



CITY OF MOORE, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORTS
AS OF AND FOR THE FISCAL YEAR
ENDED JUNE 30, 2015

CITY OF MOORE, OKLAHOMA

LIST OF PRINCIPAL OFFICIALS

City Council

Glenn Lewis
David Roberts
Robert Krows
Mark Hamm
Melissa Hunt
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

Brooks Mitchell

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, 2015, 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, 2015, 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 December 28, 2015, 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.

Emphasis of Matter

As described in Note 2 to the financial statements, effective July 1, 2014 the City adopted provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB 27*, and GASB Statement No. 71, *Pension Transition from Contributions Made Subsequent to the Measurement Date, an amendment of GASB Statement No. 68*. The implementation of GASB Statements No. 68 and 71 resulted in the restatement of beginning net position. Our opinion is not modified with respect to this matter.

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 section 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
December 28, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF MOORE, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2015
Unaudited

Our discussion and analysis of the City of Moore's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2015. Please read it in conjunction with the City's financial statements, which follow this section.

Financial Highlights

- The City's total net position decreased by \$8,179,222 and the assets of the City exceeded its liabilities \$14,705,963 (net position). This amount included an unrestricted net deficit of \$44,736,763.
- At June 30, 2015, the City's governmental funds reported combined ending fund balances of \$32,518,023. Of this total amount, \$3,662,589 is available for spending at the government's discretion (unassigned fund balance).
- At the end of fiscal year 2015, unassigned fund balance for the General Fund was \$2,291,807, or approximately 6.2% of total General Fund expenditures.
- During the current fiscal year, the City's total long-term obligations decreased by \$705,977 (1%). The debt was increased by the issuance of \$4,125,000 in park general obligation bonds, \$5,000,000 in sales tax revenue notes and judgments issued in the amount of \$177,743. The debt was reduced by principal payments of \$10,008,720.
- Sales and use taxes increased by \$368,151 or 1% over the prior fiscal year.

Overview of the Financial Statements

The financial statements presented herein include all of the activities of the City of Moore (the "City"), the Moore Public Works Authority (MPWA) and the Moore Economic Development Authority (MEDA). Included in this report are government-wide statements for each of two categories of activities - governmental and business-type. This discussion and analysis focuses on the primary government, composed of the City of Moore, Moore Public Works Authority and Moore Economic Development Authority.

The government-wide financial statements present the complete financial picture of the City from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business-type activities separately and combined. For governmental activities, these statements tell how their services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. These statements include all assets of the City (including infrastructure capital assets) as well as all liabilities (including all long-term debt).

Reporting the City as a Whole

The Statement of Net Position and the Statement of Activities

This discussion and analysis is intended to serve as an introduction to the City of Moore's basic financial statements. The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way determining whether the City's overall financial condition improved, declined or remained steady over the past year. These statements include all assets and liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's Net Position and changes in Net Position from the prior year. You can think of the City's Net Position - the difference between assets and deferred outflows and liabilities and deferred inflows - as one way to measure the City's financial condition, or position. Over time, increases or decreases in Net Position are one indicator of whether the financial position of the City is improving, deteriorating or remaining steady. However, you must consider other non-financial factors, such as changes in the City's tax base, the condition of the City's roads, and the quality of services to assess the overall health of the City.

The Statement of Net Position and the Statement of Activities are divided into two types of activities:

- **Governmental activities** - Most of the City's basic services are reported here, including the police, fire, general administration, streets and parks. Sales taxes, franchise fees, fines, and state and federal grants finance most of these activities.
- **Business-type activities** - The City's activities that charge a fee to customers to help cover all or most of the cost of certain services it provides. The City's water, sewer, solid waste collections utilities are reported here.

Reporting the City's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the City as a whole. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

resources that can be spent in the near future to finance the City's programs. The differences of results in the Governmental Fund financial statements to those in the Government-Wide financial statements are explained in a reconciliation following each Governmental Fund financial statement.

Proprietary funds. When the City charges customers for the services it provides - whether to outside customers or to other units of the City - these services are generally reported in proprietary funds. Enterprise funds are one type of proprietary funds and are essentially the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows.

A FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Position

For the year ended June 30, 2015, net position for governmental activities and business-type activities decreased \$8,179,222. The results indicate the City, as a whole, incurred an increase in its financial condition from the prior year.

The following is a summary comparison of changes in net position from last year for the City:

	Governmental			Business-type			Total		
	<u>Activities</u>		% Inc.	<u>Activities</u>		% Inc.	<u>Primary Government</u>		% Inc.
	<u>2015</u>	<u>2014</u>		<u>2015</u>	<u>2014</u>		<u>2015</u>	<u>2014</u>	
Current and									
other assets	\$ 38,903	50,459	-23%	3,647	3,690	-1%	42,550	54,149	-21%
Capital assets	66,901	59,467	13%	65,941	68,032	-3%	132,842	127,499	4%
Total assets	<u>105,804</u>	<u>109,926</u>	-4%	<u>69,588</u>	<u>71,722</u>	-3%	<u>175,392</u>	<u>181,648</u>	-3%
Deferred outflow of resources	<u>1,523</u>	<u>-</u>		<u>-</u>	<u>-</u>		<u>1,523</u>	<u>-</u>	
Long-term debt									
outstanding	89,940	65,276	38%	45,131	46,048	-2%	135,071	111,324	21%
Other liabilities	15,111	11,791	28%	5,381	5,651	-5%	20,492	17,442	17%
Total liabilities	<u>105,051</u>	<u>77,067</u>	36%	<u>50,512</u>	<u>51,699</u>	-2%	<u>155,563</u>	<u>128,766</u>	21%
Deferred inflow of resources	<u>6,646</u>	<u>-</u>		<u>-</u>	<u>-</u>		<u>6,646</u>	<u>-</u>	
Net assets:									
Invested in capital									
assets, net of debt	25,180	24,941	1%	18,987	19,160	-1%	44,167	44,101	0%
Restricted	14,326	19,484	-26%	949	1,079	-12%	15,275	20,563	-26%
Unrestricted (deficit)	<u>(43,876)</u>	<u>(11,566)</u>	279%	<u>(860)</u>	<u>(216)</u>	298%	<u>(44,736)</u>	<u>(11,782)</u>	280%
Total net assets	<u>\$ (4,370)</u>	<u>32,859</u>	-113%	<u>19,076</u>	<u>20,023</u>	-5%	<u>14,706</u>	<u>52,882</u>	-72%

The largest portion of the City's net position 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. 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, \$15,275,387 represents resources that are subject to external restrictions on how they may be used. The remaining balance is an unrestricted net deficit of \$44,736,763.

Change in Net Position

For the year ended June 30, 2015 net position of the primary government changed as follows:

Table 2
Changes in Net Position (In Thousands)

	Governmental			Business-type			Total		
	<u>Activities</u>		<u>% Inc.</u>	<u>Activities</u>		<u>% Inc.</u>	<u>Primary Government</u>		<u>% Inc.</u>
	<u>2015</u>	<u>2014</u>	<u>(Dec.)</u>	<u>2015</u>	<u>2014</u>	<u>(Dec.)</u>	<u>2015</u>	<u>2014</u>	<u>(Dec.)</u>
Revenues									
Charges for services	\$ 7,560	7,169	5%	18,905	17,991	5%	26,465	25,160	5%
Operating grants	3,031	82	3596%	-	-	-	3,031	82	3596%
Capital grants	3,920	11,528	-66%	-	-	-	3,920	11,528	-66%
Sales and use taxes	31,849	31,481	1%	-	-	-	31,849	31,481	1%
Property taxes	4,834	3,589	35%	-	-	-	4,834	3,589	35%
Franchise tax (fees)	2,843	2,130	33%	-	-	-	2,843	2,130	33%
Other taxes	971	1,396	-30%	-	-	-	971	1,396	-30%
Investment income	129	112	15%	11	13	-15%	140	125	12%
Other	1,682	4,765	-65%	1,654	212	680%	3,336	4,977	-33%
Total revenues	<u>56,819</u>	<u>62,252</u>	-9%	<u>20,570</u>	<u>18,216</u>	13%	<u>77,389</u>	<u>80,468</u>	-4%
Expenses									
General government	19,074	9,573	99%	-	42	-	19,074	9,615	98%
Public safety	24,021	28,267	-15%	-	-	-	24,021	28,267	-15%
Streets	8,914	4,170	114%	-	-	-	8,914	4,170	114%
Public works	1,776	1,273	40%	-	-	-	1,776	1,273	40%
Cultural & recreation	8,059	2,365	241%	-	-	-	8,059	2,365	241%
Community development	4,951	15,781	-69%	-	-	-	4,951	15,781	-69%
Water and sewer	-	-	-	16,066	14,643	10%	16,066	14,643	10%
Sanitation	-	-	-	1,555	1,751	-11%	1,555	1,751	-11%
Interest on debt	1,152	1,238	-7%	-	-	-	1,152	1,238	-7%
Total expenses	<u>67,947</u>	<u>62,667</u>	8%	<u>17,621</u>	<u>16,436</u>	7%	<u>85,568</u>	<u>79,103</u>	8%
Increase in net position									
before transfers	(11,128)	(415)	2581%	2,949	1,780	66%	(8,179)	1,365	-699%
Transfers	3,896	4,102	-5%	(3,896)	(4,102)	-5%	-	-	-
Change in net position	<u>(7,232)</u>	<u>3,687</u>	-296%	<u>(947)</u>	<u>(2,322)</u>	-59%	<u>(8,179)</u>	<u>1,365</u>	-699%
Beginning net position	2,862	(825)	-447%	20,023	22,345	-10%	22,885	21,520	6%
Ending net position	<u>\$ (4,370)</u>	<u>2,862</u>	-253%	<u>19,076</u>	<u>20,023</u>	-5%	<u>14,706</u>	<u>22,885</u>	-36%

The City's governmental activities capital grants and contributions received was \$6,950,510 due in large part to grants received from HUD in the amount of \$3,919,949.

Governmental Activities

To aid in the understanding of the Statement of Activities some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenditures, and Changes in Fund Balance. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net (Expense)/Revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the City's taxpayers. It also identifies how much each function draws from general revenues or if it is self-financing through fees and grants or contributions. All other governmental revenues are reported as general. It is important to note all taxes are classified as general revenue even if restricted for a specific purpose.

Table 3
Net Revenue (Expense) of Governmental Activities
(In Thousands)

	Total Expenses			% Inc.	Net Revenue		% Inc.
	of Services			(Dec.)	(Expense) of Services		(Dec.)
	2015	2014			2015	2014	
General government	\$ 19,074	9,573	99%		(13,257)	(3,580)	270%
Public safety	24,021	28,267	-15%		(19,816)	(26,936)	-26%
Streets	8,914	4,170	114%		(8,363)	(4,170)	101%
Public works	1,776	1,273	40%		(1,776)	(1,273)	40%
Cultural & recreation	8,059	2,365	241%		(8,059)	(2,365)	241%
Community development	4,951	15,781	-69%		(1,012)	(4,325)	-77%
Interest on long-term debt	1,152	1,238	-7%		(1,152)	(1,238)	-7%
Total	\$ 67,947	62,667	8%		(53,435)	(43,887)	22%

For the year ended June 30, 2015, total expenses for governmental activities amounted to \$67,946,414 which is a 8.4% increase from the prior year.

Business-type Activities

Table 4
Net Revenue (Expense) of Business-Type Activities
(In Thousands)

	Total Expenses		% Inc.	Net Revenue		% Inc.
	of Services		(Dec.)	(Expense) of Services		(Dec.)
	2015	2014		2015	2014	
Water and sewer	\$ 16,066	14,643	10%	(1,582)	(711)	-123%
Sanitation	1,555	1,751	-11%	2,439	2,025	20%
General government	-	42	-100%	427	240	78%
Total	\$ 17,621	16,436	7%	1,284	1,554	-17%

The City's business-type activities include utility services for water, sewer and sanitation.

A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed its 2015 fiscal year, the governmental funds reported a combined fund balance of \$32,518,023, or 29.0% decrease from the prior year. The enterprise funds reported combined net position of \$19,075,739, or 4.7% decrease from 2014.

Other Fund Highlights Include:

- For the year ended June 30, 2015, the General Fund's total fund balance decreased by \$2,276,859, or 47.8%, due to an increase in expenses and purchases of capital assets.
- The MEDA Fund's total fund balance increase by \$1,008,650, due to an increase in restricted assets held for capital projects.
- The MPWA Enterprise Fund reported a net position increase before contributions and transfers of \$2,948,689.

General Fund Budgetary Highlights

For the year ended June 30, 2015, the General Fund reported actual budgetary basis revenues above final estimates by \$5,240,221 or a 13.8% negative variance. General Fund actual expenditures were under final appropriations by \$5,062,414 or a 12.0% positive variance.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2015, the City had approximately \$132.8 million invested in capital assets, net of depreciation, including land, buildings, machinery and equipment, park facilities, water, sewer and stormwater systems, roads and bridges. This represents a net increase of approximately \$5.3 million over last year.

Table 5
Capital Assets
(In Thousands)

	Governmental Activities <u>2015</u>	Business-type Activities <u>2015</u>	Total <u>2015</u>
Land and construction in progress	\$ 14,606	8	14,614
Building and improvements	44,556	1,782	46,338
Machinery and equipment	15,286	5,953	21,239
Vehicles	10,237	4,253	14,490
Infrastructure	121,400	115,669	237,069
	206,085	127,665	333,750
Less : Accumulated depreciation	139,184	61,724	200,908
Net capital assets	\$ 66,901	65,941	132,842

	Governmental Activities <u>2014</u>	Business-type Activities <u>2014</u>	Total <u>2014</u>
Land and construction in progress	\$ 3,883	-	3,883
Building and improvements	44,462	1,782	46,244
Machinery and equipment	13,495	5,792	19,287
Vehicles	9,620	3,555	13,175
Infrastructure	116,496	115,494	231,990
	187,956	126,623	314,579
Less : Accumulated depreciation	128,489	58,591	187,080
Net capital assets	\$ 59,467	68,032	127,499

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

- Construction of park and recreation facilities.
- Major street construction.
- Capital expenditures related to the Community Development Block Grant program.

Long-term Debt

At year-end, the City had \$103.7 million in long-term debt outstanding, which represents approximately a \$705,977 decrease from the prior year.

Table 6
Long-term Debt
(In Thousands)

	Governmental Activities <u>2015</u>	Business-type Activities <u>2015</u>	Total <u>2015</u>
General obligation bonds	\$ 30,015	-	30,015
Revenue bonds and notes	26,483	46,649	73,132
Compensated absences payable	4,429	85	4,514
Other	528	4	532
Net long-term debt	<u>\$ 61,455</u>	<u>46,738</u>	<u>108,193</u>

	Governmental Activities <u>2014</u>	Business-type Activities <u>2014</u>	Total <u>2014</u>
General obligation bonds	\$ 29,075	-	29,075
Revenue bonds and notes	26,125	48,560	74,685
Compensated absences payable	4,532	85	4,617
Other	620	4	624
Net long-term debt	<u>\$ 60,352</u>	<u>48,649</u>	<u>109,001</u>

ECONOMIC OUTLOOK

- The City's finances continue to be affected by the May 20, 2013 tornado which destroyed a significant number of homes and businesses.
- The unemployment rate for the Oklahoma City metropolitan area which includes Moore is currently 4.4 percent, which is a decrease of .4 percent from a year ago. This compares favorably to the state's average unemployment rate of 4.6 percent and favorably to the national average rate of 6.1 percent.
- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the City's budget for the 2016 fiscal year.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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.

Brooks Mitchell, CPA
Finance Director

BASIC FINANCIAL STATEMENTS

City of Moore, Oklahoma
Statement of Net Position
June 30, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Pooled cash and cash equivalents	\$ 14,326,781	1,800	14,328,581
Restricted cash and investments	19,762,997	1,998,865	21,761,862
Receivables (net of allowance for uncollectibles)	535,834	1,646,603	2,182,437
Receivables from other governments	3,393,840	-	3,393,840
Inventories	37,425	-	37,425
Total current assets	38,056,877	3,647,268	41,704,145
Non-current assets:			
Net pension asset	845,502	-	845,502
Capital assets:			
Land, improvements, and construction in progress	14,605,733	7,980	14,613,713
Other capital assets, net of depreciation	52,295,529	65,933,213	118,228,742
Total non-current assets	67,746,764	65,941,193	133,687,957
Total assets	105,803,641	69,588,461	175,392,102
DEFERRED OUTFLOW OF RESOURCES			
Deferred resources related to pensions	1,522,796	-	1,522,796
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	4,423,415	2,436,550	6,859,965
Accrued interest payable	604,039	357,666	961,705
Deposits subject to refund	66,743	983,195	1,049,938
Current portion of long-term debt	10,015,780	1,604,476	11,620,256
Total current liabilities	15,109,977	5,381,887	20,491,864
Non-current liabilities:			
Long-term debt and other liabilities	89,940,417	45,130,835	135,071,252
Total non-current liabilities	89,940,417	45,130,835	135,071,252
Total liabilities	105,050,394	50,512,722	155,563,116
DEFERRED INFLOW OF RESOURCES			
Deferred resources related to pensions	6,645,819	-	6,645,819
NET POSITION			
Net investment in capital assets	25,180,493	18,986,846	44,167,339
Restricted for:			
Debt service	5,085,618	-	5,085,618
Capital improvements	4,773,232	949,145	5,722,377
Other purposes	4,467,392	-	4,467,392
Unrestricted (deficit)	(43,876,511)	(860,252)	(44,736,763)
Total net position	\$ (4,369,776)	19,075,739	14,705,963

See accompanying notes to the basic financial statements.

City of Moore, Oklahoma
Statement of Activities
For the Year Ended June 30, 2015

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	\$ 19,073,772	5,816,716	-	-
Public safety	24,020,504	1,192,282	3,011,811	-
Streets	8,914,240	550,996	-	-
Public works administration	1,775,945	-	-	-
Culture and recreation	8,059,111	-	-	-
Community development	4,951,095	-	18,750	3,919,949
Interest on long-term debt	1,151,747	-	-	-
Total government activities	<u>67,946,414</u>	<u>7,559,994</u>	<u>3,030,561</u>	<u>3,919,949</u>
Business-type activities:				
Water and sewer	16,065,704	14,483,595	-	-
Sanitation	1,555,555	3,994,639	-	-
General government	-	427,133	-	-
Total business-type activities	<u>17,621,259</u>	<u>18,905,367</u>	<u>-</u>	<u>-</u>
Total primary government	<u>85,567,673</u>	<u>26,465,361</u>	<u>3,030,561</u>	<u>3,919,949</u>

City of Moore, Oklahoma
Statement of Activities
For the Year Ended June 30, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Change in net assets:			
Net (expense) revenue	\$ (53,435,910)	1,284,108	(52,151,802)
General revenues:			
Taxes:			
Sales taxes	30,704,589	-	30,704,589
Use taxes	1,144,161	-	1,144,161
Property taxes	4,834,036	-	4,834,036
Franchise taxes (fees)	2,842,994	-	2,842,994
Other taxes	970,842	-	970,842
Unrestricted investment income	128,903	10,863	139,766
Miscellaneous	1,682,474	1,653,718	3,336,192
Transfers	3,895,834	(3,895,834)	-
Total general revenues and transfers	46,203,833	(2,231,253)	43,972,580
Change in net position	(7,232,077)	(947,145)	(8,179,222)
Net position - beginning, restated (See Note 3)	2,862,301	20,022,884	22,885,185
Net position - ending	\$ (4,369,776)	19,075,739	14,705,963

See accompanying notes to the basic financial statements.

City of Moore, Oklahoma
Balance Sheet - Governmental Funds
June 30, 2015

	General	Moore Econ. Dev. Authority	Park Improvement Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 2,641,588	1,196,030	-	-	9,395,067	13,232,685
Restricted cash and investments	150,000	2,966,675	10,967,552	5,678,770	-	19,762,997
Investments	-	-	-	-	-	-
Receivables - Other, net	478,845	-	-	-	35,282	514,127
Due from other governments	2,346,225	186,487	-	24,000	837,128	3,393,840
Inventories	37,425	-	-	-	-	37,425
Total assets	5,654,083	4,349,192	10,967,552	5,702,770	10,267,477	36,941,074
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	2,540,423	6,299	772,554	-	450,798	3,770,074
Wages and benefits payable	567,685	5,436	-	-	-	573,121
Due to other funds	-	-	-	13,113	-	13,113
Deposits	66,743	-	-	-	-	66,743
Total liabilities (Note 2)	3,174,851	11,735	772,554	13,113	450,798	4,423,051
Fund balances:						
Nonspendable	187,425	-	-	-	-	187,425
Restricted	-	2,966,675	10,194,998	5,689,657	9,816,679	28,668,009
Unrestricted	2,291,807	1,370,782	-	-	-	3,662,589
Total fund balances	2,479,232	4,337,457	10,194,998	5,689,657	9,816,679	32,518,023
Total liabilities and fund balances \$	5,654,083	4,349,192	10,967,552	5,702,770	10,267,477	

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.	66,877,470
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.	(13,131,887)
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds:	
Net pension asset	845,502
Pension related deferred outflows	1,522,796
Certain liabilities are not due and payable in the current period from current financial resources, and therefore are not reported in the funds:	
Bonds and notes payable	(57,025,491)
Net pension liability	(24,271,350)
Pension related deferred inflows	(6,645,819)
Accrued interest payable	(604,039)
Accrued compensated absences	(4,454,981)
Net position of governmental activities	\$ (4,369,776)

See accompanying notes to the basic financial statements.

City of Moore, Oklahoma
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2015

	General Fund	Moore Econ. Dev. Authority	Park Improvement Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	\$ 28,910,135	2,046,973	-	4,834,036	4,705,478	40,496,622
Intergovernmental	1,003,147	-	-	-	4,597,069	5,600,216
Licenses and permits	442,384	-	-	-	15,546	457,930
Charge for services	138,026	-	42	-	22,270	160,338
Fines and forfeitures	1,192,282	-	-	-	-	1,192,282
Investment revenue	61,814	860	45,925	4,616	14,517	127,732
Proceeds from debt issuances	-	9,178,394	-	-	-	9,178,394
Miscellaneous	1,013,731	61,877	10,000	-	252,906	1,338,514
Total revenues	<u>32,761,519</u>	<u>11,288,104</u>	<u>55,967</u>	<u>4,838,652</u>	<u>9,607,786</u>	<u>58,552,028</u>
EXPENDITURES						
Current:						
General government	7,634,652	403,603	-	-	-	8,038,255
Public safety	20,837,382	260,766	-	-	382,097	21,480,245
Streets	871,665	2,060,918	-	-	6,476,762	9,409,345
Public works	4,569,504	-	-	-	-	4,569,504
Culture and recreation	1,798,717	1,746,647	11,288,818	-	33,287	14,867,469
Community development	1,247,896	-	-	-	4,172,170	5,420,066
Debt service:						
Principal	-	6,025,000	-	3,185,000	-	9,210,000
Interest and other charges	-	188,001	157,269	513,710	-	858,980
Total expenditures	<u>36,959,816</u>	<u>10,684,935</u>	<u>11,446,087</u>	<u>3,698,710</u>	<u>11,064,316</u>	<u>73,853,864</u>
Excess (deficiency) of revenues over expenditures	<u>(4,198,297)</u>	<u>603,169</u>	<u>(11,390,120)</u>	<u>1,139,942</u>	<u>(1,456,530)</u>	<u>(15,301,836)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	27,138,750	405,481	-	-	425,110	27,969,341
Transfers out	(25,217,312)	-	-	(274,777)	(455,746)	(25,947,835)
Total other financing sources and uses	<u>1,921,438</u>	<u>405,481</u>	<u>-</u>	<u>(274,777)</u>	<u>(30,636)</u>	<u>2,021,506</u>
Net change in fund balances	(2,276,859)	1,008,650	(11,390,120)	865,165	(1,487,166)	(13,280,330)
Fund balances-beginning	4,756,091	3,328,807	21,585,118	4,824,492	11,303,845	45,798,353
Fund balances-ending	<u>\$ 2,479,232</u>	<u>4,337,457</u>	<u>10,194,998</u>	<u>5,689,657</u>	<u>9,816,679</u>	<u>32,518,023</u>

See accompanying notes to the basic 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, 2015

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

Net change in fund balances - total governmental funds	\$ (13,280,330)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:

Capital asset purchases capitalized	18,514,565
Depreciation expense	(11,102,393)

In the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as an element of pension expense. The fund financial statements report pension contributions as expenditures.	1,448,120
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Issuance of long-term debt is a revenue in the governmental funds, but the gross debt increases long-term liabilities in the Statement of Net Position.	(9,302,743)
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Repayment of debt principal and note issuance costs are expenditures in the governmental funds, but repayment of principal reduces long-term liabilities in the Statement of Net Position.	9,022,987
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:	
Change in accrued interest payable	(105,754)
Change in accrued compensated absences	135,530

Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.	(2,562,059)
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Change in net position of governmental activities	\$ <u>(7,232,077)</u>
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City of Moore, Oklahoma
Statement of Position Proprietary Funds
June 30, 2015

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities</u>
			Total	<u>Internal Service Fund</u>
	<u>MPWA</u>	<u>MPWA Sinking</u>	<u>Enterprise Funds</u>	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,800	-	1,800	1,094,096
Restricted:				
Cash and investments	1,946,145	52,720	1,998,865	-
Receivables, utilities - Net of allowance for doubtful accounts of \$482,261	1,641,716	-	1,641,716	-
Receivables, other	4,887	-	4,887	21,707
Due from other funds	-	-	-	13,113
Total current assets	<u>3,594,548</u>	<u>52,720</u>	<u>3,647,268</u>	<u>1,128,916</u>
Non-current assets:				
Other capital assets, net	65,941,193	-	65,941,193	23,792
Total non-current assets	<u>65,941,193</u>	<u>-</u>	<u>65,941,193</u>	<u>23,792</u>
Total assets	<u>69,535,741</u>	<u>52,720</u>	<u>69,588,461</u>	<u>1,152,708</u>
DEFERRED OUTFLOW OF RESOURCES				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
LIABILITIES				
Current liabilities:				
Accounts payable	2,418,813	-	2,418,813	80,218
Accrued interest payable	-	357,666	357,666	-
Other accrued liabilities	17,737	-	17,737	-
Deposits subject to refund	983,195	-	983,195	-
Current portion of long-term liabilities	21,477	1,582,999	1,604,476	21,182
Total current liabilities	<u>3,441,222</u>	<u>1,940,665</u>	<u>5,381,887</u>	<u>101,400</u>
Non-current liabilities:				
Liability for incurred claims	-	-	-	2,180,000
Other post-employment benefits	-	-	-	11,940,285
Notes payable, non-current	-	45,066,402	45,066,402	2,827
Accrued compensated absences, non-current	64,433	-	64,433	60,083
Total non-current liabilities	<u>64,433</u>	<u>45,066,402</u>	<u>45,130,835</u>	<u>14,183,195</u>
Total liabilities	<u>3,505,655</u>	<u>47,007,067</u>	<u>50,512,722</u>	<u>14,284,595</u>
DEFERRED INFLOW OF RESOURCES				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	65,941,193	(46,954,347)	18,986,846	23,792
Restricted for:				
Capital improvements	949,145	-	949,145	-
Unrestricted	<u>(860,252)</u>	<u>-</u>	<u>(860,252)</u>	<u>(13,155,679)</u>
Total net position	<u>\$ 66,030,086</u>	<u>(46,954,347)</u>	<u>19,075,739</u>	<u>(13,131,887)</u>

See accompanying notes to the basic financial statements.

City of Moore, Oklahoma
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds
For the Year Ended June 30, 2015

	Business-type Activities - Enterprise Funds			Governmental Activities
			Total	Internal
	<u>MPWA</u>	<u>MPWA Sinking</u>	<u>Enterprise Funds</u>	<u>Service Fund</u>
REVENUES				
Water	\$ 7,186,930	-	7,186,930	-
Sewer	7,296,665	-	7,296,665	-
Sanitation	3,994,639	-	3,994,639	-
Other services	427,133	-	427,133	-
Self insurance charges	-	-	-	4,159,075
Total operating revenues	<u>18,905,367</u>	<u>-</u>	<u>18,905,367</u>	<u>4,159,075</u>
OPERATING EXPENSES				
General government	11,348,294	-	11,348,294	382,327
Sanitation	1,234,378	-	1,234,378	-
Insurance claims and expenses	-	-	-	8,536,344
Depreciation	3,383,992	-	3,383,992	21,921
Total operating expenses	<u>15,966,664</u>	<u>-</u>	<u>15,966,664</u>	<u>8,940,592</u>
Operating income (loss)	<u>2,938,703</u>	<u>-</u>	<u>2,938,703</u>	<u>(4,781,517)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment revenue	10,859	4	10,863	1,171
Sale of land	1,200,000	-	1,200,000	-
Other nonoperating revenue (expenses)	453,718	-	453,718	343,959
Interest expense	-	(1,654,595)	(1,654,595)	-
Total nonoperating revenues (expenses)	<u>1,664,577</u>	<u>(1,654,591)</u>	<u>9,986</u>	<u>345,130</u>
OPERATING TRANSFERS AND CAPITAL ITEMS				
Transfers in	24,386,721	3,572,269	27,958,990	1,874,328
Transfers out	(31,854,824)	-	(31,854,824)	-
Total operating transfers	<u>(7,468,103)</u>	<u>3,572,269</u>	<u>(3,895,834)</u>	<u>1,874,328</u>
Change in net position	(2,864,823)	1,917,678	(947,145)	(2,562,059)
Net position - beginning	<u>68,894,909</u>	<u>(48,872,025)</u>	<u>20,022,884</u>	<u>(10,569,828)</u>
Net position - ending	<u>\$ 66,030,086</u>	<u>(46,954,347)</u>	<u>19,075,739</u>	<u>(13,131,887)</u>

See accompanying notes to the basic financial statements.

City of Moore, Oklahoma
Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2015

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities</u>
			<u>Total</u>	<u>Internal</u>
	<u>MPWA</u>	<u>Sinking</u>	<u>Enterprise Funds</u>	<u>Service Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 18,829,213	-	18,829,213	4,147,914
Payments to suppliers	(10,690,519)	(6,940)	(10,697,459)	(6,255,597)
Payments to employees	(698,446)	-	(698,446)	(310,563)
Net cash provided (used) by operating activities	<u>7,440,248</u>	<u>(6,940)</u>	<u>7,433,308</u>	<u>(2,418,246)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating transfers in (out)	(7,468,103)	3,572,269	(3,895,834)	1,874,328
Net cash provided (used) by noncapital financing activities	<u>(7,468,103)</u>	<u>3,572,269</u>	<u>(3,895,834)</u>	<u>1,874,328</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from OWRB loan	-	-	-	-
Principal paid on long-term debt	-	(1,910,733)	(1,910,733)	-
Interest expense and fiscal charges	-	(1,654,595)	(1,654,595)	-
Proceeds from the sale of land	1,200,000	-	1,200,000	-
(Acquisition) of capital assets	(1,293,137)	-	(1,293,137)	(44,447)
Net cash provided (used) by capital and related financing activities	<u>(93,137)</u>	<u>(3,565,328)</u>	<u>(3,658,465)</u>	<u>(44,447)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
(Increase) decrease in investments	(9,000)	-	(9,000)	233,000
Interest received	10,859	4	10,863	1,171
Net cash provided (used) by investing activities	<u>1,859</u>	<u>4</u>	<u>1,863</u>	<u>234,171</u>
Net increase (decrease) in cash and cash equivalents	(119,133)	5	(119,128)	(354,194)
Cash and cash equivalents - beginning of the year	2,067,078	52,715	2,119,793	1,448,290
Cash and cash equivalents - end of the year	<u>\$ 1,947,945</u>	<u>52,720</u>	<u>2,000,665</u>	<u>1,094,096</u>
Reconciliation to Statement of Net Position:				
Cash and cash equivalents	1,800	-	1,800	1,094,096
Restricted cash and cash equivalents	1,946,145	52,720	1,998,865	-
Total cash and cash equivalents, end of year	<u>\$ 1,947,945</u>	<u>52,720</u>	<u>2,000,665</u>	<u>1,094,096</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	2,938,703	-	2,938,703	(4,781,517)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Cash flows reported in other categories:				
Depreciation expense	3,383,992	-	3,383,992	21,921
Miscellaneous revenues	453,718	-	453,718	343,959
Change in assets and liabilities:				
Receivable, net	(76,154)	-	(76,154)	(11,161)
Accounts payable	748,849	-	748,849	(199,308)
Due from other funds	-	-	-	42,287
Accrued compensated absences	1,354	-	1,354	850
Other current liabilities	15,832	(6,940)	8,892	(1,198)
Deposits subject to refund	(26,046)	-	(26,046)	-
Liabilities for incurred claims	-	-	-	2,165,921
Net cash provided by (used in) operating activities	<u>\$ 7,440,248</u>	<u>(6,940)</u>	<u>7,433,308</u>	<u>(2,418,246)</u>

See accompanying notes to the basic financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

City of Moore, Oklahoma
Notes to Basic Financial Statements
As of and for the Year Ended June 30, 2015

NOTE 1. ORGANIZATION

The City of Moore, Oklahoma (the City) is a municipal corporation, incorporated in 1893. The City is governed by an elected mayor and six-member council. The City operates under a Council-Manager Charter form of government under Title 11 of the *Oklahoma Statutes*. The City provides the following services to its citizens: public safety (police and fire), streets and highways, sanitation, social services, culture and recreation, public improvements, utilities, planning and zoning, and general administrative services.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity - The accompanying 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.

Separate financial statements have not been prepared for the blended component units.

In determining the financial reporting entity, the City complies with the provisions of Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity" as amended by Statement 61, and includes all component units for which the City is financially accountable. Each component unit is a Public Trust established pursuant to Title 60 of the Oklahoma State law. Public Trusts (Authorities) have no taxing power. The Authorities are generally created to finance City services through the issuance of revenue bonds or other non-general obligation debt and to enable the City Council to delegate certain

City of Moore, Oklahoma
Notes to Basic Financial Statements
As of and for the Year Ended June 30, 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

functions to the governing body (Trustees) of the Authority. In accordance with state law, all debt obligations incurred by public trusts require 2/3 approval by the City Council. In addition, the City has leased certain existing assets at the creation for the Authority to the Trustees on a long-term basis. The City, as beneficiary of the Public Trust, receives title to any residual assets when a Public Trust is dissolved.

Basis of Presentation and Accounting:

Government-Wide and Fund Financial Statements - The statements of net position and activities are reported on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses (including depreciation and amortization) are recorded when the liability is incurred or economic asset used.

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

- Public Safety - Police and Fire - fines and forfeitures, fire run charges, 911 revenues, operating and capital grants
- Streets - commercial vehicle and gasoline excise tax shared by the State, operating and capital grants
- Culture and Recreation - class fees, library fees and operating grants
- Cemetery - cemetery revenues
- General Government - licenses and permits, rentals, operating and capital grants

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

Governmental Funds:

Major Fund:

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.

Park Improvement Fund - accounts for and reports resources that are restricted, committed, or assigned to expenditure for the construction and improvements of the City parks.

City of Moore, Oklahoma
Notes to Basic Financial Statements
As of and for the Year Ended June 30, 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

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 financial resources that are restricted, committed, or assigned to expenditure for the maintenance and care of the cemetery.

CDBG Fund - accounts for and reports financial resources that are restricted, committed, or assigned to expenditure related to the Community Development Block Grant program.

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

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.

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

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

The General Fund is considered a major fund and therefore displayed in a separate column. All other governmental funds are considered non-major funds and are aggregated under the column Other Governmental Funds.

Proprietary Funds:

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.

City of Moore, Oklahoma
Notes to Basic Financial Statements
As of and for the Year Ended June 30, 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

For purposes of the statement of revenues, expenses and changes in financial position, operating revenues and expenses are considered those whose cash flows are related to operating activities, while revenues and expenses related to financing, capital and investing activities are reported as non-operating or transfers and contributions.

Assets, Deferred Outflows, Liabilities, Deferred Inflows 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, 2015, to be the fair value of its investments. 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.

City of Moore, Oklahoma
Notes to Basic Financial Statements
As of and for the Year Ended June 30, 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

- 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.
- 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

City of Moore, Oklahoma
Notes to Basic Financial Statements
As of and for the Year Ended June 30, 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

- 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.

- j. *Liability for Incurred Claims* - The liability for incurred claims represents estimated claims (including future claim adjustment expenses) incurred but unpaid for worker's compensation, group medical and dental, unemployment claims and post-retirement obligations as of the fiscal year end. The estimate includes claims reported as of June 30, 2015, 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 worker's 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.

City of Moore, Oklahoma
Notes to Basic Financial Statements
As of and for the Year Ended June 30, 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

- m. *Pensions* - For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflow of resources related to pensions and pension expense, information about the fiduciary net position of the City's multiemployer pension plans and additions to/deductions from the multiemployer pension plans have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.
- n. *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, 2015 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.

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.

City of Moore, Oklahoma
Notes to Basic Financial Statements
As of and for the Year Ended June 30, 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

- 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 been 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, 2015 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.
- 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.

City of Moore, Oklahoma
Notes to Basic Financial Statements
As of and for the Year Ended June 30, 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

New Accounting Pronouncements - Effective July 1, 2014, the City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27*. GASB No. 68 establishes standards of measuring and recognizing liabilities, deferred outflow of resources, deferred inflow of resources, and pension expense. GASB No. 68 also details the recognition and disclosure requirements for employers with liabilities to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. A prior period adjustment of \$29,996,990 was made to unrestricted net position to account for these items.

NOTE 3 - DETAILED NOTES CONCERNING THE FUNDS

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

Cash and Investments

A summary of cash and investments shown in the Statement of Net Position is as follows:

Cash and equivalents	\$ 14,328,581
Restricted cash and investments	<u>21,761,862</u>
Total	\$ <u>36,090,443</u>

City of Moore, Oklahoma
Notes to Basic Financial Statements
As of and for the Year Ended June 30, 2015

NOTE 3 - DETAILED NOTES CONCERNING THE FUNDS - Continued

The local government had the following deposits and investments at June 30, 2015:

	Credit rating	Fair value	Maturities in Years		
			On demand	Less than 1	1-5
Demand deposits and cash on hand	(1)	\$ 31,924,049	31,924,049	-	-
Money market mutual funds	AAA	-	-	-	-
U.S. Obligations		3,019,394	-	3,019,394	-
Time deposits	(1)	1,147,000	-	900,000	247,000
Total		\$ 36,090,443	31,924,049	3,919,394	247,000

(1) Not subject to rating

Standard and Poor's (S&P) was the source for all credit ratings reported above.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's policy for collateralization is that pledged securities will have a market value of at least 110% of the value of funds on deposit and that collateral be limited to either U.S. Treasury securities and direct debt obligations of municipalities, counties and school districts in the state of Oklahoma.

At June 30, 2015, the City was not exposed to custodial credit risk as defined above.

Investment Interest Credit 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, 2015, the investments held by the City mature between less than a year and a maximum of two years.

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: 3.2% in certificates of deposit (\$1,147,000) and 8.4% in U.S. obligations (\$3,019,394).

City of Moore, Oklahoma
Notes to Basic Financial Statements
As of and for the Year Ended June 30, 2015

NOTE 3 - DETAILED NOTES CONCERNING THE FUNDS - Continued

Receivables and Uncollectible Accounts

Receivables as of June 30, 2015, 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>	MEDA <u>Fund</u>	Debt Serv. <u>Fund</u>	Nonmajor Governmental <u>Funds</u>	Moore Public Works <u>Authority</u>
Receivables:					
Taxes	\$ 2,346,225	186,487	24,000	837,128	-
Accounts	<u>478,845</u>	<u>-</u>	<u>-</u>	<u>35,282</u>	<u>2,128,864</u>
Gross receivables	2,825,070	186,487	24,000	872,410	2,128,864
Less: Allowance for uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>482,261</u>
Net receivables	<u>\$ 2,825,070</u>	<u>186,487</u>	<u>24,000</u>	<u>872,410</u>	<u>1,646,603</u>

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, 2015 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	\$ 150,000	997,000	1,147,000
Construction funds	13,826,994	949,145	14,776,139
Debt service sinking funds	<u>5,786,003</u>	<u>52,720</u>	<u>5,838,723</u>
Total Restricted Assets	<u>\$ 19,762,997</u>	<u>1,998,865</u>	<u>21,761,862</u>

City of Moore, Oklahoma
Notes to Basic Financial Statements
As of and for the Year Ended June 30, 2015

NOTE 3 - DETAILED NOTES CONCERNING THE FUNDS - Continued

Capital Assets

Capital asset balances and activities for the year ended June 30, 2015, were as follows:

	<u>Beginning</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending</u>
<i>Governmental activities</i>				
Capital assets not being depreciated :				
Land	\$ 3,882,773	259,885	-	4,142,658
Construction in progress	736,218	9,726,857	-	10,463,075
Total capital assets not being depreciated	<u>4,618,991</u>	<u>9,986,742</u>	<u>-</u>	<u>14,605,733</u>
Capital assets being depreciated :				
Buildings and improvements	44,461,629	423,935	329,334	44,556,230
Machinery and equipment	13,495,310	1,892,837	101,857	15,286,290
Vehicles	9,619,742	687,358	70,248	10,236,852
Infrastructure	115,759,389	5,640,394	-	121,399,783
Total capital assets being depreciated	<u>183,336,070</u>	<u>8,644,524</u>	<u>501,439</u>	<u>191,479,155</u>
Less : Accumulated depreciation	<u>128,488,498</u>	<u>11,124,314</u>	<u>429,186</u>	<u>139,183,626</u>
Governmental activities capital assets, net	<u>\$ 59,466,563</u>	<u>7,506,952</u>	<u>72,253</u>	<u>66,901,262</u>

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

Governmental activities:

General government	\$ 3,943,216
Public safety	1,780,997
Streets	3,711,987
Public works administration	271,346
Cultural and recreation	1,351,667
Community development	65,101
Total depreciation expense - governmental activities	<u>\$ 11,124,314</u>

City of Moore, Oklahoma
Notes to Basic Financial Statements
As of and for the Year Ended June 30, 2015

NOTE 3 - DETAILED NOTES CONCERNING THE FUNDS - Continued

Capital asset activity for business-type activities for the year ended June 30, 2015 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	-	7,980	-	7,980
Total capital assets not being depreciated	-	7,980	-	7,980
Capital assets being depreciated :				
Buildings and improvements	1,782,000	-	-	1,782,000
Machinery and equipment	5,792,453	162,152	1,034	5,953,571
Vehicles	3,554,763	947,218	249,431	4,252,550
Infrastructure	115,493,614	175,787	-	115,669,401
Total capital assets being depreciated	126,622,830	1,285,157	250,465	127,657,522
Less : Accumulated depreciation	58,590,782	3,383,992	250,465	61,724,309
Business-type activities capital assets, net	\$ 68,032,048	(2,090,855)	-	65,941,193

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

Business-type activities:

Water	\$ 725,684
Sewer	2,294,246
Sanitation	321,177
General government	42,885
Total depreciation expense - business-type activities	\$ 3,383,992

Deposits Subject to Refund

Utility customers are required to make a meter deposit, which is refunded upon the customer's termination of services, provided there are no outstanding bills. Monies are deposited in separate accounts, and a liability has been recorded to represent the amount of deposits due to customers. As of June 30, 2015, cash and investments included \$997,000 available for refund of customer deposits, while the liability to customers was \$983,195.

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, 2015, \$140,039 was being held that was subject to refund.

City of Moore, Oklahoma
Notes to Basic Financial Statements
As of and for the Year Ended June 30, 2015

NOTE 3 - DETAILED NOTES CONCERNING THE FUNDS - Continued

Long-term Debt

Long-term liabilities of the City of Moore as of June 30, 2015, are as summarized as follows:

Governmental Activities:

General Obligation Bonds - General obligation bonds have been approved by the voters and issued by the City for various municipal improvements. These bonds are required to be fully paid within 25 years from the date of issue and are backed by the full faith and credit of the City.

\$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%	\$ 4,000,000
\$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%	4,000,000
\$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%	3,065,000
\$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%	5,750,000
\$9,075,000 General Obligation Bonds of 2014 due in annual principal installments through January 1, 2026, interest rates ranging from 1.40% to 2.95%	9,075,000
\$4,125,000 General Obligation Bonds of 2015 due in annual principal installments through January 1, 2027, interest rates ranging from 1.00% to 2.50%	<u>4,125,000</u>
Total General Obligation Bonds	<u>\$ 30,015,000</u>

City of Moore, Oklahoma
Notes to Basic Financial Statements
As of and for the Year Ended June 30, 2015

NOTE 3 - DETAILED NOTES CONCERNING THE FUNDS - Continued

Revenue Notes - Revenue notes outstanding consist of debt issued by the Moore Economic Development Authority. The notes are not the indebtedness of the State of Oklahoma or the City, but are obligations payable solely from the resources of the Moore Economic Development Authority.

\$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%	\$ 13,982,669
\$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.	2,000,000
\$5,000,000 Sales Tax Revenue Note, Taxable Series 2014 due in semi-annual principal and interest installments through June 1, 2019, interest rate of 1.78%	<u>5,000,000</u>
Total Revenue Notes	\$ <u>20,982,669</u>

Lease Purchase Financing - Lease purchase financing consists of debt issued by the Moore Economic Development Authority. The notes are not the indebtedness of the State of Oklahoma, but are obligations payable solely from the resources of the Moore Economic Development Authority.

\$9,525,000 Lease Purchase Financing Debt dated February 1, 2014 due in annual principal installments from April 1, 2015 through April 1, 2017, interest to be paid semi-annually at a rate of 1.25%.	\$ <u>5,500,000</u>
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MEDA entered into a lease/purchase agreement with the City dated February 1, 2014 to acquire, construct and equip a community/recreation center, an aquatic facility, an amphitheater/stage, a Farmers' Market facility and hiking and walking trails. The lease/agreement is secured by a ground lease with the City which shall terminate on the later of: (i) payment in full of the City's rental payments and all payments due under the terms of the lease/purchase agreement; or (ii) April 1, 2017.

The lease payments consist of semi-annual interest payments equal to an annual rate of 1.25% of the outstanding principal balance commencing on October 14, 2014 and annual principal payments commencing on April 1, 2015. Total lease payments for years ending 2016 and 2017 are \$2,813,750 and \$2,789,438, respectively.

City of Moore, Oklahoma
Notes to Basic Financial Statements
As of and for the Year Ended June 30, 2015

NOTE 3 - DETAILED NOTES CONCERNING THE FUNDS - 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 2015-2017. \$ 527,824

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%. \$ 1,861,984

\$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%. 38,779,189

\$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 2.56% and administrative fee of 0.5%. 6,008,228

Total Notes Payable \$ 46,649,401

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
As of and for the Year Ended June 30, 2015

NOTE 3 - DETAILED NOTES CONCERNING THE FUNDS - Continued

Changes in Long-term Debt

The following is a summary of changes in long-term debt for the year ended June 30, 2015:

	Beginning			Ending	Amounts
	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>	<u>Due Within</u>
					<u>One Year</u>
Governmental activities					
General Long-term debt:					
General Obligation Bonds	\$ 29,075,000	4,125,000	3,185,000	30,015,000	4,010,000
MEDA Notes Payable	16,600,494	5,000,000	617,825	20,982,669	1,858,317
MEDA Lease Purchase Financing	9,525,000	-	4,025,000	5,500,000	2,745,000
Judgments Payable	620,243	177,743	270,162	527,824	295,307
Total governmental activities	<u>55,820,737</u>	<u>9,302,743</u>	<u>8,097,987</u>	<u>57,025,493</u>	<u>8,908,624</u>
Business-type activities					
Proprietary Fund Debt:					
Notes Payable	48,560,134	-	1,910,733	46,649,401	1,582,999
Structured Settlements Payable	3,980	-	-	3,980	1,155
Total business-type activities	<u>\$ 48,564,114</u>	<u>-</u>	<u>1,910,733</u>	<u>46,653,381</u>	<u>1,584,154</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, 2015 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>
2016	\$ 8,908,624	1,599,084	1,584,154	1,209,428
2017	11,223,130	1,190,891	2,164,730	1,161,032
2018	6,401,747	995,816	2,221,603	1,104,158
2019	6,396,278	833,246	2,279,972	1,045,789
2020	3,156,245	711,804	2,337,217	988,545
2021-2025	13,150,528	2,533,589	12,653,725	3,976,663
2026-2030	6,808,791	807,474	14,327,024	2,223,959
2031-2035	980,150	17,983	9,084,956	417,923
Totals	<u>\$ 57,025,493</u>	<u>8,689,887</u>	<u>46,653,381</u>	<u>12,127,497</u>

Applicability of Federal Arbitrage Regulations - Debt issuances of the City and Authorities issued after the Tax Reform Act of 1986 are subject to the federal arbitrage regulations. The arbitrage rebate regulations require that all earnings from investment of gross proceeds of a

City of Moore, Oklahoma
Notes to Basic Financial Statements
As of and for the Year Ended June 30, 2015

NOTE 3 - DETAILED NOTES CONCERNING THE FUNDS - Continued

bond issue in excess of the amount that could have been earned had the yield on the investment been equal to the yield on the bonds be remitted to the federal government. These carry strict penalties for noncompliance including taxability of interest retroactive to the date of the issue. The City's management believes the City is in compliance with these rules and regulations.

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, 2013 and 2014 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 \$26,206,591. Pledged sales taxes received in the current year was \$24,429,170. Debt service payments on the 2009, 2013 and 2014 Revenue Notes of \$1,307,175 for the current fiscal year were 5.4% 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 \$46,649,401 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 \$58,776,900. 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 \$24,429,170 was returned to the General Fund. The debt service payments on the notes this year were \$3,167,540 which was 63.0% of pledged net utility revenues of \$5,029,558 and 10.8% of both pledged utility revenues and pledged sales taxes.

Compensated Absences

Compensated absences of the City of Moore as of June 30, 2015, are as summarized as follows:

Governmental activities -	
Current portion	\$ 1,107,131
Non-current portion	3,321,392
Business-type activities -	
Current portion	21,477
Non-current portion	64,433
Total compensated absences	<u>\$ 4,514,433</u>

City of Moore, Oklahoma
Notes to Basic Financial Statements
As of and for the Year Ended June 30, 2015

NOTE 3 - DETAILED NOTES CONCERNING THE FUNDS - Continued

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>	Nonmajor Govt <u>Funds</u>	Internal Service <u>Fund</u>	
General Fund	\$ -	405,481	24,386,721	425,110	-	25,217,312
MEDA	-	-	-	-	-	-
Debt Service Fund	4,616	-	-	-	270,161	274,777
Nonmajor Govt Fund	455,746	-	-	-	-	455,746
Enterprise Funds	26,678,388	-	3,572,269	-	1,604,167	31,854,824
Total Transfers In	\$ 27,138,750	405,481	27,958,990	425,110	1,874,328	57,802,659

Prior Period Adjustments

Beginning fund balance/net position were restated as of June 30, 2015 as follows:

	Government-Wide Governmental Activities
Beginning fund/balance/net position, as previously reported	\$ 32,859,291
Implementation of GASB Statements No. 68 & 71	(29,996,990)
Beginning fund/balance/net position, as restated	\$ 2,862,301

NOTE 4 - OTHER INFORMATION

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:

City of Moore, Oklahoma
Notes to Basic Financial Statements
As of and for the Year Ended June 30, 2015

NOTE 4 - OTHER INFORMATION - Continued

- 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 \$500,000 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.

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, 2012 to June 30, 2015, are as follows:

City of Moore, Oklahoma
Notes to Basic Financial Statements
As of and for the Year Ended June 30, 2015

NOTE 4 - OTHER INFORMATION - Continued

	Workers'	Health	General	Total
	Compensation	Care	Liability	
Claims liability, June 30, 2012	\$ 1,266,000	517,000	137,000	1,920,000
Claims incurred and change in estimate	412,433	3,449,902	366,981	4,229,316
Claim payments	418,433	3,530,902	333,981	4,283,316
Claims liability, June 30, 2013	1,260,000	436,000	170,000	1,866,000
Claims incurred and change in estimate	724,635	4,063,591	81,253	4,869,479
Claim payments	459,635	4,008,591	80,253	4,548,479
Claims liability, June 30, 2014	1,525,000	491,000	171,000	2,187,000
Claims incurred and change in estimate	559,637	4,090,706	161,382	4,811,725
Claim payments	617,637	4,175,706	25,382	4,818,725
Claims liability, June 30, 2015	\$ 1,467,000	406,000	307,000	2,180,000

An amount has been recorded for the liability for incurred but not reported claims at June 30, 2015. These amounts were obtained from actuarial calculations performed by an outside actuarial service.

Assets available to pay all claims at June 30, 2015 were \$1,128,916.

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.

City of Moore, Oklahoma
Notes to Basic Financial Statements
As of and for the Year Ended June 30, 2015

NOTE 4. OTHER INFORMATION - Continued

CDBG Program

On December 16, 2013, the City of Moore received a Community Development Block Grant for Disaster Recovery (CDBG-DR) from the Office of Housing and Urban Development (HUD) in the amount of \$26.3 million to assist with the long-term recovery needs within the City to include housing, infrastructure, resiliency, economic development, and other public needs. On June 3, 2014 the City was awarded an additional \$25.9 million in CDBG-DR funds to assist with the recovery.

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 \$108,559. 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, 2015, MPWA paid \$2,623,771 for the annual fee and \$1,933,040 in maintenance and repair costs.

Sales Tax Rebate Agreement

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 \$1,224,655 as of June 30, 2015.

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 \$747,673 as of June 30, 2015.

On March 5, 2013, 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

City of Moore, Oklahoma
Notes to Basic Financial Statements
As of and for the Year Ended June 30, 2015

NOTE 4. OTHER INFORMATION - Continued

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. The City has paid and accrued cumulative rebates of \$400,000 as of June 30, 2015.

The City recognizes and accrues the liability at the time of occurrence. As of June 30, 2015, the City has rebates received but unpaid at June 30, 2015 in the amount of \$269,857.

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, 2015, 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.

Employee Retirement Systems and Pension 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 System (OPPRS)

Plan Description - The City of Moore, as the employer, participates in the Police Pension & Retirement - a cost-sharing multi-employer defined benefit pension plan administered by the Oklahoma Police Pension & Retirement System (OPPRS). Title 11 of the Oklahoma State Statutes grants the authority to establish and amend the benefit terms to the OPPRS. OPPRS issues a publicly available financial report that can be obtained at www.ok.gov/pprs.

Benefits Provided - OPPRS provides retirement, disability, and death benefits to members of the Plan.

The normal retirement date under the Plan is the date upon which the participant completes 20 years of credited service, regardless of age. Participants become vested upon completing 10 years of credited service as a contributing participant of the Plan. No vesting occurs prior to completing 10 years of credited service. Participant's contributions are refundable, without interest, upon termination prior to normal retirement. Participants who have

City of Moore, Oklahoma
Notes to Basic Financial Statements
As of and for the Year Ended June 30, 2015

NOTE 4. OTHER INFORMATION - Continued

completed 10 years of credited service may elect a vested benefit in lieu of having their accumulated contributions refunded. If the vested benefit is elected, the participant is entitled to a monthly retirement benefit commencing on the date the participant reaches 50 years of age or the date the participant would have had 20 years of credited service had employment had continued uninterrupted, whichever is later.

Monthly retirement benefits are calculated based on two and a half percent (2.5%) of final average salary (defined as the average paid base salary of the officer over the highest 30 consecutive months of the last 60 months of credited service) multiplied by the years of credited service, with a maximum of 30 years of credited service considered.

Monthly benefits for participants due to permanent disability incurred in the line of duty are 2.5% of the participant's final average salary multiplied by 20 years. This disability benefit is reduced by stated percentages for partial disability based on the percentage of impairment. After 10 years of credited service, participants who retire due to disability incurred from any cause are eligible for a monthly benefit based on 2.5% of their final average salary multiplied by the years of service. This disability benefit is also reduced by stated percentages for partial disability based on the percentage of impairment. Effective July 1, 1998, once a disability benefit is granted to a participant, that participant is no longer allowed to apply for an increase in the dollar amount of the benefit at a subsequent date.

Survivor's benefits are payable in full to the participant's beneficiary upon the death of a retired participant. The beneficiary of any active participant killed in the line of duty is entitled to a pension benefit. Effective July 1, 1999, a \$5,000 death benefit is also paid, in addition to any survivor's pension benefits under the Plan, to the participant's beneficiary or estate for active or retired members.

Contributions - The contributions requirements of the Plan are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute eight percent (8%) of their annual pay. Participating cities are required to contribute thirteen percent (13%) of the employees' annual pay. Contributions to the pension plan from the City were \$987,659. The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of \$786,743; these on-behalf payments did not meet the criteria of a special funding situation.

Pension Liabilities/Asset, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2015, the City reported an asset of \$845,502 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2014. The City's proportion of the net pension asset was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2014. Based upon this information, the City's proportion was 2.51%.

City of Moore, Oklahoma
Notes to Basic Financial Statements
As of and for the Year Ended June 30, 2015

NOTE 4. OTHER INFORMATION - Continued

For the year ended June 30, 2015, the City recognized pension expense of \$309,910. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 379,859
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	2,971,802
Changes in proportion and differences between City contributions and proportionate share of contributions	-	-
City contributions subsequent to the measurement date	<u>987,659</u>	<u>-</u>
Total	<u>\$ 987,659</u>	<u>\$ 3,351,661</u>

\$987,659 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2016	\$ (821,597)
2017	(821,597)
2018	(821,597)
2019	(821,595)
2020	<u>(65,275)</u>
	<u>\$ (3,351,661)</u>

City of Moore, Oklahoma
Notes to Basic Financial Statements
As of and for the Year Ended June 30, 2015

NOTE 4. OTHER INFORMATION - Continued

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation as of July 1, 2014, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation:	3%
Salary increases:	4.5% to 17.0% averages, including inflation
Investment rate of return:	7.5% net of pension plan investment expense

Mortality rates were based on the RP2000 combined healthy with blue collar adjustment as appropriate, with adjustments for generational mortality improvement using scale AA for healthy lives and no mortality improvement for disabled lives.

The actuarial assumptions used in the July 1, 2014, valuation were based on the results of an actuarial experience study for the period July 1, 2007 to June 30, 2012.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	25%	2.83%
Domestic equity	45%	6.47%
International equity	10%	6.98%
Real estate	5%	5.50%
Private equity	10%	5.96%
Commodities	5%	3.08%

City of Moore, Oklahoma
Notes to Basic Financial Statements
As of and for the Year Ended June 30, 2015

NOTE 4. OTHER INFORMATION - Continued

Discount Rate - The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, determined by State Statutes. Projected cash flows also assume the State of Oklahoma will continue contributing fourteen percent (14%) of the insurance premium, as established by statute. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate - The following presents the net position liability (asset) of the employers calculated using the discount rate of 7.5%, as well as what the Plan's net pension liability(asset) would be if it were calculated using a discount rate that is one percentage point lower - (6.5%) or one percentage point higher - (8.5%) than the current rate:

	1% Decrease ✓ (6.5%)	Current Discount Rate (7.5%)	1% Increase ✓ (8.5%)
Employers' net pension liability(asset) \$	5,030,602	\$ (845,502)	\$ (5,797,749)

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of the OPPRS; which can be located at www.ok.gov/pprs.

Payables to the Pension Plan - There are no payables to the pension plan for the year ended June 30, 2015.

Oklahoma Firefighters' Pension and Retirement System (OFPRS)

Plan Description - The City of Moore, as the employer, participates in the Firefighters Pension & Retirement - a cost-sharing multi-employer defined benefit pension plan administered by the Oklahoma Firefighters Pension & Retirement System (OFPRS). Title 11 of the Oklahoma State Statutes grants the authority to establish and amend the benefit terms to the OFPRS. OFPRS issues a publicly available financial report that can be obtained at www.ok.gov/fprs.

Benefits Provided - OFPRS provides retirement, disability, and death benefits to members of the Plan.

Benefits for members hired prior to November 1, 2013 are determined as 2.5% of the employee's final average compensation times the employee's years of service and have reached the age of 50 or have completed 20 years of service, whichever is later. For volunteer firefighters, the monthly pension benefit for normal retirement is \$150.60 per month. Benefits vest with 10 years or more of service.

City of Moore, Oklahoma
Notes to Basic Financial Statements
As of and for the Year Ended June 30, 2015

NOTE 4. OTHER INFORMATION - Continued

Benefits for members hired after November 1, 2013 are determined as 2.5% of the employee's final average compensation times the employee's years of service and have reached the age of 50 or have completed 22 years of service, whichever is later. Benefits vest with 11 years or more of service.

All firefighters are eligible for immediate disability benefits. For paid firefighters, the disability in-the-line-of-duty benefit for firefighters with less than 20 years of service is equal to 50% of final average monthly compensation, based on the most recent 30 months of service. For firefighters with over 20 years of service, a disability in-the-line-of-duty benefit is calculated based on 2.5% of final average monthly compensation, based on the most recent 30 months, per year of service, with a maximum of 30 years of service. For disabilities not in-the-line-of-duty, the benefit is limited to only those with less than 20 years of service and is 50% of final average monthly compensation, based on the most recent 60-month salary as opposed to 30 months. For volunteer firefighters, the not in-the-line-of-duty disability is also limited to only those with less than 20 years of services, or \$7.53 per year of service, with a maximum of 30 years.

A \$5,000 lump sum, death benefit is payable to the qualified spouse or designated recipient upon the participant's death. The \$5,000 death benefit does not apply to members electing the vested benefit.

Contributions - The contributions requirements of the Plan are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute nine percent (9%) of their annual pay. Participating cities are required to contribute fourteen percent (14%) of the employees' annual pay. Contributions to the pension plan from the City were \$914,996. The State of Oklahoma also made on-behalf contributions to OFPRS in the amount of \$2,153,921; these on-behalf payments did not meet the criteria of a special funding situation.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2015, the City reported a liability of \$24,271,350 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The City's proportion of the net pension liability was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2014. Based upon this information, the City's proportion was 2.36%.

City of Moore, Oklahoma
Notes to Basic Financial Statements
As of and for the Year Ended June 30, 2015

NOTE 4. OTHER INFORMATION - Continued

For the year ended June 30, 2015, the City recognized pension expense of \$2,179,888. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 578,300	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and differences between City contributions and proportionate share of contributions	-	3,674,017
City contributions subsequent to the measurement date	<u>914,996</u>	<u>-</u>
Total	\$ <u>1,493,296</u>	\$ <u>3,674,017</u>

\$914,996 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2016	\$ (810,813)
2017	(810,813)
2018	(810,813)
2019	(810,813)
2020	107,690
Thereafter	<u>39,845</u>
	\$ <u><u>(3,095,717)</u></u>

City of Moore, Oklahoma
Notes to Basic Financial Statements
As of and for the Year Ended June 30, 2015

NOTE 4. OTHER INFORMATION - Continued

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation as of July 1, 2014, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation:	3%
Salary increases:	3.5% to 9.0% averages, including inflation
Investment rate of return:	7.5% net of pension plan investment expense

Mortality rates were based on the RP2000 combined healthy with blue collar adjustment as appropriate, with adjustments for generational mortality improvement using scale AA for healthy lives and no mortality improvement for disabled lives.

The actuarial assumptions used in the July 1, 2014, valuation were based on the results of an actuarial experience study for the period July 1, 2007 to June 30, 2012.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	20%	5.48%
Domestic equity	37%	9.61%
International equity	20%	9.24%
Real estate	10%	7.76%
Other assets	13%	6.88%

Discount Rate - The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, determined by State Statutes. Projected cash flows also assume the State of Oklahoma will continue contributing thirty-six percent (36%) of the insurance premium, as established by statute. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make

City of Moore, Oklahoma
Notes to Basic Financial Statements
As of and for the Year Ended June 30, 2015

NOTE 4. OTHER INFORMATION - Continued

all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net position liability of the employers calculated using the discount rate of 7.5%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower - (6.5%) or one percentage point higher - (8.5%) than the current rate:

	1% Decrease 6.5%	Current Discount Rate (7.5%)	1% Increase 8.5%
Employers' net pension liability	\$ 31,693,043	\$ 24,271,350	\$ 18,048,904

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of the OFPRS; which can be located at www.ok.gov/fprs.

Payables to the Pension Plan - There are no payables to the pension plan for the year ended June 30, 2015.

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.

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.

City of Moore, Oklahoma
Notes to Basic Financial Statements
As of and for the Year Ended June 30, 2015

NOTE 4. OTHER INFORMATION - Continued

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, 2015, the market value of the amount on deposit with the plan was \$15,644,169.

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, 2015 and 2013, the City's net assessed valuation of taxable real and personal property aggregated \$358,446,183 and \$346,753,615 while the property taxes levied per \$1,000 of net assessed valuation were \$13.59 and \$10.44, respectively.

Other Post-Employment Benefits

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.

Benefits Provided - The City provides postretirement healthcare benefits to its retirees. The Plan covers all current retirees who elect postretirement medical coverage through the City and future retired general employees, police officers and firefighters.

All healthcare benefits are provided through the City's self-insured health plan. The benefit levels are the same as those afforded to active employees. Benefits include general inpatient and outpatient medical services and prescriptions. General employees are eligible for membership in the Plan if they retire from the City with eight years of service and with age and service totaling 70 points. Police officers and firefighters are eligible for benefits under the Plan if they retire from the City with 20 years of service. Coverage for dependents can continue upon death of the retiree. Spouses of employees who die in active service eligible for benefits can receive coverage.

City of Moore, Oklahoma
Notes to Basic Financial Statements
As of and for the Year Ended June 30, 2015

NOTE 4. OTHER INFORMATION - Continued

Membership - At July 1, 2014, membership consisted of:

Inactive participants	25
Terminated employees entitled to benefits but not yet receiving them	-
Active participants	<u>322</u>
 Total	 <u><u>347</u></u>

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 2015, the actuarially expected City contribution in the form of net age adjustment was \$2,719,592 to the Plan. Plan members receiving benefits contributed total premiums of \$915,155 for employees and \$272,370 for retirees, through their payment of the full determined premium in FY 2015.

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, 2015:

Amortization of Acturial Accrued Liabilities (AAL)	\$ 2,719,592
Normal Cost	-
Interest on Net OPEB Obligations	439,531
Amortization of Net OPEB Obligations	<u>(599,634)</u>
Annual OPEB cost (expense)	2,559,489
Expected net benefits during the year	<u>(386,568)</u>
Increase in net OPEB Obligation	2,172,921
Net OPEB Obligation - Beginning of year	<u>9,767,364</u>
Net OPEB Obligation - End of year	<u><u>\$ 11,940,285</u></u>

City of Moore, Oklahoma
Notes to Basic Financial Statements
As of and for the Year Ended June 30, 2015

NOTE 4. OTHER INFORMATION - Continued

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

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
06/30/15	\$ 2,559,489	15.1%	\$ 11,940,285
06/30/14	2,355,784	17.9%	9,767,364
06/30/13	2,229,775	15.4%	7,832,254

Funded Status and Funding Progress - As of July 1, 2014, the most recent actuarial valuation date, the Plan was not funded. The actuarial accrued liability (AAL) for benefits was \$22,158,548, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$22,158,548. The covered payroll (annual payroll of active employees covered by the Plan) was \$18.3 million, and the ratio of the UAAL to the covered payroll was 120.8 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, 2014 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

City of Moore, Oklahoma
Notes to Basic Financial Statements
As of and for the Year Ended June 30, 2015

NOTE 4. OTHER INFORMATION - Continued

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, 2014 was 25 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.

New Accounting Pronouncements

The GASB has issued several new accounting pronouncements, which will be effective in subsequent years. A description of the new accounting pronouncements, the fiscal year effective, and the City's consideration of the impact of these pronouncements are described below:

GASB Statement No. 72, *Fair Value Measurement and Application*. This Statement establishes standards of accounting and financial reporting to provide guidance on determining a fair value measurement for financial reporting purposes and for applying fair value to certain investments and disclosures related to all fair value measurements. The provisions of this Statement are effective for reporting periods beginning after June 15, 2015. The City has not yet determined the potential impact, if any, this statement could have on its financial statements.

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This Statement establishes accounting and financial reporting standards related to improving the usefulness of information about postemployment benefits other than pension plans (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. It is the result of a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity and creating additional transparency. This standard is effective for financial reporting period beginning after June 15, 2016. Earlier application is encouraged. The City has not yet determined the potential impact, if any, this statement could have on its financial statements.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local government employers. GASB Statement No. 75 establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditures. For defined benefit OPEB, GASB Statement No. 75 identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. This standard is effective for financial reporting periods beginning after June 15, 2017. Earlier application is encouraged. The City has not yet determined the potential impact, if any, this statement could have on its financial statements.

City of Moore, Oklahoma
Notes to Basic Financial Statements
As of and for the Year Ended June 30, 2015

NOTE 4. OTHER INFORMATION - Continued

GASB Statement No. 76, *The Hierarchy of GAAP for State and Local Governments*. The objective of GASB Statement No. 76 is to identify - in the context of the current governmental financial reporting environment - the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local entities in conformity with GAAP and the framework for selecting those principles. GASB No. 76 reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This standard is effective for financial reporting periods beginning after June 15, 2015 and should be applied retroactively. Earlier application is encouraged. The City has not yet determined the potential impact, if any, this statement could have on its financial statements.

GASB Statement No. 77, *Tax Abatement Disclosures*. This Statement establishes financial reporting standards for tax abatement agreements entered into by state and local governments. The disclosures required by this Statement encompass tax abatements resulting from both (1) agreements that are entered into by the reporting government and (2) agreements that are entered into by other governments and reduce the reporting government’s tax revenues. The provisions of this Statement should be applied to all state and local governments subject to such tax abatement agreements. This standard is effective for financial reporting periods beginning after December 15, 2015. Earlier application is encouraged. The City has not yet determined the potential impact, if any, this statement could have on its financial statements.

Subsequent Events

Management has evaluated subsequent events through December 28, 2015, which is the date the financial statements were available to be issued. On July 1, 2015, the City issued general obligation bonds for park improvements in the amount of \$4,125,000.

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, 2015

	Budgeted Amounts		Actual Amounts Budgetary	Variance With Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>	<u>Basis</u>	
REVENUES				
Taxes				
Sales tax	\$ 25,375,000	25,375,000	24,563,671	(811,329)
Use tax	900,000	900,000	1,144,160	244,160
Franchise tax	2,750,000	2,750,000	2,842,993	92,993
Other tax	360,000	360,000	359,311	(689)
Intergovernmental	935,000	935,000	1,003,147	68,147
Licenses and permits	372,000	372,000	442,384	70,384
Charge for services	107,800	107,800	138,026	30,226
Fines and forfeitures	1,193,600	1,193,600	1,192,282	(1,318)
Investment revenue	55,000	55,000	61,814	6,814
Loan proceeds	-	5,590,000	-	(5,590,000)
Miscellaneous	363,340	363,340	1,013,731	650,391
Total revenues	<u>32,411,740</u>	<u>38,001,740</u>	<u>32,761,519</u>	<u>(5,240,221)</u>
EXPENDITURES				
General government	3,155,548	4,963,212	4,355,028	608,184
Managerial	634,730	727,730	710,117	17,613
City attorney	405,386	370,386	343,250	27,136
Central purchasing	-	7,957	1,343	6,614
Finance	1,180,488	1,306,448	1,304,946	1,502
Municipal court	505,265	515,364	515,195	169
Information services	979,640	985,583	919,969	65,614
Police	10,545,112	10,404,918	10,371,579	33,339
Communications	936,186	936,186	819,813	116,373
Emergency management	251,537	267,885	248,249	19,636
Fire	8,719,539	8,605,195	8,480,539	124,656
Public works administration	1,807,157	3,043,939	2,650,063	393,876
Animal adoption center	657,473	635,268	402,007	233,261
Public works facility	-	500,000	495,490	4,510
Fleet maintenance	628,544	1,097,740	972,038	125,702
Building maintenance	424,541	456,619	451,913	4,706
Planning	435,982	438,639	376,645	61,994
Inspections	606,943	607,336	559,257	48,079
Code enforcement	279,352	333,394	310,341	23,053
Street improvements	-	3,560,000	871,665	2,688,335
Parks and recreation	744,714	778,396	645,850	132,546
Senior citizen services	156,490	158,010	134,743	23,267
Landscape & beautification	126,404	126,404	116,281	10,123
Parks and recreation activities	162,203	163,648	86,584	77,064
Park and cemetery maintenance	768,438	775,535	653,161	122,374
Recreation center	335,328	95,328	50,049	45,279
Aquatic center	123,289	29,789	26,719	3,070
Library	60,800	92,821	83,350	9,471
Moore/Smith cemetery	75,000	33,500	1,979	31,521
Capital planning	-	5,000	1,653	3,347
Total expenditures	<u>34,706,089</u>	<u>42,022,230</u>	<u>36,959,816</u>	<u>5,062,414</u>
Excess (deficiency) of revenues over (under) expenditures	(2,294,349)	(4,020,490)	(4,198,297)	(177,807)
OTHER FINANCING SOURCES (USES)				
Transfers	<u>2,186,349</u>	<u>2,186,349</u>	<u>1,921,436</u>	<u>(264,913)</u>
Net change in fund balances	(108,000)	(1,834,141)	(2,276,861)	(442,720)
Fund balances - beginning	108,000	1,834,141	4,756,091	2,921,950
Fund balances - ending	<u>\$ -</u>	<u>-</u>	<u>2,479,230</u>	<u>2,479,230</u>

See accompanying notes to the basic financial statements.

City of Moore, Oklahoma
Park Improvement Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>Budgetary</u> <u>Basis</u>	<u>Variance With</u> <u>Final Budget</u> <u>Over</u> <u>(Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charge for services	\$ -	-	42	42
Investment revenue	-	-	45,925	45,925
Proceeds from debt issuance	4,025,000	4,025,000	-	(4,025,000)
Miscellaneous income	1,000	1,000	10,000	9,000
Total revenues	<u>4,026,000</u>	<u>4,026,000</u>	<u>55,967</u>	<u>(3,970,033)</u>
EXPENDITURES				
Park improvements	<u>23,999,376</u>	<u>23,999,376</u>	<u>11,288,818</u>	<u>12,710,558</u>
Total expenditures	<u>23,999,376</u>	<u>23,999,376</u>	<u>11,288,818</u>	<u>12,710,558</u>
Excess (deficiency) of revenues over (under) expenditures	(19,973,376)	(19,973,376)	(11,232,851)	8,740,525
OTHER FINANCING SOURCES (USES)				
Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(19,973,376)	(19,973,376)	(11,232,851)	8,740,525
Fund balances - beginning	<u>19,973,376</u>	<u>19,973,376</u>	<u>21,585,118</u>	<u>1,611,742</u>
Fund balances - ending	<u>\$ -</u>	<u>-</u>	<u>10,352,267</u>	<u>10,352,267</u>

See accompanying notes to the basic 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, 2015

	<u>Budgeted Amounts</u>		Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 3,932,662	3,932,662	4,834,036	901,374
Investment revenue	-	-	4,616	4,616
Total revenues	<u>3,932,662</u>	<u>3,932,662</u>	<u>4,838,652</u>	<u>905,990</u>
EXPENDITURES				
Debt service	<u>3,932,662</u>	<u>3,932,662</u>	<u>3,698,710</u>	<u>233,952</u>
Total expenditures	<u>3,932,662</u>	<u>3,932,662</u>	<u>3,698,710</u>	<u>233,952</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	1,139,942	1,139,942
OTHER FINANCING SOURCES (USES)				
Transfers	<u>-</u>	<u>-</u>	<u>(274,777)</u>	<u>(274,777)</u>
Net change in fund balances	-	-	865,165	865,165
Fund balances - beginning	-	-	4,824,492	4,824,492
Fund balances - ending	<u>\$ -</u>	<u>-</u>	<u>5,689,657</u>	<u>5,689,657</u>

See accompanying notes to the basic financial statements.

City of Moore, Oklahoma
Notes to Required Supplemental Information
On Budgetary Accounting and Control
For the Year Ended June 30, 2015

BUDGETARY ACCOUNTING AND CONTROL

Budget Law

The City prepares its annual operating budget under the provisions of the Oklahoma Municipal Budget Act of 1979 (the "Budget Act"). In accordance with those provisions, the following process is used to adopt the annual budget:

- a. Prior to June 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.
- b. Public hearings are conducted at regular Council meetings to obtain taxpayer comments. Public hearings are held no later than 15 days prior to the beginning of the budget year.
- c. Subsequent to the public hearings but no later than seven days prior to July 1, the budget is legally enacted through the passage of a resolution by the City Council.
- d. Subsequent to City Council enactment, the adopted budget is filed with the office of the State Auditor and Inspector.

All funds with revenues and/or expenditures/expenses as defined by State law are required to have annual budgets under this section of state law, except funds of public trusts or authorities. The legal level of control at which expenditures may not legally exceed appropriations is the department level within a fund.

All supplemental appropriations require the approval of the City Council. All transfers of appropriation between funds also require the approval of the City Council. The City prepared and adopted a legal annual budget for all governmental funds.

In accordance with Title 60 of the Oklahoma State Statutes, the Moore Public Works Authority and the Moore Economic Development Authority are required to prepare an annual budget and submit a copy to the City as beneficiary. However, there are no further requirements such as form of budget, approval of budget or definition of a legal spending limit.

Budgetary Accounting

The annual operating budgets of the General Fund are prepared and presented on a modified accrual basis of accounting.

The City utilizes encumbrance accounting under which purchase orders, contracts, and other commitments for expenditure of funds are recorded in order to reserve a portion of the applicable appropriation. The City considers most all appropriations to lapse at year-end; any open purchase orders to be honored in the subsequent budget year are reappropriated in the next year's budget. As a result, encumbrances are not treated as the equivalent of expenditures in the budget and actual financial statements.

City of Moore, Oklahoma
OPEB Actuarial Valuation Funding Schedules
For the Year Ended June 30, 2015

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, 2012</u>	<u>July 1, 2013</u>	<u>July 1, 2014</u>
Actuarial accrued liability - AAL (a)	\$ 18,335,527	20,010,906	22,158,548
Actuarial value of plan assets (b)	-	-	-
Unfunded actuarial accrued liability --			
UAAL (funding excess) (a) - (b)	\$ 18,335,527	20,010,906	22,158,548
Funded ratio (b) / (a)	0.0%	0%	0%
Covered payroll (c)	\$ 16,074,410	16,717,386	18,343,188
UAAL (funding excess) as a % of covered payroll [UAAL / (c)]	114.1%	119.7%	120.8%

City of Moore, Oklahoma
Schedule of Employer's Share of Net Pension Liability
Oklahoma Police Pension and Retirement System
Last 10 Fiscal Years*

	<u>2014</u>
1. Employer's proportion of the net pension liability (asset)	2.511200%
2. Employer's proportionate share of the net pension liability (asset)	\$ (845,502)
3. Employer's covered-employee payroll	\$ 7,025,373
4. Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-12.03%
5. Plan fiduciary net position as a percentage of the total pension liability	101.53%

* Complete data for this schedule is not available prior to 2014.

Data is reported is measured as of July 1, 2014.

City of Moore, Oklahoma
Schedule of Employer Contributions
Oklahoma Police Pension and Retirement System
Last 10 Fiscal Years*

	<u>2014</u>
Statutorily required contribution	\$ 913,298
Contributions in relation to the statutorily required contribution	\$ (913,298)
Contribution deficiency (excess)	\$ -
City's covered-employee payroll	\$ 7,025,373
Contributions as a percentage of covered-employee payroll	13.00%

* Complete data for this schedule is not available prior to 2014.

Data is reported is measured as of July 1, 2014.

City of Moore, Oklahoma
Schedule of Employer's Share of Net Pension Liability
Oklahoma Firefighters' Pension and Retirement System
Last 10 Fiscal Years*

	<u>2014</u>
1. Employer's proportion of the net pension liability (asset)	2.360200%
2. Employer's proportionate share of the net pension liability (asset)	\$ 24,271,350
3. Employer's covered-employee payroll	\$ 6,477,449
4. Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	374.71%
5. Plan fiduciary net position as a percentage of the total pension liability	68.12%

* Complete data for this schedule is not available prior to 2014.

Data is reported is measured as of July 1, 2014.

City of Moore, Oklahoma
Schedule of Employer Contributions
Oklahoma Firefighters' Pension and Retirement System
Last 10 Fiscal Years*

	<u>2014</u>
Statutorily required contribution	\$ 882,133
Contributions in relation to the statutorily required contribution	\$ (882,133)
Contribution deficiency (excess)	\$ -
City's covered-employee payroll	\$ 6,477,449
Contributions as a percentage of covered-employee payroll	13.62%

* Complete data for this schedule is not available prior to 2014.

Data is reported is measured as of July 1, 2014.

OTHER SUPPLEMENTARY INFORMATION

City of Moore, Oklahoma
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2015

	<u>Special Revenue</u>	<u>Permanent</u>	<u>Capital Projects</u>			<u>Total</u>
	<u>Special</u>	<u>Cemetery</u>		<u>Street</u>		<u>Nonmajor</u>
	<u>Revenue</u>	<u>Perpetual</u>	<u>CDBG</u>	<u>Project</u>	<u>Street 1/2 Cent</u>	<u>Governmental</u>
ASSETS	<u>Funds</u>	<u>Care</u>	<u>Fund</u>	<u>Fund</u>	<u>Sales Tax</u>	<u>Funds</u>
Cash and cash equivalents	\$ 3,988,034	31,741	(476,344)	1,483,993	4,367,643	9,395,067
Restricted:						
Cash and investments	-	-	-	-	-	-
Receivables, net	35,282	-	-	-	-	35,282
Due from other governments	-	-	464,153	-	372,975	837,128
TOTAL	<u>4,023,316</u>	<u>31,741</u>	<u>(12,191)</u>	<u>1,483,993</u>	<u>4,740,618</u>	<u>10,267,477</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	51,613	205	54,762	178,496	165,722	450,798
Total liabilities	<u>51,613</u>	<u>205</u>	<u>54,762</u>	<u>178,496</u>	<u>165,722</u>	<u>450,798</u>
Fund balances:						
Reserved for:						
Restricted	3,971,703	31,536	(66,953)	1,305,497	4,574,896	9,816,679
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances	<u>3,971,703</u>	<u>31,536</u>	<u>(66,953)</u>	<u>1,305,497</u>	<u>4,574,896</u>	<u>9,816,679</u>
TOTAL	<u>\$ 4,023,316</u>	<u>31,741</u>	<u>(12,191)</u>	<u>1,483,993</u>	<u>4,740,618</u>	<u>10,267,477</u>

See accompanying notes to the basic financial statement.

City of Moore, Oklahoma
Combining Statement of Revenues, Expenses and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended June 30, 2015

	Special Revenue	Permanent	Capital Projects			Total
	Special	Cemetery	Street			Nonmajor
	Revenue	Perpetual	CDBG	Project	Street 1/2 Cent	Governmental
	<u>Funds</u>	<u>Care</u>	<u>Fund</u>	<u>Fund</u>	<u>Sales Tax</u>	<u>Funds</u>
REVENUES						
Taxes	\$ 611,533	-	-	-	4,093,945	4,705,478
Intergovernmental	3,766,349	-	830,720	-	-	4,597,069
Licenses and permits	15,546	-	-	-	-	15,546
Charge for services	-	22,270	-	-	-	22,270
Interest	5,586	-	-	4,622	4,309	14,517
Miscellaneous	94,006	-	-	117,500	-	211,506
Donations	41,400	-	-	-	-	41,400
Total revenues	<u>4,534,420</u>	<u>22,270</u>	<u>830,720</u>	<u>122,122</u>	<u>4,098,254</u>	<u>9,607,786</u>
EXPENDITURES						
Current:						
Public safety	382,097	-	-	-	-	382,097
Streets	-	-	-	2,381,806	4,094,956	6,476,762
Culture and recreational	22,024	11,263	-	-	-	33,287
Community development	3,278,986	-	893,184	-	-	4,172,170
Total expenditures	<u>3,683,107</u>	<u>11,263</u>	<u>893,184</u>	<u>2,381,806</u>	<u>4,094,956</u>	<u>11,064,316</u>
Excess (deficiency) of revenues over expenditures	<u>851,313</u>	<u>11,007</u>	<u>(62,464)</u>	<u>(2,259,684)</u>	<u>3,298</u>	<u>(1,456,530)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	425,110	-	-	-	-	425,110
Transfers out	(455,746)	-	-	-	-	(455,746)
Total other financing sources and uses	<u>(30,636)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(30,636)</u>
Net change in fund balances	820,677	11,007	(62,464)	(2,259,684)	3,298	(1,487,166)
Fund balances-beginning	3,151,026	20,529	(4,489)	3,565,181	4,571,598	11,303,845
Fund balances-ending	<u>\$ 3,971,703</u>	<u>31,536</u>	<u>(66,953)</u>	<u>1,305,497</u>	<u>4,574,896</u>	<u>9,816,679</u>

See accompanying notes to the basic financial statement.

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>
2014-15	\$ 8,038,255	21,480,245	9,409,345	4,569,504	14,867,469	5,420,066	10,068,980	73,853,864
2013-14	5,603,380	25,521,926	4,766,583	3,402,481	5,128,735	15,766,810	3,745,308	63,935,223
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	2,015,225	26,741,362
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

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>
2014-15	\$ 40,496,622	5,600,216	457,930	160,338	1,192,282	127,732	1,338,514	49,373,634
2013-14	39,708,090	11,914,793	605,056	372,710	1,175,947	107,361	4,034,364	57,918,321
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

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>
2014-15	\$	4,871,215	4,834,036	99.24%
2013-14		3,620,799	3,588,737	99.11%
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%

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	
2015	357,788,931	31,087,505	9,544,468	14,071,488	384,349,416	3,202,911,800	12%
2014	332,968,675	29,824,793	9,031,644	13,378,929	358,446,183	2,987,051,525	12%
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%

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>
2015	13.01	23.07 *	79.92 *	116.00
2014	13.59	23.07	82.09	118.75
2013	10.44	23.07	84.77	118.28
2012	7.43	23.07	80.61	111.11
2011	10.23	23.07	80.62	113.92
2010	13.68	23.07	82.24	118.99
2009	10.54	23.07	81.49	115.10
2008	6.84	23.07	82.57	112.48
2007	7.96	21.07	74.90	103.93
2006	9.07	21.07	75.21	105.35

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>
2014-15	60,000	384,349,416	30,015,000	7.81%	500
2013-14	59,407	358,446,183	29,075,000	8.11%	489
2012-13	58,819	346,753,615	22,000,000	6.34%	374
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

(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>
2014-15	3,185,000	512,210	3,697,210	73,853,864	5.01%
2013-14	2,000,000	493,800	2,493,800	63,935,223	3.90%
2012-13	2,925,000	480,375	3,405,375	54,250,530	6.28%
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%

(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>
2015	43,334,537	13,875,809	29,458,728	3,330,177	8.85
2014	42,305,541	11,848,135	30,457,406	3,766,716	8.09
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

**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>
2015	60,000	40,850	23,575 *	3.6
2014	59,407	42,451	22,818	4.4
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

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	
2014	34	\$ 90,851,106	444	\$ 73,044,450	\$ 163,895,556
2013	34	63,257,000	663	96,226,496	159,483,496
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	20,151,327	267	42,601,041	62,752,368
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

The construction amounts for 2013 are unusually high due to rebuilding after the May 20, 2013 torando.

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, 2015**

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	89
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, 2015

City Employees

<u>Fiscal Year</u>		<u>Full Time Equivalents (1)</u>
2014-15		291
2013-14		305
2012-13		303
2011-12		292
2010-11	(2)	292
2009-10		312
2008-09		318
2007-08		300
2006-07		300
2005-06		299

(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, 2015

City Water Usage (Gallons)

<u>Fiscal Year</u>	<u>Billed Annual Usage</u>	<u>Average Daily Usage</u>
2014-15	1,623,844,289	4,448,888
2013-14	1,869,008,874	5,120,572
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

CITY OF MOORE, OKLAHOMA

SINGLE AUDIT REPORTS

YEAR ENDED JUNE 30, 2015

THE CITY OF MOORE, OKLAHOMA

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INDEPENDENT AUDITOR'S 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*

The 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, 2015, 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 December 28, 2015.

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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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.

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*.

Purpose of this Report

The purpose of this report is 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 on 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
December 28, 2015

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY 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, 2015. 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, 2015.

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 governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We have issued our report thereon dated December 28, 2015, which

contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic 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 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Dillon & Associates, P.C.

Midwest City, Oklahoma
December 28, 2015

City of Moore, Oklahoma

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS - THROUGH GRANTOR NUMBER	FEDERAL EXPENDITURES
<u>U.S. Department of Housing and Urban Development</u>			
CDBG Entitlement Grant	14.218	B-12-MC-40-0010	1
CDBG Entitlement Grant	14.218	B-13-MC-40-0010	210,377
CDBG Entitlement Grant	14.218	B-14-MC-40-0010	479,896
CDBG DR Disaster Recovery Grant	14.269	B-14-MS-40-0001	<u>3,229,675</u>
Total U.S. Department of Housing and Urban Development			<u>3,919,949</u>
<u>U.S. Department of Justice</u>			
State and Local HIDTA Task Force Grant	16.809	HIDTA TREAS 303	\$ <u>13,270</u>
<u>U.S. Department of Treasury</u>			
OKC Economic & Identity Crimes Task Force	21.100	USSS-MOU-2008	<u>14,997</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>42,880</u>
<u>Federal Emergency Management Agency</u>			
Passed through Oklahoma Department of Civil Emergency Management: Emergency Management Assistance	97.042	PL 85-606	<u>18,750</u>
Total Federal Assistance			\$ <u><u>4,009,846</u></u>

CITY OF MOORE, OKLAHOMA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") presents the activity of all federal award programs of the City of Moore, Oklahoma (the "City"), for the year ended June 30, 2015. The City's reporting entity is described in Note 1 in the City's Annual Financial Report. Federal financial awards received directly from federal agencies as well as federal financial awards, if any, passed through other government agencies are included on the Schedule. Required matching contributions, program income, private grants and other nonfederal grants and awards are not included in the Schedule. 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 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue from federal awards is recognized when the City has done everything necessary to establish its right to the revenue. In governmental funds, revenue from federal grants is recognized when they become both measurable and available. For proprietary funds, revenue from federal grants is recognized when they are earned. Expenditures of federal awards are recognized in the accounting period in which the liability is incurred.

**CITY OF MOORE, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015**

Section I - Summary of Auditor's Results

1. The opinions expressed in the independent auditor's report were: *Unmodified*

2. The independent auditor's report on internal control over financial reporting disclosed:
 - * Significant deficiency(ies)? ☐ yes ☒ none reported
 - * Material weakness(es)? ☐ yes ☒

3. Noncompliance material to financial statements noted? ☐ yes ☒ no

4. The independent auditor's report on internal control over compliance with requirements that could have a direct and material effect on major federal awards programs disclosed:
 - * Significant deficiency(ies)? ☐ yes ☒ none reported
 - * Material weakness(es)? ☐ yes ☒

5. The opinion expressed in the independent auditor's report on compliance with requirements that could have a direct and material effect on major federal awards programs were: *Unmodified*

6. The audit disclosed findings required to be reported by OMB Circular A-133? ☐ yes ☒ no

7. The City's major programs were:

<u>Cluster/Program</u>	<u>CFDA Number</u>
HUD - CDBG Entitlement Grant	14.218
HUD - CDBG-DR Disaster Recovery Grant	14.269

- 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, 2015**

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

None to report for the June 30, 2015 period.

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

None to report for the June 30, 2015 period.

**CITY OF MOORE, OKLAHOMA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2014**

None to report.