

CITY OF MOORE, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORTS
AS OF AND FOR THE FISCAL YEAR
ENDED JUNE 30, 2013

CITY OF MOORE, OKLAHOMA

LIST OF PRINCIPAL OFFICIALS

City Council

Glenn Lewis
David Roberts
Robert Krows
Mark Hamm
Scott Singer
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**

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INDEPENDENT AUDITOR'S REPORT

City Council
City of Moore
Moore, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Moore, Oklahoma, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Moore, Oklahoma, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

In accordance with *Government Accounting Standards*, we have also issued our report (under separate cover) dated September 30, 2013, 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 on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Other Matters

Required Supplementary Information

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

Other Information

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 combining and individual nonmajor fund financial statements and statistical are presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying supplementary information as listed in the Table of Contents are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling

such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information section is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The statistical section 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 30, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF MOORE, OKLAHOMA

MANAGEMENT'S DISCUSSION AND ANALYSIS *For the Fiscal Year Ended June 30, 2013*

As management of the City of Moore (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2013.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$51,516,889. Of this amount, \$3,796,278 may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's net position decreased by \$1,276,709 from the prior year restated amount.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$30,902,199, an increase of \$2,543,545 in comparison with the prior year amount. Of this total amount, \$5,294,234 is *unassigned fund balance* for governmental funds.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$5,294,234, or approximately 18.5% of total General Fund expenditures.
- During the current fiscal year, the City's total long-term obligations increased by \$15,105,182 (21%). The debt was increased by the issuance of \$10,000,000 in street and park general obligation bonds, \$2,000,000 in revenue notes, \$7,337,121 in drawdowns on the OWRB Clean Water SRF loans and judgments issued in the amount of \$366,112. The debt was reduced by principal payments of \$4,598,051.
- Sales and use taxes increased by \$1,564,829 or 6.0% over the prior fiscal year.
- The City implemented Governmental Accounting Standards Board Statement No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflow of Resources, and Net Position*" (GASB #63) for the current fiscal year ended June 30, 2013. GASB No. 63 establishes financial reporting requirements and related disclosures for certain elements of a statement of financial position that were discussed in the GASB's 2007 Concepts Statement No. 4, "*Elements of Financial Statements.*" In Concepts Statement No. 4, the GASB defined a *deferred outflow of resources* as a consumption of net position by a government that is applicable to a future reporting period; a *deferred inflow of resources* as an acquisition of net position by a government that is applicable to a future reporting period; and *net position* as a residual of all other elements presented in a statement of financial position (the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources). Under GASB #63, amounts for items that GASB has designated to be deferred outflows of resources are to be presented in a statement of

financial position in a separate section following assets, while amounts for items that the GASB has designated to be deferred inflows of resources are to be presented in a separate section following liabilities. The residual of assets and deferred outflows of resources over liabilities and deferred inflows of resources is to be reported as net position rather than as net position in a statement of financial position. Since the City had no deferred outflows or inflows of resources at June 30, 2013, the City's implementation of GASB #63 has no material effect on the presentation of its fiscal year 2012-2013 financial statements. Unamortized debt issuance costs of \$605,080 were restated as a current expense for fiscal year 2011-2012 and reduce the beginning equity balances.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City'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 position* presents information on all of the City's residual of assets and deferred outflows of resources over liabilities and deferred inflows of resources. Over time, increases or decreases in *net position* may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in Net Position 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).

Both of the government-wide financial statements distinguish functions of the City 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 include general government, public safety, public works, and culture and recreation. The business-type activities of the City, 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 itself, but also the legally separate Moore Public Works Authority and the Moore Economic Development Authority as blended component units. The Authorities, although also legally separate, functions for all practical purposes as departments of the City, and therefore have been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 14-16 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, 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 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 as listed in the table of contents.

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 as listed in the table of contents.

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 as listed in the table of contents.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's (a) variances in budget to actual revenues and expenditures for the General Fund, Moore Economic Development Authority, Debt Service Fund, Moore Public Works Authority and Risk Management Fund. Required supplementary information can be found as listed in table of contents.

The combining statements referred to earlier in connection with non-major governmental funds is presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found as listed in the table of contents.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$51,516,889 at the close of the most recent fiscal year. The following table provides a summary of the City's net position at June 30, 2013 compared to June 30, 2012.

Table 1
Net Position
(In Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 38,506	31,417	3,713	6,077	42,219	37,494
Capital assets	51,709	42,244	66,002	59,104	117,711	101,348
Total assets	<u>90,215</u>	<u>73,661</u>	<u>69,715</u>	<u>65,181</u>	<u>159,930</u>	<u>138,842</u>
Long-term debt outstanding	48,164	36,707	43,674	41,149	91,838	77,856
Other liabilities	12,879	6,919	3,696	1,310	16,575	8,229
Total liabilities	<u>61,043</u>	<u>43,626</u>	<u>47,370</u>	<u>42,459</u>	<u>108,413</u>	<u>86,085</u>
Net assets:						
Invested in capital assets, net of debt	24,676	24,050	19,688	20,027	44,364	44,077
Restricted	2,281	7,552	1,076	(375)	3,357	7,177
Unrestricted	2,215	(1,567)	1,581	3,070	3,796	1,503
Total net assets	<u>\$ 29,172</u>	<u>30,035</u>	<u>22,345</u>	<u>22,722</u>	<u>51,517</u>	<u>52,757</u>

By far the largest portion of the City's Net Position (86.1%) 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.

An additional portion of the City's net position (6.6%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (7.3%) may be used to meet the government's ongoing obligations to citizens and creditors.

During the current fiscal year the City's net position decreased by \$1,276,709 during the current fiscal year. This decrease represents the overall excess of expenses, including depreciation of \$11,838,056 over revenues.

Governmental activities. Governmental activities increased the City's net position by \$743,860. A key element was a non-cash charge for depreciation on capital assets of \$9,690,505.

Business-type activities. Business-type activities decreased the City's net position by \$2,050,569. The decrease in Net Position included a non-cash charge for depreciation on capital assets of \$2,147,551.

Table 2
Changes in Net Position (In Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Revenues:						
Program revenues						
Charges for services	\$ 5,725	5,038	16,808	18,068	22,533	23,106
Operating grants	49	108	-	-	49	108
Capital grants	5,033	179	-	-	5,033	179
General revenues						
Sales and use taxes	27,237	25,673	-	-	27,237	25,673
Property taxes	2,610	3,351	-	-	2,610	3,351
Franchise tax (fees)	2,034	2,627	-	-	2,034	2,627
Other taxes	2,547	2,295	-	-	2,547	2,295
Investment income	89	60	19	26	108	86
Other	1,068	618	102	152	1,170	770
Total revenues	<u>46,392</u>	<u>39,949</u>	<u>16,929</u>	<u>18,246</u>	<u>63,321</u>	<u>58,195</u>
Expenses:						
General government	10,220	14,323	-	560	10,220	14,883
Public safety	22,053	21,838	-	-	22,053	21,838
Streets	5,945	6,567	-	-	5,945	6,567
Public works	2,730	3,112	-	-	2,730	3,112
Cultural & recreation	2,143	2,156	-	-	2,143	2,156
Community development	6,022	1,992	-	-	6,022	1,992
Water and sewer	-	-	11,665	11,708	11,665	11,708
Sanitation	-	-	2,363	1,618	2,363	1,618
Interest on debt	1,457	1,025	-	-	1,457	1,025
Total expenses	<u>50,570</u>	<u>51,013</u>	<u>14,028</u>	<u>13,886</u>	<u>64,598</u>	<u>64,899</u>
Increase in net assets						
before transfers	(4,178)	(11,064)	2,901	4,360	(1,277)	(6,704)
Transfers	<u>4,922</u>	<u>6,855</u>	<u>(4,922)</u>	<u>(6,855)</u>	-	-
Change in net assets	744	(4,209)	(2,021)	(2,495)	(1,277)	(6,704)
Beginning net assets	28,428	32,637	24,366	26,861	52,794	59,498
Ending net assets	<u>\$ 29,172</u>	<u>28,428</u>	<u>22,345</u>	<u>24,366</u>	<u>51,517</u>	<u>52,794</u>

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, *unassigned 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 \$30,902,199, an increase of \$2,543,545, in comparison with the prior year. Of this total amount, \$5,294,234 is *unassigned fund balance* for the governmental funds.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$5,294,234. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. *Unassigned fund balance* and *total fund balance* represents approximately 18.5% and 18.5% of total General Fund expenditures, respectively.

During the current fiscal year, the fund balance of the City's General Fund increased by \$2,812,972.

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 position of the Moore Public Works Authority at the end of the year amounted to \$1,580,921. The total decrease in net position was \$2,020,569.

- Operating revenues decreased by \$225 over the prior year reflecting no material change in utility revenues.
- Operating expenses increased by \$819,445, mainly due to a general increase utility operating expense.

General Fund Budgetary Highlights

There were differences between the original budget and the final budget for the General Fund. Overall, actual revenues on the budgetary basis of \$30,110,101 were \$1,446,701 more than the estimated revenues in the budget of \$28,663,400. Actual expenditures of \$29,802,591 were \$2,543,736 less than the \$32,346,327 approved in budget appropriations. After a net transfer in of \$2,505,461 from other funds, the City increased by \$2,812,971 its carry forward funds to cover the overall excess of expenditures over receipts. The amount of carryover funds budget for expenditure was \$5,294,234.

Capital Asset and Long-term Obligations

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2013, amounts to \$117,710,589 (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:

- Construction of the public safety building.
- Major street construction.
- Infrastructure improvements including construction in progress of a wastewater system.

Table 3
Capital Assets
(In Thousands)

	Governmental Activities <u>2013</u>	Business-type Activities <u>2013</u>	Total <u>2013</u>
Land and construction in progress	\$ 12,199	48,261	60,460
Building and improvements	28,144	1,782	29,926
Machinery and equipment	11,084	5,751	16,835
Vehicles	8,994	3,503	12,497
Infrastructure	108,492	61,811	170,303
	168,913	121,108	290,021
Less : Accumulated depreciation	117,204	55,106	172,310
Net capital assets	\$ 51,709	66,002	117,711

	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

Additional information of the City's capital assets can be found in Note 2.D. in the Notes to the Basic Financial Statements as listed in the table of contents.

Long-term obligations. At the end of the current fiscal year, the City had total debt outstanding of \$86,472,354. This represents debt secured solely by specified revenue sources (i.e., general obligation bonds, revenue notes and bonds) of \$85,993,853 and judgments of \$478,501.

Table 4
Long-term Debt
(In Thousands)

	Governmental Activities <u>2013</u>	Business-type Activities <u>2013</u>	Total <u>2013</u>
General obligation bonds	\$ 22,925	-	22,925
Revenue bonds and notes	17,194	45,871	63,065
Compensated absences payable	4,225	76	4,301
Other	479	4	483
Net long-term debt	\$ <u>44,823</u>	<u>45,951</u>	<u>90,774</u>
	Governmental Activities <u>2012</u>	Business-type Activities <u>2012</u>	Total <u>2012</u>
General obligation bonds	\$ 14,925	-	14,925
Revenue bonds and notes	17,178	38,704	55,882
Other	555	5	560
Net long-term debt	\$ <u>32,658</u>	<u>38,709</u>	<u>71,367</u>

The City's total long-term obligations increased on a net basis by \$15,105,182 during the current fiscal year. The debt was increased by the issuance of \$10,000,000 in street and park general obligation bonds, \$2,000,000 in revenue notes, \$7,337,121 in drawdowns on the OWRB Clean Water SRF loans and judgments issued in the amount of \$366,112. The debt was reduced by principal payments of \$4,598,051.

Additional information on the City's long-term debt can be found in Notes 2.E. in the Notes to the Basic Financial Statements as listed in the table of contents.

Economic Factors and Next Year's Budgets and Rates

The City's elected and appointed officials considered many factors when setting the fiscal-year 2013-2014 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 2013-2014.

- 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, 2013.
- As for the City's proprietary fund activities with a loss of homes from the May 20, 2013 tornado, we expect a moderate decrease in the revenues and expenses over those received in 2013.

All of these factors were considered in preparing the City's budget for the 2013-2014 fiscal year.

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 Position
June 30, 2013

	Primary Government		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Current assets:			
Pooled cash and cash equivalents	\$ 10,632,518	303,864	10,936,382
Investments	2,720,000	-	2,720,000
Restricted cash and investments	17,482,272	2,065,404	19,547,676
Receivables (net of allowance for uncollectibles)	75,237	1,343,796	1,419,033
Receivables from other governments	7,557,658	-	7,557,658
Inventories	39,218	-	39,218
Total current assets	<u>38,506,903</u>	<u>3,713,064</u>	<u>42,219,967</u>
Non-current assets:			
Capital assets:			
Land, improvements, and construction in progress	12,198,488	48,261,097	60,459,585
Other capital assets, net of depreciation	39,510,014	17,740,990	57,251,004
Total non-current assets	<u>51,708,502</u>	<u>66,002,087</u>	<u>117,710,589</u>
Total assets	<u><u>90,215,405</u></u>	<u><u>69,715,151</u></u>	<u><u>159,930,556</u></u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	5,246,501	52,031	5,298,532
Accrued interest payable	320,977	443,096	764,073
Deposits	738,021	927,355	1,665,376
Current portion of long-term debt	6,573,892	2,273,396	8,847,288
Total current liabilities	<u>12,879,391</u>	<u>3,695,878</u>	<u>16,575,269</u>
Non-current liabilities:			
Long-term debt and other liabilities	48,164,405	43,673,993	91,838,398
Total non-current liabilities	<u>48,164,405</u>	<u>43,673,993</u>	<u>91,838,398</u>
Total liabilities	<u>61,043,796</u>	<u>47,369,871</u>	<u>108,413,667</u>
NET POSITION			
Net investment in capital assets	24,676,109	19,687,955	44,364,064
Restricted for:			
Debt service	3,709,968	-	3,709,968
Capital improvements	7,043,129	1,076,404	8,119,533
Risk management	(8,636,191)	-	(8,636,191)
Other purposes	163,237	-	163,237
Unrestricted (deficit)	2,215,357	1,580,921	3,796,278
Total net position	<u><u>\$ 29,171,609</u></u>	<u><u>22,345,280</u></u>	<u><u>51,516,889</u></u>

See accompanying notes to financial statements.

City of Moore, Oklahoma
Statement of Activities
For the Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 10,220,105	4,564,907	-	-
Public safety	22,053,218	1,160,538	49,105	-
Streets	5,945,422	-	-	-
Public works administration	2,729,691	-	-	-
Culture and recreation	2,143,463	-	-	-
Community development	6,022,544	-	-	5,033,083
Interest on long-term debt	1,457,490	-	-	-
Total government activities	<u>50,571,933</u>	<u>5,725,445</u>	<u>49,105</u>	<u>5,033,083</u>
Business-type activities:				
Water and sewer	11,664,821	12,986,420	-	-
Sanitation	2,363,032	3,822,072	-	-
General government		-	-	-
Total business-type activities	<u>14,027,853</u>	<u>16,808,492</u>	<u>-</u>	<u>-</u>
Total primary government	<u><u>64,599,786</u></u>	<u><u>22,533,937</u></u>	<u><u>49,105</u></u>	<u><u>5,033,083</u></u>

City of Moore, Oklahoma
Statement of Activities
For the Year Ended June 30, 2013

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Change in net assets:			
Net (expense) revenue	\$ <u>(39,764,300)</u>	<u>2,780,639</u>	<u>(36,983,661)</u>
General revenues:			
Taxes:			
Sales taxes	26,395,257	-	26,395,257
Use taxes	842,124	-	842,124
Property taxes	2,609,771	-	2,609,771
Franchise taxes (fees)	2,034,210	-	2,034,210
Other taxes	2,546,944	-	2,546,944
Unrestricted investment income	89,390	19,180	108,570
Miscellaneous	1,068,454	101,622	1,170,076
Transfers	<u>4,922,010</u>	<u>(4,922,010)</u>	<u>-</u>
Total general revenues and transfers	<u>40,508,160</u>	<u>(4,801,208)</u>	<u>35,706,952</u>
Change in net position	743,860	(2,020,569)	(1,276,709)
Net position - beginning	<u>28,427,749</u>	<u>24,365,849</u>	<u>52,793,598</u>
Net position - ending	\$ <u><u>29,171,609</u></u>	<u><u>22,345,280</u></u>	<u><u>51,516,889</u></u>

See accompanying notes to financial statements.

**City of Moore, Oklahoma
Governmental Funds
Balance Sheet
June 30, 2013**

	General	Moore Econ. Dev. Authority	Street Project Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 3,647,128	(250,901)	-	-	6,587,239	9,983,466
Restricted cash and investments	317,248	7,202,776	6,095,395	3,866,853	-	17,482,272
Investments	-	-	-	-	1,491,000	1,491,000
Receivables - Other governments	2,646,295	-	-	24,000	4,887,363	7,557,658
Receivables - Other, net	23,231	-	-	-	39,460	62,691
Due from other funds	-	90,138	-	40,277	-	130,415
Inventories	39,218	-	-	-	-	39,218
Total assets	<u>6,673,120</u>	<u>7,042,013</u>	<u>6,095,395</u>	<u>3,931,130</u>	<u>13,005,062</u>	<u>36,746,720</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	487,913	5,974	-	-	4,058,654	4,552,541
Wages and benefits payable	457,338	6,483	-	-	-	463,821
Due to other funds	-	-	-	-	90,138	90,138
Deposits	433,635	-	-	-	304,386	738,021
Total liabilities (Note 2)	<u>1,378,886</u>	<u>12,457</u>	<u>-</u>	<u>-</u>	<u>4,453,178</u>	<u>5,844,521</u>
Fund balances:						
Reserved for:						
Debt service	-	99,816	-	3,931,130	-	4,030,946
Capital improvements	-	6,929,740	6,095,395	-	7,104,439	20,129,574
Other purposes	-	-	-	-	1,447,445	1,447,445
Unreserved	5,294,234	-	-	-	-	5,294,234
Total fund balances	<u>5,294,234</u>	<u>7,029,556</u>	<u>6,095,395</u>	<u>3,931,130</u>	<u>8,551,884</u>	<u>30,902,199</u>
Total liabilities and fund balances	<u>\$ 6,673,120</u>	<u>7,042,013</u>	<u>6,095,395</u>	<u>3,931,130</u>	<u>13,005,062</u>	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not required in the governmental fund statements.	51,706,436
Accrued interest payable is not reported on the governmental fund statements.	(320,977)
Internal service funds are used by management to charge the costs of certain activities to individual funds. Assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	(8,155,625)
Long-term liabilities, including bonds and notes payable are not due and payable in the current period and therefore are not reported in the funds.	(40,597,338)
Accrued compensated absences payable is not reported on the governmental fund statements.	(4,363,086)
Net position of governmental activities	<u>\$ 29,171,609</u>

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, 2013

	General Fund	Moore Econ. Dev. Authority	Street Project Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	\$ 26,590,275	154,179	-	2,609,771	4,313,911	33,668,136
Intergovernmental	929,526	-	-	-	4,912,832	5,842,358
Licenses and permits	390,843	-	-	-	19,491	410,334
Charge for services	126,534	-	-	-	20,737	147,271
Fines and forfeitures	1,160,538	-	-	-	-	1,160,538
Investment revenue	40,631	197	10,480	5,043	27,905	84,256
Proceeds from debt issuances	-	2,000,000	3,675,000	-	6,325,000	12,000,000
Miscellaneous	871,756	2,203	-	-	49,685	923,644
Total revenues	<u>30,110,103</u>	<u>2,156,579</u>	<u>3,685,480</u>	<u>2,614,814</u>	<u>15,669,561</u>	<u>54,236,537</u>
EXPENDITURES						
Current:						
General government	4,576,759	326,700	-	-	-	4,903,459
Public safety	18,544,991	6,786,352	-	-	112,129	25,443,472
Streets	-	-	2,087,813	-	2,934,976	5,022,789
Public works	2,700,991	-	-	-	-	2,700,991
Culture and recreation	1,646,033	442,791	-	-	1,991,465	4,080,289
Community development	1,039,467	-	-	-	5,013,966	6,053,433
Debt service:						
Principal	-	1,984,584	-	2,925,000	-	4,909,584
Interest and other charges	-	655,513	-	481,000	-	1,136,513
Total expenditures	<u>28,508,241</u>	<u>10,195,940</u>	<u>2,087,813</u>	<u>3,406,000</u>	<u>10,052,536</u>	<u>54,250,530</u>
Excess (deficiency) of revenues over expenditures	<u>1,601,862</u>	<u>(8,039,361)</u>	<u>1,597,667</u>	<u>(791,186)</u>	<u>5,617,025</u>	<u>(13,993)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	25,597,396	1,893,943	-	-	-	27,491,339
Transfers out	(24,386,286)	-	-	(447,515)	(100,000)	(24,933,801)
Total other financing sources and uses	<u>1,211,110</u>	<u>1,893,943</u>	<u>-</u>	<u>(447,515)</u>	<u>(100,000)</u>	<u>2,557,538</u>
Net change in fund balances	2,812,972	(6,145,418)	1,597,667	(1,238,701)	5,517,025	2,543,545
Fund balances-beginning	2,481,262	13,174,974	4,497,728	5,169,831	3,034,859	28,358,654
Fund balances-ending	<u>\$ 5,294,234</u>	<u>7,029,556</u>	<u>6,095,395</u>	<u>3,931,130</u>	<u>8,551,884</u>	<u>30,902,199</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, 2013

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ 2,543,545
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 capital outlays exceeded depreciation in the current period.	8,682,195
Debt service principal retirement expensed in the fund level financial statements but treated as a reduction in outstanding debt in government-wide financial statements.	4,909,584
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.	(1,165,673)
Increase in liability for incurred claims and compensated absences expensed in government-wide financial statements.	(528,884)
The issuance of long-term debt provides current financial resources to governmental funds.	(12,000,000)
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.	<u>(1,696,907)</u>
Change in net position of governmental activities	\$ <u><u>743,860</u></u>

City of Moore, Oklahoma
Proprietary Funds
Statement of Position
June 30, 2013

	<u>Business-type Activities - Enterprise Funds</u>			Internal
	<u>MPWA</u>	<u>MPWA</u> <u>Sinking</u>	<u>Total</u> <u>Enterprise</u> <u>Funds</u>	<u>Service</u> <u>Fund</u>
<u>ASSETS</u>				
Current assets:				
Pooled cash and investments	\$ 303,864	-	303,864	649,052
Investments	-	-	-	1,229,000
Receivables, utilities - Net of allowance for doubtful accounts of \$394,604	1,337,275	-	1,337,275	-
Receivables, other	6,521	-	6,521	12,546
Total current assets	<u>1,647,660</u>	<u>-</u>	<u>1,647,660</u>	<u>1,890,598</u>
Restricted assets:				
Restricted cash and investments	<u>2,065,404</u>	<u>-</u>	<u>2,065,404</u>	<u>-</u>
Non-current assets:				
Capital assets:				
Other capital assets, net	<u>66,002,087</u>	<u>-</u>	<u>66,002,087</u>	<u>2,066</u>
Total non-current assets	<u>66,002,087</u>	<u>-</u>	<u>66,002,087</u>	<u>2,066</u>
Total assets	<u>69,715,151</u>	<u>-</u>	<u>69,715,151</u>	<u>1,892,664</u>
<u>LIABILITIES</u>				
Current liabilities:				
Accounts payable	35,504	-	35,504	223,274
Accrued interest payable	-	443,096	443,096	-
Other accrued liabilities	16,527	-	16,527	6,865
Deposits	927,355	-	927,355	-
Due to other funds	-	-	-	40,277
Debt payable - current	-	2,254,308	2,254,308	2,424,564
Accrued compensated absences	19,088	-	19,088	18,910
Total current liabilities	<u>998,474</u>	<u>2,697,404</u>	<u>3,695,878</u>	<u>2,713,890</u>
Non-current liabilities:				
Accrued compensated absences	57,265	-	57,265	56,729
Claims payable, non-current	-	-	-	7,273,690
Debt payable, non-current	-	43,616,728	43,616,728	3,980
Total non-current liabilities	<u>57,265</u>	<u>43,616,728</u>	<u>43,673,993</u>	<u>7,334,399</u>
Total liabilities	<u>1,055,739</u>	<u>46,314,132</u>	<u>47,369,871</u>	<u>10,048,289</u>
<u>NET POSITION</u>				
Net investment in capital assets	66,002,087	(46,314,132)	19,687,955	2,066
Restricted for:				
Capital improvements	1,076,404	-	1,076,404	-
Unrestricted	<u>1,580,921</u>	<u>-</u>	<u>1,580,921</u>	<u>(8,157,691)</u>
Total net position	<u>\$ 68,659,412</u>	<u>(46,314,132)</u>	<u>22,345,280</u>	<u>(8,155,625)</u>

See accompanying notes to financial statements.

City of Moore, Oklahoma
Proprietary Funds
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended June 30, 2013

	Business-type Activities - Enterprise Funds			Internal
	<u>MPWA</u>	<u>MPWA</u> <u>Sinking</u>	<u>Total</u> <u>Enterprise</u> <u>Funds</u>	<u>Service</u> <u>Fund</u>
<u>OPERATING REVENUES:</u>				
Charges for services	\$ 16,808,492	-	16,808,492	4,007,302
Miscellaneous	-	-	-	144,812
Total operating revenues	<u>16,808,492</u>	<u>-</u>	<u>16,808,492</u>	<u>4,152,114</u>
<u>OPERATING EXPENSES:</u>				
General government	9,683,510	-	9,683,510	390,125
Sanitation	2,137,920	-	2,137,920	-
Insurance claims and expenses	-	-	-	7,827,701
Depreciation	2,147,551	-	2,147,551	800
Total operating expenses	<u>13,968,981</u>	<u>-</u>	<u>13,968,981</u>	<u>8,218,626</u>
Operating income (loss)	<u>2,839,511</u>	<u>-</u>	<u>2,839,511</u>	<u>(4,066,512)</u>
<u>NONOPERATING REVENUES (EXPENSES):</u>				
Investment revenue	19,180	-	19,180	5,134
Other nonoperating revenue (expenses)	101,622	-	101,622	-
Interest expense	-	(58,872)	(58,872)	-
Total nonoperating revenues (expenses)	<u>120,802</u>	<u>(58,872)</u>	<u>61,930</u>	<u>5,134</u>
Net income before contributions and transfers	2,960,313	(58,872)	2,901,441	(4,061,378)
Interaccount transfers	7,178,602	(7,178,602)	-	-
Transfers from (to) other funds	(4,922,010)	-	(4,922,010)	2,364,472
Change in net position	5,216,905	(7,237,474)	(2,020,569)	(1,696,906)
Net position - beginning	<u>63,442,507</u>	<u>(39,076,658)</u>	<u>24,365,849</u>	<u>(6,458,719)</u>
Net position - ending	<u>\$ 68,659,412</u>	<u>(46,314,132)</u>	<u>22,345,280</u>	<u>(8,155,625)</u>

See accompanying notes to financial statements.

City of Moore, Oklahoma
Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2013

	<u>MPWA</u>	<u>MPWA Sinking</u>	<u>Total Enterprise Funds</u>	<u>Internal Service Fund</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>				
Receipts from customers	\$ 16,826,421	-	16,826,421	4,007,302
Payments to suppliers	(11,676,390)	69,848	(11,606,542)	(1,325,599)
Payments to employees	-	-	-	(295,574)
Claims and judgments paid	-	-	-	(4,560,089)
Net cash provided (used) by operating activities	<u>5,150,031</u>	<u>69,848</u>	<u>5,219,879</u>	<u>(2,173,960)</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>				
Restricted assets received for construction	337,873	-	337,873	-
(Increase) in restricted assets for meter deposits	(42,064)	-	(42,064)	-
Purchases of capital assets	(9,046,077)	-	(9,046,077)	-
Proceeds from OWRB loan	-	7,337,121	7,337,121	-
Principal paid on capital debt	-	(169,495)	(169,495)	(1,498)
Interest paid on capital debt	-	(58,872)	(58,872)	-
Transfers from (to) other funds	2,256,602	(7,178,602)	(4,922,000)	2,364,472
Other receipts (payments)	<u>101,622</u>	<u>-</u>	<u>101,622</u>	<u>-</u>
Net cash provided (used) by capital and related financing activities	<u>(6,392,044)</u>	<u>(69,848)</u>	<u>(6,461,892)</u>	<u>2,362,974</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
(Increase) decrease in investments	945,000	-	945,000	-
Interest received	<u>19,180</u>	<u>-</u>	<u>19,180</u>	<u>5,134</u>
Net cash provided (used) by investing activities	<u>964,180</u>	<u>-</u>	<u>964,180</u>	<u>5,134</u>
Net increase (decrease in cash and cash equivalents	(277,833)	-	(277,833)	194,148
Balances - beginning of the year	581,697	-	581,697	454,904
Balances - end of the year	<u>\$ 303,864</u>	<u>-</u>	<u>303,864</u>	<u>649,052</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>				
Operating income (loss)	2,839,511	-	2,839,511	(4,066,512)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Cash flows reported in other categories:				
Depreciation expense	2,147,551	-	2,147,551	800
Change in assets and liabilities:				
Receivable, net	163,008	-	163,008	1,120
Accounts payable	(7,968)	-	(7,968)	9,298
Due from other funds	-	-	-	40,277
Accrued compensated absences	5,725	-	5,725	8,627
Other current liabilities	2,204	69,848	72,052	323
Claims payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,832,107</u>
Net cash provided by (used in) operating activities	<u>\$ 5,150,031</u>	<u>69,848</u>	<u>5,219,879</u>	<u>(2,173,960)</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, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the City of Moore, Oklahoma (the City) conform to accounting principles generally accepted in the United States of America for state and local governments. General accepted accounting principles for municipalities are defined as those principles promulgated by the Governmental Accounting Standards Board ("GASB"). Business-type activities and enterprise funds apply Financial Accounting Standards Board ("FASB") and Accounting Principles Board ("APB") opinions issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The following represents the more significant accounting and reporting policies of the City:

Reporting Entity - The City is a municipal corporation, incorporated in 1893. The City is governed by an elected mayor and six-member council. As required by accounting principles generally accepted in the United States of America (primarily Governmental Accounting Standards Board Statement No. 14, *Reporting Entity*), these financial statements present the government 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 therefore data from these units are combined with the data of the City. Each blended component unit has a June 30 year end.

Blended Component Units - 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 an enterprise fund.

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.

Basis of Presentation - The City follows Governmental Accounting Standards Board ("GASB") Statement No. 34 "Basic Financial Statements and Management's Discussion and Analysis - for States and Local Governments" and related pronouncements in the preparation of its financial statements. Additional information regarding the basis of accounting and the differences in presentation are contained in Management's Discussion and Analysis, which preceded the financial statements.

City of Moore, Oklahoma
Notes to Basic Financial Statements
June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Government-wide and fund financial statements - The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of Interfund activity has been removed from these financial statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for services.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement focus, basis of accounting, and financial statement presentation - The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

Sales taxes, excise taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

City of Moore, Oklahoma
Notes to Basic Financial Statements
June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - 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, interest expense and paying agent fees.

The following are the City's major proprietary funds:

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

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

The following are the City's non-major governmental funds:

Special Revenue Fund - accounts for the proceeds of government grants or specific revenue sources (other than grants applicable to enterprise fund activities, expendable trust or major capital projects) that are legally restricted to expenditures for specified purposes.

Cemetery Perpetual Care Fund - accounts for and reports resources that are restricted, committed, or assigned to expenditure for the maintenance and care of the cemetery.

Capital Projects - Street Sales Tax Fund - accounts for and report financial resources that are restricted, committed, or assigned to expenditure for the construction and repair of streets as approved by a special sales tax ordinance.

As a general rule the effect of Interfund activity has been eliminated from the government-wide financial statements. Exceptions to the general rule are payments-in-lieu of taxes and other charges between governments risk management internal service fund. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

City of Moore, Oklahoma
Notes to Basic Financial Statements
June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses for the enterprise funds include the cost of sales and service, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Accounting Policies - The City's significant accounting policies related to the following financial statement categories are summarized below:

Assets, Liabilities, and Fund Equity

- a. ***Cash and Cash Equivalents*** - The City considers all highly liquid investments with an original maturity of three months or less when purchased to be cash and cash equivalents.
- b. ***Pooled Cash and Investments*** - The City Charter requires all cash belonging to the City to be placed in the custody of the Financial Services Department of the City. A "Pooled Cash" concept is used in maintaining the cash and investment accounts in the accounting records. Under this method, all cash is pooled for investment purposes and each fund has an equity in the pooled amounts. Investments are allocated to the individual participating funds based upon a percentage determined by the Financial Services Department of the City. An interfund receivable/payable is recognized if the allocation of investments to a particular fund exceeds the fund's pooled cash amount before the allocation of the pooled investments.

Purchases and maturities of the pooled investments, as reported in the fund's statement of cash flow, are allocated to the participating proprietary funds based on their portion of total pooled investments.

- c. ***Investments*** - Investments are stated at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties. The City considers quoted market price at June 30, 2013, to be the fair value of its investments.

City of Moore, Oklahoma
Notes to Basic Financial Statements
June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Assets, Liabilities, and Fund Equity - Continued

Oklahoma Statutes authorize the City to invest in obligations of the United States government, its agencies and instrumentalities; collateralized or insured certificates of deposit and other evidences of deposit at banks, savings banks, savings and loan associations and credit unions located in this state, or fully insured certificates of deposit at banks, savings bank, savings and loan associations and credit unions located out of state; negotiable certificates of deposit issued by a nationally or state-chartered bank, a savings bank, a savings and loan association or a state-licensed branch of a foreign bank; prime banker's acceptances which are eligible for purchases by the Federal Reserve System and which do not exceed 270 days' maturity; prime commercial paper which shall not have a maturity that exceeds 180 days nor represent more than 10% of the outstanding paper of an issuing corporation; repurchase agreements that have underlying collateral consisting of those items specified above; and money market funds regulated by the Securities and Exchange Commission and which investments consist of those items noted above.

The Pension Trust Fund is invested based on guidelines established by the Board of Trustees.

- d. *Receivables and payables* - In the government-wide financial statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

In the governmental fund financial statements, receivables are recorded when they are both measurable and available. Proprietary fund receivables consist of all revenues earned at year-end and not yet received.

- e. *Interfund Receivable and Payables* - Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to / due from other funds" (i.e., the current portion of interfund loans) or "advances to / from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to / from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."
- f. *Restricted Assets* - Restricted assets include cash and investments of both governmental activities and business-type activities that are legally restricted as to their use. The restricted assets are primarily related to debt trustee accounts and guaranty deposits.

City of Moore, Oklahoma
Notes to Basic Financial Statements
June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Assets, Liabilities, and Fund Equity - Continued

- g. *Capital Assets* - Capital assets, which include property, plant and equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with initial, individual cost of more than \$2,500 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, the majority of which generally consists of donated land and infrastructure which is recorded in the governmental funds and donated water and sewer distribution systems which are recorded in the proprietary funds, are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property, plant and equipment is depreciated using the straight line method over the following estimated useful lives:

Buildings	40 - 65 years
Infrastructure	25 - 50 years
Improvements other than buildings & infrastructure	10 - 20 years
Machinery and equipment	3 - 20 years
Vehicles	3 - 7 years

- h. *Inventory* - The City records parts and fuel inventory within the General Fund. Parts inventory is recorded using actual cost.
- i. *Long-term Debt* - In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt is reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, issuance costs and losses on refunding are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount and deferred losses on refunding. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issues is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt services expenditures.

City of Moore, Oklahoma
Notes to Basic Financial Statements
June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Assets, Liabilities, and Fund Equity - Continued

- j. *Liability for Incurred Claims* - The liability for incurred claims represents estimated claims (including future claim adjustment expenses) incurred but unpaid for workers compensation, group medical and dental, and unemployment claims as of the fiscal year end. The estimate includes claims reported as of June 30, 2013, as well as an estimated amount representing claims incurred but not reported. The City utilizes the services of an actuary in computation of the incurred but unpaid workers compensation portion of the liability.
- k. *Claims and Judgments Payable* - Under state law, judgments against the City can be paid over three years or can be paid immediately. The Risk Management Fund pays all claims and judgments. A liability has been recorded within the government-wide, proprietary and fiduciary fund financial statements for claims and judgments payable. A liability for these amounts is reported in governmental funds only if they will be paid from current financial resources.
- l. *Compensated Absences* - Under the terms of union contracts and City personnel policies, City employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is paid for vacation leave accumulated and vested accumulated sick leave. Vesting of sick leave by employees and maximum number of hours that can be accumulated for vacation and sick leave are dependent upon an employees' service as contained in the City's personnel manual. Upon retirement, one-half of accumulated sick leave is converted to cash, subject to the above limitation for maximum compensation for unused compensated absences.
- m. *Fund Equity* - In the government-wide financial statements, equity is classified as net position and displayed in three components:
 - 1. *Net investment in capital assets* - Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any notes or other borrowings attributable to those assets.
 - 2. *Restricted net position* - Consists of net position with constraints placed on the use either by external groups, such as grantors or laws and regulations of other governments, or law through constitutional provisions or enabling legislation. The most significant restriction as of June 30, 2013 related to three ordinances benefiting the City's wastewater system which provide funds that are being held to complete capital projects.
 - 3. *Unrestricted net position* - All other assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

When both restricted and unrestricted net position are available for use, generally it is the City's policy to use restricted resources first. For projects funded with tax-exempt debt proceeds and other sources, the debt proceeds are used first.

City of Moore, Oklahoma
Notes to Basic Financial Statements
June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Governmental fund equity is classified as fund balance. Fund balance is further classified as follows:

- a) *Nonspendable* - Includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements.
- b) *Restricted* - Includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- c) *Committed* - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the City through formal action of the highest level of decision making authority. To commit these funds, formal action is required by the City Council either by resolution or ordinance that identifies the specific circumstances under which the resources may be expended.
- d) *Assigned* - Includes fund balance amount that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Intent can be stipulated by the governing body, another body (such as Finance Committee), or by an official to whom that authority has been given. With the exception of the General Fund, this is the residual fund balance of the classification for all governmental funds with positive balances.
- e) *Unassigned* - Includes the residual balance of the General Fund that has not been assigned to other funds and that has not be restricted, committed, or assigned to specific purposes with the General Fund.

Revenues, Expenditures and Expenses

- a. *Property Tax Revenue* - Property taxes attach an enforceable lien on property as of January 1. Taxes are levied annually on November 1 and are due one-half by December 31 and one-half by March 31. The Tax Assessor's office bills and collects the property taxes and remits to the City its portion. Property taxes not paid prior to April are considered delinquent. Such delinquent tax payments have not historically been material. Delinquent tax payments are received throughout the year and are recognized as revenue in the year received, except those received within 60 days of year end, which are recognized as revenues as of June 30, 2013 in both the government-wide and fund financial statements.
- b. *Sales Taxes* - Sales taxes are collected by vendors and required to be remitted to the State of Oklahoma by the 20th of the month following collection. The tax is then paid to the City by the 10th of the next month. A two month lag exists between collection by the vendor and payment to the City by the State. Revenue received in July and August from sales made in May and June, respectively, is available for prior year expenses and is accrued in both the government-wide and fund financial statements.

City of Moore, Oklahoma
Notes to Basic Financial Statements
June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

- c. *Charges for Services* - Charges for service consist primarily of charges made by the Risk Management Fund for services such as self-insurance and other benefits provided to the other funds of the City.
- d. *Intergovernmental Revenues/Capital Grants Earned* - Revenues from Federal and State operating grants are recognized when expenditures are made. Similarly, capital grants are considered earned when the expenditures are made. The earned portion of capital grants in Proprietary Funds is treated as a capital contribution within the statement of revenues, expenses and changes in fund net position.
- e. *Investment Earnings* - Investment earnings on pooled cash and investments are allocated on a pro-rata basis to the City's funds based on the percentage of each fund's average month-end pooled cash balance.

Use of 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications - Certain amounts in prior-year financial statements have been reclassified to conform with the current-year presentation.

NOTE 2 - DETAILED NOTES ON ALL 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 Position/fund balances, revenues and expenditures/expenses.

A. - DEPOSITS AND INVESTMENTS

Custodial Credit Risk

At June 30, 2013, 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 has 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, 2013

NOTE 2 - DETAILED NOTES ON ALL FUNDS - 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 Position:

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, 2013

NOTE 2 - DETAILED NOTES ON ALL FUNDS - 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, 2013, 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, 2013, the investments held by the City mature between less than a year and a maximum of two years.

City of Moore, Oklahoma
Notes to Basic Financial Statements
June 30, 2013

NOTE 2 - DETAILED NOTES ON ALL FUNDS - Continued

B. RECEIVABLES AND UNCOLLECTIBLE ACCOUNTS

Receivables as of June 30, 2013, 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, 2013 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, 2013

NOTE 2 - DETAILED NOTES ON ALL FUNDS - Continued

D. CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended June 30, 2013 was as follows:

	<u>Beginning</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending</u>
<i>Governmental activities</i>				
Capital assets not being depreciated :				
Land	\$ 3,635,000	160,070	-	3,795,070
Construction in progress	1,617,048	6,786,370	-	8,403,418
Total capital assets not being depreciated	<u>5,252,048</u>	<u>6,946,440</u>	<u>-</u>	<u>12,198,488</u>
Capital assets being depreciated :				
Buildings and improvements	20,301,498	7,842,734	-	28,144,232
Machinery and equipment	10,519,484	563,445	1,115	11,084,044
Vehicles	8,851,191	122,940	19,971	8,994,102
Infrastructure	105,635,839	2,856,086	-	108,491,925
Total capital assets being depreciated	<u>145,308,012</u>	<u>11,385,205</u>	<u>21,086</u>	<u>156,714,303</u>
Less : Accumulated depreciation	<u>107,491,898</u>	<u>9,691,305</u>	<u>21,086</u>	<u>117,204,289</u>
Governmental activities capital assets, net	<u>\$ 43,068,162</u>	<u>8,640,340</u>	<u>-</u>	<u>51,708,502</u>

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

Governmental activities:

General government	\$ 2,542,449
Public safety	3,509,897
Streets	3,160,145
Public works administration	54,057
Cultural and recreation	359,637
Community development	65,120
Total depreciation expense - governmental activities	<u>\$ 9,691,305</u>

City of Moore, Oklahoma
Notes to Basic Financial Statements
June 30, 2013

NOTE 2 - DETAILED NOTES ON ALL FUNDS - Continued

D. CAPITAL ASSETS

Capital asset activity for business-type activities for the year ended June 30, 2013 was as follows:

	<u>Beginning</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending</u>
<i>Business-type activities</i>				
Capital assets not being depreciated :				
Land	\$ -	-	-	-
Construction in progress	40,247,015	8,014,082	-	48,261,097
Total capital assets not being depreciated	<u>40,247,015</u>	<u>8,014,082</u>	<u>-</u>	<u>48,261,097</u>
Capital assets being depreciated :				
Buildings and improvements	1,782,000	-	-	1,782,000
Machinery and equipment	5,614,332	136,502	-	5,750,834
Vehicles	2,607,470	895,493	-	3,502,963
Infrastructure	<u>61,810,978</u>	<u>-</u>	<u>-</u>	<u>61,810,978</u>
Total capital assets being depreciated	71,814,780	1,031,995	-	72,846,775
Less : Accumulated depreciation	<u>52,958,234</u>	<u>2,147,551</u>	<u>-</u>	<u>55,105,785</u>
Business-type activities capital assets, net	<u>\$ 59,103,561</u>	<u>6,898,526</u>	<u>-</u>	<u>66,002,087</u>

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

Business-type activities:

Water	\$ 929,485
Sewer	950,237
Sanitation	225,112
General government	<u>42,717</u>
Total depreciation expense - business-type activities	<u>\$ 2,147,551</u>

City of Moore, Oklahoma
Notes to Basic Financial Statements
June 30, 2013

NOTE 2 - DETAILED NOTES ON ALL FUNDS - 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, 2009 in the amount of \$7,400,000 for street improvements, June 1, 2010 of \$6,925,000 for street improvements, January 1, 2013 in the amount of \$3,675,000 for street improvements and March 1, 2013 in the amount of \$6,325,000 for park and recreation facilities.

\$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%	\$ 6,000,000
\$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%	6,925,000
\$3,675,000 General Obligation Bonds of 2013 due in annual principal installments through January 1, 2020, interest rates ranging from 0.90% to 1.30%	3,675,000
\$6,325,000 General Obligation Bonds of 2013B due in annual principal installments through March 1, 2025, interest rates ranging from 0.90% to 2.00%	<u>6,325,000</u>
Total General Obligation Bonds	<u>\$ 22,925,000</u>

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

\$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.	\$ 15,193,838
\$2,000,000 Parks and Recreational Facilities Revenue Note, Series 2013 due in semi-annual interest installments of \$17,500, interest rate of 1.75%, with a balloon principal payment due July 1, 2015.	<u>2,000,000</u>
Total Revenue Notes	<u>\$ 17,193,838</u>

City of Moore, Oklahoma
Notes to Basic Financial Statements
June 30, 2013

NOTE 2 - DETAILED NOTES ON ALL FUNDS - 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 2013-2015. \$ 478,501

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%. \$ 2,063,304

\$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%. 42,317,498

\$6,637,000 Clean Water SRF loan payable to the OWRB dated October 26, 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%. 1,490,233

Total Notes Payable \$ 45,871,035

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. \$ 3,980

City of Moore, Oklahoma
Notes to Basic Financial Statements
June 30, 2013

NOTE 2 - DETAILED NOTES ON ALL FUNDS - 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, 2013:

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>	Amounts Due Within <u>One Year</u>
Governmental activities					
General Long-term debt:					
General Obligation Bonds	\$ 14,925,000	10,000,000	2,000,000	22,925,000	2,000,000
MEDA Notes Payable	17,178,424	2,000,000	1,984,586	17,193,838	593,344
Judgments Payable	554,861	366,112	442,472	478,501	200,326
Total governmental activities	<u>32,658,285</u>	<u>12,366,112</u>	<u>4,427,058</u>	<u>40,597,339</u>	<u>2,793,670</u>
Business-type activities					
Proprietary Fund Debt:					
Notes Payable	38,703,410	7,337,121	169,496	45,871,035	2,254,308
Structured Settlements Payable	5,477	-	1,497	3,980	-
Total business-type activities	<u>\$ 38,708,887</u>	<u>7,337,121</u>	<u>170,993</u>	<u>45,875,015</u>	<u>2,254,308</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, 2013 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>
2014	\$ 2,718,670	1,115,717	2,254,308	1,166,855
2015	3,958,963	1,127,145	2,296,412	1,108,295
2016	3,950,354	961,709	2,300,396	1,049,292
2017	5,854,860	829,730	2,302,438	989,921
2018	3,882,499	711,002	2,305,585	930,599
2019-2023	11,053,379	2,356,189	11,579,895	3,759,993
2024-2028	5,977,228	1,195,500	11,673,166	2,262,028
2029-2033	3,201,386	192,270	11,162,815	774,088
Totals	<u>\$ 40,597,339</u>	<u>8,489,262</u>	<u>45,875,015</u>	<u>12,041,071</u>

City of Moore, Oklahoma
Notes to Basic Financial Statements
June 30, 2013

NOTE 2 - DETAILED NOTES ON ALL FUNDS - Continued

E. LONG-TERM DEBT - Continued

Pledge of Future Revenues

Sales Tax Pledge - The City has pledged three cents (or 80%) of future sales tax revenues to repay \$33,700,000 of the Series 2009 and 2013 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 \$17,193,838. Pledged sales taxes received in the current year was \$22,492,353. Debt service payments on the 2009 and 2013 Revenue Notes of \$2,640,101 for the current fiscal year were 12% 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 \$57,916,087. The notes are payable from the above mentioned utility net revenues and are additionally secured with three cents (or 80%) 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 \$22,492,353 was returned to the General Fund. The debt service payments on the notes this year were \$1,208,339 which was 20% of pledged net utility revenues of \$5,831,333 and 4% 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 or timely payments for a year. 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, 2013, cash and investments included \$989,000 available for refund of customer deposits, while the liability to customers was \$927,355.

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, 2013, \$117,413 was being held that was subject to refund.

City of Moore, Oklahoma
Notes to Basic Financial Statements
June 30, 2013

NOTE 2 - DETAILED NOTES ON ALL FUNDS - Continued

G. COMPENSATED ABSENCES

Compensated absences of the City of Moore as of June 30, 2013, are as summarized as follows:

Governmental activities -		
Current portion	\$	1,056,362
Non-current portion		3,169,084
Business-type activities -		
Current portion		19,088
Non-current portion		57,265
		<hr/>
Total compensated absences	\$	<u>4,225,446</u>

H. 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>	Enterprise <u>Funds</u>	Internal Service <u>Fund</u>	
General Fund	\$ -	1,893,943	22,492,353	-	24,386,296
Debt Service Fund	5,043	-	-	442,472	447,515
Nonmajor Govt Fund	100,000	-	-	-	100,000
Enterprise Funds	25,492,353	-	-	1,922,000	27,414,353
Total Transfers In	\$ 25,597,396	1,893,943	22,492,353	2,364,472	<u>52,348,164</u>

City of Moore, Oklahoma
Notes to Basic Financial Statements
June 30, 2013

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; employee's health and life; and natural disasters. The City manages these various risks of loss as follows:

- General Liability - Covered through self-insurance with stop loss insurance carried up to a maximum aggregate of \$3,000,000 per occurrence for excess public officials and employment practices liability. City retains risk of loss for first \$250,000 of damages per occurrence.
- Physical Property - Covered through purchased insurance with a \$10,000 deductible for the water plant and a \$5,000 for all other physical property, per occurrence. Wind and hail damage carries a \$100,000 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 \$600,000 for police and fire employees and \$500,000 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, 2013

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, 2010 to June 30, 2013, are as follows:

	Workers' Compensation	Health Care	General Liability	Total
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
Claims incurred and change in estimate	3,404,985	3,449,902	997,631	7,852,518
Claim payments	3,410,985	3,530,902	964,631	7,906,518
Claims liability, June 30, 2013	\$ 1,260,000	436,000	170,000	1,866,000

An amount has been recorded for the liability for incurred but not reported claims at June 30, 2013. These amounts were obtained from actuarial calculations performed by an outside actuarial service.

Assets available to pay all claims at June 30, 2013 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, 2013

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.

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 \$106,673. 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, 2013, MPWA paid \$2,330,039 for the annual fee and \$1,230,067 in maintenance and repair costs.

City of Moore, Oklahoma
Notes to Basic Financial Statements
June 30, 2013

NOTE 3. OTHER INFORMATION - Continued

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 \$46,383,439. Phase II of the project has an estimated completion date of December, 2013. 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, 2013 the City has paid the contract amount of \$3,967,864.

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 \$802,779 as of June 30, 2013.

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 \$299,980 as of June 30, 2013.

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 maximum amount of the sales tax rebate is \$1,000,000 payable in equal annual installments over the next five years. At June 30, 2013 there were no rebates accrued.

The City recognizes and accrues the liability at the time of occurrence. As of June 30, 2013, the City has rebates received but unpaid at June 30, 2013 in the amount of \$167,846.

City of Moore, Oklahoma
Notes to Basic Financial Statements
June 30, 2013

NOTE 3. OTHER INFORMATION - Continued

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, 2013, the City did not have deficits in any funds.

Oklahoma Statutes also require the City Council each year to make an ad valorem tax levy for the sinking fund (Debt Service Fund) which shall, with cash and investments in the fund, be sufficient to pay all the bonded indebtedness, interest and one-third of all outstanding judgments coming due in the following year.

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 63rd Street, Suite 305, Oklahoma City, OK 73116-7335, or by calling 1-800-347-6552.

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>
2013	\$	796,961	796,961
2012		782,224	782,224
2011		779,994	779,994

City of Moore, Oklahoma
Notes to Basic Financial Statements
June 30, 2013

NOTE 3. OTHER INFORMATION - Continued

E. EMPLOYEE RETIREMENT SYSTEMS AND PLANS - Continued

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>
2013	\$	794,189	794,189
2012		801,838	801,838
2011		757,527	757,527

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.

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.

City of Moore, Oklahoma
Notes to Basic Financial Statements
June 30, 2013

NOTE 3. OTHER INFORMATION - Continued

E. EMPLOYEE RETIREMENT SYSTEMS AND PLANS - Continued

City of Moore Deferred Compensation Plan - Continued

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, 2013, the market value of the amount on deposit with the plan was \$12,281,537.

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, 2013 and 2012, the City's net assessed valuation of taxable real and personal property aggregated \$346,753,615 and \$341,968,097 while the property taxes levied per \$1,000 of net assessed valuation were \$10.44 and \$7.43, 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.

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 2013, the actuarially expected City contribution in the form of net age adjustment was \$2,327,241 to the Plan. Plan members receiving benefits contributed total premiums of \$885,431 for employees and \$262,132 for retirees, through their payment of the full determined premium in FY 2013.

City of Moore, Oklahoma
Notes to Basic Financial Statements
June 30, 2013

NOTE 3. OTHER INFORMATION - Continued

G. POST-EMPLOYMENT HEALTHCARE PLAN- Continued

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, 2013:

Amortization of Acturial Accrued Liabilities (AAL)	\$ 2,327,241
Normal Cost	-
Interest on Net OPEB Obligations	267,577
Amortization of Net OPEB Obligations	(365,043)
Annual OPEB cost (expense)	<u>2,229,775</u>
Expected net benefits during the year	(343,668)
Increase in net OPEB Obligation	<u>1,886,107</u>
Net OPEB Obligation - Beginning of year	5,946,147
Net OPEB Obligation - End of year	<u>\$ 7,832,254</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
06/30/13	\$ 2,229,775	14.8%	\$ 7,832,254
06/30/12	2,394,590	11.8%	5,946,147
06/30/11	1,774,333	14.6%	3,833,542

City of Moore, Oklahoma
Notes to Basic Financial Statements
June 30, 2013

NOTE 3. OTHER INFORMATION - Continued

G. POST-EMPLOYMENT HEALTHCARE PLAN - Continued

Funded Status and Funding Progress - As of July 1, 2013, the most recent actuarial valuation date, the Plan was not funded. The actuarial accrued liability (AAL) for benefits was \$18,335,527, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$18,335,527. The covered payroll (annual payroll of active employees covered by the Plan) was \$16.1 million, and the ratio of the UAAL to the covered payroll was 114.10 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, 2012 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 10 percent initially, reduce by decrements to an ultimate rate of 5 percent in 2023. The UAAL is being amortized over 30 years based on a level dollar basis. The remaining amortization period at July 1, 2012 was 26 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, 2013

NOTE 4. SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 18, 2013, which is the date the financial statements were available to be issued.

On May 20, 2013, a powerful tornado struck the City of Moore and the surrounding areas. The tornado damaged or destroyed over 2,194 residential structures and over 90 commercial structures. The City suffered losses to buildings, facilities, maintenance vehicles, and infrastructure. The City has received \$10.9 million in cleanup and repair reimbursements from FEMA and the State of Oklahoma subsequent to June 30, 2013. In addition, the City has been awarded a \$26.3 million dollar grant from the U.S. Department of Housing and Urban Development. The intended use of the grant funds is for land acquisition, redevelopment, relocation, home improvement and refurbishing and safe rooms. The grant requires considerable recordkeeping, accounting, inspections and monitoring of funded projects. The City anticipates the need for additional staff in the Community Development and Finance departments.

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, 2013

	<u>Budgeted Amounts</u>		Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes				
Sales tax	\$ 22,250,000	22,250,000	22,696,645	446,645
Use tax	575,000	575,000	842,124	267,124
Franchise tax	2,765,000	2,765,000	2,513,896	(251,104)
Other tax	350,000	350,000	537,610	187,610
Intergovernmental	735,000	735,000	929,526	194,526
Licenses and permits	296,000	296,000	390,843	94,843
Charge for services	83,530	83,530	126,534	43,004
Fines and forfeitures	1,319,100	1,319,100	1,160,538	(158,562)
Investment revenue	34,000	34,000	40,631	6,631
Miscellaneous	255,770	255,770	871,754	615,984
Total revenues	<u>28,663,400</u>	<u>28,663,400</u>	<u>30,110,101</u>	<u>1,446,701</u>
EXPENDITURES				
General government	2,996,356	4,116,901	3,081,319	1,035,582
Managerial	608,328	608,328	603,611	4,717
City attorney	367,718	385,718	383,933	1,785
Central purchasing	-	3,000	1,282	1,718
Finance	1,110,330	1,117,490	1,117,149	341
Information services	822,812	823,812	683,816	139,996
Municipal court	506,057	536,252	532,853	3,399
Police	9,368,103	9,107,103	8,844,901	262,202
Communications	860,592	860,092	769,409	90,683
Emergency management	166,488	174,988	149,063	25,925
Fire	8,052,697	8,056,035	7,766,717	289,318
Public works administration	1,719,349	1,947,099	1,830,278	116,821
Animal adoption center	479,711	487,711	482,048	5,663
Fleet maintenance	544,750	594,750	540,799	53,951
Building maintenance	340,618	340,618	329,914	10,704
Planning	466,621	466,621	411,457	55,164
Inspections	426,184	435,184	433,766	1,418
Code enforcement	295,419	295,419	194,243	101,176
Parks and recreation	736,586	737,132	672,890	64,242
Brand senior citizens center	140,709	140,709	126,261	14,448
Parks and recreation activities	116,049	116,049	79,479	36,570
Park and cemetery maintenance	733,878	780,853	675,958	104,895
Library	134,463	134,463	89,326	45,137
Moore/Smith cemetery	80,000	80,000	2,119	77,881
Total expenditures	<u>31,073,818</u>	<u>32,346,327</u>	<u>29,802,591</u>	<u>2,543,736</u>
Excess (deficiency) of revenues over (under) expenditures	(2,410,418)	(3,682,927)	307,510	3,990,437
OTHER FINANCING SOURCES (USES)				
Transfers	<u>2,410,418</u>	<u>2,410,418</u>	<u>2,505,461</u>	<u>95,043</u>
Net change in fund balances	-	(1,272,509)	2,812,971	4,085,480
Fund balances - beginning	<u>496,075</u>	<u>1,272,509</u>	<u>2,481,262</u>	<u>1,208,753</u>
Fund balances - ending	<u>\$ 496,075</u>	<u>-</u>	<u>5,294,233</u>	<u>5,294,233</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, 2013

	<u>Budgeted Amounts</u>		Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Loan proceeds	\$ 14,000,000	14,000,000	2,000,000	(12,000,000)
Taxes	-	-	154,179	154,179
Investment revenue	-	-	197	197
Miscellaneous	-	-	2,204	2,204
Total revenues	<u>14,000,000</u>	<u>14,000,000</u>	<u>2,156,580</u>	<u>(11,843,420)</u>
EXPENDITURES				
Public Safety	24,786,189	24,786,189	9,738,566	15,047,623
Cultural and recreation	-	-	457,373	(457,373)
Total expenditures	<u>24,786,189</u>	<u>24,786,189</u>	<u>10,195,939</u>	<u>14,590,250</u>
Excess (deficiency) of revenues over (under) expenditures	(10,786,189)	(10,786,189)	(8,039,359)	2,746,830
OTHER FINANCING SOURCES (USES)				
Transfers	<u>282,849</u>	<u>282,849</u>	<u>1,893,943</u>	<u>1,611,094</u>
Net change in fund balances	(10,503,340)	(10,503,340)	(6,145,416)	4,357,924
Fund balances - beginning	13,174,974	13,174,974	13,174,974	-
Fund balances - ending	<u>\$ 2,671,634</u>	<u>2,671,634</u>	<u>7,029,558</u>	<u>4,357,924</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, 2013

	<u>Budgeted Amounts</u>		Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 2,916,249	2,916,249	2,609,771	(306,478)
Investment revenue	2,000	2,000	5,043	3,043
Total revenues	<u>2,918,249</u>	<u>2,918,249</u>	<u>2,614,814</u>	<u>(303,435)</u>
EXPENDITURES				
Debt service	2,433,500	2,433,750	3,406,000	(972,250)
Total expenditures	<u>2,433,500</u>	<u>2,433,750</u>	<u>3,406,000</u>	<u>(972,250)</u>
Excess (deficiency) of revenues over (under) expenditures	484,749	484,499	(791,186)	(1,275,685)
OTHER FINANCING SOURCES (USES)				
Transfers	<u>(484,749)</u>	<u>(484,749)</u>	<u>(447,515)</u>	<u>37,234</u>
Net change in fund balances	-	(250)	(1,238,701)	(1,238,451)
Fund balances - beginning	306,603	306,603	1,238,701	932,098
Fund balances - ending	<u>\$ 306,603</u>	<u>306,353</u>	<u>-</u>	<u>(306,353)</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, 2013

	<u>Budgeted Amounts</u>		Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charge for services	\$ 17,517,198	17,517,198	16,826,421	(690,777)
Investment revenue	3,000	3,000	19,180	16,180
Loan proceeds	10,000,000	10,000,000	6,936,146	(3,063,854)
Miscellaneous	52,100	52,100	101,610	49,510
Total revenues	<u>27,572,298</u>	<u>27,572,298</u>	<u>23,883,357</u>	<u>(3,688,941)</u>
EXPENDITURES				
General government	20,821,375	31,405,598	18,856,517	12,549,081
Sanitation	<u>1,828,923</u>	<u>2,155,043</u>	<u>2,132,195</u>	<u>22,848</u>
Total expenditures	<u>22,650,298</u>	<u>33,560,641</u>	<u>20,988,712</u>	<u>12,571,929</u>
Excess (deficiency) of revenues over (under) expenditures	4,922,000	(5,988,343)	2,894,645	8,882,988
OTHER FINANCING SOURCES (USES)				
Transfers	<u>(4,922,000)</u>	<u>(4,922,000)</u>	<u>(4,922,000)</u>	<u>-</u>
Net change in fund balances	-	(10,910,343)	(2,027,355)	8,882,988
Fund balances - beginning	<u>841,204</u>	<u>10,910,343</u>	<u>2,027,355</u>	<u>(8,882,988)</u>
Fund balances - ending	<u>\$ 841,204</u>	<u>-</u>	<u>-</u>	<u>-</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, 2013

	<u>Budgeted Amounts</u>		Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charge for services	\$ 4,264,584	6,261,584	4,007,302	(2,254,282)
Investment revenue	100	100	5,134	5,034
Miscellaneous	94,192	19,192	144,812	125,620
Total revenues	<u>4,358,876</u>	<u>6,280,876</u>	<u>4,157,248</u>	<u>(2,123,628)</u>
EXPENDITURES				
Personal services	316,886	373,419	387,799	(14,380)
Maintenance, operations, and contractual services	-	-	-	-
Material and supplies	-	2,295	2,326	(31)
Insurance claims and expenses	5,117,250	6,594,345	5,997,090	597,255
Capital Outlay	-	-	-	-
Total expenditures	<u>5,434,136</u>	<u>6,970,059</u>	<u>6,387,215</u>	<u>582,844</u>
Excess (deficiency) of revenues over (under) expenditures	(1,075,260)	(689,183)	(2,229,967)	(1,540,784)
OTHER FINANCING SOURCES (USES)				
Transfers	<u>2,404,749</u>	<u>482,749</u>	<u>2,364,472</u>	<u>1,881,723</u>
Net change in fund balances	1,329,489	(206,434)	134,505	340,939
Fund balances - beginning	174,276	174,276	355,819	181,543
Fund balances - ending	<u>\$ 1,503,765</u>	<u>(32,158)</u>	<u>490,324</u>	<u>522,482</u>

See accompanying notes to financial statements.

City of Moore, Oklahoma
Notes to Required Supplemental Information
For the Year Ended June 30, 2013

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, 2013

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, 2010</u>	<u>July 1, 2011</u>	<u>July 1, 2012</u>
Actuarial accrued liability - AAL (a)	\$ 14,626,707	20,170,516	18,335,527
Actuarial value of plan assets (b)	-	-	-
Unfunded actuarial accrued liability --			
UAAL (funding excess) (a) - (b)	\$ 14,626,707	20,170,516	18,335,527
Funded ratio (b) / (a)	0.0%	0%	0%
Covered payroll (c)	\$ 15,007,287	15,607,578	16,074,410
UAAL (funding excess) as a % of covered payroll [UAAL / (c)]	97.5%	129.2%	114.1%

OTHER SUPPLEMENTARY

City of Moore, Oklahoma
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2013

	<u>Special Revenue</u>	<u>Permanent</u>	<u>Capital Projects</u>		<u>Total</u>
	<u>Special</u>	<u>Cemetery</u>			<u>Nonmajor</u>
	<u>Revenue</u>	<u>Perpetual</u>	<u>Park</u>	<u>Street 1/2 Cent</u>	<u>Governmental</u>
<u>ASSETS</u>	<u>Funds</u>	<u>Care</u>	<u>Improvements</u>	<u>Sales Tax</u>	<u>Funds</u>
Cash and cash equivalents	\$ 228,126	22,622	4,632,901	1,703,590	6,587,239
Investments	994,000	-	-	497,000	1,491,000
Receivables, net	39,460	-	-	-	39,460
Receivables from other governments	4,526,277	-	-	361,086	4,887,363
TOTAL	<u>5,787,863</u>	<u>22,622</u>	<u>4,632,901</u>	<u>2,561,676</u>	<u>13,005,062</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Accounts payable	4,058,654	-	-	-	4,058,654
Due to MEDA	-	-	90,138	-	90,138
Deposits	304,386	-	-	-	304,386
Total Liabilities	<u>4,363,040</u>	<u>-</u>	<u>90,138</u>	<u>-</u>	<u>4,453,178</u>
Fund balances:					
Reserved for:					
Capital improvements	-	-	4,542,763	2,561,676	7,104,439
For other purposes	1,424,823	22,622	-	-	1,447,445
Total Fund Balances	<u>1,424,823</u>	<u>22,622</u>	<u>4,542,763</u>	<u>2,561,676</u>	<u>8,551,884</u>
TOTAL	<u>\$ 5,787,863</u>	<u>22,622</u>	<u>4,632,901</u>	<u>2,561,676</u>	<u>13,005,062</u>

See accompanying notes to the basic financial statement.

City of Moore, Oklahoma
Nonmajor Governmental Funds
Statement of Revenues, Expenses and Changes in Fund Balances
For the Year Ended June 30, 2013

	<u>Special Revenue</u>	<u>Permanent</u>	<u>Capital Projects</u>		<u>Total</u>
	<u>Special</u>	<u>Cemetery</u>			<u>Nonmajor</u>
	<u>Revenue</u>	<u>Perpetual</u>	<u>Park</u>	<u>Street 1/2 Cent</u>	<u>Governmental</u>
REVENUES	<u>Funds</u>	<u>Care</u>	<u>Improvements</u>	<u>Sales Tax</u>	<u>Funds</u>
Taxes	\$ 518,611	-	-	3,795,300	4,313,911
Intergovernmental	4,912,832	-	-	-	4,912,832
Licenses and permits	19,491	-	-	-	19,491
Charge for services	-	20,737	-	-	20,737
Interest	9,071	-	13,714	5,120	27,905
Miscellaneous	49,685	-	-	-	49,685
Proceeds from debt issuance	-	-	6,325,000	-	6,325,000
Total revenues	<u>5,509,690</u>	<u>20,737</u>	<u>6,338,714</u>	<u>3,800,420</u>	<u>15,669,561</u>
EXPENDITURES					
Current:					
Public safety	112,129	-	-	-	112,129
Streets	177,345	-	-	2,757,631	2,934,976
Culture and recreational	189,333	6,181	1,795,951	-	1,991,465
Community development	5,013,966	-	-	-	5,013,966
Capital outlay	-	-	-	-	-
Total expenditures	<u>5,492,773</u>	<u>6,181</u>	<u>1,795,951</u>	<u>2,757,631</u>	<u>10,052,536</u>
Excess (deficiency) of revenues over expenditures	<u>16,917</u>	<u>14,556</u>	<u>4,542,763</u>	<u>1,042,789</u>	<u>5,617,025</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	(100,000)	-	-	-	(100,000)
Total other financing sources and uses	<u>(100,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(100,000)</u>
Net change in fund balances	(83,083)	14,556	4,542,763	1,042,789	5,517,025
Fund balances-beginning	1,507,906	8,066	-	1,518,887	3,034,859
Fund balances-ending	<u>\$ 1,424,823</u>	<u>22,622</u>	<u>4,542,763</u>	<u>2,561,676</u>	<u>8,551,884</u>

See accompanying notes to the basic financial statement.

City of Moore, Oklahoma

Schedule of Grant Revenues and Expenditures
Budget, Actual and Reconciliation of Audit
Grant Period to June 30, 2013

13972 SEECBC 09

		<u>Cumulative Expenditures to Date</u>			Current Year Activity
	<u>Program Budget</u>	<u>Per Expenditure Report</u>	<u>Adjustments</u>	<u>Per Audit</u>	<u>Per Audit</u>
<u>REVENUE</u>					
Grant Proceeds	\$ 130,000	130,000	-	130,000	-
Matching	35,000	35,000	-	35,000	28,378
Total Revenue	165,000	165,000	-	165,000	28,378
<u>EXPENDITURES</u>					
Contractual	10,000	10,000	-	10,000	-
Purchase of equipment	120,000	120,000	-	120,000	-
Equipment - Match	35,000	35,000	-	35,000	28,378
Total Expenditures	165,000	165,000	-	165,000	28,378
Revenues Over (Under)					
Expenditures	\$ -	-	-	-	-

STATISTICAL SECTION

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

<u>Fiscal Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Streets</u>	<u>Public Works</u>	<u>Culture & Recreation</u>	<u>Community Development</u>	<u>Debt Service</u>	<u>Total</u>
2012-13	\$ 4,903,459	25,443,472	5,022,789	2,700,991	4,080,289	6,053,433	6,046,097	54,250,530
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

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 & Permits</u>	<u>Charges for Services</u>	<u>Fines & Forfeitures</u>	<u>Investment Income</u>	<u>Misc. Revenues</u>	<u>Total</u>
2012-13	\$ 33,668,136	5,842,358	410,334	147,271	1,160,538	84,256	923,644	42,236,537
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

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

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections and Adjustments</u>	<u>Percent of Current Taxes Collected</u>
2012-13	\$ 2,563,319	2,609,771	101.81%
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%

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	
2013	321,026,652	29,923,023	9,346,852	13,542,912	346,753,615	2,889,613,458	12%
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%

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>
2013	10.44	23.07 *	80.61 *	114.12
2012	7.43	23.07	80.61	111.11
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

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

*Estimated

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>
2012-13	58,819	346,753,615	22,925,000	6.61%	390
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

(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>
2012-13	2,000,000	480,375	2,480,375	55,544,881	4.47%
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%

(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>
2013	39,300,845	11,821,428	27,479,417	3,797,552	7.24
2012	38,123,098	10,545,660	27,577,438	2,943,979	9.37
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>
2013	58,819	39,160	22,568 *	5.3
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

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.

* Estimated

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	
2012	23	\$ 38,265,216	242	\$ 37,182,544	\$ 75,447,760
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

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, 2013**

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	81
Fire Protection	
Number of stations	4
Number of personnel per shift (3 shifts)	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, 2013

City Employees

<u>Fiscal Year</u>		<u>Full Time Equivalents (1)</u>
2012-13		294
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

(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, 2013

City Water Usage (Gallons)

<u>Fiscal Year</u>	<u>Billed Annual Usage</u>	<u>Average Daily Usage</u>
2012-13	1,858,655,515	5,092,206
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

CITY OF MOORE, OKLAHOMA
SINGLE AUDIT REPORTS
AND SUPPLEMENTARY SCHEDULES

JUNE 30, 2013

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INDEPENDENT AUDITOR'S REPORT **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, in accordance with the 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, 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, Oklahoma, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City of Moore's basic financial statements and have issued our report thereon dated September 30, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Moore's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Moore's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Moore's internal control.

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. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of reportable findings and responses that we consider to be significant deficiencies, referred to as Finding 2013-01.

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*.

City of Moore's Response to Findings

The City of Moore's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The City of Moore's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is intended solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Dillon & Associates, P.C.

Midwest City, Oklahoma
September 30, 2013

DILLON & ASSOCIATES, P.C.

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INDEPENDENT AUDITOR'S REPORT **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

Report on Compliance for Each Major Federal Program

We have audited the City of Moore, Oklahoma (the City), compliance with the types of compliance requirements described in *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2013. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. 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 program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control 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. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the City of Moore as of and for the year ended June 30, 2013, and have issued our report thereon dated September 30, 2013, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. 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 is the responsibility of management and was derived from and relates directly to

the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements taken as a whole.

Dillon & Associates, P.C.

Midwest City, Oklahoma
September 30, 2013

City of Moore, Oklahoma

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS - THROUGH GRANTOR NUMBER	FEDERAL EXPENDITURES
<u>U.S. Department of Justice</u>			
State and Local HIDTA Task Force Grant	16.809	HIDTA TREAS 303	\$ <u>6,193</u>
<u>U.S. Department of Treasury</u>			
OKC Economic & Identity Crimes Task Force	21.100	USSS-MOU-2008	<u>8,001</u>
<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	<u>14,911</u>
<u>U.S. Department of Energy</u>			
Passed through Oklahoma Department of Commerce: State Energy Program Grant	81.041	15326 SEP 12	<u>63,000</u>
<u>U.S. Department of Homeland Security</u>			
Passed through OK Office of Homeland Security: Homeland Security Grant CBRNE	97.008	UASI 150.010	<u>20,000</u>
<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	ORF-08-0002-CW	22,106
Cap Grant for State Revolving Fund	66.458	ORF-08-0002-CWA	529,906
Cap Grant for State Revolving Fund	66.458	ORF-10-0012-CW	<u>257,068</u>
Total U.S. Department of Environmental Protection Agency			<u>809,080</u>
<u>Federal Emergency Management Agency</u>			
Passed through Oklahoma Department of Civil Emergency Management:			
Emergency Management Assistance	97.036	FEMA DR-4117	4,803,647
Emergency Management Assistance	97.042	PL 85-606	22,316
Fire Management Assistance Grant	97.016	FEMA DR-2868	2,024
Fire Management Assistance Grant	97.016	FEMA DR-2890	602
Fire Management Assistance Grant	97.016	FEMA DR-2941	384
Total U.S. Department of Federal Emergency Management			<u>4,828,973</u>
<u>U.S. Department of Housing and Urban Development</u>			
CDBG Entitlement Grant	14.218	B-11-MC-40-0010	106,765
CDBG Entitlement Grant	14.218	B-12-MC-40-0010	<u>34,345</u>
Total U.S. Department of Housing and Urban Development			<u>141,110</u>
Total Federal Assistance			\$ <u>5,891,268</u>
<u>State of Oklahoma</u>			
None			<u>-</u>
Total Federal and State Assistance			\$ <u>5,891,268</u>

**CITY OF MOORE, OKLAHOMA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2013**

NOTE A - BASIS OF ACCOUNTING

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

NOTE B - LOANS

The City received loans through the Oklahoma Water Resources Board ("OWRB") that are presented as federal awards in the year the funds are received. The City received loans in the amount of \$809,080 during the fiscal year ended June 30, 2013. During the year ended June 30, 2012, the City received \$6,928,592 in additional loans through the OWRB which were presented as federal awards in the Schedule.

**CITY OF MOORE, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2013**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: *Unqualified*

Internal control over financial reporting:

* Material weakness(es) identified? ☐ yes ☒ no

* Significant deficiency(ies) identified that are not considered to be material weakness(es)? ☒ yes ☐ none reported

Noncompliance material to financial statements noted? ☐ yes ☒ no

Federal Awards

Internal control over major programs:

* Material weakness(es) identified? ☐ yes ☒ no

* Significant deficiency(ies) identified that are not considered to be material weakness(es)? ☐ yes ☒ none reported

Type of auditor's report issued on compliance for major programs: *Unqualified*

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? ☐ yes ☒ no

Identification of major programs:

<u>Program</u>	<u>CFDA Number</u>
FEMA - Emergency Management Assistance Program	97.036
ARRA - Clean Drinking Water State Revolving Fund	66.458
Clean Drinking Water State Revolving Fund	66.458

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

Auditee qualified as low-risk auditee? ☒ yes ☐ no

**CITY OF MOORE, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2013**

Section II - Findings Required to be Reported in Accordance with *Government Auditing Standards*:

Finding 2013-01 - Internal Control - Reconciliation of Court Fines

Criteria - The City records amounts for court fines and costs as they are paid. In addition, significant unpaid fines have been assessed. These activities should be adequately monitored, recorded and reconciled by the City.

Condition - The City has had difficulty in reconciling the court assessments outstanding and creating a reconciliation of the monthly activity.

Cause - The magnitude of the court activity has strained the capacity of the existing computer software capabilities.

Effect or Potential Effect - Without controls in place to insure the proper reconciliations errors or irregularities may occur and go undetected and uncorrected.

Recommendation - We recommend that the City take steps to obtain proper reconciliations of the court activity including a reconciliation of unpaid assessments with the general ledger control account balances on a monthly basis.

Management's Response - The City concurs with the recommendation and is in the process of reviewing customer information systems necessary to meet its current and future needs.

Section III - Findings Required to be Reported in Accordance with OMB Circular A-133:

None to report for the June 30, 2013 period.

**CITY OF MOORE, OKLAHOMA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2013**

No matters are reportable.

CITY OF MOORE, OKLAHOMA
SINGLE AUDIT REPORTS
AND SUPPLEMENTARY SCHEDULES

JUNE 30, 2013

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INDEPENDENT AUDITOR'S REPORT **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, in accordance with the 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, 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, Oklahoma, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City of Moore's basic financial statements and have issued our report thereon dated September 30, 2013.

Internal Control Over Financial Reporting

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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*.

City of Moore's Response to Findings

The City of Moore's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The City of Moore's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is intended solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Dillon & Associates, P.C.

Midwest City, Oklahoma
September 30, 2013

DILLON & ASSOCIATES, P.C.

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INDEPENDENT AUDITOR'S REPORT
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

Report on Compliance for Each Major Federal Program

We have audited the City of Moore, Oklahoma (the City), compliance with the types of compliance requirements described in *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2013. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. 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 program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control 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. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the City of Moore as of and for the year ended June 30, 2013, and have issued our report thereon dated September 30, 2013, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. 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 is the responsibility of management and was derived from and relates directly to

the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements taken as a whole.

Dillon & Associates, P.C.

Midwest City, Oklahoma
September 30, 2013

City of Moore, Oklahoma

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS - THROUGH GRANTOR NUMBER	FEDERAL EXPENDITURES
<u>U.S. Department of Justice</u>			
State and Local HIDTA Task Force Grant	16.809	HIDTA TREAS 303	\$ <u>6,193</u>
<u>U.S. Department of Treasury</u>			
OKC Economic & Identity Crimes Task Force	21.100	USSS-MOU-2008	<u>8,001</u>
<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	<u>14,911</u>
<u>U.S. Department of Energy</u>			
Passed through Oklahoma Department of Commerce: State Energy Program Grant	81.041	15326 SEP 12	<u>63,000</u>
<u>U.S. Department of Homeland Security</u>			
Passed through OK Office of Homeland Security: Homeland Security Grant CBRNE	97.008	UASI 150.010	<u>20,000</u>
<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	ORF-08-0002-CW	22,106
Cap Grant for State Revolving Fund	66.458	ORF-08-0002-CWA	529,906
Cap Grant for State Revolving Fund	66.458	ORF-10-0012-CW	<u>257,068</u>
Total U.S. Department of Environmental Protection Agency			<u>809,080</u>
<u>Federal Emergency Management Agency</u>			
Passed through Oklahoma Department of Civil Emergency Management:			
Emergency Management Assistance	97.036	FEMA DR-4117	4,803,647
Emergency Management Assistance	97.042	PL 85-606	22,316
Fire Management Assistance Grant	97.016	FEMA DR-2868	2,024
Fire Management Assistance Grant	97.016	FEMA DR-2890	602
Fire Management Assistance Grant	97.016	FEMA DR-2941	384
Total U.S. Department of Federal Emergency Management			<u>4,828,973</u>
<u>U.S. Department of Housing and Urban Development</u>			
CDBG Entitlement Grant	14.218	B-11-MC-40-0010	106,765
CDBG Entitlement Grant	14.218	B-12-MC-40-0010	<u>34,345</u>
Total U.S. Department of Housing and Urban Development			<u>141,110</u>
Total Federal Assistance			\$ <u>5,891,268</u>
<u>State of Oklahoma</u>			
None			<u>-</u>
Total Federal and State Assistance			\$ <u>5,891,268</u>

**CITY OF MOORE, OKLAHOMA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2013**

NOTE A - BASIS OF ACCOUNTING

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

NOTE B - LOANS

The City received loans through the Oklahoma Water Resources Board ("OWRB") that are presented as federal awards in the year the funds are received. The City received loans in the amount of \$809,080 during the fiscal year ended June 30, 2013. During the year ended June 30, 2012, the City received \$6,928,592 in additional loans through the OWRB which were presented as federal awards in the Schedule.

**CITY OF MOORE, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2013**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: *Unqualified*

Internal control over financial reporting:

* Material weakness(es) identified? ☐ yes ☒ no

* Significant deficiency(ies) identified that are not considered to be material weakness(es)? ☒ yes ☐ none reported

Noncompliance material to financial statements noted? ☐ yes ☒ no

Federal Awards

Internal control over major programs:

* Material weakness(es) identified? ☐ yes ☒ no

* Significant deficiency(ies) identified that are not considered to be material weakness(es)? ☐ yes ☒ none reported

Type of auditor's report issued on compliance for major programs: *Unqualified*

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? ☐ yes ☒ no

Identification of major programs:

<u>Program</u>	<u>CFDA Number</u>
FEMA - Emergency Management Assistance Program	97.036
ARRA - Clean Drinking Water State Revolving Fund	66.458
Clean Drinking Water State Revolving Fund	66.458

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

Auditee qualified as low-risk auditee? ☒ yes ☐ no

**CITY OF MOORE, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2013**

Section II - Findings Required to be Reported in Accordance with *Government Auditing Standards*:

Finding 2013-01 - Internal Control - Reconciliation of Court Fines

Criteria - The City records amounts for court fines and costs as they are paid. In addition, significant unpaid fines have been assessed. These activities should be adequately monitored, recorded and reconciled by the City.

Condition - The City has had difficulty in reconciling the court assessments outstanding and creating a reconciliation of the monthly activity.

Cause - The magnitude of the court activity has strained the capacity of the existing computer software capabilities.

Effect or Potential Effect - Without controls in place to insure the proper reconciliations errors or irregularities may occur and go undetected and uncorrected.

Recommendation - We recommend that the City take steps to obtain proper reconciliations of the court activity including a reconciliation of unpaid assessments with the general ledger control account balances on a monthly basis.

Management's Response - The City concurs with the recommendation and is in the process of reviewing customer information systems necessary to meet its current and future needs.

Section III - Findings Required to be Reported in Accordance with OMB Circular A-133:

None to report for the June 30, 2013 period.

**CITY OF MOORE, OKLAHOMA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2013**

No matters are reportable.