			
Restricted cash and investments	23,454,913	2,403,278	25,858,191
Capital assets:			
Land, improvements, and construction in progress	3,635,000	40,247,015	43,882,015
Other capital assets, net of depreciation	38,608,818	18,856,546	57,465,364
Total assets	<u>73,661,498</u>	<u>65,180,737</u>	<u>138,842,235</u>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	1,062,529	119,540	1,182,069
Deposits	493,018	969,409	1,462,427
Compensated absences, current	936,203	22,348	958,551
Notes payable, current	1,984,584	198,670	2,183,254
Bonds payable, current	2,000,000	-	2,000,000
Judgments payable, current	442,472	-	442,472
Liabilities payable from restricted assets	-	373,249	373,249
Compensated absences, non-current	2,808,607	67,044	2,875,651
Claims payable, non-current	5,663,626	2,202,521	7,866,147
Notes payable, non-current	15,197,782	38,506,274	53,704,056
Bonds payable, non-current	12,925,000	-	12,925,000
Judgments payable, non-current	112,388	-	112,388
Total liabilities	<u>43,626,209</u>	<u>42,459,055</u>	<u>86,085,264</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	24,049,922	20,026,902	44,076,824
Restricted for:			
Debt service	5,169,831	-	5,169,831
Capital improvements	5,731,493	1,414,277	7,145,770
Risk management	(5,207,201)	(1,809,244)	(7,016,445)
Other purposes	1,857,802	19,591	1,877,393
Unrestricted (deficit)	(1,566,558)	3,070,156	1,503,598
Total net assets	<u>\$ 30,035,289</u>	<u>22,721,682</u>	<u>52,756,971</u>

See accompanying notes to financial statements.

City of Moore, Oklahoma  
Statement of Activities  
For the Year Ended June 30, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary government:</b>					
Governmental activities:					
General government	\$ 12,715,897	3,709,368	-	-	(9,006,529)
Public safety	21,837,944	1,328,758	81,487	54,151	(20,373,548)
Streets	6,567,414	-	-	-	(6,567,414)
Public works administration	3,112,024	-	-	-	(3,112,024)
Culture and recreation	2,155,835	-	4,152	-	(2,151,683)
Community development	1,992,555	-	22,316	124,997	(1,845,242)
Interest on long-term debt	1,024,736	-	-	-	(1,024,736)
Total governmental activities	49,406,405	5,038,126	107,955	179,148	(44,081,176)
Business-type activities:					
Water and sewer	11,708,125	13,090,950	-	-	1,382,825
Sanitation	1,618,293	3,717,767	-	-	2,099,474
General government	2,204,311	1,259,756	-	-	(944,555)
Total business-type activities	15,530,729	18,068,473	-	-	2,537,744
Total primary government	64,937,134	23,106,599	107,955	179,148	(41,543,432)

City of Moore, Oklahoma  
Statement of Activities  
For the Year Ended June 30, 2012

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Change in net assets:</b>			
<b>Net (expense) revenue</b>	\$ (44,081,176)	2,537,744	(41,543,432)
<b>General revenues:</b>			
Taxes:			
Sales taxes	25,078,002	-	25,078,002
Use taxes	594,550	-	594,550
Property taxes	3,351,025	-	3,351,025
Franchise taxes (fees)	2,626,903	-	2,626,903
Other taxes	2,295,120	-	2,295,120
Unrestricted investment income	60,489	26,242	86,731
Miscellaneous	616,121	151,511	767,632
Transfers	6,855,187	(6,855,187)	-
Total general revenues and transfers	41,477,397	(6,677,434)	34,799,963
<b>Change in net assets</b>	(2,603,779)	(4,139,690)	(6,743,469)
<b>Net assets - beginning</b>	32,639,068	26,861,372	59,500,440
<b>Net assets - ending</b>	\$ 30,035,289	22,721,682	52,756,971

See accompanying notes to financial statements.

City of Moore, Oklahoma  
Governmental Funds  
Balance Sheet  
June 30, 2012

	General	Moore Econ. Dev. Authority	Street Project Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 993,389	(285,122)	-	-	959,191	1,667,458
Restricted cash and investments	341,830	13,469,524	4,497,728	5,145,831	-	23,454,913
Investments	-				1,739,000	1,739,000
Receivables - Taxes	2,460,802		-	24,000	314,512	2,799,314
Receivables - Other, net	34,190	-	-	-	32,156	66,346
Inventories	28,397	-	-	-	-	28,397
Total assets	<u>3,858,608</u>	<u>13,184,402</u>	<u>4,497,728</u>	<u>5,169,831</u>	<u>3,044,859</u>	<u>29,755,428</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	464,521	4,538	-	-	10,000	479,059
Wages and benefits payable	419,807	4,890	-	-	-	424,697
Deposits	493,018	-	-	-	-	493,018
Total liabilities (Note 2)	<u>1,377,346</u>	<u>9,428</u>	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>1,396,774</u>
Fund balances:						
Reserved for:						
Debt service	-	(129,681)	-	5,169,831	-	5,040,150
Capital improvements	-	13,304,655	4,497,728	-	1,518,887	19,321,270
Other purposes	-	-	-	-	1,515,972	1,515,972
Unreserved	<u>2,481,262</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,481,262</u>
Total fund balances	<u>2,481,262</u>	<u>13,174,974</u>	<u>4,497,728</u>	<u>5,169,831</u>	<u>3,034,859</u>	<u>28,358,654</u>
Total liabilities and fund balances	<u>\$ 3,858,608</u>	<u>13,184,402</u>	<u>4,497,728</u>	<u>5,169,831</u>	<u>3,044,859</u>	

Amounts reported for governmental activities in the statement of net assets  
(Exhibit 1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not required in the funds.	42,243,818
Bond issuance costs related to governmental activities, net of amortization	440,003
Internal service funds are used by management to charge the costs of certain activities to individual funds. Assets (excluding capital assets) and liabilities of the internal services funds are allocated in the statement of net assets.	(4,652,341)

Long-term liabilities are not due and payable in the current period and  
therefore are not reported in the funds:

Bonds, notes and judgments payable are not due in the current period and therefore are not reported in the funds.	(32,658,283)
Accrued compensated absences	(3,696,562)

Net assets of governmental activities \$ 30,035,289

See accompanying notes to financial statements.

City of Moore, Oklahoma  
Governmental Funds  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
For the Year Ended June 30, 2012

	General Fund	Moore Econ. Dev. Authority	Street Project Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Taxes	\$ 25,244,182	-	-	3,351,025	4,085,074	32,680,281
Intergovernmental	836,304	-	-	-	716,118	1,552,422
Licenses and permits	317,259	-	-	-	19,539	336,798
Charge for services	119,969	-	-	-	13,229	133,198
Fines and forfeitures	1,328,758	-	-	-	-	1,328,758
Investment revenue	28,800	265	8,726	6,706	13,828	58,325
Proceeds from debt issuances	-	-	-	-	-	-
Miscellaneous	472,940	4,874	-	-	104,397	582,211
Total revenues	<u>28,348,212</u>	<u>5,139</u>	<u>8,726</u>	<u>3,357,731</u>	<u>4,952,185</u>	<u>36,671,993</u>
<b>EXPENDITURES</b>						
Current:						
General government	4,612,723	-	-	-	-	4,612,723
Public safety	18,317,212	2,074,611	-	-	131,726	20,523,549
Streets	-	-	3,064,452	-	3,099,362	6,163,814
Public works	3,035,615	-	-	-	-	3,035,615
Culture and recreation	1,837,403	-	-	-	79,707	1,917,110
Community development	1,040,715	-	-	-	901,163	1,941,878
Debt service:						
Principal	-	4,525,575	-	2,000,000	-	6,525,575
Interest and other charges	-	787,910	-	681,629	-	1,469,539
Total expenditures	<u>28,843,668</u>	<u>7,388,096</u>	<u>3,064,452</u>	<u>2,681,629</u>	<u>4,211,958</u>	<u>46,189,803</u>
Excess (deficiency) of revenues over expenditures	<u>(495,456)</u>	<u>(7,382,957)</u>	<u>(3,055,726)</u>	<u>676,102</u>	<u>740,227</u>	<u>(9,517,810)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	26,633,786	4,726,011	-	-	443,001	31,802,798
Transfers out	(26,040,392)	-	-	(451,395)	-	(26,491,787)
Total other financing sources and uses	<u>593,394</u>	<u>4,726,011</u>	<u>-</u>	<u>(451,395)</u>	<u>443,001</u>	<u>5,311,011</u>
Net change in fund balances	97,938	(2,656,946)	(3,055,726)	224,707	1,183,228	(4,206,799)
Fund balances-beginning	2,383,324	15,831,920	7,553,454	4,945,124	1,851,631	32,565,453
Fund balances-ending	<u>\$ 2,481,262</u>	<u>13,174,974</u>	<u>4,497,728</u>	<u>5,169,831</u>	<u>3,034,859</u>	<u>28,358,654</u>

See accompanying notes to financial statements.

City of Moore, Oklahoma  
Reconciliation of the Statement of Revenues,  
Expenditures, and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
For the Year Ended June 30, 2012

Net change in fund balances - total governmental funds	\$ (4,206,799)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$9,452,915) exceeds capital outlays \$5,569,583 in the current period.	(3,883,332)
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Proceeds from issuance of long-term debt is revenue in the governmental funds, but the issuance increases long-term liabilities in the statement of net assets.	(113,191)
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Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	6,970,378
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Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds. This includes the net increase in compensated absences of (\$146,074) and amortization of debt issuance costs of (\$112,987).	(259,061)
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Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.	(1,111,774)
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Change in net assets of governmental activities.	\$ (2,603,779)
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City of Moore, Oklahoma  
Proprietary Funds  
Statement of Net Assets  
June 30, 2012

	<u>Business-type Activities - Enterprise Funds</u>			
		MPWA	Total	Internal
	<u>MPWA</u>	<u>Sinking</u>	<u>Enterprise</u>	<u>Service</u>
			<u>Funds</u>	<u>Fund</u>
<u>ASSETS</u>				
Current assets:				
Pooled cash and investments	\$ 581,697	-	581,697	454,904
Investments	945,000	-	945,000	1,229,000
Receivables, utilities - Net of allowance for doubtful accounts of \$363,284	1,506,804	-	1,506,804	-
Receivables, other		-	-	13,665
Total current assets	<u>3,033,501</u>	<u>-</u>	<u>3,033,501</u>	<u>1,697,569</u>
Restricted assets:				
Restricted cash and investments	<u>2,403,277</u>	<u>1</u>	<u>2,403,278</u>	<u>-</u>
Non-current assets:				
Bond issue cost - net	-	165,077	165,077	-
Capital assets:				
Other capital assets, net	<u>59,103,561</u>	<u>-</u>	<u>59,103,561</u>	<u>2,866</u>
Total non-current assets	<u>59,103,561</u>	<u>165,077</u>	<u>59,268,638</u>	<u>2,866</u>
Total assets	<u><u>64,540,339</u></u>	<u><u>165,078</u></u>	<u><u>64,705,417</u></u>	<u><u>1,700,435</u></u>
<u>LIABILITIES</u>				
Current liabilities:				
Accounts payable	43,472	-	43,472	213,976
Accrued compensated absences	17,657	-	17,657	16,753
Other accrued liabilities	<u>14,323</u>	<u>-</u>	<u>14,323</u>	<u>6,542</u>
Total current liabilities	<u>75,452</u>	<u>-</u>	<u>75,452</u>	<u>237,271</u>
Liabilities payable from restricted assets:				
Interest payable	-	373,249	373,249	-
Debt payable - current	-	197,174	197,174	1,496
Deposits	<u>969,409</u>	<u>-</u>	<u>969,409</u>	<u>-</u>
Total liabilities payable from restricted assets	<u>969,409</u>	<u>570,423</u>	<u>1,539,832</u>	<u>1,496</u>
Non-current liabilities:				
Accrued compensated absences	52,971	-	52,971	50,259
Claims payable, non-current	-	-	-	7,866,147
Debt payable, non-current	<u>-</u>	<u>38,506,236</u>	<u>38,506,236</u>	<u>3,981</u>
Total non-current liabilities	<u>52,971</u>	<u>38,506,236</u>	<u>38,559,207</u>	<u>7,920,387</u>
Total liabilities	<u>1,097,832</u>	<u>39,076,659</u>	<u>40,174,491</u>	<u>8,159,154</u>
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	60,172,915	(39,076,659)	21,096,256	2,866
Restricted	-	165,078	165,078	-
Unrestricted	<u>3,269,592</u>	<u>-</u>	<u>3,269,592</u>	<u>(6,461,585)</u>
Total net assets	<u><u>\$ 63,442,507</u></u>	<u><u>(38,911,581)</u></u>	<u><u>24,530,926</u></u>	<u><u>(6,458,719)</u></u>

See accompanying notes to financial statements.

**City of Moore, Oklahoma**  
**Proprietary Funds**  
**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**For the Year Ended June 30, 2012**

	Business-type Activities - Enterprise Funds			Internal
		MPWA	Total	Service
	<u>MPWA</u>	<u>Sinking</u>	<u>Enterprise</u>	<u>Fund</u>
<b><u>OPERATING REVENUES:</u></b>				
Charges for services	\$ 16,808,717	-	16,808,717	4,499,128
Miscellaneous	-	-	-	47,095
Total operating revenues	<u>16,808,717</u>	<u>-</u>	<u>16,808,717</u>	<u>4,546,223</u>
<b><u>OPERATING EXPENSES:</u></b>				
General government	9,580,800	-	9,580,800	365,840
Sanitation	1,328,024	-	1,328,024	-
Insurance claims and expenses	-	-	-	7,872,541
Amortization of bond costs	-	21,572	21,572	-
Depreciation	2,219,140	-	2,219,140	820
Total operating expenses	<u>13,127,964</u>	<u>21,572</u>	<u>13,149,536</u>	<u>8,239,201</u>
Operating income (loss)	<u>3,680,753</u>	<u>(21,572)</u>	<u>3,659,181</u>	<u>(3,692,978)</u>
<b><u>NONOPERATING REVENUES (EXPENSES):</u></b>				
Investment revenue	25,396	4	25,400	3,006
Other nonoperating revenue (expenses)	94,719	43,608	138,327	-
Interest expense	-	(74,447)	(74,447)	-
Total nonoperating revenues (expenses)	<u>120,115</u>	<u>(30,835)</u>	<u>89,280</u>	<u>3,006</u>
Net income before contributions				
and transfers	3,800,868	(52,407)	3,748,461	(3,689,972)
Interaccount transfers	24,698,137	(24,698,137)	-	-
Transfers from (to) other funds	<u>(7,455,700)</u>	<u>-</u>	<u>(7,455,700)</u>	<u>2,144,689</u>
Change in net assets	21,043,305	(24,750,544)	(3,707,239)	(1,545,283)
Net assets - beginning	<u>42,399,202</u>	<u>(14,161,037)</u>	<u>28,238,165</u>	<u>(4,913,436)</u>
Net assets - ending	<u>\$ 63,442,507</u>	<u>(38,911,581)</u>	<u>24,530,926</u>	<u>(6,458,719)</u>

See accompanying notes to financial statements.

City of Moore, Oklahoma  
Proprietary Funds  
Statement of Cash Flows  
For the Year Ended June 30, 2012

	MPWA	MPWA Sinking	Total Enterprise Funds	Internal Service Fund
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>				
Receipts from customers	\$ 17,058,120	-	17,058,120	4,499,129
Payments to suppliers	(10,912,117)	286,607	(10,625,510)	(6,937)
Payments to employees	-	-	-	(277,340)
Claims and judgments paid	-	-	-	(5,484,091)
Net cash provided (used) by operating activities	<u>6,146,003</u>	<u>286,607</u>	<u>6,432,610</u>	<u>(1,269,239)</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>				
Restricted assets released for debt service	-	51,376	51,376	-
Restricted assets received for construction	(347,938)	-	-	-
(Increase) in restricted assets for meter deposits	(97,000)	-	(97,000)	-
Purchases of capital assets	(25,701,195)	-	(25,701,195)	-
Proceeds from OWRB loan	-	25,137,144	25,137,144	-
Principal paid on capital debt	-	(746,155)	(746,155)	(2,508)
Interest paid on capital debt	-	(74,447)	(74,447)	-
Transfers from (to) other funds	17,242,437	(24,698,137)	(7,455,700)	2,144,689
Other receipts (payments)	<u>94,719</u>	<u>43,608</u>	<u>138,327</u>	<u>-</u>
Net cash provided (used) by capital and related financing activities	<u>(8,808,977)</u>	<u>(286,611)</u>	<u>(8,747,650)</u>	<u>2,142,181</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
(Increase) decrease in investments	(945,000)	-	(945,000)	(1,229,000)
Interest received	<u>25,396</u>	<u>4</u>	<u>25,400</u>	<u>3,006</u>
Net cash provided (used) by investing activities	<u>(919,604)</u>	<u>4</u>	<u>(919,600)</u>	<u>(1,225,994)</u>
Net increase (decrease in cash and cash equivalents	(3,582,578)	-	(3,582,578)	(353,052)
Balances - beginning of the year	<u>4,164,275</u>	<u>-</u>	<u>4,164,275</u>	<u>807,956</u>
Balances - end of the year	<u>\$ 581,697</u>	<u>-</u>	<u>581,697</u>	<u>454,904</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>				
Operating income (loss)	3,680,753	(21,572)	3,659,181	(3,692,978)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Cash flows reported in other categories:				
Depreciation expense	2,219,140	-	2,219,140	820
Amortization of issuance costs	-	21,572	21,572	-
Change in assets and liabilities:				
Receivable, net	229,942	-	229,942	(4,098)
Accounts payable	2,261	-	2,261	207,442
Accrued compensated absences	(2,428)	-	(2,428)	5,109
Other current liabilities	16,335	286,607	302,942	861
Claims payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,213,605</u>
Net cash provided by (used in) operating activities	<u>\$ 6,146,003</u>	<u>286,607</u>	<u>6,432,610</u>	<u>(1,269,239)</u>

See accompanying notes to financial statements.

## **NOTES TO BASIC FINANCIAL STATEMENTS**

**CITY OF MOORE, OKLAHOMA**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**NOTE 4. SUBSEQUENT EVENTS**

**City of Moore, Oklahoma**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. REPORTING ENTITY**

The City of Moore, Oklahoma is a municipal corporation, incorporated in 1893. The City operates under a Council-City Manager form of government. The governing body consists of six elected council members and a mayor. The mayor and council members are each elected to serve a four-year term. The City Manager administers policies and coordinates the activities of the City. The heads of the various departments, formed to provide various services, are under the direct supervision of the City Manager.

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

**Blended Component Units/Trusts**

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

The Moore Public Works Authority (MPWA) was created pursuant to a Trust Indenture, for the benefit of the City of Moore. MPWA was established to acquire, construct, develop, equip, operate and maintain the City's water, sanitary sewer and solid waste disposal systems. The water, sanitary sewer and solid waste disposal systems owned by the City have been leased to MPWA, including long-term financing and capital development. Council members serve as Trustees and the City Manager is General Manager. The Authority is reported as a proprietary fund.

**City of Moore, Oklahoma**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**A. REPORTING ENTITY - Continued**

On December 10, 1993, the City through the MPWA entered into an agreement with Veolia Water to manage, operate and maintain the wastewater treatment plant, water facilities, sanitation services and other Public Works services as directed by the City/MPWA. All facilities managed by Veolia Water remain the property of the City of Moore. On September 2, 1997, the City amended the contract to include the maintenance, operation and management of the waste water treatment plant and water facilities only.

The Moore Economic Development Authority (MEDA) was created pursuant to a Trust Indenture, for the benefit of the City of Moore. MEDA was created to finance projects and development of the City's municipal infrastructure. City Council members serve as Trustees and the City Manager is General Manager. The Authority is reported as a governmental fund.

**B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION - FUND ACCOUNTING**

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

**Government-wide Financial Statements** - The statement of net assets and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except fiduciary funds. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

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

**City of Moore, Oklahoma**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION - FUND ACCOUNTING - Continued**

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

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

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

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

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



City of Moore, Oklahoma  
Notes to Basic Financial Statements  
June 30, 2012

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION - FUND ACCOUNTING - Continued**

The following are the City's major governmental funds:

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

Moore Economic Development Authority (MEDA) - accounts for finance projects and development of the City's municipal infrastructure.

Street Project Fund - accounts for and reports resources that are restricted, committed, or assigned to expenditure for the construction and repair of streets.

Debt Service Fund - accounts for and report financial resources that are restricted, committed, or assigned to principal and interest payments.

**Proprietary Funds** - are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. In compliance with Governmental Accounting Standards Board (GASB) Statement No. 20 the City adopted only Financial Accounting Standards Board (FASB), Accounting Principles Board (APB), and Accounting Research Board (ARB) materials issued on or before November 30, 1989 that do no conflict with GASB. Proprietary funds are classified as enterprise.

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

Moore Public Works Authority (MPWA) - accounts for the revenues from operations of water, sanitary sewer and solid waste operations.

Internal Service Fund - accounts for property, health, worker's compensation liability insurance and other risk management functions provided to various funds of the City.

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

**City of Moore, Oklahoma**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**C. - ASSETS, LIABILITIES AND EQUITY**

**1. Deposits and Investments**

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

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

**2. Restricted Cash and Investments**

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

**3. Fair Value of Financial Statements**

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

**4. Estimates**

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

**City of Moore, Oklahoma**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**C. - ASSETS, LIABILITIES AND EQUITY - Continued**

**5. Receivables and Payables**

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

**6. Inventories**

Inventories in governmental funds normally consist of minimal amounts of expendable supplies held for consumption. The costs of such inventories are recorded as expenditures when purchased rather than when consumed. Inventories in proprietary funds consist primarily of water and sewer construction material and meters and other materials held for subsequent use. Inventory is valued at cost, principally on a first-in, first-out basis, but not in excess of market.

**7. Capital Assets**

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

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

All reported capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City’s historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following estimated useful lives:

City of Moore, Oklahoma  
Notes to Basic Financial Statements  
June 30, 2012

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**C. - ASSETS, LIABILITIES AND EQUITY - Continued**

**7. Capital Assets - Continued**

<u>Description</u>	Governmental Activities <u>Estimated Lives</u>	Business-Type Activities <u>Estimated Lives</u>
Buildings	35-60 years	35-60 years
Building improvements	35-60 years	35-60 years
Furniture and fixtures	5-10 years	5-10 years
Machinery and equipment	5-20 years	5-20 years
Vehicles	5-10 years	5-10 years
Infrastructure - Parks	25-99 years	25-99 years
Infrastructure - Water/sewer	25-99 years	25-99 years
Infrastructure - Streets	15-25 years	15-25 years

**8. Deferred Charges**

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

**9. Compensated Absences**

The City's policies regarding vacation, compensatory, holiday time and sick leave permit employees to accumulate varying amounts as determined by management and contracts with employee groups. Accumulated vested vacation pay is accrued as it is earned. For governmental funds, the non-current portion (the amount estimated to be used in subsequent fiscal years) is maintained separately and represents a reconciling item between the fund-level and government-wide presentations. Only the current portion is reported in the governmental funds, and is calculated based on historical trends. In business-type/enterprise funds, both the current and long-term liabilities are recorded. Sick pay, which does not vest, is recognized in all funds when leave is taken.

**10. Long-term Obligations**

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

City of Moore, Oklahoma  
Notes to Basic Financial Statements  
June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. - ASSETS, LIABILITIES AND EQUITY - Continued

10. Long-term Obligations - Continued

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

11. Deferred Compensation Plan

There are three deferred compensation plans - Hartford Life, Nationwide, and AUL retirement plans. All of the plans are voluntary for city employees who participate in the city's pension plans. These plans comply with section 457(b) of the Internal Revenue Code. Participants in the City's voluntary 457(b) plan have full discretion to choose investments from a list of standard plan options, a linked brokerage account, and a commingled pool managed by plan administrators. The list of standard plan options includes mutual funds with varying styles and levels of investment risk. All the account balances in the mandatory 457(b) plan are invested in the same commingled pool. All contributions to these plans are deferred by plan participants from their compensation and all the earnings are allocated to each participant's account. Distributions from all the deferred compensation plans are available after termination of employment. Additionally, participants in the City's voluntary plans may also take out loans and may receive hardship withdrawals in accordance with federal regulations. The assets held in these plans are not included in the City's financial statements and cannot be used for purposes other than the exclusive benefit of the participants or their beneficiaries or to pay the reasonable expenses of plan administration.

12. Net Assets/Fund Balance

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

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

City of Moore, Oklahoma  
Notes to Basic Financial Statements  
June 30, 2012

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**C. - ASSETS, LIABILITIES AND EQUITY - Continued**

**12. Net Assets/Fund Balance**

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

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

**13. Resource Use Policy**

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

**NOTE 2 - DETAILED NOTES CONCERNING THE FUNDS**

The following notes present detailed information to support the amounts reported in the basic financial statements for the City's various assets, liabilities, net assets/fund balances, revenues and expenditures/expenses.

**A. - DEPOSITS AND INVESTMENTS**

*Custodial Credit Risk*

At June 30, 2012, the City held deposits of approximately \$16,770,458 at financial institutions. The City's cash deposits, including interest-bearing certificates of deposit, are entirely covered by Federal Depository Insurance (FDIC) or direct obligation of the U.S. Government insured or collateralized with the securities held by the City or by its agent in the City's name.

*Investment Interest Credit Risk*

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

**City of Moore, Oklahoma**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

**NOTE 2 - DETAILED NOTES CONCERNING THE FUNDS POLICIES - Continued**

**A. - DEPOSITS AND INVESTMENTS - Continued**

*Investment Credit Risk*

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

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

**Schedule of Deposits and Investment Type**

Type:	<u>Fair Value</u>	<u>Credit Rating</u>	<u>On Demand</u>	<u>Less Than One</u>	<u>1-5</u>	<u>6-10</u>
Demand deposits	\$ 9,473,717	-	9,473,717	-	-	-
Money market account	496,008	-	496,008	-	-	-
Certificate of deposits	9,036,000	-	-	5,866,334	3,169,666	-
U.S. Obligations	13,469,525	AAA/Aaa	-	13,469,525	-	-
Total	\$ <u>32,475,250</u>		<u>9,969,725</u>	<u>19,335,859</u>	<u>3,169,666</u>	<u>-</u>

Reconciliation to Statement

Of Net Assets:

Cash and cash equivalents	2,704,059
Investments	3,913,000
Restricted investments	25,858,191
	<u>32,475,250</u>

*Concentration of Investment Credit Risk*

The City places no limit on the amount it may invest in any one issuer. The City has the following of credit risk: 27.80% in Certificates of deposit (\$9,036,000) and 1.50% in Money Market funds (\$496,008).

**City of Moore, Oklahoma**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

**NOTE 2 - DETAILED NOTES CONCERNING THE FUNDS POLICIES - Continued**

**A. - DEPOSITS AND INVESTMENTS - Continued**

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

The City's policy as it relates to custodial credit risk is to secure its uninsured deposits with collateral, valued at no more than market value, at least at a level of 110% of the uninsured deposits and accrued interest thereon. The investment policy also limits acceptable collateral to U.S. Treasury securities and direct debt obligations of municipalities, counties and school districts in the state of Oklahoma. 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, 2012, the City was not exposed to custodial credit risk as defined above.

Investment Credit Risk - The City's investment policy limits investments to those allowed in state law applicable to municipalities. These investment limitations are described in Note 2.A. above. 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 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. The credit rating of other City investments are listed in the schedule above.

Investment Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City's investment policy limits investments to those with a maturity no more than three years from the date of purchase, except for reserve funds, as a means of managing exposure to fair value losses arising from increasing interest rates. The City discloses its exposure to interest rate risk by disclosing the maturity dates of its investments.

As noted in the schedule of deposits and investments above, at June 30, 2012, the investments held by the City mature between less than a year through more than 2 years.



City of Moore, Oklahoma  
Notes to Basic Financial Statements  
June 30, 2012

**NOTE 2 - DETAILED NOTES CONCERNING THE FUNDS POLICIES - Continued**

**B. RECEIVABLES AND UNCOLLECTIBLE ACCOUNTS**

Receivables as of June 30, 2012, for the City of Moore's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

	General <u>Fund</u>	Nonmajor Governmental <u>Funds</u>	Moore Public <u>Authority</u>	<u>Total</u>
Receivables:				
Taxes	\$ 2,460,802	338,512	-	2,799,314
Accounts	34,190	32,156	1,870,088	1,936,434
Gross receivables	<u>2,494,992</u>	<u>370,668</u>	<u>1,870,088</u>	<u>4,735,748</u>
Less: Allowance for uncollectibles	-	-	363,284	363,284
Net total receivables	<u>\$ 2,494,992</u>	<u>370,668</u>	<u>1,506,804</u>	<u>4,372,464</u>

**C. RESTRICTED ASSETS**

The amounts reported as restricted assets of the enterprise fund type on the combined balance sheet are comprised of amounts held for utility deposits (refunded upon termination of service or applied to account for good payment history), for construction funded through long-term debt and debt service. The restricted assets as of June 30, 2012 were as follows:

Type of <u>Restricted Assets</u>	Governmental <u>Activities</u>	Business-type <u>Activities</u>	<u>Total</u>
Utility deposits and other accounts	\$ 341,830	989,000	1,330,830
Construction funds	17,819,123	1,414,277	19,233,400
Debt service sinking funds	<u>5,293,960</u>	<u>1</u>	<u>5,293,961</u>
Total Restricted Assets	<u>\$ 23,454,913</u>	<u>2,403,278</u>	<u>25,858,191</u>

City of Moore, Oklahoma  
Notes to Basic Financial Statements  
June 30, 2012

**NOTE 2 - DETAILED NOTES CONCERNING THE FUNDS POLICIES - Continued**

**D. CAPITAL ASSETS**

Capital asset activity for governmental activities for the year ended June 30, 2012 was as follows:

	<u>Beginning</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending</u>
<b><i>Governmental activities</i></b>				
Capital assets not being depreciated :				
Land	\$ 3,628,676	6,324	-	3,635,000
Total capital assets not being depreciated	<u>3,628,676</u>	<u>6,324</u>	<u>-</u>	<u>3,635,000</u>
Capital assets being depreciated :				
Buildings and improvements	20,030,441	1,107,717	-	21,138,158
Machinery and equipment	9,870,457	634,096	14,931	10,519,484
Vehicles	8,439,380	389,146	22,665	8,851,191
Infrastructure	<u>102,279,428</u>	<u>3,356,411</u>	<u>-</u>	<u>105,635,839</u>
Total capital assets being depreciated	140,619,706	5,487,370	37,596	146,144,672
Less : Accumulated depreciation	<u>98,120,412</u>	<u>(37,473)</u>	<u>9,452,915</u>	<u>107,535,854</u>
Governmental activities capital assets, net	<u>\$ 46,127,970</u>	<u>5,531,167</u>	<u>(9,415,319)</u>	<u>42,243,818</u>

Depreciation expense for governmental activities is charged to functions as follows:

<b><i>Governmental activities:</i></b>	
General government	\$ 1,905,101
Public safety	3,460,363
Streets	3,457,932
Public works administration	77,558
Cultural and recreation	424,393
Community development	<u>127,568</u>
Total depreciation expense - governmental activities	<u>\$ 9,452,915</u>

City of Moore, Oklahoma  
Notes to Basic Financial Statements  
June 30, 2012

**NOTE 2 - DETAILED NOTES CONCERNING THE FUNDS POLICIES - Continued**

**D. CAPITAL ASSETS**

Capital asset activity for business-type activities for the year ended June 30, 2012 was as follows:

	<u>Beginning</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending</u>
<b><i>Business-type activities</i></b>				
Capital assets not being depreciated :				
Land	\$ -	-	-	-
Construction in progress	14,546,969	25,700,046	-	40,247,015
Total capital assets not being depreciated	14,546,969	25,700,046	-	40,247,015
Capital assets being depreciated :				
Buildings and improvements	1,782,000	-	-	1,782,000
Machinery and equipment	5,613,183	1,149	-	5,614,332
Vehicles	2,607,470	-	-	2,607,470
Infrastructure	61,810,978	-	-	61,810,978
Total capital assets being depreciated	71,813,631	1,149	-	71,814,780
Less : Accumulated depreciation	50,739,094	-	2,219,140	52,958,234
Business-type activities capital assets, net \$	35,621,506	25,701,195	(2,219,140)	59,103,561

Depreciation expense for business-type activities is charged to functions as follows:

<b>Business-type activities:</b>	
Water	\$ 933,080
Sewer	952,315
Sanitation	290,269
General government	43,476
Total depreciation expense - business-type activities	\$ 2,219,140

City of Moore, Oklahoma  
Notes to Basic Financial Statements  
June 30, 2012

NOTE 2 - DETAILED NOTES CONCERNING THE FUNDS POLICIES - Continued

E. LONG-TERM DEBT

The City's long-term debt is segregated between the amounts to be repaid from governmental activity funds and amounts to be repaid from business-type activity funds.

**Governmental Activities:**

**General Obligation Bonds** - General obligation bonds are direct obligations and pledge the full faith and credit of the City. The City issues general obligation bonds to provide funds for the acquisition and construction of major capital projects. General obligation bonds were issued January 1, 2003 in the amount of \$7,870,000 for the construction and repair of streets, January 1, 2009 in the amount of \$7,400,000 for street improvements and June 1, 2010 of \$6,925,000 for street improvements.

\$7,870,000 General Obligation Bonds of 2003 due in annual principal installments through July 1, 2012, interest rates ranging from 2.13% to 3.70%	\$ 1,000,000
\$7,400,000 General Obligation Bonds of 2009 due in annual principal installments through July 1, 2018, interest rates ranging from 3.75% to 5.25%	7,000,000
\$6,925,000 General Obligation Bonds of 2010 due in annual principal installments through July 1, 2018, interest rates ranging from 2.00% to 2.80%	<u>6,925,000</u>
Total General Obligation Bonds	<u>\$ 14,925,000</u>

**Revenue Notes** - The Moore Economic Development Authority has issued various revenue and refunding revenue notes for the purposes of municipal capital improvements.

\$3,300,000 Revenue Notes, Series 2005 due in monthly principal and interest installments of \$10,340 to \$48,302 through Sept. 1, 2012, interest rate of 3.76%	\$ 144,001
\$14,000,000 Public Safety Revenue Notes, Series 2007 due in monthly principal and interest installments of \$256,569 through November, 2012, interest rate of 3.80%	1,270,752
\$16,400,000 Public Safety Revenue Note, Series 2009 due in monthly principal and interest installments of \$99,813 through March 1, 2031, interest rate of 4.05% as of June 30, 2011, MEDA has drawn \$1,178,200 against the Revenue Note.	<u>15,763,671</u>
Total Revenue Notes	<u>\$ 17,178,424</u>

City of Moore, Oklahoma  
Notes to Basic Financial Statements  
June 30, 2012

**NOTE 2 - DETAILED NOTES CONCERNING THE FUNDS POLICIES - Continued**

**E. LONG-TERM DEBT - Continued**

***Judgments Payable***

Judgments payable:

Worker compensation and property judgments payable in three annual installments including principal and interest; final payment due in fiscal years 2012-2014. \$ 554,861

***Business-type Activities:***

***Notes Payable***

\$3,943,482 Clean Water SRF loan payable to the Oklahoma Water Resource Board (OWRB) dated May 28, 2009, payable in annual principal installments of \$62,400 to \$158,300, final payment due Sept. 15, 2029; interest rate of 2.85% and administrative fee of 0.5%. \$ 2,053,401

\$42,837,500 Clean Water SRF loan payable to the OWRB dated Sept. 24, 2010, payable in annual principal installments of varying amounts, beginning when construction is complete, maturing March 15, 2033. The loan has an interest rate of 2.06% and administrative fee of 0.5%. 36,650,009

Total Notes Payable \$ 38,703,410

***Structured Settlement Payable***

\$75,000 settlement in favor of Verona Deer, payable in \$5,000 installments every three years with a final payment due October, 2036; recorded at net present value of the remaining payments assuming a 9% interest rate. \$ 5,477

City of Moore, Oklahoma  
Notes to Basic Financial Statements  
June 30, 2012

**NOTE 2 - DETAILED NOTES CONCERNING THE FUNDS POLICIES - Continued**

**E. LONG-TERM DEBT - Continued**

***Changes in Long-term Debt***

The following is a summary of changes in long-term debt for the year ended June 30, 2012:

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>	Amounts Due Within <u>One Year</u>
<b>Governmental activities</b>					
General Long-term debt:					
General Obligation Bonds	\$ 16,925,000	-	2,000,000	14,925,000	2,000,000
MEDA Notes Payable	21,694,283	-	4,515,859	17,178,424	1,984,584
Judgments Payable	897,246	102,304	444,689	554,861	442,472
Total governmental activities	<u>39,516,529</u>	<u>102,304</u>	<u>6,960,548</u>	<u>32,658,285</u>	<u>4,427,056</u>
<b>Business-type activities</b>					
Proprietary Fund Debt:					
Notes Payable	14,312,421	25,137,144	746,155	38,703,410	197,174
Structured Settlements Payable	7,986	-	2,509	5,477	1,496
Total business-type activities	<u>\$ 14,320,407</u>	<u>25,137,144</u>	<u>748,664</u>	<u>38,708,887</u>	<u>198,670</u>

***Annual Debt Service Requirements***

The annual debt service requirements to maturity, including principal and interest, for long-term debt, with interest rates applicable at June 30, 2012 are as follows:

Year Ending <u>June 30,</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 5,352,058	1,121,304	198,670	995,357
2014	2,671,632	1,006,792	2,029,675	978,010
2015	2,651,926	919,810	2,029,675	925,478
2016	2,643,317	826,819	2,030,830	872,947
2017	2,669,860	726,525	2,029,675	820,415
2018-2022	7,787,110	2,362,444	10,149,954	3,314,105
2023-2027	4,635,948	1,352,856	9,245,406	2,053,564
2028-2032	4,246,434	344,982	9,162,502	879,600
2033-2037	-	-	1,832,500	35,184
Totals	<u>\$ 32,658,285</u>	<u>8,661,532</u>	<u>38,708,887</u>	<u>10,874,660</u>

**City of Moore, Oklahoma**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

**NOTE 2 - DETAILED NOTES CONCERNING THE FUNDS POLICIES - Continued**

**E. LONG-TERM DEBT - Continued**

***Pledge of Future Revenues***

Sales Tax Pledge - The City has pledged three cents ( or 86%) of future sales tax revenues to repay \$33,700,000 of the Series 2005, 2007, 2009 Moore Economic Development Authority Revenue Notes which are payable through 2031. Proceeds from the notes provided financing for construction of designated capital improvements. The total principal and interest payable for the remainder of the life of the notes is \$23,985,578. Pledged sales taxes received in the current year was \$21,314,381. Debt service payments on the 2005, 2007 and 2009 Revenue Notes of \$4,856,216 for the current fiscal year were 23% of pledged sales tax. Other sources of revenues such as water and sewer are also pledged.

Utility Revenue Pledge - The City has also pledged future net water, sewer and sanitation revenues to repay \$46,780,982 of 2009 and 2010 Oklahoma Water Resource Board notes which are payable through 2033. Proceeds from the notes provided funding for utility system capital assets. The total principal and interest payable for the remainder of the life of the notes is \$56,365,563. The notes are payable from the above mentioned utility net revenues and are additionally secured with three cents (or 86%) of future sales tax revenues. If the net utility revenues are sufficient to service the debt, the pledged sales tax revenues are transferred back to the General Fund. The total pledged sales taxes for the current year of \$21,314,381 was returned to the General Fund. The debt service payments on the notes this year were \$1,710,050 which was 27% of pledged net utility revenues of \$6,263,057 and 6% of both pledged utility revenues and pledged sales taxes.

**F. DEPOSITS SUBJECT TO REFUND**

Utility customers are required to make a meter deposit, which is refunded upon the customer's termination of services, provided there are no outstanding bills. Monies are deposited in separate accounts, and a liability has been recorded to represent the amount of deposits due to customers. As of June 30, 2012, cash and investments included \$989,000 available for refund of customer deposits, while the liability to customers was \$969,409.

Appearance bonds and other payments made to the municipal court funds are held until final disposition by the court at which time they are refunded to the bondholder or paid over to the City general fund as fines. As of June 30, 2012, \$150,245 was being held that was subject to refund.

**G. DEBT ISSUANCE COSTS**

Debt issuance costs of \$915,214 in governmental activities and \$271,308 in business-type activities have been capitalized on revenue notes and general obligation bonds, and are being amortized on the straight-line basis over the term of the relevant debt issues. During the year ended June 30, 2012, \$126,400 in debt issuance costs in governmental activities and \$21,572 in business-type activities were amortized, leaving an unamortized balance of \$440,003 in governmental activities and \$165,077 in business-type activities.

City of Moore, Oklahoma  
Notes to Basic Financial Statements  
June 30, 2012

**NOTE 2 - DETAILED NOTES CONCERNING THE FUNDS POLICIES - Continued**

**H. COMPENSATED ABSENCES**

Compensated absences of the City of Moore as of June 30, 2012, are as summarized as follows:

Governmental activities -	
Current portion	\$ 936,203
Non-current portion	2,808,607
Business-type activities -	
Current portion	22,348
Non-current portion	67,044
	<hr/>
Total compensated absences	\$ <span style="color: green;">■</span> 3,744,810

**I. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

Interfund transactions:

Transfers <u>Out</u>	Transfers In					Total Transfers <u>Out</u>
	General <u>Fund</u>	MEDA <u>Fund</u>	Nonmajor Governmental <u>Funds</u>	Enterprise <u>Funds</u>	Internal Service <u>Fund</u>	
General Fund	\$ -	4,726,011	-	21,314,381	-	26,040,392
Debt Service Fund	6,706	-	-	-	444,689	451,395
Enterprise Funds	26,627,080	-	443,001	-	1,700,000	28,770,081
Total Transfers In	\$ 26,633,786	4,726,011	443,001	21,314,381	2,144,689	55,261,868



**City of Moore, Oklahoma**  
**Notes to Basic Financial Statements**  
***June 30, 2012***

**NOTE 3 - OTHER INFORMATION**

**A. RISK MANAGEMENT**

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

- General Liability - Covered through self-insurance. City retains risk of loss for first \$250,000 of damages per occurrence. Stop loss insurance carried up to a maximum aggregate of \$3,000,000 per occurrence for excess public officials and employment practices liability.
- Physical Property - Covered through purchased insurance with a \$5,000 deductible for the water plant and a \$10,000 for all other physical property, per occurrence. Wind and hail damage carries a \$50,000 deductible.
- Workers' Compensation - Workers' compensation is covered through self-insurance with claims processed through a third party administrator. The City carries stop-loss insurance with a self-insured retention of \$400,000 for police and fire employees and \$350,000 for all other employees.
- 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 \$75,000 during the year, after \$36,500 aggregate specific.

The City administers the claims process on all types of coverage with the Moore Risk Management Program Manager monitoring reserves. All settlements are approved by the Moore Risk Management Board and the MPWA Trustees. All activity is accounted for within the MPWA Risk Management Internal Service Fund. Management believes the insurance coverage listed above is sufficient to preclude any significant uninsured losses to the City.

City of Moore, Oklahoma  
Notes to Basic Financial Statements  
June 30, 2012

**NOTE 3 - OTHER INFORMATION - Continued**

**A. RISK MANAGEMENT - Continued**

***Claims Liability Analysis***

The claims liabilities related to the above noted risks of loss that are retained are to be determined in accordance with 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 possible 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 MPWA Risk Management Fund, changes in the claims liability for the City from July 1, 2009 to June 30, 2012, are as follows:

	Workers'	Health	General	
	Compensation	Care	Liability	Total
Claims liability, June 30, 2009	\$ 1,002,000	364,000	383,000	1,749,000
Claims incurred and change in estimate	76,611	3,508,209	(26,286)	3,558,534
Claim payments	203,611	3,478,209	31,714	3,713,534
Claims liability, June 30, 2010	875,000	394,000	325,000	1,594,000
Claims incurred and change in estimate	179,773	3,594,220	(57,008)	3,716,985
Claim payments	28,773	3,460,220	2,992	3,491,985
Claims liability, June 30, 2011	1,026,000	528,000	265,000	1,819,000
Claims incurred and change in estimate	584,799	4,212,608	(32,527)	4,764,880
Claim payments	344,799	4,223,608	95,473	4,663,880
Claims liability, June 30, 2012	\$ 1,266,000	517,000	137,000	1,920,000

An amount has been recorded for the liability for incurred but not reported claims at June 30, 2012. These amounts were obtained from actuarial calculations performed by an outside actuarial service.

Assets available to pay all claims at June 30, 2012 were \$1,617,569. (See Note 3.B. regarding pending litigation related to the Risk management Program.)

**City of Moore, Oklahoma**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

**NOTE 3 - OTHER INFORMATION - Continued**

**B. CONTINGENT LIABILITIES**

***General Litigation***

The City and Public Works Authority are parties 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 self-insurance reserves maintained by the City and the State statute relating to judgments, the City feels that any settlement or judgment not covered by insurance reserves would not have a material adverse effect on the financial condition of the City.

***Grant Program Involvement***

In the normal course of operations, the City participates in various federal and state grant/loan programs from year to year. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. Any liability of 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.

***Moore Risk Management Program - Health Provider Credit***

The Risk Management Program contracts with a third party through Integris Health to price health claims on behalf of the program. The third party fee for service is not included in the financial statements of the Moore Risk Management Fund. Due to changes in the program several years ago, the City has a credit with Integris Health from which the annual fee is deducted. The balance of the credit at June 30, 2012, is uncertain but estimated to be approximately \$46,916. The City is also uncertain as to the amount of time Integris will honor the credit. Sufficient information is presently unavailable from Integris as to the actual amount and use of the credit. As a result, this credit and transactions related to its use are not reflected in the financial statements.

City of Moore, Oklahoma  
Notes to Basic Financial Statements  
June 30, 2012

NOTE 3. OTHER INFORMATION - Continued

C. COMMITMENTS

*Privatization of Public Works Authority Services*

On December 10, 1993, the City through the MPWA entered into an agreement with Veolia Water to manage, operate and maintain the wastewater treatment plant, water facilities, sanitation services and other Public Works services as directed by the City/MPWA. All facilities managed by Veolia Water remain the property of the City of Moore. On September 2, 1997, the City amended the contract to include the maintenance, operation and management of the waste water treatment plant and water facilities only.

MPWA pays an annual contract fee for all Veolia Water services. This fee includes maintenance and repairs of \$105,252. Any maintenance and repairs incurred over this amount are reimbursed by MPWA. The annual fee is paid in monthly installments and is adjusted each contract year based upon the consumer price index for urban consumers. For the year ended June 30, 2012, MPWA paid \$2,489,038 for the annual fee and \$1,349,161 in maintenance and repair costs.

*Wastewater Treatment Facility Construction*

MPWA is in the process of constructing a new wastewater treatment facility. Phase I has been completed and placed in service May 3, 2010. Design plans for Phase II have been prepared and construction began September, 2010 at a contracted cost of \$45,397,646. Phase II of the project has an estimated completion date of November, 2012. The funding for the project will be financing from the Oklahoma Water Resource Board with a repayment schedule of approximately twenty years.

*Sales Tax Rebate Agreement*

On December 18, 2007, the City entered into a sales tax rebate agreement with a developer as an incentive to have the developer construct a retail shopping center. The rebate of a portion of the sales tax from the retail stores in the development area is based on a calculation set forth in the agreement. As of June 30, 2012 the City has paid the contract amount of \$3,811,051.

On February 8, 2010, the City entered into a sales tax rebate agreement with Target as an incentive to have the developer construct a retail shopping center. The rebate of a portion of the sales tax from the retail stores in the development area is based on a calculation set forth in the agreement. The rebate of sales tax will continue until the earlier of either the total of the rebates equals the net present value of \$1,535,000 or the date of April 20, 2016. The City has paid and accrued cumulative rebates of \$370,494 as of June 30, 2012.

On March 7, 2011, the City entered into a sales tax rebate agreement with Oklahoma Warren Theatres, LLC. This agreement includes the construction of an IMAX theatre, luxury suites and a restaurant. The rebate of sales tax will continue until the earlier of either the total of the rebates equals the net present value of \$2,000,000 or the date of December 31, 2019. The City has paid and accrued cumulative rebates of \$56,786 as of June 30, 2012.

**City of Moore, Oklahoma**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

**NOTE 3. OTHER INFORMATION - Continued**

**C. COMMITMENTS - Continued**

***Sales Tax Rebate Agreement - Continued***

On March 5, 2012, the City entered into a sales tax rebate agreement with Dick's Sporting Goods, Inc. as an incentive to have the developer construct a retail shopping center. The rebate of a portion of the sales tax from the retail stores in the development area is based on a calculation set forth in the agreement. The rebate of sales tax will begin after completion of the construction of the store which is anticipated to open in the Fall of 2012. The maximum amount of the sales tax rebate is \$1,000,000 payable in equal annual installments over the next five years.

The City recognizes and accrues the liability at the time of occurrence. As of June 30, 2012, the City has rebates received but unpaid at June 30, 2012 in the amount of \$160,282.

**D. 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, 2012, the City did not have deficits in any funds.

**E. EMPLOYEE RETIREMENT SYSTEMS AND PLANS**

The City of Moore participates in the Oklahoma State Police Pension and Retirement System and the Oklahoma State Firefighters' Pension and Retirement System, both of which are cost sharing multiple-employer defined benefit plans administered by the State of Oklahoma. Additionally, for other City employees not covered by the other plans, the City maintains the City of Moore Deferred Compensation Plan, an eligible deferred compensation plan within the meaning of Section 457(b) of the Internal Revenue Code.

***Oklahoma Police Pension and Retirement Plan***

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

City of Moore, Oklahoma  
Notes to Basic Financial Statements  
June 30, 2012

**NOTE 3. OTHER INFORMATION - Continued**

**E. EMPLOYEE RETIREMENT SYSTEMS AND PLANS - Continued**

***Oklahoma Police Pension and Retirement Plan - Continued***

The required contributions from the City for the OPPRS plan are as follows:

<u>Fiscal Year</u>		<u>Required Contribution</u>	<u>Amount Contributed</u>
2012	\$	782,224	782,224
2011		779,994	779,994
2010		765,642	765,642

***Oklahoma Firefighters' Pension and Retirement Plan***

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

The required contributions from the City for the OFPRS plan are as follows:

<u>Fiscal Year</u>		<u>Required Contribution</u>	<u>Amount Contributed</u>
2012	\$	801,838	801,838
2011		757,527	757,527
2010		730,358	730,358

***City of Moore Deferred Compensation Plan***

City employees may participate in a deferred compensation plan created in accordance with Internal Revenue Code Section 457(b). Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not available to employees until termination, retirement, death or in case of an unforeseeable emergency.

**City of Moore, Oklahoma**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

**NOTE 3. OTHER INFORMATION - Continued**

**E. EMPLOYEE RETIREMENT SYSTEMS AND PLANS - Continued**

***City of Moore Deferred Compensation Plan - Continued***

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income that is attributable to those amounts, property or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the City (without being restricted to the provisions of benefits under the plan), subject only to the claims of the City's general creditors. Participants' rights under the plan are equal to those of general creditors of the City in an amount equal to the fair market value of the deferred account for each participant.

It is the City's opinion that it has no liability for losses under the plan but does have the duty of due care that would be required on an ordinary prudent investor. The City believes that it is unlikely that it will use the assets of the plan to satisfy the claims of general creditors in the future.

An expendable trust fund is established to account for these deferred amounts as prescribed by GASB Statement No. 32 "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans". As of June 30, 2012, the market value of the amount on deposit with the plan was \$10,157,134.

**F. PROPERTY TAXES**

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 annually 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 the property in the following October. The City recognizes the tax in the year it is collected, which is not considered to be materially different from the year earned. For years ended June 30, 2012 and 2011, the City's net assessed valuation of taxable real and personal property aggregated \$341,968,097 and \$329,987,536 while the property taxes levied per \$1,000 of net assessed valuation were \$7.43 and \$10.23, respectively.

**G. POST-EMPLOYMENT HEALTHCARE PLAN**

Plan Description - The City sponsors Medical, Rx, and Dental insurance to qualifying retirees. 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 Firefighters' Pension and Retirement Systems, or the City of Moore Retirement Plan. Retirees may continue coverage with the City 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 Risk Management Fund.

City of Moore, Oklahoma  
Notes to Basic Financial Statements  
June 30, 2012

**NOTE 3. OTHER INFORMATION - Continued**

**G. POST-EMPLOYMENT HEALTHCARE PLAN- Continued**

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 2012, the actuarially expected City contribution in the form of net age adjustment was \$2,457,428 to the Plan. Plan members receiving benefits contributed total premiums of \$861,976 for employees and \$245,102 for retirees, through their payment of the full determined premium in FY 2012.

Annual OPEB Cost and Net OPEB Obligation - The City's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period of thirty years. The following table shows the components of the City's annual OPEB cost, the amount actually contributed to the plan, and changes in the City's net OPEB obligation for the year ended June 30, 2012:

Amortization of Acturial Accrued Liabilities (AAL)	\$ 2,457,428
Normal Cost	-
Interest on Net OPEB Obligations	172,509
Amortization of Net OPEB Obligations	(235,347)
Annual OPEB cost (expense)	<u>2,394,590</u>
Expected net benefits during the year	(281,985)
Increase in net OPEB Obligation	<u>2,112,605</u>
Net OPEB Obligation - Beginning of year	<u>3,833,542</u>
Net OPEB Obligation - End of year	<u><u>\$ 5,946,147</u></u>

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
06/30/12	\$ 2,394,590	11.8%	\$ 5,946,147
06/30/11	1,774,333	14.6%	3,833,542
06/30/10	1,364,224	15.7%	2,317,911



City of Moore, Oklahoma  
Notes to Basic Financial Statements  
June 30, 2012

**NOTE 3. OTHER INFORMATION - Continued**

**G. POST-EMPLOYMENT HEALTHCARE PLAN - Continued**

Funded Status and Funding Progress - As of July 1, 2011, the most recent actuarial valuation date, the Plan was not funded. The actuarial accrued liability (AAL) for benefits was \$20,170,516, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$20,170,516. The covered payroll (annual payroll of active employees covered by the Plan) was \$15.6 million, and the ratio of the UAAL to the covered payroll was 129.2 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 healthcare cost trends. 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 report 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 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, 2011 actuarial valuation, the Projected Unit Credit actuarial cost method was used. The actuarial assumptions included a 4.5% 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 9 percent initially, reduce by decrements to an ultimate rate of 4.5 percent in 2019. The UAAL is being amortized over 30 years based on a level dollar basis. The remaining amortization period at July 1, 2012 was 28 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.

**City of Moore, Oklahoma**  
**Notes to Basic Financial Statements**  
***June 30, 2012***

**NOTE 4. SUBSEQUENT EVENTS**

**Debt Maturities -**

The City of Moore 2003 General Obligation Bonds issued in the total amount of \$7,870,000 with an annual debt service payment of \$1,036,000 had a final payment on July 1, 2012.

The Moore Economic Development Authority 2005 Revenue Notes issued in the amount of \$3,300,000 with an annual debt service payment of \$579,620 had a final payment on September 1, 2012.

Management has evaluated subsequent events through August 18, 2012, which is the date the financial statements were available to be issued.

## **REQUIRED SUPPLEMENTARY INFORMATION**

City of Moore, Oklahoma  
General Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual  
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes				
Sales tax	\$ 21,795,000	21,795,000	21,495,430	(299,570)
Use tax	600,000	600,000	594,550	(5,450)
Franchise tax	2,685,000	2,685,000	2,793,762	108,762
Other tax	300,000	300,000	360,439	60,439
Intergovernmental	690,000	690,000	836,304	146,304
Licenses and permits	205,000	205,000	317,259	112,259
Charge for services	92,170	92,170	119,969	27,799
Fines and forfeitures	1,518,000	1,518,000	1,328,758	(189,242)
Investment revenue	30,000	30,000	28,800	(1,200)
Miscellaneous	355,025	355,025	472,940	117,915
Total revenues	<u>28,270,195</u>	<u>28,270,195</u>	<u>28,348,211</u>	<u>78,016</u>
<b>EXPENDITURES</b>				
General government	4,521,534	4,771,534	4,565,396	206,138
Managerial	586,141	586,141	582,307	3,834
City attorney	369,790	369,790	363,266	6,524
Central purchasing	3,963	3,963	-	3,963
Finance	1,068,152	1,068,152	1,066,752	1,400
Information services	271,037	271,037	252,899	18,138
Municipal court	485,639	535,639	529,424	6,215
Police	8,876,116	8,719,116	8,702,246	16,870
Communications	841,588	808,588	796,105	12,483
Emergency management	165,977	165,977	159,695	6,282
Fire	7,379,928	7,699,928	7,688,346	11,582
Public works administration	2,011,439	2,506,439	2,205,609	300,830
Animal adoption center	372,712	447,712	441,397	6,315
Fleet maintenance	582,846	572,846	493,316	79,530
Building maintenance	337,886	337,886	336,690	1,196
Planning	450,057	450,057	411,678	38,379
Inspections	431,128	431,128	391,508	39,620
Code enforcement	293,007	293,007	237,528	55,479
Parks and recreation	512,739	512,739	489,564	23,175
Brand senior citizens center	112,685	127,685	126,597	1,088
Swimming pool	105,110	105,110	100,273	4,837
Parks and recreation activities	105,227	85,227	78,070	7,157
Park and cemetery maintenance	641,127	651,127	622,323	28,804
Library	164,829	154,829	144,030	10,799
Moore/Smith cemetery	85,000	85,000	80,592	4,408
Wyndermere special	196,072	196,075	195,954	121
Total expenditures	<u>30,971,729</u>	<u>31,956,732</u>	<u>31,061,565</u>	<u>895,167</u>
Excess (deficiency) of revenues over (under) expenditures	(2,701,534)	(3,686,537)	(2,713,354)	973,183
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers	1,351,325	1,351,325	2,811,291	1,459,966
Net change in fund balances	(1,350,209)	(2,335,212)	97,937	2,433,149
Fund balances - beginning	1,350,209	2,335,212	418,948	(1,916,264)
Fund balances - ending	<u>\$ -</u>	<u>-</u>	<u>516,885</u>	<u>516,885</u>

See accompanying notes to financial statements.

City of Moore, Oklahoma  
Moore Economic Development Authority  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual  
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Loan proceeds	\$ 14,926,300	14,926,300		(14,926,300)
Investment revenue	10,000	10,000	265	(9,735)
Miscellaneous	200	200	4,874	4,674
Total revenues	<u>14,936,500</u>	<u>14,936,500</u>	<u>5,139</u>	<u>(14,931,361)</u>
<b>EXPENDITURES</b>				
Public Safety	17,910,445	17,910,445	6,079,531	11,830,914
Community development	313,496	313,496	1,308,565	(995,069)
Total expenditures	<u>18,223,941</u>	<u>18,223,941</u>	<u>7,388,096</u>	<u>10,835,845</u>
Excess (deficiency) of revenues over (under) expenditures	(3,287,441)	(3,287,441)	(7,382,957)	(4,095,516)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers	<u>2,491,374</u>	<u>2,491,374</u>	<u>4,726,011</u>	<u>2,234,637</u>
Net change in fund balances	(796,067)	(796,067)	(2,656,946)	(1,860,879)
Fund balances - beginning	15,831,920	15,831,920	15,831,920	-
Fund balances - ending	<u>\$ 15,035,853</u>	<u>15,035,853</u>	<u>13,174,974</u>	<u>(1,860,879)</u>

See accompanying notes to financial statements.

City of Moore, Oklahoma  
Debt Service Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual  
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ 3,981,589	3,981,589	3,351,025	(630,564)
Investment revenue	30,000	30,000	6,706	(23,294)
Total revenues	<u>4,011,589</u>	<u>4,011,589</u>	<u>3,357,731</u>	<u>(653,858)</u>
<b>EXPENDITURES</b>				
Debt service	4,088,900	4,088,900	4,088,150	750
Total expenditures	<u>4,088,900</u>	<u>4,088,900</u>	<u>4,088,150</u>	<u>750</u>
Excess (deficiency) of revenues over (under) expenditures	(77,311)	(77,311)	(730,419)	(653,108)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers	<u>(474,689)</u>	<u>(474,689)</u>	<u>(451,395)</u>	<u>23,294</u>
Net change in fund balances	(552,000)	(552,000)	(1,181,814)	(629,814)
Fund balances - beginning	4,945,124	4,945,124	4,945,124	-
Fund balances - ending	<u>\$ 4,393,124</u>	<u>4,393,124</u>	<u>3,763,310</u>	<u>(629,814)</u>

See accompanying notes to financial statements.

City of Moore, Oklahoma  
Moore Public Works Authority  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual  
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Charge for services	\$ 16,646,000	16,646,000	17,058,120	412,120
Investment revenue	27,000	27,000	25,395	(1,605)
Loan proceeds	35,200,000	51,173,000	25,855,920	(25,317,080)
Miscellaneous	39,527	87,248	11,810,062	11,722,814
Total revenues	<u>51,912,527</u>	<u>67,933,248</u>	<u>54,749,497</u>	<u>(13,183,751)</u>
<b>EXPENDITURES</b>				
General government	45,010,439	63,821,268	35,437,869	28,383,399
Sanitation	1,410,110	1,637,110	1,328,024	309,086
Total expenditures	<u>46,420,549</u>	<u>65,458,378</u>	<u>36,765,893</u>	<u>28,692,485</u>
Excess (deficiency) of revenues over (under) expenditures	5,491,978	2,474,870	17,983,604	15,508,734
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers	<u>(5,512,699)</u>	<u>(5,512,699)</u>	<u>(7,455,700)</u>	<u>(1,943,001)</u>
Net change in fund balances	(20,721)	(3,037,829)	10,527,904	13,565,733
Fund balances - beginning	3,899,754	3,879,033	2,565,837	(1,313,196)
Fund balances - ending	<u>\$ 3,879,033</u>	<u>841,204</u>	<u>13,093,741</u>	<u>12,252,537</u>

See accompanying notes to financial statements.

City of Moore, Oklahoma  
Risk Management  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual  
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		Actual Amounts Budgetary <u>Basis</u>	Variance With Final Budget Over <u>(Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Charge for services	\$ 3,959,854	3,959,854	4,499,128	539,274
Investment revenue	2,000	2,000	3,007	1,007
Miscellaneous	104,279	104,279	47,096	(57,183)
Total revenues	<u>4,066,133</u>	<u>4,066,133</u>	<u>4,549,231</u>	<u>483,098</u>
<b>EXPENDITURES</b>				
Personal services	354,006	354,006	364,469	(10,463)
Maintenance, operations, and contractual services	-	-	-	-
Material and supplies	2,440	2,440	1,371	1,069
Insurance claims and expenses	5,854,375	5,898,130	5,658,936	239,194
Capital Outlay	-	-	-	-
Total expenditures	<u>6,210,821</u>	<u>6,254,576</u>	<u>6,024,776</u>	<u>229,800</u>
Excess (deficiency) of revenues over (under) expenditures	(2,144,688)	(2,188,443)	(1,475,545)	712,898
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers	<u>2,144,688</u>	<u>2,144,688</u>	<u>2,144,688</u>	<u>-</u>
Net change in fund balances	-	(43,755)	669,143	712,898
Fund balances - beginning	218,031	218,031	218,031	-
Fund balances - ending	<u>\$ 218,031</u>	<u>174,276</u>	<u>887,174</u>	<u>712,898</u>

See accompanying notes to financial statements.



City of Moore, Oklahoma  
Notes to Required Supplemental Information  
*For the Year Ended June 30, 2012*

**BUDGETARY INFORMATION**

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

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

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

**City of Moore, Oklahoma**  
**OPEB Actuarial Valuation Funding Schedules**  
***For the Year Ended June 30, 2012***

The funded status and funding progress of the City's defined benefit OPEB plan for the last three years is as follows:

	<u>July 1, 2009</u>	<u>July 1, 2010</u>	<u>July 1, 2011</u>
Actuarial accrued liability - AAL (a)	\$ 11,241,140	14,626,707	20,170,516
Actuarial value of plan assets (b)	-	-	-
Unfunded actuarial accrued liability --			
UAAL (funding excess) (a) - (b)	\$ 11,241,140	14,626,707	20,170,516
Funded ratio (b) / (a)	0.0%	0.0%	0%
Covered payroll (c)	\$ 12,780,906	15,007,287	15,607,578
UAAL (funding excess) as a % of covered payroll [UAAL / (c)]	88.0%	97.5%	129.2%

## **OTHER SUPPLEMENTARY INFORMATION**

City of Moore, Oklahoma  
Nonmajor Governmental Funds  
Combining Balance Sheet  
*June 30, 2012*

	Special Revenue <u>Special</u> Revenue <u>Funds</u>	Permanent <u>Cemetery</u> Perpetual <u>Care</u>	Capital <u>Projects</u> Street 1/2 Cent <u>Sales Tax</u>	Total Nonmajor Governmental <u>Funds</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ (5,250)	8,066	956,375	959,191
Investments	1,491,000	-	248,000	1,739,000
Receivables, net	32,156	-	-	32,156
Receivables from other governments	-	-	314,512	314,512
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL	<u>1,517,906</u>	<u>8,066</u>	<u>1,518,887</u>	<u>3,044,859</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	10,000	-	-	10,000
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities	10,000	-	-	10,000
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Fund balances:				
Reserved for:				
Capital improvements	-	-	1,518,887	1,518,887
For other purposes	1,507,906	8,066	-	1,515,972
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Fund Balances	1,507,906	8,066	1,518,887	3,034,859
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL	<u>\$ 1,517,906</u>	<u>8,066</u>	<u>1,518,887</u>	<u>3,044,859</u>

See accompanying notes to the basic financial statement.

City of Moore, Oklahoma  
Nonmajor Governmental Funds  
Statement of Revenues, Expenses and Changes in Fund Net Assets  
For the Year Ended June 30, 2012

	<u>Special Revenue</u>	<u>Permanent</u>	<u>Capital</u>	<u>Total</u>
	Special	Cemetery	Projects	Nonmajor
	Revenue	Perpetual	Street 1/2 Cent	Governmental
	<u>Funds</u>	<u>Care</u>	<u>Sales Tax</u>	<u>Funds</u>
<b>REVENUES</b>				
Taxes	\$ 502,502	-	3,582,572	4,085,074
Intergovernmental	716,118	-	-	716,118
Licenses and permits	19,539	-	-	19,539
Charge for services	-	13,229	-	13,229
Interest	8,200	-	5,628	13,828
Miscellaneous	104,397	-	-	104,397
Proceeds from debt issuance	-	-	-	-
Total revenues	<u>1,350,756</u>	<u>13,229</u>	<u>3,588,200</u>	<u>4,952,185</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	131,726	-	-	131,726
Streets	327,940	-	2,771,422	3,099,362
Culture and recreational	15,608	64,099	-	79,707
Community development	901,163	-	-	901,163
Capital outlay	-	-	-	-
Total expenditures	<u>1,376,437</u>	<u>64,099</u>	<u>2,771,422</u>	<u>4,211,958</u>
Excess (deficiency) of revenues over expenditures	<u>(25,681)</u>	<u>(50,870)</u>	<u>816,778</u>	<u>740,227</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	443,001	-	-	443,001
Transfers out	-	-	-	-
Total other financing sources and uses	<u>443,001</u>	<u>-</u>	<u>-</u>	<u>443,001</u>
Net change in fund balances	417,320	(50,870)	816,778	1,183,228
Fund balances-beginning	1,090,586	58,936	702,109	1,851,631
Fund balances-ending	<u>\$ 1,507,906</u>	<u>8,066</u>	<u>1,518,887</u>	<u>3,034,859</u>

See accompanying notes to the basic financial statement.

## **STATISTICAL SECTION**

City of Moore, Oklahoma  
General Governmental Expenditures by Function  
*Last Ten Fiscal Years*

Fiscal Year	General Government	Public Safety	Streets	Public Works	Culture & Recreation	Community Development	Debt Service	Total
2011-12	\$ 4,612,723	20,523,549	6,163,814	3,035,615	1,917,110	1,941,878	7,995,114	46,189,803
2010-11	4,459,664	22,048,504	5,066,274	4,072,063	1,748,320	2,592,390	6,795,333	46,782,548
2009-10	3,981,058	24,428,550	1,384,743	4,825,618	1,363,175	1,901,430	5,954,990	43,839,564
2008-09	5,135,081	16,121,287	3,365,180	1,108,727	1,627,435	5,398,905	6,339,424	39,096,039
2007-08	5,263,788	14,127,569	3,685,829	1,127,403	1,901,216	4,832,966	5,027,933	35,966,704
2006-07	3,310,457	12,743,216	4,766,394	246,951	2,023,890	1,635,229	2,014,225	26,740,362
2005-06	2,573,927	12,149,390	4,876,973	865,028	1,853,505	1,533,176	1,947,285	25,799,284
2004-05	2,459,258	11,609,134	4,800,439	697,088	1,972,973	1,074,762	1,459,693	24,073,347
2003-04	2,448,271	10,636,141	4,569,997	1,210,915	907,751	1,795,604	1,064,618	22,633,297
2002-03	2,713,306	10,481,507	1,594,154	1,140,710	956,224	1,317,845	1,706,555	19,910,301

**City of Moore, Oklahoma**  
**General 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>
2011-12	\$ 32,680,281	1,552,422	336,798	133,198	1,328,758	58,325	582,211	36,671,993
2010-11	31,877,193	1,986,225	332,003	294,787	1,531,732	65,094	404,928	36,491,962
2009-10	29,523,775	1,199,115	305,683	189,607	1,572,460	86,752	430,303	33,307,695
2008-09	27,843,448	1,194,204	292,896	140,188	1,581,093	176,795	429,536	31,658,160
2007-08	25,783,364	1,410,969	354,903	120,882	1,637,630	418,188	549,358	30,275,294
2006-07	21,604,423	1,018,601	440,279	98,316	1,357,366	441,633	1,138,852	26,099,470
2005-06	19,731,199	1,189,872	550,847	118,059	1,178,058	347,008	548,320	23,663,363
2004-05	17,711,771	1,558,992	476,166	139,667	1,049,775	235,539	400,375	21,572,285
2003-04	17,568,982	1,360,140	471,379	124,695	1,069,497	98,383	451,620	21,144,696
2002-03	14,435,218	1,909,100	388,318	103,798	1,145,879	89,182	452,533	18,524,028



City of Moore, Oklahoma  
Property Tax Levies and Collections  
*Last Ten Fiscal Years*

Fiscal Year	Total Tax Levy	Current Tax Collections and Adjustments	Percent of Current Taxes Collected
2011-12	\$ 3,375,415	3,351,025	99.28%
2010-11	4,229,686	4,305,008	101.78%
2009-10	3,154,797	3,124,966	99.05%
2008-09	1,889,552	1,880,998	99.55%
2007-08	1,977,696	1,985,186	100.38%
2006-07	2,043,924	2,018,939	98.78%
2005-06	2,187,819	2,135,679	97.62%
2004-05	2,254,618	2,229,734	98.90%
2003-04	2,509,857	2,597,836	103.51%
2002-03	929,659	926,972	99.71%

**City of Moore, Oklahoma**  
**Assessed Value of Taxable Property**  
*Last Ten Fiscal Years*

Fiscal Year	Real Property	Personal Property	Public Service Property	Homestead Exemption	Total Actual		Ratio of Total Assessed Value to Total Estimated Actual Value
					Assessed Value	Estimated Actual Value	
2012	320,289,735	24,344,522	10,678,424	13,344,584	341,968,097	2,849,734,142	12%
2011	311,129,395	20,693,247	11,368,615	13,203,721	329,987,536	2,749,896,133	12%
2010	298,541,732	22,175,312	10,488,183	12,761,653	318,443,574	2,653,696,450	12%
2009	283,949,448	20,534,706	9,657,283	11,978,511	302,162,926	2,518,024,383	12%
2008	260,396,812	17,355,935	9,939,380	11,476,843	276,215,284	2,301,794,033	12%
2007	234,053,815	15,284,972	10,151,227	11,116,930	248,373,084	2,069,775,700	12%
2006	212,143,838	13,335,903	10,578,813	10,691,600	225,366,954	1,878,057,950	12%
2005	188,190,985	11,349,974	10,676,621	9,266,766	200,950,814	1,674,590,117	12%
2004	163,962,969	10,580,435	9,416,252	8,975,632	174,984,024	1,458,200,200	12%
2003	130,688,641	9,377,804	8,593,015	8,693,517	139,965,943	1,166,382,858	12%

City of Moore, Oklahoma  
Property Tax Rates- All Overlapping Governments  
(Per \$1,000 of Assessed Value)  
*Last Ten Years*

<u>Year</u>	<u>City Sinking Fund</u>	<u>Cleveland County</u>	<u>Moore Schools</u>	<u>Total Moore Resident</u>
2012	7.43	23.07 *	80.62 *	111.12
2011	13.68	23.07	80.62	117.37
2010	10.44	23.07	82.24	115.75
2009	6.84	23.07	81.49	111.40
2008	7.96	23.07	82.57	113.60
2007	9.07	21.07	74.90	105.04
2006	10.89	16.96	76.21	104.06
2005	16.85	16.97	76.55	110.37
2004	6.25	21.17	72.74	100.16
2003	7.66	21.21	71.07	99.94

The Moore School district's tax rate (mill levy) includes an amount for the area technical/vocational school.

\*Estimated

City of Moore, Oklahoma  
Computation of Legal Debt Margin  
June 30, 2012

Net assessed valuation	\$ 329,987,536
Debt limit (a)	32,998,754
Applicable bonds outstanding	-
Legal debt margin	\$ 32,998,754

(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 Moore, Oklahoma  
Ratio of Net 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>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
2011-12	57,704	341,968,097	14,925,000	4.36%	259
2010-11	55,081	329,987,536	16,525,000	5.01%	300
2009-10	53,898	318,443,574	18,525,000	5.82%	354
2008-09	52,361	302,162,926	13,200,000	4.37%	252
2007-08	51,277	276,215,284	7,400,000	2.68%	144
2006-07	50,117	248,373,084	9,000,000	3.62%	180
2005-06	49,000	225,366,954	10,600,000	4.70%	216
2004-05	46,852	200,950,814	12,070,000	6.01%	258
2003-04	45,000	174,984,024	12,670,000	7.24%	282
2002-03	43,500	139,965,943	13,270,000	9.48%	305

(1) From table Demographics

(2) From table Assessed Value of Property

City of Moore, Oklahoma  
Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt  
to Total General Governmental Expenditures  
*Last Ten Fiscal Years*

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest (1)</u>	<u>Total Debt Service</u>	<u>Total General Governmental Expenditures (2)</u>	<u>Ratio of Debt Service to Government Expenditures</u>
2011-12	2,000,000	680,729	2,680,729	46,189,803	5.80%
2010-11	1,600,000	850,525	2,450,525	46,782,548	5.24%
2009-10	1,600,000	224,775	1,824,775	43,839,564	4.16%
2008-09	1,600,000	292,150	1,892,150	39,096,039	4.84%
2007-08	1,600,000	354,500	1,954,500	35,966,704	5.43%
2006-07	1,600,000	413,625	2,013,625	26,740,362	7.53%
2005-06	1,470,000	476,345	1,946,345	25,799,284	7.54%
2004-05	600,000	286,500	886,500	24,073,347	3.68%
2003-04	600,000	322,500	922,500	22,633,297	4.08%
2002-03	600,000	358,500	958,500	19,910,301	4.81%

(1) Excludes bond issuance and other costs

(2) Totals from General Governmental Expenditures by Function table

City of Moore, Oklahoma  
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>
2012	38,123,098	10,545,660	27,577,438	1,675,226	16.46
2011	36,964,609	8,543,165	28,421,444	1,675,226	16.97
2010	34,783,342	8,692,884	26,090,458	1,340,667	19.46
2009	33,259,597	9,313,844	23,945,753	1,340,667	17.86
2008	29,495,190	9,851,332	19,643,858	1,289,839	15.23
2007	28,545,949	7,945,110	20,600,839	1,612,299	12.78
2006	27,282,428	7,366,007	19,916,421	3,672,626	5.42
2005	25,515,709	7,642,879	17,872,830	3,427,595	5.21
2004	23,583,245	6,191,004	17,392,241	3,427,595	5.07
2003	22,671,040	4,540,415	18,130,625	9,005,416	2.01

**City of Moore, Oklahoma  
Demographic Statistics**

<u>Year</u>	<u>Estimated Population</u>	<u>Per Capita Income (1)</u>	<u>Moore Public School District Enrollment</u>	<u>Unemployment Rate as a Percentage(2)</u>
2012	57,704	38,190	22,568	4.7
2011	55,081	36,940	22,076	5.3
2010	53,898	35,830	22,794	6.8
2009	52,361	34,920	21,650	6.5
2008	51,277	33,720	21,140	3.9
2007	50,117	32,570	22,136	4.5
2006	49,000	31,460	21,100	4.1
2005	46,852	28,985	19,140	3.5
2004	45,000	26,800	18,221	2.9
2003	43,500	25,911	18,452	2.6

Source : City of Moore Community Development Department.

(1) Per capita income is Cleveland County portion of Oklahoma City Metro area.

(2) Unemployment rate provided by Cleveland County.



City of Moore, Oklahoma  
New Construction  
*Last Ten Fiscal Years*

Calendar Year	Commercial Construction		Residential Construction		Total New Construction
	Number of Units	Value	Number of Units	Value	
2011	20	\$ 29,714,436	233	\$ 38,019,773	\$ 67,734,209
2010	23	20,131,327	267	42,601,041	62,732,368
2009	24	25,676,782	343	54,402,763	80,079,545
2008	25	57,472,277	311	44,070,586	101,542,863
2007	27	23,274,880	463	63,258,762	86,533,642
2006	30	41,441,893	523	70,047,494	111,489,387
2005	29	18,395,556	700	93,982,683	112,378,239
2004	25	16,574,096	817	99,031,227	115,605,323
2003	20	41,271,500	744	82,039,103	123,310,603
2002	36	45,873,799	464	45,382,694	91,256,493

Based upon building permits issued by the City of Moore, Community Development Department. Values are estimated construction costs.

City of Moore, Oklahoma  
Miscellaneous Statistics  
June 30, 2012

Date of Incorporation	1893
Form of government	Council-manager
Square miles in city limits	22
Miles of streets	463.46 Lane miles

**Education**

Number of primary schools	23
Number of secondary schools	5
Number of high schools	3
Number of colleges	2

**Police Protection**

Number of officers	86
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**Fire Protection**

Number of stations	4
Number of personnel per shift	22

**Public Works**

Water storage capacity (millions of gallons)	7.5
Miles of water lines	223
Miles of sanitary sewer lines	218

Information obtained from various departments of the City of Moore.

City of Moore, Oklahoma  
Miscellaneous Statistics, Continued  
June 30, 2012

City Employees

Fiscal Year		Full Time Equivalents (1)
2011-12		292
2010-11	(2)	292
2009-10		312
2008-09		318
2007-08		300
2006-07		300
2005-06		299
2004-05		290
2003-04		284
2002-03		285

(1) FTE includes part-time and seasonal employees.

(2) Decrease in employee count is due to closing of the swimming pool.

**City of Moore, Oklahoma**  
**Miscellaneous Statistics, Continued**  
**June 30, 2012**

**City Water Usage (Gallons)**

<u>Fiscal Year</u>	<u>Billed Annual Usage</u>	<u>Average Daily Usage</u>
2011-12	1,989,656,166	5,451,113
2010-11	1,853,339,942	5,077,643
2009-10	1,788,269,213	4,899,367
2008-09	1,764,935,829	4,835,441
2007-08	1,641,242,785	4,496,556
2006-07	1,699,311,394	4,655,648
2005-06	1,722,634,209	4,719,546
2004-05	1,487,011,954	4,074,005
2003-04	1,577,667,000	4,322,375
2002-03	1,724,490,000	4,724,630

**CITY OF MOORE, OKLAHOMA  
SINGLE AUDIT SUPPLEMENT AND  
INDEPENDENT AUDITOR'S REPORTS  
ON COMPLIANCE AND INTERNAL CONTROL**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2012**

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## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Mayor and City Council Members  
City of Moore, Oklahoma

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Moore, Oklahoma, as of and for the year ended June 30, 2012, which collectively comprise the City of Moore's basic financial statements and have issued our report thereon dated September 1, 2012. 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 City of Moore's internal control over financial reporting as a basis for 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 City of Moore's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Moore's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that 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 would not necessarily identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Moore's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts.

However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

***Dillon & Associates, P.C.***

Midwest City, Oklahoma  
September 1, 2012



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## REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

The Honorable Mayor and  
Members of the City Council  
City of Moore, Oklahoma

### COMPLIANCE

We have audited the compliance of the City of Moore, Oklahoma, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2012. The City of Moore's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Moore's management. Our responsibility is to express an opinion on the City of Moore'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; and OMB circular A-133, *Audits of States, Local Government, 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 or state program occurred. An audit includes examining, on a test basis, evidence about the City of Moore's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Moore's compliance with those requirements.

In our opinion, the City of Moore complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2012.

## INTERNAL CONTROL OVER COMPLIANCE

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

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

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

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Moore as of and for the year ended June 30, 2012, and have issued our report thereon dated September 1, 2012. Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the City of Moore'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 financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

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

***Dillon & Associates, P.C.***

Midwest City, Oklahoma  
September 1, 2012

City of Moore, Oklahoma

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2012

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS - THROUGH GRANTOR NUMBER	PROGRAM OR AWARD AMOUNT	FEDERAL EXPENDITURES
<u>U.S. Department of Justice</u>				
State and Local HIDTA Task Force Grant	16.809	HIDTA TREAS 303	\$ 3,861	3,861
Edward Byrne Grant	16.738	H3435-OK-DJ	5,253	5,253
Total U.S. Department of Justice			9,114	9,114
<u>U.S. Department of Treasury</u>				
OKC Economic & Identity Crimes Task Force	21.100	USSS-MOU-2008	15,000	2,508
<u>U.S. Department of Transportation Highway Enhancement</u>				
Passed through Oklahoma Safety Office:				
Oklahoma Highway Safety Office	20.600	OP-12-03-03-07	23,077	23,077
Oklahoma Highway Safety Office	20.600	OP-11-03-09-06	65,000	24,472
Total U.S. Department of Transportation			88,077	47,549
<u>U.S. Department of Agriculture, Food, &amp; Forestry</u>				
Passed through Oklahoma Dept. of Transportation:				
Tree Planting Program	20.205	SAFETEAU-10-08	20,325	4,152
<u>U.S. Department of Homeland Security</u>				
Passed through OK Office of Homeland Security:				
Homeland Security Grant	97.008	UASI 150.035	4,609	4,609
Homeland Security Grant CBRNE	97.008	UASI 150.010	40,000	39,999
Homeland Security Grant CBRNE	97.008	UASI 131.032	9,543	9,543
Total U.S. Department of Homeland Security			54,152	54,151
<u>U.S. Department of Environmental Protection Agency</u>				
Passed through Oklahoma Water Resource Board:				
Cap Grant for State Revolving Fund - ARRA Funded	66.458	DRF-08-0002-CW	257,155	257,155
Cap Grant for State Revolving Fund - ARRA Funded	66.458	DRF-08-0002-CWA	6,671,437	6,671,437
Total U.S. Department of Environmental Protection Agency			6,928,592	6,928,592
<u>Federal Emergency Management Agency</u>				
Passed through Oklahoma Department of Civil Emergency Management:				
Emergency Management Assistance	97.042	PL 85-606	22,316	22,316
<u>U.S. Department of Housing and Urban Development</u>				
CDBG Entitlement Grant	14.218	B-10-MC-40-0010	309,004	309,004
<u>U.S. Department of Energy</u>				
Energy Efficiency Grant - ARRA Funded	81.128	DE-SC0001441	454,200	124,097
Energy Efficiency Grant - ARRA Funded	81.128	13972 SEECBG 09	130,000	900
Total U.S. Department of Energy			584,200	124,997
Total Federal Assistance			\$ 8,030,780	7,502,383
<u>State of Oklahoma</u>				
None			-	-
Total Federal and State Assistance			\$ 8,030,780	7,502,383

Notes to Schedule of Expenditures of Federal Awards

Note A - Significant Accounting Policies - The accompanying schedule of expenditures of federal awards is prepared on the basis of accounting consistent with the definition of federal awards expended in paragraph 205 of OMB Circular A-133.

CITY OF MOORE, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2012

**A. SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unqualified opinion on the financial statements of the City of Moore, Oklahoma.
2. There were no conditions disclosed during the audit of the financial statements required to be reported in the *Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
3. No instances of non-compliance material to the financial statements were disclosed during the audit.
4. No internal control reportable conditions relating to the audit of the major federal award program are reported.
5. The auditor's report on compliance for the major federal award program expresses an unqualified opinion.
6. The audit disclosed no audit findings related to major programs that are required to be reported.
7. The programs tested as a major program were the U.S. Department of Environmental Protection Agency - Cap Grant for State Revolving Funds, CFDA Number 66.458 and the U.S. Department of Housing and Urban Development - Community Development Block Grant, CFDA Number 14.218.
8. The threshold for distinguishing Type A and B programs was \$300,000.
9. The City of Moore, Oklahoma was determined to be a low-risk auditee.

**B. FINDINGS - FINANCIAL STATEMENT AUDIT**

None

**Compliance**

None

**C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT**

None