

THE CITY OF MOORE, OKLAHOMA

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

**AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2019**

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As of and for the Year Ended June 30, 2019

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Moore, Oklahoma
Moore, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Moore, Oklahoma (the City), as of and for the year ended June 30, 2019, 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, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2019, 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.

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 information, pension plan information, and the schedule of OPEB funding progress as listed in the table of contents, 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's basic financial statements. The combining and individual nonmajor fund financial statements, the debt service coverage schedule and the statistical section as listed in the table of contents are presented for purposes of additional analysis and is not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and debt service coverage schedule are the responsibility of management and were derived from and relate 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 combining nonmajor fund financial statements and the schedule of debt service coverage information are fairly stated, in all material respects in relation to the basic financial statements as a whole.

The accompanying 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 them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Accounting Standards*, we have also issued our report (under separate cover) dated December 6, 2019, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Dillon & Associates, PC

Midwest City, Oklahoma
December 6, 2019

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MANAGEMENT DISCUSSION AND ANALYSIS

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

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

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the fiscal year ended June 30, 2019, by \$40,295,423 (net position). Of this amount, unrestricted net position of the governmental activities was a deficit of \$66,967,484 with the business type activities reporting an unrestricted net position deficit of \$867,614. The unrestricted net position, when not in a deficit position, may be used to meet the government's ongoing obligations to citizens and creditors.
- The Primary Government's total net position increased by \$17,521,545 or 76.94% from the prior year. This was a result of an increase of \$15,652,578 in the governmental activities while the business-type activities had an increase of \$1,868,967.
- Sales tax is the major source of revenue for governmental activities. Sales and use tax collections for fiscal year 2019 totaled \$36,488,322 compared to FY 2018 which totaled \$34,022,443.
- At the end of the fiscal year 2019, the unassigned fund balance of the General Fund was \$5,105,927 or 12.1% of General Fund revenues.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All of the current year's revenues and expenses are taken into account regardless

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of when cash is received or paid. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and fines and earned but not used vacation and sick leave as stated in City policy and union contracts). Both the Statement of Net Position and the Statement of Activities are prepared using the accrual basis of accounting as opposed to the modified accrual basis used for Fund Financial Statements of the governmental funds.

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

- **Governmental activities.** Most of the City's basic services are reported here, including general government, public safety, streets, public works, culture and recreation, and community development. Sales taxes and franchise taxes finance most of these activities.
- **Business-type activities.** The City charges a fee to customers to cover the cost of services it provides. The City's utility system (water, sewer, and sanitation) are reported here.

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

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

The City of Moore maintains individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General, CDBG/HUD Fund, Debt Service, GO Street Bond, and Street ½ Cent Sales Tax funds. Data from an additional 3 special revenue funds and 2 capital project funds, all of which are considered governmental, are combined into a single, aggregated non-major governmental fund presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements.

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

The City of Moore maintains one major enterprise fund. The City uses this fund to account for its water, sewer, and sanitation operations. The fund provides the same type of information as the government-wide financial statements, only in more detail. The City considers this enterprise fund activity to be a major fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As of June 30, 2019, the City's combined total net position is \$40,295,423, of which \$19,989,854 can be attributed to governmental activities and \$20,305,569 is attributed to business-type activities. This analysis focuses on the net position (Table 1) and changes in net position (Table 2) of the City's governmental and business-type activities.

The largest portion of the City's net position, approximately \$89 million, reflects its net investment in capital assets (e.g., land, building, machinery and equipment, less any related debt used to acquire those assets that is still outstanding). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

TABLE 1
NET POSITION
(In Thousands)

| | Governmental Activities | | % Inc. (Dec.) | Business-Type Activities | | % Inc. (Dec.) | Total Primary Government | | % Inc. (Dec.) |
|-----------------------------------|--------------------------------|-----------------|----------------------|---------------------------------|------------------|----------------------|---------------------------------|------------------|----------------------|
| | 2019 | 2018 | | 2019 | 2018 | | 2019 | 2018 | |
| Current and other assets | \$ 38,406 | \$ 27,314 | 41% | \$ 21,818 | \$ 6,072 | 259% | \$ 60,224 | \$ 33,386 | 80% |
| Capital assets | 117,789 | 111,568 | 6% | 57,799 | 58,716 | -2% | 175,588 | 170,284 | 3% |
| Total assets | 156,195 | 138,882 | 12% | 79,617 | 64,788 | 23% | 235,812 | 203,670 | 16% |
| Deferred outflows of resources | 12,166 | 9,057 | 34% | 86 | - | 100% | 12,252 | 9,057 | 35% |
| Long-term liabilities outstanding | 126,801 | 127,127 | 0% | 56,547 | 43,930 | 29% | 183,348 | 171,057 | 7% |
| Other liabilities | 8,138 | 6,601 | 23% | 2,121 | 1,983 | 7% | 10,259 | 8,584 | 20% |
| Total liabilities | 134,939 | 133,728 | 1% | 58,668 | 45,913 | 28% | 193,607 | 179,641 | 8% |
| Deferred inflows of resources | 13,433 | 9,874 | 36% | 729 | 438 | 66% | 14,162 | 10,312 | 37% |
| Net position: | | | | | | | | | |
| Net investment in capital assets | 70,412 | 61,881 | 14% | 18,573 | 18,036 | 3% | 88,985 | 79,917 | 11% |
| Restricted | 16,545 | 12,508 | 32% | 865 | 810 | 7% | 17,410 | 13,318 | 31% |
| Unrestricted (deficit) | (66,968) | (70,052) | 4% | 868 | (409) | 312% | (66,100) | (70,461) | 6% |
| Total net position | \$ 19,989 | \$ 4,337 | 361% | \$ 20,306 | \$ 18,437 | 10% | \$ 40,295 | \$ 22,774 | 77% |

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Governmental activities increased the City's net position by \$15,652,578 or 361%. The business type activities increased the City's net position by \$1,868,967 or 101% for a net increase of \$17,521,545 or 76.94%.

Deferred inflows increased in the Governmental and Business-type activities due to the implementation of GASB Statement 75 for Other Postemployment Benefits (OPEB) and changes in pension related deferrals.

TABLE 2
CHANGES IN NET POSITION
(In Thousands)

| | Governmental Activities | | % Inc. (Dec.) | Business-Type Activities | | % Inc. (Dec.) | Total Primary Government | | % Inc. (Dec.) |
|--|--------------------------------|-----------------|----------------------|---------------------------------|----------------|----------------------|---------------------------------|-----------------|----------------------|
| | <u>2019</u> | <u>2018</u> | | <u>2019</u> | <u>2018</u> | | <u>2019</u> | <u>2018</u> | |
| Revenues: | | | | | | | | | |
| Program revenues: | | | | | | | | | |
| Charges for services | \$ 5,112 | \$ 4,631 | 10% | \$ 22,572 | \$ 22,531 | 0% | \$ 27,684 | \$ 27,162 | 2% |
| Operating grants and contributions | 13,458 | 10,217 | 32% | - | - | - | 13,458 | 10,217 | 32% |
| Capital grants and contributions | 1,660 | 229 | 625% | 699 | - | 100% | 2,359 | 229 | 930% |
| General revenues: | | | | | | | | | |
| Sales and use taxes | 36,488 | 34,783 | 5% | - | - | - | 36,488 | 34,783 | 5% |
| Other taxes | 10,545 | 10,298 | 2% | - | - | - | 10,545 | 10,298 | 2% |
| Other general revenue | 703 | 1,165 | -40% | 401 | 330 | 22% | 1,104 | 1,495 | -26% |
| Total revenues | <u>67,966</u> | <u>61,323</u> | 11% | <u>23,672</u> | <u>22,861</u> | 4% | <u>91,638</u> | <u>84,184</u> | 9% |
| Program expenses: | | | | | | | | | |
| General government | 7,184 | 7,945 | -10% | - | - | - | 7,184 | 7,945 | -10% |
| Public safety | 26,508 | 30,004 | -12% | - | - | - | 26,508 | 30,004 | -12% |
| Streets | 5,163 | 5,126 | 1% | - | - | - | 5,163 | 5,126 | 1% |
| Public works administration | 5,080 | 5,067 | 0% | - | - | - | 5,080 | 5,067 | 0% |
| Culture and recreation | 6,754 | 8,607 | -22% | - | - | - | 6,754 | 8,607 | -22% |
| Community development | 3,035 | 2,589 | 17% | - | - | - | 3,035 | 2,589 | 17% |
| Interest expense | 1,229 | 1,310 | -6% | - | - | - | 1,229 | 1,310 | -6% |
| Water | - | - | - | 15,787 | 15,977 | -1% | 15,787 | 15,977 | -1% |
| Sanitation | - | - | - | 3,377 | 3,628 | -7% | 3,377 | 3,628 | -7% |
| Total expenses | <u>54,953</u> | <u>60,648</u> | -9% | <u>19,164</u> | <u>19,605</u> | -2% | <u>74,117</u> | <u>80,253</u> | -8% |
| Excess (deficiency) before transfers | 13,013 | 675 | 1828% | 4,508 | 3,256 | 38% | 17,521 | 3,931 | 346% |
| Transfers | 2,639 | 3,273 | -19% | (2,639) | (3,273) | -19% | - | - | - |
| Increase (decrease) in net position | \$ 15,652 | \$ 3,948 | 296% | \$ 1,869 | \$ (17) | 11094% | \$ 17,521 | \$ 3,931 | 346% |

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 the 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.

Operating grants and contributions increased \$3.2 million due to CDBG/HUD grant draws.

Capital grants and contributions decreased \$1.4 million due to a reduction of capital grant revenue.

Transfers for both the governmental activities and the business-type activities decreased due to a reduction in operating transfers.

Budgetary Highlights. For fiscal year 2018-19, General Fund revenue (including transfers) budget was

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amended by \$322,742 or .47% of the original budget of \$68,557,882. The actual revenue (including transfers) is more than the final budget projection by \$476,740, or 1.25%. General Fund actual expenditures (including transfers) on a budgetary basis was \$66,674,366 compared to the final budget of \$69,637,099.

The CBDG/HUD Fund revenues (including transfers) budget was amended by \$2,228,250 or 34.7%. The actual revenue (including transfers) was less than the final budget projection by \$58,199. The actual expenditures (including transfers) on a budgetary basis were \$8,808,087 compared to the final budget of \$8,649,979. Actual expenditures (including transfers) were \$158,108 or 1.83% below projections.

Capital Assets At the end of fiscal year 2019, the City had \$175,587,720 invested in a broad range of capital assets, including police and fire equipment, buildings, park facilities, roads, bridges, water and sewer facilities and distribution systems. This represents a net increase of approximately \$5.3 million over the prior year.

TABLE 3
Capital Assets
(In Thousands)

| | Governmental Activities | | Business-Type Activities | | Total Primary Government | |
|--------------------------|------------------------------------|-------------------|-------------------------------------|------------------|---------------------------------|-------------------|
| | Restated | | Restated | | | |
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Land | \$ 9,831 | \$ 9,831 | \$ - | \$ - | \$ 9,831 | \$ 9,831 |
| Construction in progress | 31,243 | 19,176 | 576 | - | 31,819 | 19,176 |
| Buildings | 50,240 | 50,219 | 1,782 | 1,782 | 52,022 | 52,001 |
| Machinery and equipment | 17,498 | 17,141 | 6,099 | 5,974 | 23,597 | 23,115 |
| Vehicles | 9,513 | 8,756 | 5,243 | 5,037 | 14,756 | 13,793 |
| Infrastructure | 180,227 | 176,198 | 116,501 | 115,905 | 296,728 | 292,103 |
| | 298,552 | 281,321 | 130,201 | 128,698 | 428,753 | 410,019 |
| Less: Depreciation | (180,763) | (169,753) | (72,402) | (69,982) | (253,165) | (239,735) |
| Totals | \$ 117,789 | \$ 111,568 | \$ 57,799 | \$ 58,716 | \$ 175,588 | \$ 170,284 |

Major capital assets additions during the current fiscal year included:

- Street construction and improvements of \$2.0 million
- Park improvements of \$8.7 million
- Fire station improvements of \$2.6 million

Debt Administration. At year end, the City had \$114,858,562 in long term debt outstanding compared to \$102,402,097 at the end of the prior fiscal year. During the year the City issued \$8,550,000 in General Obligation Bonds, \$470,000 in capital lease obligations and \$14,557,500 in notes payable.

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TABLE 4
Long-Term Debt
(In Thousands)

| | <u>Governmental</u> <u>Activities</u> | | <u>Business-Type</u> <u>Activities</u> | | <u>Total Primary Government</u> | |
|-------------------------------|--|------------------|---|------------------|---------------------------------|-------------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| General obligation bonds | \$ 39,705 | \$ 37,030 | \$ - | \$ - | \$ 39,705 | \$ 37,030 |
| Notes payable | 14,653 | 17,587 | 52,315 | 40,680 | 66,968 | 58,267 |
| Capital lease obligation | 470 | - | - | - | 470 | - |
| Accrued compensated absences | 6,423 | 5,842 | 124 | 113 | 6,547 | 5,955 |
| Structured settlement payable | 2 | 3 | - | - | 2 | 3 |
| Refundable deposits | - | - | 1,167 | 1,147 | 1,167 | 1,147 |
| Totals | \$ 61,253 | \$ 60,462 | \$ 53,606 | \$ 41,940 | \$ 114,859 | \$ 102,402 |

ECONOMIC FACTORS AND NEXT YEARS BUDGET CONSIDERATIONS

- The City's primary revenue source, the municipal sales and use tax, in fiscal year 2018/2019 exceeded the prior year by 5.6 percent, due to the collection of use tax resulting from the South Dakota v Wayfair case. The retail presence in Moore continues to grow.
- The unemployment rate for the City of Moore is currently 2.9 percent, which is a decrease of .4 percent from a year ago. This compares favorably to the State's average unemployment rate of 3.2 percent and favorably to the national average rate of 3.7 percent.
- On November 5, 2019, voters approved an additional permanent one-eighth of one percent (0.1250%) sales tax. Cleveland County's one-quarter of one percent (0.25%) sales tax was expiring and the County was only renewing one-eighth of one percent. The proceeds from this tax will provide funding for City water system improvements, including but not limited to water line replacement, leak detection and modeling technology and upgrading city water wells, storm water systems and management, and drainage improvements.
- On April 2, 2019 the City obtained a financial assistance loan from the Oklahoma Water Resources Board in the amount of \$13,915,000 to acquire, construct, furnish and equip extensions and improvements to the wastewater utility system.
- The GO Bond projects passed by voters in June 2018 continue to progress. Engineering work continues on the drainage channel between NW 12th and SW 4th as well as engineering on the 34th Street resurfacing project between Telephone Road and Santa Fe and the 4th Street underpass.

Request for Information. This financial report is designed to provide a general overview of the City's finances, comply with finance-related laws, regulations and demonstrate the City's commitment to public accountability. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City of Moore, Finance Department, 301 N. Broadway, Moore, Oklahoma 73160 or at (405) 793-5060.

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BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE

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Statement of Net Position– June 30, 2019

| | Primary Government | | |
|---|----------------------------|-----------------------------|----------------------|
| | Governmental Activities | Business-type Activities | Total |
| ASSETS | | | |
| Cash and cash equivalents | \$ 28,609,275 | \$ 18,661,506 | \$ 47,270,781 |
| Investments | 150,356 | 997,516 | 1,147,872 |
| Accounts receivable, net | 464,943 | 2,055,777 | 2,520,720 |
| Other receivable | 675,432 | - | 675,432 |
| Inventory | 21,193 | - | 21,193 |
| Due from other governments | 7,114,734 | 103,056 | 7,217,790 |
| Net pension asset | 1,370,565 | - | 1,370,565 |
| Capital assets: | | | |
| Land, improvements and construction in progress | 41,074,693 | 576,233 | 41,650,926 |
| Other capital assets, net of depreciation | 76,713,957 | 57,222,837 | 133,936,794 |
| Total assets | <u>156,195,148</u> | <u>79,616,925</u> | <u>235,812,073</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred amount related to OPEB | 1,999,060 | 86,043 | 2,085,103 |
| Deferred amount related to pensions | 10,166,954 | - | 10,166,954 |
| Total deferred outflows | <u>12,166,014</u> | <u>86,043</u> | <u>12,252,057</u> |
| LIABILITIES | | | |
| Accounts payable and accrued liabilities | 4,740,729 | 1,658,289 | 6,399,018 |
| Wages payable | 574,931 | 19,515 | 594,446 |
| Claims payable | 2,435,000 | - | 2,435,000 |
| Accrued interest payable | 387,116 | 443,190 | 830,306 |
| Long-term liabilities: | | | |
| Due within one year | 8,878,495 | 2,705,524 | 11,584,019 |
| Due in more than one year | 117,922,052 | 53,841,723 | 171,763,775 |
| Total liabilities | <u>134,938,323</u> | <u>58,668,241</u> | <u>193,606,564</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred amount related to pensions | 3,955,902 | - | 3,955,902 |
| Deferred amount related to OPEB | 9,477,083 | 729,158 | 10,206,241 |
| Total deferred inflows | <u>13,432,985</u> | <u>729,158</u> | <u>14,162,143</u> |
| NET POSITION | | | |
| Net investment in capital assets | 70,412,435 | 18,573,121 | 88,985,556 |
| Restricted for: | | | |
| Debt service | 6,681,648 | 864,834 | 7,546,482 |
| Capital improvements | 7,089,307 | - | 7,089,307 |
| Public Safety | 609,537 | - | 609,537 |
| Culture and recreation | 1,015,355 | - | 1,015,355 |
| Other | 1,149,056 | - | 1,149,056 |
| Unrestricted (deficit) | (66,967,484) | 867,614 | (66,099,870) |
| Total net position | <u>\$ 19,989,854</u> | <u>\$ 20,305,569</u> | <u>\$ 40,295,423</u> |

See accompanying notes to the basic financial statements.

CITY OF MOORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2019

Statement of Activities –Year Ended June 30, 2019

| Functions/Programs | Expenses | Program Revenue | | | Net (Expense) Revenue and Changes in Net Position | | |
|---|----------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|----------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | Total |
| Primary government | | | | | | | |
| Governmental activities | | | | | | | |
| General government | \$ 7,184,107 | \$ 149,058 | \$ 66,756 | \$ - | \$ (6,968,293) | \$ - | \$ (6,968,293) |
| Public safety | 26,506,766 | 1,629,104 | 3,945,743 | - | (20,931,919) | - | (20,931,919) |
| Streets | 5,162,992 | 224,255 | 570,220 | 1,492,015 | (2,876,502) | - | (2,876,502) |
| Public works administration | 5,080,138 | 60,948 | - | - | (5,019,190) | - | (5,019,190) |
| Culture and recreation | 6,754,256 | 2,443,127 | 54,410 | 167,700 | (4,089,019) | - | (4,089,019) |
| Community development | 3,034,423 | 605,693 | 8,821,025 | - | 6,392,295 | - | 6,392,295 |
| Interest on long-term debt | 1,229,297 | - | - | - | (1,229,297) | - | (1,229,297) |
| Total governmental activities | <u>54,951,979</u> | <u>5,112,185</u> | <u>13,458,154</u> | <u>1,659,715</u> | <u>(34,721,925)</u> | <u>-</u> | <u>(34,721,925)</u> |
| Business-type activities: | | | | | | | |
| Water and sewer | 15,787,352 | 17,328,678 | - | 699,157 | - | 2,240,483 | 2,240,483 |
| Sanitation | 3,376,358 | 5,243,206 | - | - | - | 1,866,848 | 1,866,848 |
| Total business-type activities | <u>19,163,710</u> | <u>22,571,884</u> | <u>-</u> | <u>699,157</u> | <u>-</u> | <u>4,107,331</u> | <u>4,107,331</u> |
| Total primary government | <u>\$ 74,115,689</u> | <u>\$ 27,684,069</u> | <u>\$ 13,458,154</u> | <u>\$ 2,358,872</u> | <u>(34,721,925)</u> | <u>4,107,331</u> | <u>(30,614,594)</u> |
| General revenues: | | | | | | | |
| Taxes: | | | | | | | |
| Sales and use taxes | | | | | 36,488,322 | - | 36,488,322 |
| Property tax | | | | | 6,955,510 | - | 6,955,510 |
| Franchise and public service taxes | | | | | 2,576,092 | - | 2,576,092 |
| Intergovernmental revenue not restricted to specific programs | | | | | 1,012,699 | - | 1,012,699 |
| Investment income | | | | | 513,899 | 161,588 | 675,487 |
| Miscellaneous | | | | | 188,815 | 239,214 | 428,029 |
| Transfers - internal activity | | | | | <u>2,639,166</u> | <u>(2,639,166)</u> | <u>-</u> |
| Total general revenues and transfers | | | | | <u>50,374,503</u> | <u>(2,238,364)</u> | <u>48,136,139</u> |
| Change in net position | | | | | 15,652,578 | 1,868,967 | 17,521,545 |
| Net position - beginning | | | | | 4,337,276 | 18,436,602 | 22,773,878 |
| Net position - ending | | | | | <u>\$ 19,989,854</u> | <u>\$ 20,305,569</u> | <u>\$ 40,295,423</u> |

See accompanying notes to the basic financial statements.

CITY OF MOORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2019

BASIC FINANCIAL STATEMENTS - GOVERNMENTAL FUNDS

CITY OF MOORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2019

Governmental Funds Balance Sheet - June 30, 2019

| | <u>General Fund</u> | <u>CDBG/DR HUD Fund</u> | <u>Debt Service Fund</u> | <u>G.O. Street Bond Fund</u> | <u>Street 1/2 Cent Sales Tax</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|---------------------|-----------------------------|------------------------------|----------------------------------|--------------------------------------|---|---|
| ASSETS | | | | | | | |
| Cash and cash equivalents | \$ 2,780,104 | \$ 170,294 | \$ 6,498,137 | \$ 9,802,394 | \$ 1,702,819 | \$ 7,144,286 | \$ 28,098,034 |
| Investments | 150,356 | - | - | - | - | - | 150,356 |
| Receivables: | | | | | | | |
| Accounts receivable | 453,954 | - | - | - | - | - | 453,954 |
| Other receivable | 472,564 | - | - | - | - | 64,466 | 537,030 |
| Due from other governments | 5,335,094 | 555,503 | 138,402 | - | 788,187 | 435,950 | 7,253,136 |
| Inventory | 21,193 | - | - | - | - | - | 21,193 |
| Total assets | <u>\$ 9,213,265</u> | <u>\$ 725,797</u> | <u>\$ 6,636,539</u> | <u>\$ 9,802,394</u> | <u>\$ 2,491,006</u> | <u>\$ 7,644,702</u> | <u>\$ 36,513,703</u> |
| LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES | | | | | | | |
| Liabilities: | | | | | | | |
| Accounts payable and accrued liabilities | \$ 1,328,409 | \$ 966,111 | \$ - | \$ 276,322 | \$ 679,710 | \$ 751,504 | \$ 4,002,056 |
| Wages payable | 569,380 | 2,037 | - | - | - | 1,552 | 572,969 |
| Refundable deposits | 722,689 | - | - | - | - | - | 722,689 |
| Total liabilities | <u>2,620,478</u> | <u>968,148</u> | <u>-</u> | <u>276,322</u> | <u>679,710</u> | <u>753,056</u> | <u>5,297,714</u> |
| Deferred inflows of resources: | | | | | | | |
| Unavailable revenue | <u>345,194</u> | <u>-</u> | <u>120,900</u> | <u>-</u> | <u>-</u> | <u>9,734</u> | <u>475,828</u> |
| Fund balances: | | | | | | | |
| Nonspendable | 21,193 | - | - | - | - | - | 21,193 |
| Restricted | - | - | 6,515,639 | 9,526,072 | 1,811,296 | 6,881,912 | 24,734,919 |
| Assigned | 1,120,473 | - | - | - | - | - | 1,120,473 |
| Unassigned (deficit) | 5,105,927 | (242,351) | - | - | - | - | 4,863,576 |
| Total fund balances | <u>6,247,593</u> | <u>(242,351)</u> | <u>6,515,639</u> | <u>9,526,072</u> | <u>1,811,296</u> | <u>6,881,912</u> | <u>30,740,161</u> |
| Total liabilities, deferred inflows, and fund balances | <u>\$ 9,213,265</u> | <u>\$ 725,797</u> | <u>\$ 6,636,539</u> | <u>\$ 9,802,394</u> | <u>\$ 2,491,006</u> | <u>\$ 7,644,702</u> | <u>\$ 36,513,703</u> |

See accompanying notes to the basic financial statements.

CITY OF MOORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2019

Reconciliation of Governmental Funds and Government-Wide Financial Statements:

Fund Balance – Net Position Reconciliation – June 30, 2019:

| | | |
|--|----|------------|
| Fund balances of governmental funds | \$ | 30,740,161 |
|--|----|------------|

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 reported in the funds, net of accumulated depreciation of \$180,710,956 | | 117,788,146 |
|--|--|-------------|

Certain long-term assets are not available to pay for current fund liabilities are therefore deferred in the funds:

| | | |
|------------------------------------|--|---------|
| Due from other governments | | 130,634 |
| Other receivable, net of allowance | | 345,194 |
| | | 475,828 |

Certain other long-term assets and deferred outflows are not available to pay current period expenditures and certain long-term liabilities and deferred inflows are not due and payable from current financial resources, and therefore, are not reported in these fund financial statements, but are reported in the governmental activities of the Statement of Net Position.

| | | |
|-----------------------------------|--|--------------|
| Net pension asset | | 1,370,565 |
| Pension related deferred outflows | | 10,166,954 |
| Net pension liability | | (27,568,472) |
| Pension related deferred inflows | | (3,955,902) |
| OPEB related deferred outflows | | 1,987,588 |
| Total OPEB liability | | (37,248,322) |
| OPEB related deferred inflows | | (9,399,355) |
| | | (64,646,944) |

Internal service funds are used by management to charge the cost of certain activities to individual funds. An allocation of the assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.

(2,262,519)

Certain long-term liabilities are not due and payable from current financial resources and therefore are not reported in the funds:

| | | |
|-----------------------------------|--|--------------|
| General obligation bonds payable | | (39,705,000) |
| Revenue notes payable | | (14,653,215) |
| Capital lease obligations payable | | (470,000) |
| Unamortized premium | | (481,952) |
| Accrued compensated absences | | (6,407,535) |
| Accrued interest payable | | (387,116) |
| | | (62,104,818) |

| | | |
|--|----|------------|
| Net position of governmental activities | \$ | 19,989,854 |
|--|----|------------|

See accompanying notes to the basic financial statements.

CITY OF MOORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2019

Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances – Year Ended June 30, 2019

| | General Fund | CDBG DR HUD Fund | Debt Service Fund | G.O. Street Bond Fund | Street 1/2 Cent Sales Tax | Other Governmental Funds | Total Governmental Funds |
|---|---------------------|---------------------|---------------------|-----------------------|---------------------------|--------------------------|--------------------------|
| REVENUES | | | | | | | |
| Taxes | \$ 32,269,208 | \$ - | \$ 6,834,610 | \$ - | \$ 4,530,136 | \$ 2,873,285 | \$ 46,507,239 |
| Intergovernmental | 4,711,998 | 8,591,780 | - | - | - | 643,608 | 13,947,386 |
| Charges for services | 2,584,649 | - | - | - | - | 280,539 | 2,865,188 |
| Fines and forfeitures | 1,178,771 | - | - | - | - | - | 1,178,771 |
| Licenses and permits | 601,687 | - | - | - | - | - | 601,687 |
| Investment income | 206,543 | - | - | 196,864 | 27,087 | 90,519 | 521,013 |
| Miscellaneous | 535,290 | - | - | 118 | 1,500 | 128,671 | 665,579 |
| Total revenues | <u>42,088,146</u> | <u>8,591,780</u> | <u>6,834,610</u> | <u>196,982</u> | <u>4,558,723</u> | <u>4,016,622</u> | <u>66,286,863</u> |
| EXPENDITURES | | | | | | | |
| Current: | | | | | | | |
| General government | 5,126,987 | - | 196,109 | - | - | 37,100 | 5,360,196 |
| Public safety | 26,878,462 | - | - | - | 435,707 | 186,447 | 27,500,616 |
| Streets | - | - | - | 151,685 | - | - | 151,685 |
| Public works | 4,224,031 | - | - | - | - | - | 4,224,031 |
| Culture and recreation | 4,076,235 | - | - | - | - | 2,747 | 4,078,982 |
| Community development | 1,439,077 | 8,808,087 | - | - | - | 79,644 | 10,326,808 |
| Capital outlay | - | - | - | 1,141,246 | 3,202,929 | 4,044,920 | 8,389,095 |
| Debt service: | | | | | | | |
| Principal retirement | - | - | 5,875,000 | - | - | 3,576,278 | 9,451,278 |
| Interest and fiscal charges | - | - | 711,417 | - | - | 559,081 | 1,270,498 |
| Total expenditures | <u>41,744,792</u> | <u>8,808,087</u> | <u>6,782,526</u> | <u>1,292,931</u> | <u>3,638,636</u> | <u>8,486,217</u> | <u>70,753,189</u> |
| Excess (deficiency) of revenues over expenditures | <u>343,354</u> | <u>(216,307)</u> | <u>52,084</u> | <u>(1,095,949)</u> | <u>920,087</u> | <u>(4,469,595)</u> | <u>(4,466,326)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | | |
| Bond issuance proceeds | - | - | - | 8,550,000 | 470,000 | 642,500 | 9,662,500 |
| Premium on bonds issued | - | - | - | 240,075 | - | - | 240,075 |
| Transfers in | 29,868,332 | - | - | - | - | 2,958,732 | 32,827,064 |
| Transfers out | (28,564,935) | - | - | - | (284,051) | (1,338,912) | (30,187,898) |
| Total other financing sources and uses | <u>1,303,397</u> | <u>-</u> | <u>-</u> | <u>8,790,075</u> | <u>185,949</u> | <u>2,262,320</u> | <u>12,541,741</u> |
| Net change in fund balances | 1,646,751 | (216,307) | 52,084 | 7,694,126 | 1,106,036 | (2,207,275) | 8,075,415 |
| Fund balances - beginning | 4,600,842 | (26,044) | 6,463,555 | 1,831,946 | 705,260 | 9,089,187 | 22,664,746 |
| Fund balances - ending | <u>\$ 6,247,593</u> | <u>\$ (242,351)</u> | <u>\$ 6,515,639</u> | <u>\$ 9,526,072</u> | <u>\$ 1,811,296</u> | <u>\$ 6,881,912</u> | <u>\$ 30,740,161</u> |

See accompanying notes to the basic financial statements.

CITY OF MOORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2019

Changes in Fund Balances – Changes in Net Position Reconciliation – Year Ended June 30, 2019:

Net change in fund balances - total governmental funds: \$ 8,075,415

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 | 15,970,189 |
| Capital asset donated | 1,492,015 |
| Depreciation expense | (11,235,919) |
| | 6,226,285 |

In the Statement of Activities, the net cost of pension benefits earned is calculated and reported as pension expense. The fund financial statements report pension contributions as pension expenditures. This amount represents the difference between pension contributions and calculated pension expense.

4,573,051

Repayment of debt principal is an expenditure and are a revenue in the governmental funds. However, the repayments reduce long-term liabilities or the long-term assets in the Statement of Net Position:

| | |
|--|-------------|
| Premium on debt issued | (240,075) |
| Bond proceeds | (9,192,500) |
| Capital lease proceeds | (470,000) |
| Note payable principal payments | 3,576,278 |
| General obligation bond principal payments | 5,875,000 |
| | (451,297) |

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:

| | |
|-------------------------------|---------|
| Change in unavailable revenue | 248,779 |
|-------------------------------|---------|

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:

| | |
|--|-------------|
| Change in total OPEB liability | (2,329,346) |
| Change in accrued interest payable | (13,227) |
| Amortization of bond premium | 47,314 |
| Change in accrued compensated absences | (590,966) |
| | (2,886,225) |

Internal service fund activity is reported as a proprietary fund in fund financial statements, but certain net revenues/expenses are reported in governmental activities on the Statement of Activities.

| | |
|---|-----------|
| Total change in net position for internal service funds | (133,430) |
|---|-----------|

| | |
|---|---------------|
| Change in net position of governmental activities | \$ 15,652,578 |
|---|---------------|

See accompanying notes to the basic financial statements.

CITY OF MOORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2019

BASIC FINANCIAL STATEMENTS - PROPRIETARY FUNDS

CITY OF MOORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2019

Proprietary Funds Statement of Net Position - June 30, 2019

| | Moore Public Works Authority - Enterprise Fund | Internal Service Funds |
|--|---|-----------------------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 3,191,647 | \$ 511,241 |
| Cash and cash equivalents, restricted | 15,469,859 | - |
| Investments, restricted | 997,516 | - |
| Accounts receivable, net | 2,055,777 | 10,989 |
| Other receivable | 103,056 | - |
| Total current assets | <u>21,817,855</u> | <u>522,230</u> |
| Non-current assets: | | |
| Land, construction in progress, and water rights | 576,233 | - |
| Other capital assets, net | 57,222,837 | 504 |
| Total non-current assets | <u>57,799,070</u> | <u>504</u> |
| Total assets | <u>79,616,925</u> | <u>522,734</u> |
| DEFERRED OUTFLOW OF RESOURCES | | |
| Deferred amounts related to OPEB | <u>86,043</u> | <u>11,472</u> |
| LIABILITIES | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities | 1,660,798 | 16,073 |
| Claims liability | - | 487,000 |
| Wages payable | 19,515 | 1,873 |
| Accrued interest payable | 443,190 | - |
| Accrued compensated absences | 12,354 | 1,496 |
| Refundable deposits | 230,954 | - |
| Notes payable | 2,462,216 | - |
| Total current liabilities | <u>4,829,027</u> | <u>506,442</u> |
| Non-current liabilities: | | |
| Accrued compensated absences | 111,187 | 13,469 |
| Claims liability | - | 1,948,000 |
| Total OPEB liability | 1,868,645 | 249,153 |
| Refundable deposits | 933,814 | - |
| Notes payable | 50,925,568 | 1,933 |
| Total non-current liabilities | <u>53,839,214</u> | <u>2,212,555</u> |
| Total liabilities | <u>58,668,241</u> | <u>2,718,997</u> |
| DEFERRED INFLOW OF RESOURCES | | |
| Deferred amounts related to OPEB | <u>729,158</u> | <u>77,728</u> |
| NET POSITION | | |
| Net investment in capital assets | 18,573,121 | 504 |
| Restricted for debt service | 820,695 | - |
| Unrestricted (deficit) | 911,753 | (2,263,023) |
| Total net position | <u>\$ 20,305,569</u> | <u>\$ (2,262,519)</u> |

See accompanying notes to the basic financial statements.

CITY OF MOORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2019

Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Position - Year Ended June 30, 2019

| | Moore Public Works Authority - Enterprise Fund | Internal Service Funds |
|--|---|-----------------------------------|
| OPERATING REVENUES | | |
| Charges for services | \$ 22,233,321 | \$ 7,311,189 |
| Miscellaneous | 339,333 | 224,396 |
| Total operating revenues | <u>22,572,654</u> | <u>7,535,585</u> |
| OPERATING EXPENSES | | |
| General government | - | 1,819,379 |
| Water and sewer | 12,305,507 | - |
| Sanitation | 3,030,904 | - |
| Insurance claims and expense | - | 5,850,011 |
| Depreciation and amortization | 2,645,012 | 6,028 |
| Total operating expenses | <u>17,981,423</u> | <u>7,675,418</u> |
| Operating income (loss) | <u>4,591,231</u> | <u>(139,833)</u> |
| NON-OPERATING REVENUES (EXPENSES) | | |
| Investment income | 160,818 | 6,403 |
| Interest expense and fiscal charges | (1,182,287) | - |
| Other non-operating revenue | 239,214 | - |
| Total non-operating revenue (expenses) | <u>(782,255)</u> | <u>6,403</u> |
| Income (loss) before contributions and transfers | <u>3,808,976</u> | <u>(133,430)</u> |
| Capital contributions | 699,157 | - |
| Transfers in | 27,229,166 | - |
| Transfers out | <u>(29,868,332)</u> | <u>-</u> |
| Change in net position | 1,868,967 | (133,430) |
| Total net position - beginning | 18,436,602 | (2,129,089) |
| Total net position - ending | <u>\$ 20,305,569</u> | <u>\$ (2,262,519)</u> |

See accompanying notes to the basic financial statements.

CITY OF MOORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2019

Proprietary Funds Statement of Cash Flows - Year Ended June 30, 2019

| | Moore Public Works Authority - Enterprise Fund | Internal Service Funds |
|--|---|-----------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from customers | \$ 22,898,814 | \$ 7,548,838 |
| Payments to suppliers | (13,183,772) | (1,684,183) |
| Payments to employees | (2,052,463) | (160,195) |
| Receipt of customer deposits | 268,691 | - |
| Return of customer deposits | (250,038) | - |
| Claims and benefits paid | - | (5,742,903) |
| Net cash provided by (used in) operating activities | <u>7,681,232</u> | <u>(38,443)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | |
| Transfers from other funds | 27,229,166 | - |
| Transfers to other funds | (29,868,332) | - |
| Net cash provided by (used in) noncapital financing activities | <u>(2,639,166)</u> | <u>-</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Capital assets purchased | (1,132,177) | - |
| Principal paid on capital debt | (2,279,972) | - |
| Interest and fiscal charges paid on capital debt | (1,048,790) | - |
| Premium/discount on long-term debt | 1,072,688 | - |
| Proceeds from long-term debt | 13,915,000 | - |
| Net cash provided by capital and related financing activities | <u>10,526,749</u> | <u>-</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Sale of investments | 4,490 | - |
| Interest and dividends | 160,817 | 6,403 |
| Net cash provided by investing activities | <u>165,307</u> | <u>6,403</u> |
| Net increase (decrease) in cash and cash equivalents | <u>15,734,122</u> | <u>(32,040)</u> |
| Balances - beginning of year | <u>2,927,384</u> | <u>543,281</u> |
| Balances - end of year | <u>\$ 18,661,506</u> | <u>\$ 511,241</u> |
| Reconciliation to Statement of Net Position: | | |
| Cash and cash equivalents | \$ 3,191,647 | \$ 511,241 |
| Restricted cash and cash equivalents | 15,469,859 | - |
| Total cash and cash equivalents | <u>\$ 18,661,506</u> | <u>\$ 511,241</u> |
| Reconciliation of operating income (loss) to net cash provided by operating activities: | | |
| Operating income (loss) | \$ 4,591,231 | \$ (139,833) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | |
| Depreciation expense | 2,645,012 | 6,028 |
| Other nonoperating revenue | 239,214 | - |
| Change in assets and liabilities: | | |
| Receivables, net | 86,946 | 13,253 |
| Deferred outflow related to OPEB | (86,043) | (11,472) |
| Accounts payable | 9,563 | (22,121) |
| Claims liability | - | 108,000 |
| Due to employees | (2,586) | (5,548) |
| Settlement payable | - | (892) |
| Refundable deposits | 18,653 | - |
| Total OPEB liability | (121,906) | 1,719 |
| Accrued compensated absences | 10,252 | (10,827) |
| Deferred inflow related to OPEB | 290,896 | 23,250 |
| Net cash provided by (used in) operating activities | <u>\$ 7,681,232</u> | <u>\$ (38,443)</u> |

See accompanying notes to the basic financial statements.

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FOOTNOTES TO BASIC FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

The City of Moore's (the "City") accounting and financial reporting policies conform to accounting principles generally accepted in the United State of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

1.A. Financial Reporting Entity

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

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

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

In determining the financial reporting entity, the City of Moore complies with the provisions of Governmental Accounting Standards Board Statement No. 14, "*The Financial Reporting Entity*" and Statement No. 61, "*The Financial Reporting Entity: Omnibus*" and includes all component units for which the City is financially accountable. The City's financial reporting entity primary government presentation includes the City of Moore and certain component units as follows:

Blended Component Units: Separate legal entities for which the City Council members serve as the trustees/governing body of the City and /or the City is able to impose its will on the Authorities through required approval of all debt obligations issued by these entities. These component units funds are blended into the City's by appropriate fund type to comprise part of the primary government presentation.

Moore Public Works Authority (MPWA) –created to operating and maintain the City's water, sanitary sewer and solid waste systems.

Moore Economic Development Authority (MEDA) – created to finance projects and development of the City's municipal infrastructure.

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

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In accordance with state law, the City Council must approve, by two-thirds vote, all debt obligations of these public trusts prior to incurring the obligation. This is considered sufficient imposition of will to demonstrate financial accountability and to include the trusts within the City's financial reporting entity. The public trusts do not issue separate annual financial statements.

1.B. Basis of Presentation and Accounting

This annual report is presented in a format that substantially meets the presentation requirements of the Governmental Accounting Standards Board (GASB) in accordance with generally accepted accounting principles. The presentation includes financial statements that communicate the City's financial condition and changes therein at two distinct levels:

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

Government-Wide Financial Statements:

The Government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. In the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

Governmental activities - Most of the City's basic services are reported here, including the police, fire, general administration, streets, parks and recreation. Sales taxes, franchise fees, fines, and state and federal grants finance most of these activities.

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

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

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

Fund Financial Statements:

Governmental Funds:

Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. Governmental funds report their activities on the modified accrual basis of accounting and current financial resources measurement focus that is different from other funds. For example, these funds report the acquisition of capital assets and payments for debt principal as expenditures and not as changes to asset and debt balances. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period except for reimbursement type grants that are recorded as revenues when the related expenditures are recognized. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims, judgments, and net pension liabilities are recorded only when payment is due.

Sales and use taxes, property taxes, franchise taxes, licenses, court fines and interest associated with the current fiscal period are all considered to be susceptible to accrual, and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps one determine (through a review of changes to fund balance) whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The City's governmental funds include:

Major Funds:

- General Fund – is the general operating fund of the city and accounts for all activities not accounted for in other special-purpose funds.
- CDBG/HUD Fund – is used to account for financial resources associated with the CDBG/HUD grant program.
- Debt Service Fund – account for the payment of principal and interest on the general obligation bonds of the city. Ad valorem taxes and interest earned on investments are used for debt repayment.
- G.O. Street Bond Fund – account for the construction cost associated with the general obligation bonds for streets.
- Street ½ Cent Sales Tax Fund – account for sales tax restricted for street construction.

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

Special Revenue Funds include the Special Revenue Fund, Moore Economic Development Authority, and the Cemetery Care Fund.

Capital Project Funds include the 2012 Park Improvement Fund and the ¼ Cent Sales Tax Fund.

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

Proprietary Funds:

When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds include enterprise funds and internal service funds. Enterprise funds are used to account for business-like activities provided to the general public. Internal service funds are used to account for business-like activities provided to other funds or departments of the City. Proprietary funds are reported on the accrual basis of accounting and economic resources measurement focus. For example, proprietary fund capital assets are capitalized and depreciated and principal payments on long-term debt are recorded as a reduction to the liability.

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

The City's proprietary funds include the following:

Enterprise Funds

Major:

- Moore Public Works Authority – accounts for the operations of the water, sewer and sanitation operations.

Internal Service Fund

- Risk Management Fund - accounts for the cost of providing property, health, worker's compensation liability insurance and other risk management functions provided to other funds of the city.

1.C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Deposits and Investments:

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

Investments consist of long-term certificates of deposit. Certificates of deposit are reported at cost.

Restricted Assets:

Certain proceeds of the enterprise funds promissory notes, as well as certain resources set aside for their repayment, are classified as restricted assets because they are maintained in separate bank accounts, and their use is limited by applicable loan covenants. The debt service fund accounts are

used to segregate resources accumulated for debt service payments over the next 12 months. In addition, amounts held for meter deposit refunds are considered restricted.

Receivables and Unearned Revenue

In the government-wide 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. Major receivable balances for the governmental activities include sales and use taxes, franchise taxes, grants and court fines. Business-type activities report utilities as its major receivable.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise tax, and grants and other similar intergovernmental revenues. Non-exchange transactions collectible but not available are reported as a deferred inflow of resources in the fund financial statements in accordance with the modified accrual basis of accounting, but not reported as a deferred inflow of resources in the government-wide financial statements in accordance with the accrual basis. Interest on investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Utility accounts receivable and interest earnings comprise the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

Inventories:

Inventories are valued at cost. Governmental fund inventory is related to parts and fuel. The cost of inventories are recorded as expenditures when consumed rather than when purchased.

Capital Assets:

Capital assets, which include property, plant, equipment, and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

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

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

- | | |
|-------------------------------------|-------------|
| • Buildings/improvements | 40-65 years |
| • Infrastructure | 25-50 years |
| • Improvements other than buildings | 10-20 years |
| • Machinery and equipment | 3-20 years |
| • Vehicles | 5-7 years |

Depreciation of capital assets is included in total expenses and is charged or allocated to the activities primarily benefiting from the use of the specific asset.

Long-term obligations:

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statements of Net Position. Bond premiums and discounts are amortized over the life of the bonds using the straight line method. Bonds payable are reported net of bond premium or discount.

Long-term obligations of governmental funds are not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures.

The City's long term obligations consists of general obligation bonds, notes payable, accrued compensated absences, net pension liability, total OPEB liability, refundable deposits and structured settlements payable.

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.

Deferred Outflow/Inflows of Resources:

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expenses/expenditure) until then. The government only has two items that qualify for reporting in this category. The City reports deferred outflows related to pensions and OPEB related amounts.

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as in inflow of resources (revenues) until that time. The governmental funds report unavailable revenues from court fines. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The government-wide Statement of Net Position reports deferred inflows for pension and OPEB related amounts.

Fund Equity:

Government-Wide and Proprietary Fund Financial Statements:

Net position is displayed in three components:

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

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

Governmental Fund Financial Statements:

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned and unassigned. These classifications are defined as:

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

It is the City’s policy to first use restricted fund balance prior to the use of the unrestricted fund balance when an expenditure is incurred for purposes for which both restricted and unrestricted resources are

available. The City's policy for the use of fund balance amounts require restricted amounts be used first followed by committed, assigned and unassigned fund balance.

1.D. Revenues, Expenditures and Expenses

Program Revenues:

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

- Public Safety – Fire, Police, fines and forfeitures, restricted operating grants, restricted capital grants, property seizure, donations, and state on-behalf pension contributions
- Streets – commercial vehicle and gasoline excise tax shared by the State.
- Public Works – animal welfare fees
- Culture and recreation – pool fees, rental of community center and senior center, programming fees, park fees, operating and capital grants
- General Government – cemetery fees and general government grants.

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

Sales Tax Revenue:

Sales tax revenue represents a 3.75 cents tax on each dollar of taxable sales which is collected by the Oklahoma Tax Commission and remitted to the City. Upon final allocation the sales tax is broken down as follows:

- 3 cents recorded in the General Fund for general operations
- 0.50 cents recorded in the Street Half-Cent Sales Tax Fund for street and public safety improvements/operations
- 0.25 cents recorded in the Park Improvement Fund for park improvements and fire station construction

Property Tax Revenue:

In accordance with state law, a municipality may only levy a property tax to retire general obligation debt approved by the voters and to pay judgments rendered against the City. Property taxes levied by the City are billed and collected by the County Treasurer's Office and remitted to the City in the month following collection. Property tax is levied each October 1st on the assessed valuation of non-exempt real property located in the City as of the preceding January 1st, the lien date. Property taxes are due on November 1st following the levy date, although they may be paid in two equal installments (if the first installment is paid prior to January 1st, the second installment is not delinquent until April 1st). Property taxes are collected by the County Treasurer and are remitted to the City. Property tax receivables are recorded on the lien date, although the related revenue is reported as a deferred inflow of resources and will not be recognized as revenue until the year for which it is levied. Property taxes unpaid for the fiscal year are attached by an enforceable lien on property in the following October. For the year ended June 30, 2019, the City's net assessed valuation of taxable property was \$450,027,667. The taxes levied by the City per \$1,000 of net assessed valuation for the year ended June 30, 2019 was \$15.25.

Expenditures and Expenses:

In the government-wide financial statements, expenses, including depreciation of capital assets, are reported by function or activity. In the governmental fund financial statements, expenditures are reported by class as current (further reported by function), capital outlay and debt service. In the proprietary fund financial statements, expenses are reported by object or activity.

1.E. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide statement of net position and statement of activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Government-Wide Financial Statements:

Interfund activity, if any, are eliminated or reclassified in the government-wide financial statements as follows:

1. *Internal balances* – amounts reported in the fund financial statements as interfund receivable and payables are eliminated in the governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are reported as Internal Balances.
2. *Internal activities* - amounts reported in the fund financial statements as interfund transfers are eliminated in the government-wide statement of activities except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers - Internal Activities. The effect of interfund services between funds is not eliminated in the statement of activities.
3. *Primary government and component unit activity and balances* - resource flows between the primary government and the discretely presented component units are reported as if they were external transactions and are classified separately from internal balances and activities within the primary government.

Fund Financial Statements:

Interfund activity, if any, within and among the governmental and proprietary fund categories is reported as follows in the fund financial statements:

1. Interfund loans - amounts provided with a requirement for repayment are reported as interfund receivables and payables.
2. Interfund services - sales or purchases of goods and services between funds are reported as revenues and expenditures/expenses.
3. Interfund reimbursements - repayments from funds responsible for certain expenditures/expenses to the funds that initially paid for them are not reported as reimbursements but as adjustments to expenditures/expenses in the respective funds.
4. Interfund transfers - flow of assets from one fund to another where repayment is not expected are reported as transfers in and out.

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1.F. 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 certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

2. Cash and Cash Equivalents, Deposits and Investments

Deposits and Investments Risks

The City of Moore primary government and blended component units are governed by the deposit and investment limitations of state law and trust indentures. The deposits and investments held at June 30, 2019 by these entities are as follows:

| Type | Carrying Value | Credit Rating | Fair Value Categories | Maturities in Years | | | | |
|---|----------------------|---------------|-----------------------|----------------------|-------------------|---------------------|-------------|--------------|
| | | | | On Demand | Less Than One | 1 - 5 | 6 - 10 | More than 10 |
| Demand deposits | \$ 30,164,837 | n/a | n/a | \$ 30,164,837 | \$ - | \$ - | \$ - | \$ - |
| Time deposits | 1,247,872 | n/a | n/a | - | 150,356 | 1,097,516 | - | - |
| Government Money Market Accounts | 17,005,944 | AAAm | n/a | 17,005,944 | - | - | - | - |
| Total Deposits and Investments | <u>48,418,653</u> | | | <u>\$ 47,170,781</u> | <u>\$ 150,356</u> | <u>\$ 1,097,516</u> | <u>\$ -</u> | <u>\$ -</u> |
| Reconciliation to Financial Statements: | | | | | | | | |
| Cash and cash equivalents | \$ 47,270,781 | | | | | | | |
| Investments | <u>1,147,872</u> | | | | | | | |
| | <u>\$ 48,418,653</u> | | | | | | | |

Fair value is the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

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

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

At June 30, 2019, the City deposits were properly collateralized.

Investment Credit Risk – The City's investment policy limits investments to the following:

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

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

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

As noted in the preceding schedule of deposits and investments, at June 30, 2019, the investments held by the City mature between 2019 through 2021.

Concentration of Investment Credit Risk - Exposure to concentration of credit risk is considered to exist when investments in any one issuer represent a significant percent of total investments of the City (any over 5% are disclosed). Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this consideration. The City’s had no investments that exceeded the 5% limit.

Restricted Cash and Investments

The amounts reported as restricted assets of the Enterprise Fund on the Statement of Net Position are comprised of amounts held by the Moore Public Works Authority by the trustee bank for revenue bond retirement, and the Customer Deposit Account for refundable deposits held by others. The restricted assets as of June 30, 2019 are as follows:

| | |
|---|----------------------|
| Cash and Cash Equivalents: | |
| Pooled Cash Restricted for Debt Service | \$ 1,308,024 |
| Pooled Cash Restricted for Construction | 14,161,835 |
| | <u>\$ 15,469,859</u> |
| Investments: | |
| Pooled Investments Restricted for Refundable Deposits | \$ 997,516 |
| | <u>\$ 997,516</u> |

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3. Receivables

Significant receivable as June 30, 2019 were as follows:

| | Governmental Activities | Business Type Activities |
|---|------------------------------------|-------------------------------------|
| Due from other governments (taxes and grants) | \$ 7,114,734 | \$ 103,056 |
| Court | 7,554,312 | - |
| Charges for Services | 22,328 | 2,755,857 |
| Other | 675,432 | - |
| Gross Receivable | \$ 15,366,806 | \$ 2,858,913 |
| Less: Allowance for uncollectibles | (7,111,697) | (700,080) |
| Net Receivable | \$ 8,255,109 | \$ 2,158,833 |

4. Capital Assets and Depreciation

For the year ended June 30, 2019, capital assets balances changed as follows:

| | Balance at July 1, 2018 | Additions | Disposals | Balance at June 30, 2019 |
|---|----------------------------|--------------|--------------|-----------------------------|
| PRIMARY GOVERNMENT: | | | | |
| <i>Governmental activities:</i> | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 9,831,220 | \$ - | \$ - | \$ 9,831,220 |
| Construction in progress | 19,176,414 | 14,755,377 | 2,688,318 | 31,243,473 |
| Total capital assets not being depreciated | 29,007,634 | 14,755,377 | 2,688,318 | 41,074,693 |
| Capital assets being depreciated: | | | | |
| Buildings | 50,219,201 | 21,004 | | 50,240,205 |
| Machinery and equipment | 17,140,489 | 359,463 | 3,000 | 17,496,952 |
| Vehicles | 8,756,058 | 986,024 | 229,074 | 9,513,008 |
| Infrastructure | 176,198,419 | 4,028,654 | | 180,227,073 |
| Total other capital assets at historical cost | 252,314,167 | 5,395,145 | 232,074 | 257,477,238 |
| Less accumulated depreciation for: | | | | |
| Buildings | 34,244,033 | 1,054,313 | - | 35,298,346 |
| Machinery and equipment | 13,354,353 | 1,455,380 | 3,000 | 14,806,733 |
| Vehicles | 6,687,094 | 597,112 | 229,074 | 7,055,132 |
| Infrastructure | 115,467,928 | 8,135,142 | - | 123,603,070 |
| Total accumulated depreciation | 169,753,408 | 11,241,947 | 232,074 | 180,763,281 |
| Capital assets being depreciated, net | 82,560,759 | (5,846,802) | - | 76,713,957 |
| Governmental activities capital assets, net | \$ 111,568,393 | \$ 8,908,575 | \$ 2,688,318 | \$ 117,788,650 |

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| | Balance at July 1, 2018 | Additions | Disposals | Balance at June 30, 2019 |
|---|----------------------------|--------------|-----------|-----------------------------|
| <i>Business-type activities:</i> | | | | |
| Capital assets not being depreciated: | | | | |
| Construction in progress | \$ - | \$ 604,818 | \$ 28,585 | \$ 576,233 |
| Total capital assets not being depreciated | - | 604,818 | 28,585 | 576,233 |
| Capital assets being depreciated: | | | | |
| Buildings | 1,782,000 | - | - | 1,782,000 |
| Machinery and equipment | 5,973,810 | 349,925 | 224,752 | 6,098,983 |
| Vehicles | 5,036,780 | 206,019 | - | 5,242,799 |
| Utility systems | 115,904,936 | 596,101 | - | 116,501,037 |
| Total other capital assets at historical cost | 128,697,526 | 1,152,045 | 224,752 | 129,624,819 |
| Less accumulated depreciation for: | | | | |
| Buildings | 1,419,576 | 45,126 | - | 1,464,702 |
| Machinery and equipment | 5,901,427 | 72,236 | - | 5,973,663 |
| Vehicles | 4,064,821 | 348,070 | 224,752 | 4,188,139 |
| Utility systems | 58,595,898 | 2,179,580 | - | 60,775,478 |
| Total accumulated depreciation | 69,981,722 | 2,645,012 | 224,752 | 72,401,982 |
| Capital assets being depreciated, net | 58,715,804 | (1,492,967) | - | 57,222,837 |
| Business-type activities capital assets, net | \$ 58,715,804 | \$ (888,149) | \$ 28,585 | \$ 57,799,070 |

Depreciation:

Depreciation expense has been allocated as follows:

Governmental Activities:

| | |
|---|--------------|
| General government | \$ 1,370,809 |
| Public safety | 962,356 |
| Streets | 5,004,729 |
| Culture and recreation | 2,339,426 |
| Community development | 867,748 |
| Public works | 690,851 |
| Sub-total governmental funds depreciation | 11,235,919 |

Depreciation on capital assets held by the
City's internal service funds is charged
to the various functions based upon usage

6,028
\$ 11,241,947

Business-Type Activities:

| | |
|--------------------------------|------------------|
| Water and sewer | \$ 2,308,039 |
| Sanitation | 336,973 |
| Total Business Type Activities | <u>2,645,012</u> |

5. Internal and Interfund Balances and Transfers

The City's policy is to eliminate interfund transfers between funds in the Statement of Activities to avoid the grossing up of balances. Only the residual balances transferred between governmental and business-type activities are reported as internal transfers and then offset in the total column. Internal activities between funds and activities for the year ended June 30, 2019 were as follows:

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Internal and Interfund Transfers:

| Transfer In | Transfer Out | Amount | Nature of Transfer |
|---|---------------------------|-------------------------------|-----------------------------|
| MEDA | General Fund | \$ 1,335,769 | Debt Service |
| MEDA | 1/4 Cent Sales Tax | 1,338,912 | Debt Service |
| MEDA | Street 1/2 Cent Sales Tax | 284,051 | Debt Service |
| General Fund | MPWA | 2,639,166 | Operational transfer |
| General Fund | MPWA | 27,229,166 | Sales tax pledge |
| MPWA | General Fund | 27,229,166 | Sales tax pledge |
| | | <u>\$ 60,056,230</u> | |
| Reconciliation to Fund Financial Statements: | | Transfers From Other Funds | Transfers To Other Funds |
| Governmental Funds | | \$ 32,827,064 | \$ 30,187,898 |
| Proprietary Funds | | 27,229,166 | 29,868,332 |
| Total | | <u>\$ 60,056,230</u> | <u>\$ 60,056,230</u> |
| | | | Net Transfers |
| | | | \$ 2,639,166 |
| | | | (2,639,166) |
| | | | <u>\$ -</u> |

6. Long-Term Liabilities and Obligations

The City's long term obligations consist of general obligation bonds, notes payable, structured settlements payable, accrued compensated absences, total OPEB liability and net pension liabilities. For the year ended June 30, 2019, the City's long-term debt balances changed as follows:

Primary Government:

| Type of Debt | Balance June 30, 2018 | Additions | Deductions | Balance June 30, 2019 | Due Within One Year |
|---|--------------------------|----------------------|---------------------|--------------------------|------------------------|
| Governmental Activities: | | | | | |
| General Obligation Bonds | \$ 37,030,000 | \$ 8,550,000 | \$ 5,875,000 | \$ 39,705,000 | \$ 5,950,000 |
| Notes Payable (direct borrowings) | 17,586,993 | 642,500 | 3,576,278 | 14,653,215 | 2,166,245 |
| Structured Settlement Payable | 2,825 | - | 892 | 1,933 | - |
| Capital lease obligation | - | 470,000 | - | 470,000 | 120,000 |
| Accrued Compensated Absences | 5,842,360 | 580,140 | - | 6,422,500 | 642,250 |
| Total Governmental Activities | <u>\$ 60,462,178</u> | <u>\$ 10,242,640</u> | <u>\$ 9,452,170</u> | <u>61,252,648</u> | <u>8,878,495</u> |
| Reconciliation to Statement of Net Position: | | | | | |
| Plus: Total OPEB Liability | | | | 37,497,475 | - |
| Net Pension Liability | | | | 27,568,472 | - |
| Unamortized premium | | | | 481,952 | - |
| | | | | <u>\$ 126,800,547</u> | <u>\$ 8,878,495</u> |
| Business-Type Activities: | | | | | |
| Notes Payable (direct borrowings) | \$ 40,680,069 | \$ 13,915,000 | \$ 2,279,972 | \$ 52,315,097 | \$ 2,462,216 |
| Refundable Deposits | 1,146,561 | 270,753 | 250,038 | 1,167,276 | 230,954 |
| Accrued Compensated Absences | 113,289 | 10,252 | - | 123,541 | 12,354 |
| Total Business-Type Activities | <u>\$ 41,939,919</u> | <u>\$ 14,196,005</u> | <u>\$ 2,530,010</u> | <u>\$ 53,605,914</u> | <u>\$ 2,705,524</u> |
| Reconciliation to Statement of Net Position: | | | | | |
| Plus: Total OPEB Liability | | | | 1,868,645 | - |
| Unamortized premium | | | | 1,072,688 | - |
| | | | | <u>\$ 56,547,247</u> | <u>\$ 2,705,524</u> |

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Accrued compensated absences liability of the governmental activities is liquidated by the General Fund, Special Revenue Fund and CDBG/HUD Fund.

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

General Obligation Bonds:

| | |
|--|------------------|
| \$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% | \$ 625,000 |
| \$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% | 3,450,000 |
| \$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% | 5,775,000 |
| \$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% | 3,000,000 |
| \$5,875,000 General Obligation Bonds of 2015B due in annual principal installments through August 1, 2027, interest rates ranging from 2.00% to 2.75% | 4,815,000 |
| \$2,805,000 General Obligation Bonds of 2016 due in annual principal installments through February 1, 2028, interest rates ranging from 2.00% to 2.25% | 2,295,000 |
| \$5,000,000 General Obligation Bonds of 2016B due in annual principal installments through October 1, 2028, interest rates ranging from 1.50% to 2.00% | 4,550,000 |
| \$2,770,000 General Obligation Bonds of 2017 due in annual principal installments through March 1, 2029, interest rates ranging from 2.0% to 2.55% | 2,520,000 |
| \$4,125,000 General Obligation Bonds of 2018 due in annual principal installments through March 1, 2021, interest rates of 2.00% | 4,125,000 |
| \$8,550,000 General Obligation Bonds of 2019 due in annual principal installments through March 1, 2029, interest rates ranging from 2.65% to 4.00% | <u>8,550,000</u> |

| | |
|--------------------------------|----------------------|
| Total general obligation bonds | <u>\$ 39,705,000</u> |
| Current | \$ 5,950,000 |
| Non-current | <u>33,755,000</u> |
| Total | <u>\$ 39,705,000</u> |

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Notes Payable (Direct Borrowings):

| | |
|--|----------------------|
| \$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% | \$ 11,245,715 |
| \$2,090,000 Sales Tax Revenue Note, Series 2016, due in annual principal installments of \$105,000 to \$275,000 through October 1, 2021, interest rate of 1.24% | 700,000 |
| \$3,700,000 Sales Tax Revenue Note, Series 2017, due in annual principal installments of \$500,000 to \$630,000 through April 1, 2021, interest rate of \$1.59% | 2,065,000 |
| \$1,285,571 2018 Note Payable due in annual principal installments of \$642,500 through August 2020 interest rate of 1.78% | <u>642,500</u> |
| Total notes payable | <u>\$ 14,653,215</u> |
| Current | \$ 2,166,245 |
| Non-current | <u>12,486,970</u> |
| Total | <u>\$ 14,653,215</u> |

Structured Settlement Payable:

| | |
|---|-----------------|
| \$75,000 settlement in favor of an individual, 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 | <u>\$ 1,933</u> |
|---|-----------------|

Capital Lease Obligation:

| | |
|---|-------------------|
| \$470,000 capital lease obligation for the purchase of a computer aided dispatch system and police record management software, payable in quarterly installments of \$25,000 to \$35,000, final payment due December 2022, with interest at 3.25% | <u>\$ 470,000</u> |
| Current | \$ 120,000 |
| Non-current | <u>350,000</u> |
| Total | <u>\$ 470,000</u> |

The Sales Tax Revenue Notes are secured by pledged sales tax and contain the following remedies in the event of default: 1) suit for specific performance of any or all covenants of the Authority contained in the Note Indentures or the agreements; 2) gain control of operations through temporary trustees; 3) acceleration of the payment of principal and interest; or 4) file suit to enforce or enjoin action or inaction of parties under provisions of the agreement.

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

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Notes Payable (Direct Borrowings):

| | |
|--|----------------------|
| \$3,943,482 Clean Water SRF loan payable to the Oklahoma Water Resources Board (OWRB) dated May 28, 2009, payable in annual principal installments of \$62,400 to \$158,300, final payment due September 15, 2029; interest rate of 2.85% and administrative fee of 0.5% | \$ 1,423,130 |
| \$42,837,500 Clean Water SRF loan payable to the Oklahoma Water Resources Board (OWRB) dated September 24, 2010, payable in annual principal installments of varying amounts, final payment due March 15, 2033; interest rate of 2.06% and administrative fee of 0.5% | 32,073,778 |
| \$6,637,000 Clean Water SRF loan payable to the Oklahoma Water Resources Board (OWRB) dated October 26, 2010, payable in annual principal installments of varying amounts, final payment due March 15, 2033; interest rate of 2.56% and administrative fee of 0.5% | 4,903,189 |
| \$13,915,000 Clean Water SRF loan payable to the Oklahoma Water Resources Board (OWRB) dated April 1, 2019, payable in annual principal installments of varying amounts, final payment due October 2048; interest rate of 3.45% to 5.20% and administrative fee of 0.5% | 13,915,000 |
| Total Revenue Bonds, Net | <u>\$ 52,315,097</u> |
| Current | \$ 2,462,216 |
| Non-current | 49,852,881 |
| Total | <u>\$ 52,315,097</u> |

Notes payable to the Oklahoma Water Resources Board (OWRB) are secured with pledged revenues and contain the following remedies in the event of default: 1) suit for specific performance of any or all covenants of the Authority contained in the Note Indentures or the notes; 2) acceleration of the payment of principal and interest; 3) gain control of operations through temporary trustees; or 4) file suit to enforce or enjoin action or inaction of parties under provisions of the agreement.

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

| Governmental-Type Activities | | | | | | |
|------------------------------|----------------------|---------------------|-----------------------------------|---------------------|--------------------------|------------------|
| Year Ending June 30, | G.O. Bonds Payable | | Notes Payable (direct borrowings) | | Capital Lease Obligation | |
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2020 | \$ 5,950,000 | \$ 718,504 | \$ 2,166,245 | \$ 489,867 | \$ 120,000 | \$ 20,299 |
| 2021 | 6,280,000 | 1,089,179 | 2,679,950 | 435,379 | 140,000 | 9,669 |
| 2022 | 4,215,000 | 670,441 | 924,638 | 381,378 | 140,000 | 5,119 |
| 2023 | 4,215,000 | 568,141 | 853,769 | 344,643 | 70,000 | 853 |
| 2024 | 4,215,000 | 461,454 | 888,995 | 308,765 | - | - |
| 2025-2029 | 14,830,000 | 948,120 | 5,026,401 | 962,401 | - | - |
| 2030-2031 | - | - | 2,113,217 | 82,677 | - | - |
| | <u>\$ 39,705,000</u> | <u>\$ 4,455,839</u> | <u>\$ 14,653,215</u> | <u>\$ 3,005,110</u> | <u>\$ 470,000</u> | <u>\$ 35,940</u> |

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| Business-Type Activities | | | |
|--------------------------|-----------------------------------|----------------------|--|
| Year Ending June 30, | Notes Payable (direct borrowings) | | |
| | Principal | Interest | |
| 2020 | \$ 2,462,216 | \$ 1,284,827 | |
| 2021 | 2,651,284 | 1,449,283 | |
| 2022 | 2,724,374 | 1,441,690 | |
| 2023 | 2,799,117 | 1,366,019 | |
| 2024 | 2,878,627 | 1,290,180 | |
| 2025-2029 | 15,666,021 | 4,988,959 | |
| 2030-2034 | 14,108,458 | 2,779,004 | |
| 2035-2039 | 2,505,000 | 1,645,300 | |
| 2040-2044 | 2,950,000 | 1,176,738 | |
| 2045-2049 | 3,570,000 | 525,070 | |
| | <u>\$ 52,315,097</u> | <u>\$ 17,947,070</u> | |

Pledge of Future Revenues

Sales Tax Pledge - The City has pledged three cents (80%) of future sales tax revenues to repay \$16,400,000, \$2,090,000, \$3,700,00, and \$1,285,571 of the 2009, 2016, 2017 and 2018 Sales Tax Revenue Notes, respectively. The notes are payable through 2031, 2022, 2021 and 2021, respectively. Proceeds from the notes provided financing for designated capital projects. The total principal and interest payable for the remainder of the life of the notes is \$17,658,325. Pledged sales taxes for the current year was \$27,229,166. Debt service payments on the notes of \$4,135,360 for the current fiscal year were 15.2% of pledged sales tax. Other sources of revenues such as water and sewer are also pledged. Total net revenues including utilities and sales tax pledged was \$44,557,844.

Utility Revenue Pledge - The City has pledged future net water, sewer and sanitation revenues to repay \$3,943,482 of the 2009 OWRB Note, \$42,837,500 of the 2010 OWRB Note, \$6,637,000 of the 2010A OWRB Note, and \$13,915,000 of the 2019 OWRB Notes payable which are payable through 2030, 2033, 2033 and 2048, respectively. Proceeds from the notes provided financing for construction and improvements to the wastewater treatment system. The total principal and interest payable for the remainder of the life of the notes is \$70,262,167. The notes are payable from the above-mentioned utility net revenues and are additionally secured with the above mentioned 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. Pledged sales taxes transferred in the current year was \$27,229,166 and was transferred back to the General Fund. Debt service payments on the notes were \$3,328,761 for the current fiscal year or 46.0% of pledged net utility revenues and 9.7% of pledged net utility revenues and sales tax. Other sources of revenues such as water and sewer are also pledged. Total net revenues including utilities and sales tax pledged was \$34,465,409.

7. Net Position and Fund Balances

The following table shows the net position as restricted:

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| Activity | Restricted By | Amount |
|---------------------------------|------------------------|-----------------------------|
| Transportation fees | Enabling legislation | \$ 1,894,220 |
| Sidewalk fees | Enabling legislation | 265,963 |
| Park development fees | Enabling legislation | 71,310 |
| | | <u>2,231,493</u> |
| Cemetery Care Fund | Statutory requirements | 69,037 |
| 911 | Statutory requirements | 335,518 |
| | | <u>404,555</u> |
| Sales tax restrictions | External contracts | 3,283,449 |
| GO Bond Proceeds | External contracts | 1,645,675 |
| Donation animal shelter | External contracts | 687,501 |
| Public safety donations | External contracts | 29,466 |
| Police seized property | External contracts | 311,019 |
| Special projects | External contracts | 326,352 |
| Hotel/motel tax | External contracts | 901,181 |
| GO Debt Service Fund | External contracts | 6,681,348 |
| Culture and recreation donation | External contracts | 42,864 |
| | | <u>13,908,855</u> |
| Total Restricted Net Position | | <u><u>\$ 16,544,903</u></u> |

The following table shows the fund balance classifications as shown on the Governmental Funds Balance Sheet:

| | General Fund | Special Revenue CDBG HUD | Debt Service | Capital Improvement Fund G.O. Street Bond | Street 1/2 Cent Sales Tax | Other Governmental Fund | Total |
|--|---------------------|-----------------------------|---------------------|--|---------------------------|-------------------------|----------------------|
| Fund Balance: | | | | | | | |
| Nonspendable: | | | | | | | |
| Inventory | \$ 21,193 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 21,193 |
| | <u>21,193</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>21,193</u> |
| Restricted: | | | | | | | |
| Public safety | | - | | - | - | 599,803 | 599,803 |
| General obligation debt service | - | - | 6,515,639 | - | - | 431,925 | 6,947,564 |
| Capital improvements | - | - | - | 9,526,072 | 1,811,296 | 3,685,773 | 15,023,141 |
| Culture and rec programs | | - | - | - | - | 1,015,355 | 1,015,355 |
| Special project - general government | | - | - | - | - | 1,080,019 | 1,080,019 |
| Cemetery | | - | - | - | - | 69,037 | 69,037 |
| Sub-total restricted | <u>-</u> | <u>-</u> | <u>6,515,639</u> | <u>9,526,072</u> | <u>1,811,296</u> | <u>6,881,912</u> | <u>24,734,919</u> |
| Assigned in: | | | | | | | |
| Appropriation for use in FY 19-20 budget | 1,120,473 | - | - | - | - | - | 1,120,473 |
| Sub-total assigned | <u>1,120,473</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,120,473</u> |
| Unassigned (deficit): | 5,105,927 | (242,351) | - | - | - | - | 4,863,576 |
| TOTAL FUND BALANCE | <u>\$ 6,247,593</u> | <u>\$ (242,351)</u> | <u>\$ 6,515,639</u> | <u>\$ 9,526,072</u> | <u>\$ 1,811,296</u> | <u>\$ 6,881,912</u> | <u>\$ 30,740,161</u> |

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8. Risk Management

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

- General Liability – Covered through self-insurance. Covered through purchased commercial insurance is public officials and employment practices liability with stop-loss for individual claims in excess of \$250,000 and aggregate stop loss of \$3,000,000. Fire trucks are also covered through purchased commercial insurance as well as sanitation trucks which carry a \$10,000 deductible.
- Physical Property – Covered through purchased commercial insurance with a \$5,000 deductible for all other physical property, per occurrence. Wind and hail damage carries a \$500,000 deductible and earthquake and flood carries a \$50,000 deductible.
- Workers' Compensation – Workers' compensation is covered through self-insurance with a third party administering the claims process. The City carry's stop-loss insurance for individual claims in excess of \$500,000 for non-uniform employees and \$600,000 for uniform 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 \$125,000 during any year after \$36,500 aggregated specific.

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

Claims Liability Analysis

The claims liabilities related to the above noted risks of loss that are retained are determined in accordance with the requirements of Statement of Financial Accounting Standards No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. For the internal service self-insurance funds, changes in the claims liability for the City from June 30, 2017, to June 30, 2019, are as follows:

| | <u>Workers'</u> <u>Compensation</u> | <u>Health</u> <u>Care</u> | <u>General</u> <u>Liability</u> | <u>Total</u> |
|---------------------------------|--|------------------------------|------------------------------------|---------------------|
| Claims liability, June 30, 2017 | \$ 1,021,000 | \$ 664,000 | \$ 338,000 | \$ 2,023,000 |
| Claims and changes in estimates | 459,751 | 5,052,360 | 18,287 | 5,530,398 |
| Claims payments | (102,751) | (5,109,360) | (14,287) | (5,226,398) |
| Claims liability, June 30, 2018 | 1,378,000 | 607,000 | 342,000 | 2,327,000 |
| Claims and changes in estimates | 470,327 | 5,258,037 | 19,717 | 5,748,081 |
| Claims payments | (372,327) | (5,221,037) | (46,717) | (5,640,081) |
| Claims liability, June 30, 2019 | <u>\$ 1,476,000</u> | <u>\$ 644,000</u> | <u>\$ 315,000</u> | <u>\$ 2,435,000</u> |

Cash available to pay claims at June 30, was \$511,241.

9. Retirement Plan Participation

The City of Moore participates in four pension or retirement plans:

1. Oklahoma Police Pension and Retirement System (OPPRS) - a statewide cost-sharing plan
2. Oklahoma Firefighter's Pension and Retirement System (OFPRS) – a statewide cost-sharing plan
3. City of Moore Defined Contribution Plan
4. City of Moore Deferred Compensation Plan

Summary Defined Benefit Plans Balances:

| | <u>Governmental Activities</u> |
|--------------------------------------|------------------------------------|
| Net Pension Asset | |
| Police Pension System | <u>\$ 1,370,565</u> |
| Net Pension Liability | |
| Firefighter's Pension System | <u>\$ 27,568,472</u> |
| Total Net Pension Liability | <u>\$ 27,568,472</u> |
| Deferred Outflows of Resources | |
| Police Pension System | \$ 2,539,834 |
| Firefighter's Pension System | <u>7,627,120</u> |
| Total Deferred Outflows of Resources | <u>\$ 10,166,954</u> |
| Deferred Inflows of Resources | |
| Police Pension System | \$ 1,344,839 |
| Firefighter's Pension System | <u>2,611,063</u> |
| Total Deferred Inflows of Resources | <u>\$ 3,955,902</u> |

Oklahoma Police Pension and Retirement Systems

Plan description - The City of Moore, as the employer, participates in the Oklahoma Police Pension and Retirement Plan—a cost-sharing multiple-employer defined benefit pension plan administered by the Oklahoma Police Pension and Retirement System (OPPRS). Title 11 of the Oklahoma State Statutes, through the Oklahoma Legislature, 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/OPPRS.

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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. Participants' contributions are refundable, without interest, upon termination prior to normal retirement. Participants who have 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 continued uninterrupted, whichever is later. Monthly retirement benefits are calculated at 2.5% of the 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 participants' 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.

Contributions - The contributions requirements of the Plan are at an established rate determine by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 8% of their annual pay. Participating cities are required to contribute 13% of the employees' annual pay. Contributions to the pension plan from the City were \$1,116,755. The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of \$1,144,602 this is reported as both revenue and expenditure in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on as accrual basis of \$1,122,923. These on-behalf payments did not meet the criteria of a special funding situation.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2019, the City reported an asset of \$1,370,565 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2018, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of June 30, 2018. 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, 2018. Based upon this information, the City's proportion was 2.88%.

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For the year ended June 30, 2019, the City recognized pension expense of \$992,649. At June 30, 2019, 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 | \$ 8,095 | \$ 1,284,221 |
| Changes of assumptions | 598,577 | - |
| Net difference between projected and actual earnings on pension plan investments | 713,706 | - |
| Change in proportion | 63,333 | 20,825 |
| Changes in proportion and differences between City contributions and proportionate share of contributions | 39,368 | 39,793 |
| City contributions subsequent to the measurement date | 1,116,755 | - |
| Total | <u>\$ 2,539,834</u> | <u>\$ 1,344,839</u> |

In the year ending June 30, 2020, \$1,116,755 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 or addition to the net pension liability (asset) in the subsequent year. 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:

| | |
|------------|------------------|
| 2020 | \$ 740,795 |
| 2021 | 300,673 |
| 2022 | (754,667) |
| 2023 | (244,774) |
| 2024 | 36,213 |
| Thereafter | - |
| | <u>\$ 78,240</u> |

Actuarial Assumptions-The total pension liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all prior periods included in the measurement:

| | |
|----------------------------|---|
| Inflation: | 2.75% |
| Salary increases: | 3.5% to 10% average, including inflation |
| Investment rate of return: | 7.5% net of pension plan investment expense |
| Mortality rates: | Active employees (pre-retirement) RP-2000 Blue Collar Healthy Combined table with age set back 4 years with fully generational improvement using Scale AA. |

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Active employees (post-retirement) and nondisabled pensioners: RP-2000 Blue Collar Healthy Combined table with fully generational improvement using scale AA.

Disabled pensioners: RP-2000 Blue Collar Healthy Combined table with age set forward 4 years.

Cost-of-living Adjustment: Police officers eligible to receive increased benefits according to repealed Section 50-150 of Title 11 of the Oklahoma Statutes pursuant to a court order receive and adjustment of 1/3 to 1/2 of the increase or decrease of any adjustment to the base salary of a regular police officer, based on an increase in base salary of 3.5% (wage inflation).

The actuarial assumptions used in the July 1, 2018, valuation were based on the results of an actuarial experience study for the period July 1, 2012, to June 30, 2017.

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, 2018, are summarized in the following table:

| <u>Asset Class</u> | <u>Long-Term Expected Real Rate of Return</u> |
|----------------------|---|
| Fixed income | 4.53% |
| Domestic equity | 5.86% |
| International equity | 8.83% |
| Real estate | 6.58% |
| Private equity/debt | 9.21% |
| Commodities | 5.06% |

The current allocation policy is that approximately 60% of assets in equity instruments, including public equity, long-short hedge, venture capital, and private equity strategies; approximately 25% of assets in fixed income to include investment grade bonds, high yield and non-dollar denominated bonds, convertible bonds, and low volatility hedge fund strategies; and 15% of assets in real assets to include real estate, commodities, and other strategies.

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 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.

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Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate—The following presents the net pension 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 1-percentage point lower (6.5%) or 1-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) | \$ 6,357,627 | \$ (1,370,565) | \$ (7,903,875) |

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/OPPRS.

Oklahoma Fire Pension and Retirement Systems

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

Benefits provided - FPRS provides defined retirement benefits based on members' final average compensation, age, and term of service. In addition, the retirement program provides for benefits upon disability and to survivors upon death of eligible members. The Plan's benefits are established and amended by Oklahoma statute. Retirement provisions are as follows:

Normal Retirement:

- Hired Prior to November 1, 2013

Normal retirement is attained upon completing 20 years of service. The normal retirement benefit is equal to 50% of the member's final average compensation. Final average compensation is defined as the monthly average of the highest 30 consecutive months of the last 60 months of participating service. For volunteer firefighters, the monthly pension benefit for normal retirement is \$150.60 per month.

- Hired After November 1, 2013

Normal retirement is attained upon completing 22 years of service. The normal retirement benefit is equal to 55% of the member's final average compensation. Final average compensation is defined as the monthly average of the highest 30 consecutive months of the last 60 months of participating service. Also participants must be age 50 to begin receiving benefits. For volunteer firefighters, the monthly pension benefit for normal retirement is \$165.66 per month.

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

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over 20 years of service, a disability in the line of duty 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 service and is \$7.53 per year of service. For volunteer firefighters, the in-the-line-of-duty pension is \$150.60 with less than 20 years of service 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 determine by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 9% percent of their annual pay. Participating cities are required to contribute 14% of the employees' annual pay. Contributions to the pension plan from the City were \$1,054,699. The State of Oklahoma also made on-behalf contributions to FPRS in the amount of \$2,490,759 this is reported as both a revenue and an expenditure in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$2,457,286. 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, 2019, the City reported a liability of \$27,568,472 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. 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, 2018. Based upon this information, the City's proportion was 2.45%.

For the year ended June 30, 2019, the City recognized pension expense of \$185,963. At June 30, 2019, 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 | \$ 5,758,277 | \$ - |
| Changes of assumptions | - | - |
| Net difference between projected and actual earnings on pension plan investments | - | 2,290,717 |
| Changes in proportion and differences between City contributions and proportionate share of contributions | 793,020 | 313,084 |
| City contributions during the measurement period | 21,124 | 7,262 |
| City contributions subsequent to the measurement date | 1,054,699 | - |
| Total | <u>\$ 7,627,120</u> | <u>\$ 2,611,063</u> |

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In the year ending June 30, 2020, \$1,054,699 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 subsequent year. 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:

| | |
|------------|---------------------|
| 2020 | \$ 1,395,984 |
| 2021 | 1,095,199 |
| 2022 | 248,767 |
| 2023 | 806,583 |
| 2024 | 414,825 |
| Thereafter | - |
| | <u>\$ 3,961,358</u> |

Actuarial Assumptions-The total pension liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all prior periods included in the measurement:

| | |
|----------------------------|---|
| Inflation: | 3% |
| Salary increases: | 3.5% to 9.0% average, 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, 2018, 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, 2018, are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|----------------------|--------------------------|---|
| Fixed income | 20% | 4.30% |
| Domestic equity | 47% | 7.01% |
| International equity | 15% | 8.83% |
| Real estate | 10% | 6.58% |
| Other assets | 8% | 5.70% |

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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 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 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 pension 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 1-percentage point lower (6.5%) or 1-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 | \$ 36,109,231 | \$ 27,568,472 | \$ 20,395,546 |

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 FPRS; which can be located at www.ok.gov/fprs.

Defined Contribution Plan:

Plan Description – The City has provided a defined contribution plan and trust known as the City of Moore Retirement Plan (the Plan) effective February 8, 2018. Prior to this date employer contributions were made into the 457(b) Plan. The Plan is administered by Reliance Trust Company of Atlanta, Georgia. The defined contribution plan is available to all full-time employees except those participating in the state of Oklahoma Fire or Police Pension program. Separately audited financial statements are not available.

Funding Policy – Benefits depend solely on amounts contributed to the Plan plus investment earnings. Employees are eligible to participate upon employment, and do not make contributions to the plan. Beginning February 8, 2018, by City ordinance, the City, as the employer, is required to make contributions to the Plan, based on 7% of eligible wages. The employee is fully vested after 5 years of service. Employees hired prior to February 8, 2018 are fully vested. City contributions for, and interest forfeited by, employees who leave employment prior to fully vesting are used to pay Plan expenses any remaining forfeitures are used offset other Employer Contributions under the Plan for Plan Year. The authority to establish and amend the provisions of the Plan rests with the City Council. Contributions to the Plan for the year ended June 30, 2019, for employees and employer were \$-0- and \$606,149, respectively on covered wages of \$8,230,298.

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. The plan is administered by Massachusetts Mutual Life Insurance Company.

For the year ended June 30, 2019, employer contributions to the plan were \$-0- and employee contributions were \$458,433.

10. Postemployment Healthcare Plan

Plan Description. The City offers post-employment benefits (OPEB) options for Medical and prescription drug insurance to qualifying retirees and their dependents. Coverage is provided through self-insurance that collectively operates as a substantive single-employer defined benefit plan. A substantive plan is on in which the plan terms are understood by the employer and the plan members. This understanding is based on communication between the employer and the plan member and historical pattern of practice with regard to the sharing of benefit costs. Qualifying retirees are those employees who are eligible for immediate disability or retirement benefits under the Oklahoma Police Pension and Retirement System, Oklahoma Firefighter's Pension and Retirement System, or the City of Moore Retirement Plan. Retirees may continue coverage with the City by paying the determined rate. Coverage is available for each of the lifetimes of retirees and their spouses. Authority to establish and amend benefit provisions rest with the City Council. Retirees may continue coverage with the City by paying the determined rate. Benefits are paid from general operating assets of the City as assessed by the self-insurance fund. The plan does not issue separate financial statements.

Benefits provided - The Plan covers all current retirees of the City who elected postretirement medical coverage through the City Health Plan and future retired employees of the City fully self-insured health plan. In accordance with administrative policy, the benefit levels are the same as those afforded to active employees; this creates an implicit rate subsidy. The benefits offered by the City to retirees include health and prescription drug benefits. The retiree retains coverage with the City, by making an election within 30 days of termination of service and have 10+ years of creditable service in with the City and are at least 55 years old at the time of termination.

The amount of benefit payments during fiscal year June 30, 2019 were \$638,952.

Employees Covered by Benefit Terms

| | |
|--|------------|
| Active Employees | 300 |
| Inactive or beneficiaries receiving benefits | <u>24</u> |
| Total | <u>324</u> |

Total OPEB Liability – The total OPEB liability was determined based on an alternative measurement method valuation performed as of June 30, 2019 which is also the measurement date.

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Actuarial Assumptions- The total OPEB liability in the June 30, 2019 valuation, was determined using the following actuarial assumptions:

- Actuarial Cost Method - Entry Age Normal
- Discount Rate – 3.57% based on the 20 year municipal bond yield
- Retirement Age – Civilians - 55 with 10 years of service, Police and Fire 20 years of service
- Medical Trend Rates:

| | |
|-------|------|
| 2018 | 9.0% |
| 2019 | 8.5% |
| 2020 | 8.0% |
| 2021 | 7.5% |
| 2022 | 7.0% |
| 2023 | 6.5% |
| 2024 | 6.0% |
| 2025 | 5.5% |
| 2026+ | 5.0% |

Changes in Total OPEB Liability -

| | Total OPEB Liability |
|---|-----------------------------|
| Balances at Beginning of Year | <u>\$ 36,930,441</u> |
| Changes for the Year: | |
| Service cost | 2,563,705 |
| Interest expense | 1,516,177 |
| Change in assumptions | 2,039,209 |
| Difference between expected and actual experience | (3,044,460) |
| Benefits paid | <u>(638,952)</u> |
| Net Changes | <u>2,435,679</u> |
| Balances End of Year | <u><u>\$ 39,366,120</u></u> |

OPEB Liabilities, OPEB Expense, and Deferred Outflows or Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2019, the City recognized OPEB expense of \$3,064,741. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences between expected and actual experience | \$ - | \$ 9,814,236 |
| Changes of assumptions | 1,812,630 | 119,532 |
| Changes of proportion | 272,473 | 272,473 |
| Net difference between projected and actual earnings on OPEB plan investments | - | - |
| Total | <u><u>\$ 2,085,103</u></u> | <u><u>\$ 10,206,241</u></u> |

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Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:

| | | |
|------------|----|--------------------|
| 2020 | \$ | (1,015,141) |
| 2021 | | (1,015,141) |
| 2022 | | (1,015,141) |
| 2023 | | (1,015,141) |
| 2024 | | (1,015,141) |
| Thereafter | | (3,045,433) |
| | \$ | <u>(8,121,138)</u> |

Sensitivity of the City's total OPEB liability to changes in the discount rate- The following presents the City's total OPEB liability, as well as what the City's proportionate share of the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.51 percent) or 1-percentage-point higher (4.51 percent) than the current discount rate:

| | | 1% Decrease (2.51%) | Current Discount Rate (3.51%) | 1% Increase (4.51%) |
|---------------------------------|----|----------------------|----------------------------------|----------------------|
| Employers' total OPEB liability | \$ | 46,025,147 | \$ 39,366,120 | \$ 34,082,442 |

Sensitivity of the City's total OPEB liability to changes in the healthcare cost trend rates - The following presents the City's total OPEB liability, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (7.50 percent decreasing to 4.00 percent) or 1- percentage point higher (9.50 percent decreasing to 6.00 percent) than the current healthcare cost trend rates:

| | | 1% Decrease 7.50% decreasing to 4.00%) | Current Discount Rate (8.50% decreasing to 5.00%) | 1% Increase (9.50% decreasing to 6.00%) |
|---------------------------------|----|---|---|--|
| Employers' total OPEB liability | \$ | 33,430,498 | \$ 39,366,120 | \$ 47,125,870 |

11. Commitments and Contingencies

Construction Contracts Outstanding

The following construction contracts were outstanding at June 30, 2019:

| | |
|---|---------------------|
| Little River Park channel | \$ 1,667,886 |
| New fire station | 852,319 |
| 4th Street NBSF Railroad underpass | 659,014 |
| SW 34th Street Widening - Telephone to Santa Fe | 3,697,914 |
| Police Records Management | 114,813 |
| | <u>\$ 6,991,946</u> |

Litigation

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

Grant Programs

The City of Moore participates in various federal or 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. The City has not been notified of any noncompliance with federal or state award requirements. Any liability for reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

In August 2019 the U.S. Department of Housing and Urban Development (HUD) elevated a previous concern to a finding on the City's GIS server and system update as to its allocability to the Community Development Block Grant disaster recovery (CDBG-DR) program as a planning activity. While HUD does not dispute that the costs are reasonable and can be allocated to both the City and the grant, the activity that it chose to charge the costs to is not an eligible activity for this type of expense. The City is working on identifying an eligible activity and providing a justification for allocating a portion of the cost to the grant. If not approved, the City could potentially have to repay \$377,184.

Privatization of Public Works Services

The City through the MPWA entered into an agreement with Veolia Water to manage, operate and maintain the wastewater treatment plant and the water facilities. MPWA pays an annual contract fee for all Veolia Water services. This fee includes maintenance and repairs of \$114,796. 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, 2019, MPWA paid \$3,091,036 for the annual fee and \$1,727,639 in maintenance and repair costs.

Asset Retirement Obligation

The City has incurred certain asset retirement obligations related to the operation of its wastewater utility system. The estimated liability of the legally required closure costs for the wastewater utility system cannot be reasonably estimated as of June 30, 2019, since the specific legally required costs of retirement have not yet been identified. The City anticipates identifying those specific legally required costs and obtaining an estimate of those costs in the subsequent fiscal year.

12. Tax Abatements

The City enters into sales tax rebate agreements with local businesses as allowed in the Oklahoma State Constitution, Article 10, Section 14. Under this law, the City may establish economic development programs and provide sales tax increments for development as part of its economic development plan.

The sales tax rebate program allows a developer to receive rebated sales tax in varying amounts. To be eligible for this program, the project area should be occupied by occupants operating a retail store, theater, or restaurant of a requisite quality which are new businesses. The sales tax rebate period varies with each agreement.

Due to confidentiality laws in Oklahoma statutes Title 68, Section 1354.11, the amounts of sales taxes rebated will not be disclosed. The following businesses had rebate agreements with the City as of June 30, 2019:

A local theater company entered into a sales tax rebate agreement on March 7, 2011, for a IMAX theater project located within the City limits of Moore. The theater was then sold and the agreement was assigned to another theater company on May 18, 2017. The agreement includes the theater project and the full service restaurant located on the theater property. This sales tax rebate is for 100% of the sales tax generated during the rebate period not to exceed \$2,000,000, excluding the 2012 sales tax restricted for streets/public safety and any future sales tax restricted for public safety. The agreement begins with the calendar quarter ending March 31, 2012 and terminates on December 31, 2019.

A retail center entered into a sales tax rebate agreement during 2019. The city will rebate up to \$175,000 each year for a two year period based upon sales in the development. The sales tax rebated is not to exceed \$350,000. This sales tax rebate period is from the first date sales tax is reported and ending October 31, 2021. This agreement was entered into on June 17, 2019 and no sales tax was rebated in fiscal year 2019.

13. Subsequent Events

On November 12, 2019, voters approved an additional one-eighth of one percent (0.1250%) sales tax levy. The sales tax is restricted for water system improvements, including but not limited to water line replacement, leak detection and modeling technology and upgrading city water wells, storm water systems and management, and drainage improvements. The tax becomes effective April 1, 2020. The approval of the additional sales tax brings the total city sales tax to 3.8750%.

In October 2019, the City Council approved an ordinance creating a General Fund Reserve Fund. Initially the city will deposit \$200,000 to the fund with a future goal of building the fund to three months of operating capital for a total of \$11,000,000. At the end of each fiscal year management will recommend the amount to transfer to the fund. The fund is intended to assist in mitigating the effects of economic and financial crisis, for necessary cash flow management, and to enable the city to manage unforeseen emergencies including natural disasters or catastrophic events.

14. Future 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 in which they are effective, and the City's consideration of the impact of these pronouncements are described below:

GASB Statement 84, Fiduciary Activities, issued January 2017, will be effective for the City beginning with its fiscal year ending June 30, 2020. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The City has not yet determined the impact that implementation of GASB 84 will have on its net position.

GASB Statement 87, Leases, issued June 2017, will be effective for the City beginning with its fiscal year ending June 30, 2021. The primary objective of this Statement is to increase the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The City has not yet determined the impact that implementation of GASB 87 will have on its net position.

GASB Statement 90, Majority Equity Interests (An amendment of GASB Statement 14 and 61) –issued August 2018, will be effective for the City beginning with its fiscal year ending June 30, 2020. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. The City has not yet determined the impact that implementation of GASB 90 will have on its net position.

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GASB Statement 91, Conduit Debt Obligations – issue May 2019, will be effective for the City beginning with its fiscal year ending June 2021. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The City has not yet determined the impact that implementation of GASB 91 will have on its net position

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REQUIRED SUPPLEMENTARY INFORMATION

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Budgetary Comparison Schedules – Year Ended June 30, 2019

| GENERAL FUND | | | | |
|--|-------------------------|----------------------|-----------------------|---|
| | Budgeted Amounts | | Actual Amounts | Variance with |
| | Original | Final | (Budget Basis) | Final Budget Positive (Negative) |
| Beginning Budgetary Fund Balance: | \$ 40,000 | \$ 15,373,727 | \$ 4,600,842 | \$ (10,772,885) |
| Resources (Inflows): | | | | |
| Taxes | 32,099,450 | 31,974,172 | 32,269,208 | 295,036 |
| Intergovernmental | 1,036,335 | 1,411,613 | 1,076,637 | (334,976) |
| Charges for services | 2,278,936 | 2,343,936 | 2,584,649 | 240,713 |
| Fines and forfeitures | 1,210,332 | 1,210,332 | 1,178,771 | (31,561) |
| Licenses and permits | 510,328 | 810,934 | 601,687 | (209,247) |
| Investment income | 53,005 | 53,005 | 206,543 | 153,538 |
| Miscellaneous | 464,917 | 172,053 | 535,290 | 363,237 |
| Total Resources (Inflows) | 37,653,303 | 37,976,045 | 38,452,785 | 476,740 |
| Amounts available for appropriation | 37,693,303 | 53,349,772 | 43,053,627 | (10,296,145) |
| Charges to Appropriations (Outflows): | | | | |
| General government | 7,681,421 | 8,079,193 | 5,126,987 | 2,952,206 |
| Public safety | 23,249,511 | 23,497,770 | 23,243,101 | 254,669 |
| Streets | - | 24,929 | - | 24,929 |
| Public works | 4,554,398 | 4,663,416 | 4,224,031 | 439,385 |
| Culture and recreation | 4,296,893 | 4,443,478 | 4,076,235 | 367,243 |
| Community development | 1,549,931 | 1,662,585 | 1,439,077 | 223,508 |
| Total Charges to Appropriations | 41,332,154 | 42,371,371 | 38,109,431 | 4,261,940 |
| Other financing sources (uses) | | | | |
| Transfers from other funds | 30,904,579 | 30,904,579 | 29,868,332 | (1,036,247) |
| Transfers to other funds | (27,265,728) | (27,265,728) | (28,564,935) | (1,299,207) |
| Total other financing sources (uses) | 3,638,851 | 3,638,851 | 1,303,397 | (2,335,454) |
| Ending Budgetary Fund Balance | \$ - | \$ 14,617,252 | \$ 6,247,593 | \$ (8,369,659) |

| CDBG/HUD Fund | | | | |
|--|-------------------------|------------------|-----------------------|---|
| | Budgeted Amounts | | Actual Amounts | Variance with |
| | Original | Final | (Budget Basis) | Final Budget Positive (Negative) |
| Beginning Budgetary Fund Balance: | \$ - | \$ - | \$ (26,044) | \$ (26,044) |
| Resources (Inflows): | | | | |
| Intergovernmental | 6,421,729 | 8,649,979 | 8,591,780 | (58,199) |
| Total Resources (Inflows) | 6,421,729 | 8,649,979 | 8,591,780 | (58,199) |
| Amounts available for appropriation | 6,421,729 | 8,649,979 | 8,565,736 | (84,243) |
| Charges to Appropriations (Outflows): | | | | |
| Community development | 6,421,729 | 8,649,979 | 8,808,087 | (158,108) |
| Total Charges to Appropriations | 6,421,729 | 8,649,979 | 8,808,087 | (158,108) |
| Ending Budgetary Fund Balance | \$ - | \$ - | \$ (242,351) | \$ (242,351) |

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Footnotes to Budgetary Comparison Schedule:

1. The budgetary comparison schedules and budgetary fund balance amounts are reported on the modified cash basis of accounting. In addition, obligations that are required to be funded from ending budgetary fund balances are subtracted from total ending budgetary fund balances to arrive at the unassigned budgetary fund balance. This presentation of unassigned fund balances on a budgetary basis is used to demonstrate compliance with Article 10, § 26 of the Oklahoma State Constitution.
2. The legal level of appropriation control is the department level within a fund. Transfers of appropriation between departments and object categories require the approval of the City Manager. All supplemental appropriations require the approval of the City Council. Supplemental appropriations must be filed with the Office of the State Auditor and Inspector.
3. The budgetary basis differs from the modified accrual (GAAP) basis as shown in the schedules below:

| GENERAL FUND | Fund Balance June 30, 2018 | Net Change in Fund Balance | Fund Balance June 30, 2019 |
|---------------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Budget to GAAP Reconciliation: | | | |
| Fund Balance - GAAP Basis | \$ 4,600,842 | \$ 1,646,751 | \$ 6,247,593 |
| Increases (Decreases): | | | |
| Revenues: | | | |
| State on-behalf payments | - | 3,635,361 | 3,635,361 |
| Expenditures: | | | |
| State on-behalf payments | - | (3,635,361) | (3,635,361) |
| Fund Balance - Budgetary Basis | <u>\$ 4,600,842</u> | <u>\$ 1,646,751</u> | <u>\$ 6,247,593</u> |

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Schedule of Employer's Share of Net Pension Liability (Asset)
Oklahoma Police Pension and Retirement System
Last 10 Fiscal Years*

| | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> |
|---|--------------|--------------|--------------|-------------|----------------|
| City's proportion of the net pension liability (asset) | 2.5110% | 2.7040% | 2.6310% | 2.2789% | 2.8772% |
| City's proportionate share of the net pension liability (asset) | \$ (845,502) | \$ 110,262 | \$ 4,029,298 | \$ 204,598 | \$ (1,370,565) |
| City's covered-employee payroll | \$7,025,373 | \$ 7,643,723 | \$ 7,759,192 | \$8,776,362 | \$ 8,590,422 |
| City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 12.03% | 1.44% | 51.93% | 2.33% | 15.95% |
| Plan fiduciary net position as a percentage of the total pension liability | 101.53% | 99.82% | 93.50% | 99.68% | 101.89% |

*The amounts present for each fiscal year were determined as of 6/30

Notes to Schedule:

Only the five previous fiscal years are presented because 10-year data is not yet available.

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

| | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> |
|--|----------------|----------------|------------------|------------------|------------------|
| Statutorily required contribution | \$ 913,298 | \$ 993,684 | \$ 1,008,695 | \$ 1,140,927 | \$ 1,116,755 |
| Contributions in relation to the statutorily required contribution | <u>913,298</u> | <u>993,684</u> | <u>1,008,695</u> | <u>1,140,927</u> | <u>1,116,755</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| City's covered-employee payroll | \$ 7,025,373 | \$ 7,643,723 | \$ 7,759,192 | \$ 8,776,362 | \$ 8,590,422 |
| Contributions as a percentage of covered-employee payroll | 13.00% | 13.00% | 13.00% | 13.00% | 13.00% |

*The amounts present for each fiscal year were determined as of 6/30

Notes to Schedule:

Only the five previous fiscal years are presented because 10-year data is not yet available.

CITY OF MOORE, OKLAHOMA
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Schedule of Employer's Share of Net Pension Liability
Oklahoma Firefighters' Pension and Retirement System
Last 10 Fiscal Years*

| | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> |
|---|---------------|---------------|---------------|---------------|---------------|
| City's proportion of the net pension liability | 2.360% | 2.392% | 2.410% | 2.483% | 2.449% |
| City's proportionate share of the net pension liability | \$ 24,271,350 | \$ 25,369,550 | \$ 29,445,848 | \$ 31,231,622 | \$ 27,568,472 |
| City's covered-employee payroll | \$ 6,477,449 | \$ 6,535,686 | \$ 6,741,843 | \$ 7,299,537 | \$ 7,533,555 |
| City's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 375% | 388% | 437% | 428% | 366% |
| Plan fiduciary net position as a percentage of the total pension liability | 68.12% | 68.27% | 64.87% | 66.61% | 70.73% |

*The amounts present for each fiscal year were determined as of 6/30

Notes to Schedule:

Only the five previous fiscal years are presented because 10-year data is not yet available.

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

| | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> |
|--|----------------|----------------|----------------|------------------|------------------|
| Statutorily required contribution | \$ 882,133 | \$ 914,996 | \$ 943,858 | \$ 1,021,935 | \$ 1,054,699 |
| Contributions in relation to the statutorily required contribution | <u>882,133</u> | <u>914,996</u> | <u>943,858</u> | <u>1,021,935</u> | <u>1,054,699</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| City's covered-employee payroll | \$ 6,477,449 | \$ 6,535,686 | \$ 6,741,843 | \$ 7,299,537 | \$ 7,533,555 |
| Contributions as a percentage of covered-employee payroll | 13.62% | 14.00% | 14.00% | 14.00% | 14.00% |

*The amounts present for each fiscal year were determined as of 6/30

Notes to Schedule:

Only the five previous fiscal years are presented because 10-year data is not yet available.

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Schedule of changes in Total OPEB Liability and Related Ratios
Postemployment Health Insurance Implicit Rate Subsidy Plan
Last Ten Fiscal Years*

| | <u>2018</u> | <u>2019</u> |
|--|----------------------|----------------------|
| Total OPEB Liability | | |
| Service cost | \$ 3,097,823 | \$ 2,563,705 |
| Interest | 1,601,280 | 1,516,177 |
| Changes in assumptions | (149,414) | 2,039,209 |
| Experience Gain/(Loss) | (8,885,060) | (3,044,460) |
| Benefit payments | (723,330) | (638,952) |
| Net change in total OPEB liability | (5,058,701) | 2,435,679 |
| Balances at Beginning of Year | <u>41,989,142</u> | <u>36,930,441</u> |
| Balances End of Year | <u>\$ 36,930,441</u> | <u>\$ 39,366,120</u> |
| | | |
| Covered employee payroll | \$ 18,718,203 | \$ 19,973,284 |
| | | |
| Total OPEB liability as a percentage of covered- employee payroll | 197.30% | 197.10% |

Notes to Schedule:

Only the two fiscal years are presented because 10-year data is not yet available

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OTHER SUPPLEMENTARY INFORMATION

CITY OF MOORE, OKLAHOMA
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As of and for the Year Ended June 30, 2019

Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2019

| | Special Revenue | | | Capital Project Funds | | Totals |
|--|----------------------|----------------------------|------------------|----------------------------|---------------------|---------------------|
| | Special Revenue Fund | Moore Econ. Dev. Authority | Cemetery Care | 2012 Park Improvement Fund | 1/4 Cent Sales Tax | |
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ 4,879,733 | \$ 786,930 | \$ 69,037 | \$ 53,437 | \$ 1,355,149 | \$ 7,144,286 |
| Other receivable | 64,466 | - | - | - | - | 64,466 |
| Due from other governments | 41,856 | - | - | - | 394,094 | 435,950 |
| Total assets | <u>4,986,055</u> | <u>\$ 786,930</u> | <u>69,037</u> | <u>53,437</u> | <u>1,749,243</u> | <u>7,644,702</u> |
| LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable and accrued liabilities | 119,409 | \$ 355,005 | - | - | 277,090 | 751,504 |
| Wages payable | 1,552 | - | - | - | - | 1,552 |
| Total liabilities | <u>120,961</u> | <u>355,005</u> | <u>-</u> | <u>-</u> | <u>277,090</u> | <u>753,056</u> |
| Deferred inflows: | | | | | | |
| Unavailable revenue | <u>9,734</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>9,734</u> |
| Fund balances: | | | | | | |
| Restricted | 4,855,360 | 431,925 | 69,037 | 53,437 | 1,472,153 | 6,881,912 |
| Total fund balances | <u>4,855,360</u> | <u>431,925</u> | <u>69,037</u> | <u>53,437</u> | <u>1,472,153</u> | <u>6,881,912</u> |
| Total liabilities, deferred inflows, and fund balances | <u>\$ 4,986,055</u> | <u>\$ 786,930</u> | <u>\$ 69,037</u> | <u>\$ 53,437</u> | <u>\$ 1,749,243</u> | <u>\$ 7,644,702</u> |

CITY OF MOORE, OKLAHOMA
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As of and for the Year Ended June 30, 2019

Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2019

| | Special Revenue | | | Capital Project Funds | | Total Nonmajor Governmental Funds |
|---------------------------------------|-------------------------|-------------------------------|------------------------------------|-------------------------------|---------------------|---|
| | Special Revenue Fund | Moore Econ. Dev. Authority | Cemetery Perpetual Care Fund | 2012 Park Improvement Fund | 1/4 Cent Sales Tax | |
| REVENUES | | | | | | |
| Taxes | \$ 608,215 | \$ - | \$ - | \$ - | \$ 2,265,070 | \$ 2,873,285 |
| Intergovernmental | 475,908 | - | - | - | 167,700 | 643,608 |
| Charges for services | 264,455 | - | 16,084 | - | - | 280,539 |
| Investment income | 14,444 | 44,820 | - | 1,370 | 29,885 | 90,519 |
| Miscellaneous | 128,621 | - | - | - | 50 | 128,671 |
| Total revenues | <u>1,491,643</u> | <u>44,820</u> | <u>16,084</u> | <u>1,370</u> | <u>2,462,705</u> | <u>4,016,622</u> |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General government | - | - | 37,100 | - | - | 37,100 |
| Public safety | 186,447 | - | - | - | - | 186,447 |
| Culture and recreation | 2,747 | - | - | - | - | 2,747 |
| Community development | 79,644 | - | - | - | - | 79,644 |
| Capital outlay | 436,325 | 2,814,120 | - | - | 794,475 | 4,044,920 |
| Debt service: | | | | | | |
| Principal retirement | - | 3,576,278 | - | - | - | 3,576,278 |
| Interest and fiscal charges | - | 559,081 | - | - | - | 559,081 |
| Total expenditures | <u>705,163</u> | <u>6,949,479</u> | <u>37,100</u> | <u>-</u> | <u>794,475</u> | <u>8,486,217</u> |
| Revenues over (under) expenditures | <u>786,480</u> | <u>(6,904,659)</u> | <u>(21,016)</u> | <u>1,370</u> | <u>1,668,230</u> | <u>(4,469,595)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Bond issuance proceeds | - | 642,500 | - | - | - | 642,500 |
| Transfers in | - | 2,958,732 | - | - | - | 2,958,732 |
| Transfers out | - | - | - | - | (1,338,912) | (1,338,912) |
| Total other financing sources (uses) | <u>-</u> | <u>3,601,232</u> | <u>-</u> | <u>-</u> | <u>(1,338,912)</u> | <u>2,262,320</u> |
| Net change in fund balances | 786,480 | (3,303,427) | (21,016) | 1,370 | 329,318 | (2,207,275) |
| Fund balances - beginning of year | 4,068,880 | 3,735,352 | 90,053 | 52,067 | 1,142,835 | 9,089,187 |
| Fund balances - end of year | <u>\$ 4,855,360</u> | <u>\$ 431,925</u> | <u>\$ 69,037</u> | <u>\$ 53,437</u> | <u>\$ 1,472,153</u> | <u>\$ 6,881,912</u> |

CITY OF MOORE, OKLAHOMA
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Combining Schedule of Net Position – Moore Public Works Authority Accounts – June 30, 2019

| | Moore Public Works Authority | | |
|--|-------------------------------------|---------------------|---------------|
| | MPWA | MPWA Sinking | Total |
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 3,191,647 | \$ - | \$ 3,191,647 |
| Cash and cash equivalents, restricted | - | 15,469,859 | 15,469,859 |
| Investments, restricted | 997,516 | - | 997,516 |
| Accounts receivable, net | 2,055,777 | - | 2,055,777 |
| Other receivable | 103,056 | - | 103,056 |
| Total current assets | 6,347,996 | 15,469,859 | 21,817,855 |
| Non-current assets: | | | |
| Land, construction in progress, and water rights | 576,233 | - | 576,233 |
| Other capital assets, net | 57,222,837 | - | 57,222,837 |
| Total non-current assets | 57,799,070 | - | 57,799,070 |
| Total assets | 64,147,066 | 15,469,859 | 79,616,925 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred amounts related to OPEB | 86,043 | - | 86,043 |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable and accrued liabilities | 1,616,659 | 44,139 | 1,660,798 |
| Wages payable | 19,515 | - | 19,515 |
| Accrued interest payable | - | 443,190 | 443,190 |
| Accrued compensated absences | 12,354 | - | 12,354 |
| Refundable deposits | 230,954 | - | 230,954 |
| Notes payable | - | 2,462,216 | 2,462,216 |
| Total current liabilities | 1,879,482 | 2,949,545 | 4,829,027 |
| Non-current liabilities: | | | |
| Accrued compensated absences | 111,187 | - | 111,187 |
| Total OPEB liability | 1,868,645 | - | 1,868,645 |
| Refundable deposits | 933,814 | - | 933,814 |
| Notes payable | - | 50,925,568 | 50,925,568 |
| Total non-current liabilities | 2,913,646 | 50,925,568 | 53,839,214 |
| Total liabilities | 4,793,128 | 53,875,113 | 58,668,241 |
| DEFERRED INFLOW OF RESOURCES | | | |
| Deferred amounts related to OPEB | 729,158 | - | 729,158 |
| NET POSITION | | | |
| Net investment in capital assets | 57,799,070 | (39,225,949) | 18,573,121 |
| Restricted for debt service | - | 820,695 | 820,695 |
| Unrestricted | 911,753 | - | 911,753 |
| Total net position | \$ 58,710,823 | \$ (38,405,254) | \$ 20,305,569 |

CITY OF MOORE, OKLAHOMA
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Combining Schedule of Revenues, Expenses and Changes in Net Position – Moore Public Works Authority Accounts – Year Ended June 30, 2019

| | Moore Public Works Authority | | |
|--|-------------------------------------|---------------------|---------------|
| | MPWA | MPWA Sinking | Total |
| OPERATING REVENUES | | | |
| Charges for services | \$ 22,233,321 | \$ - | \$ 22,233,321 |
| Miscellaneous | 339,333 | - | 339,333 |
| Total operating revenues | 22,572,654 | - | 22,572,654 |
| OPERATING EXPENSES | | | |
| Water and wastewater | 11,998,361 | 307,146 | 12,305,507 |
| Sanitation | 3,030,904 | - | 3,030,904 |
| Depreciation | 2,645,012 | - | 2,645,012 |
| Total operating expenses | 17,674,277 | 307,146 | 17,981,423 |
| Operating income (loss) | 4,898,377 | (307,146) | 4,591,231 |
| NON-OPERATING REVENUES (EXPENSES) | | | |
| Investment income | 97,210 | 63,608 | 160,818 |
| Interest expense and fiscal charges | - | (1,182,287) | (1,182,287) |
| Other non-operating revenue | 239,214 | - | 239,214 |
| Total non-operating revenue (expenses) | 336,424 | (1,118,679) | (782,255) |
| Income (loss) before contributions and transfers | 5,234,801 | (1,425,825) | 3,808,976 |
| Capital contributions | 699,157 | - | 699,157 |
| Transfers in - interaccount | - | 2,890,931 | 2,890,931 |
| Transfers out - interaccount | (2,890,931) | - | (2,890,931) |
| Transfers in | 27,229,166 | - | 27,229,166 |
| Transfers out | (29,868,332) | - | (29,868,332) |
| Change in net position | 403,861 | 1,465,106 | 1,868,967 |
| Total net position - beginning | 58,306,962 | (39,870,360) | 18,436,602 |
| Total net position - ending | \$ 58,710,823 | \$ (38,405,254) | \$ 20,305,569 |

CITY OF MOORE, OKLAHOMA
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Combining Schedule of Cash Flows – Moore Public Works Authority Accounts – June 30, 2019

| | Moore Public Works Authority | | |
|--|-------------------------------------|----------------------|----------------------|
| | MPWA | MPWA Sinking | Total |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from customers | \$ 22,898,814 | \$ - | \$ 22,898,814 |
| Payments to suppliers | (12,920,765) | (263,007) | (13,183,772) |
| Payments to employees | (2,052,463) | - | (2,052,463) |
| Receipt of customer deposits | 268,691 | - | 268,691 |
| Return of customer deposits | (250,038) | - | (250,038) |
| Net cash provided by (used in) operating activities | 7,944,239 | (263,007) | 7,681,232 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | |
| Transfers from other funds - interaccount | - | 2,890,931 | 2,890,931 |
| Transfers to other funds - interaccount | (2,890,931) | - | (2,890,931) |
| Transfers from other funds | 27,229,166 | - | 27,229,166 |
| Transfers to other funds | (29,868,332) | - | (29,868,332) |
| Net cash provided by (used in) noncapital financing activities | (5,530,097) | 2,890,931 | (2,639,166) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Capital assets purchased | (1,132,177) | - | (1,132,177) |
| Principal paid on capital debt | - | (2,279,972) | (2,279,972) |
| Interest and fiscal charges paid on capital debt | - | (1,048,790) | (1,048,790) |
| Premium/discount on long-term debt | - | 1,072,688 | 1,072,688 |
| Proceeds from long-term debt | - | 13,915,000 | 13,915,000 |
| Net cash provided by (used in) capital and related financing activities | (1,132,177) | 11,658,926 | 10,526,749 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Sale of investments | 4,490 | - | 4,490 |
| Interest and dividends | 97,210 | 63,607 | 160,817 |
| Net cash provided by investing activities | 101,700 | 63,607 | 165,307 |
| Net increase in cash and cash equivalents | 1,383,665 | 14,350,457 | 15,734,122 |
| Balances - beginning of year | 1,807,982 | 1,119,402 | 2,927,384 |
| Balances - end of year | \$ 3,191,647 | \$ 15,469,859 | \$ 18,661,506 |
| Reconciliation to Statement of Net Position: | | | |
| Cash and cash equivalents | \$ 3,191,647 | \$ - | \$ 3,191,647 |
| Restricted cash and cash equivalents | - | 15,469,859 | 15,469,859 |
| Total cash and cash equivalents | \$ 3,191,647 | \$ 15,469,859 | \$ 18,661,506 |
| Reconciliation of operating income (loss) to net cash provided by operating activities: | | | |
| Operating income (loss) | \$ 4,898,377 | \$ (307,146) | \$ 4,591,231 |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities: | | | |
| Depreciation expense | 2,645,012 | - | 2,645,012 |
| Miscellaneous non-operating revenue | 239,214 | - | 239,214 |
| Change in assets and liabilities: | | | |
| Receivables, net | 86,946 | - | 86,946 |
| Deferred outflow related to OPEB | (86,043) | - | (86,043) |
| Accounts payable | (34,576) | 44,139 | 9,563 |
| Due to employees | (2,586) | - | (2,586) |
| Refundable deposits | 18,653 | - | 18,653 |
| Total OPEB liability | (121,906) | - | (121,906) |
| Accrued compensated absences | 10,252 | - | 10,252 |
| Deferred inflow related to OPEB | 290,896 | - | 290,896 |
| Net cash provided by (used in) operating activities | \$ 7,944,239 | \$ (263,007) | \$ 7,681,232 |
| Noncash activities: | | | |
| Contributed capital assets - from governmental funds | \$ 596,101 | \$ - | \$ 596,101 |

CITY OF MOORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2019

Debt Service Coverage Schedule - Year Ended June 30, 2019

DEBT SERVICE COVERAGE:

GROSS REVENUE AVAILABLE:

| | |
|-------------------------------|---------------|
| System wide gross revenues | \$ 22,572,654 |
| Pledged sales tax | 27,229,166 |
| | <hr/> |
| Total Gross Revenue Available | 49,801,820 |
| | <hr/> |

OPERATING EXPENSES:

| | |
|--------------------------|------------|
| Total Operating Expenses | 15,336,411 |
| | <hr/> |

| | |
|--|----------------------|
| Net Revenue Available for Debt Service | <u>\$ 34,465,409</u> |
|--|----------------------|

Maximum Annual Debt Service

MPWA:

| | |
|-------------------|------------|
| OWRB Series 2009 | \$ 158,135 |
| OWRB Series 2010 | 2,747,595 |
| OWRB Series 2010B | 420,030 |
| OWRB Series 2019 | 843,045 |

MEDA:

| | |
|--|---------------------|
| Public Safety Revenue Note - Series 2009 | 1,197,760 |
| Sales Tax Revenue Note - Series 2014 | 1,307,873 |
| Sales Tax Revenue Note - Series 2016 | 573,888 |
| Sales Tax Revenue Note - Series 2017 | 1,049,839 |
| | <hr/> |
| | <u>\$ 8,298,165</u> |

| | |
|-------------------|------------|
| Computed Coverage | <hr/> 415% |
|-------------------|------------|

| | |
|----------------------|------------------|
| Coverage Requirement | <hr/> <hr/> 125% |
|----------------------|------------------|

CITY OF MOORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2019

STATISTICAL INFORMATION

CITY OF MOORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2019

General Government Expenditures by Function
Last Ten Fiscal Years

| Fiscal Year | General Government | Public Safety | Streets | Public Works | Culture & Recreation | Community Development | Debt Service | Total |
|----------------|-----------------------|------------------|--------------|-----------------|-------------------------|--------------------------|-----------------|---------------|
| 2018-19 | \$ 5,360,196 | \$ 27,523,785 | \$ 4,638,769 | \$ 4,224,031 | \$ 4,986,283 | \$ 13,298,349 | \$ 10,721,776 | \$ 70,753,189 |
| 2017-18 | 5,571,248 | 27,984,060 | 14,672,408 | 4,251,071 | 4,926,582 | 6,474,104 | 9,728,315 | 73,607,788 |
| 2016-17 | 5,681,298 | 22,305,200 | 10,997,860 | 3,367,504 | 6,346,201 | 12,066,965 | 13,858,629 | 74,623,657 |
| 2015-16 | 8,795,785 | 21,979,272 | 10,885,891 | 3,168,846 | 16,560,174 | 15,267,944 | 4,970,820 | 81,628,732 |
| 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 |

CITY OF MOORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2019

Governmental Revenues By Source
Last Ten Fiscal Years

| Fiscal Year | Taxes | Intergovernmental | Licenses & Permits | Charges for Services | Fines & Forfeitures | Investment Income | Misc. Revenues | Total |
|----------------|---------------|-------------------|-----------------------|-------------------------|------------------------|----------------------|-------------------|---------------|
| 2018-19 | \$ 46,507,239 | \$ 13,947,386 | \$ 601,687 | \$ 2,865,188 | \$ 1,178,771 | \$ 521,013 | \$ 665,579 | \$ 66,286,863 |
| 2017-18 | 44,545,613 | 11,190,522 | 502,910 | 2,737,683 | 1,036,781 | 280,657 | 1,607,007 | 61,901,173 |
| 2016-17 | 43,901,226 | 11,690,174 | 563,795 | 1,895,183 | 1,289,339 | 92,576 | 1,488,137 | 60,920,430 |
| 2015-16 | 42,123,448 | 14,832,903 | 489,555 | 854,922 | 1,175,854 | 88,339 | 419,674 | 59,984,695 |
| 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 |

CITY OF MOORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2019

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 | |
| 2019 | \$ 430,276,430 | \$ 40,160,747 | \$ 9,995,727 | \$ 18,340,189 | \$ 462,092,715 | \$ 3,850,772,625 | 12% |
| 2018 | 416,617,948 | 40,203,213 | 10,162,081 | 16,955,575 | 450,027,677 | 3,750,230,558 | 12% |
| 2017 | 398,284,439 | 32,251,947 | 10,240,398 | 15,583,465 | 425,193,319 | 3,543,277,658 | 12% |
| 2016 | 381,453,816 | 32,543,726 | 9,474,414 | 14,705,607 | 408,766,349 | 3,406,386,242 | 12% |
| 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 | 29,924,803 | 9,031,644 | 13,378,929 | 358,446,183 | 2,987,051,525 | 12% |
| 2013 | 321,026,652 | 24,344,522 | 9,346,852 | 13,542,912 | 341,175,114 | 2,889,613,458 | 12% |
| 2012 | 320,289,735 | 20,693,247 | 10,678,424 | 13,344,584 | 338,316,822 | 2,849,734,142 | 12% |
| 2011 | 311,129,395 | 22,175,312 | 11,368,615 | 13,203,721 | 331,469,601 | 2,749,896,133 | 12% |
| 2010 | 298,541,732 | 20,534,706 | 10,488,183 | 12,761,653 | 316,802,968 | 2,653,696,450 | 12% |

CITY OF MOORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2019

Property Tax Levies and Collections
Last Ten Fiscal Years

| Fiscal Year | Total Tax Levy | Current Tax Collections and Adjustments | Percent of Current Taxes Collected |
|----------------|-------------------|--|---|
| 2018-19 | \$ 6,860,983 | \$ 6,817,108 | 99.36% |
| 2017-18 | 6,593,093 | 6,528,792 | 99.02% |
| 2016-17 | 5,997,003 | 6,029,537 | 100.54% |
| 2015-16 | 4,998,901 | 4,982,696 | 99.68% |
| 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% |

CITY OF MOORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2019

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

| Fiscal Year | City Sinking Fund | Cleveland County | Moore Schools | Total Moore Resident |
|----------------|-------------------------|---------------------|------------------|----------------------------|
| 2019 | 16.53 | 23.07* | 92.44* | 132.04 |
| 2018 | 15.25 | 23.07* | 88.73* | 127.05 |
| 2017 | 15.51 | 23.07 | 90.48 | 129.06 |
| 2016 | 14.67 | 23.07 | 90.48 | 128.22 |
| 2015 | 13.02 | 23.07 | 79.92 | 116.01 |
| 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 |

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

*Estimated

CITY OF MOORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2019

Ratio of Net General Obligation Bonded Debt
To Assessed Value and Net General Obligation Bonded Debt Per Capita
Last Ten Fiscal Years

| Fiscal Year | Estimated Population (1) | Assessed Value* (2) | Net Bonded Debt | Ratio of Net Bonded Debt to Assessed Value | Net Bonded Debt Per Capita |
|----------------|-----------------------------|------------------------|-----------------------|--|-------------------------------------|
| 2018-19 | 62,103 | \$ 462,092,716 | \$ 39,705,000 | 8.59% | 639 |
| 2017-18 | 61,523 | 450,027,677 | 37,030,000 | 8.23% | 602 |
| 2016-17 | 60,701 | 425,193,319 | 38,070,000 | 8.95% | 627 |
| 2015-16 | 60,451 | 408,766,349 | 34,685,000 | 8.49% | 574 |
| 2014-15 | 60,299 | 384,349,416 | 30,015,000 | 7.81% | 498 |
| 2013-14 | 59,973 | 358,446,183 | 29,075,000 | 8.11% | 485 |
| 2012-13 | 59,407 | 346,753,615 | 22,000,000 | 6.34% | 370 |
| 2011-12 | 58,819 | 341,968,097 | 14,925,000 | 4.36% | 254 |
| 2010-11 | 57,704 | 329,987,536 | 16,525,000 | 5.01% | 286 |
| 2009-10 | 55,081 | 318,443,574 | 18,525,000 | 5.82% | 336 |

(1) From table Demographics

(2) From table Assessed Value of Property

CITY OF MOORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2019

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

| Fiscal Year | Principal | Interest (1) | Total Debt Service | Total General Governmental Expenditures (2) | Ratio of Debt Service to Government Expenditures |
|----------------|--------------|--------------|--------------------------|--|--|
| 2018-19 | \$ 5,875,000 | \$ 708,916 | \$ 6,583,916 | \$ 70,753,189 | 9.31% |
| 2017-18 | 5,165,000 | 824,512 | 5,989,512 | 73,607,788 | 8.14% |
| 2016-17 | 4,385,000 | 759,928 | 5,144,928 | 74,623,657 | 6.89% |
| 2015-16 | 4,010,000 | 869,390 | 4,879,390 | 81,628,732 | 5.98% |
| 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 | 73,839,564 | 2.47% |

(1) Excludes bond issuance and other costs

(2) Totals from General Governmental Expenditures by Function Table

CITY OF MOORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2019

Revenue Bond and Note Coverage
Last Ten Fiscal Years

| <u>Fiscal Year</u> | <u>Gross Revenue</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> |
|------------------------|--------------------------|--|---|--|--------------------------------------|
| 2019 | \$ 49,801,820 | \$ 15,336,411 | \$ 34,465,409 | \$ 8,298,165 | 4.15 |
| 2018 | 48,852,498 | 15,888,263 | 32,964,235 | 7,455,120 | 4.42 |
| 2017 | 47,657,000 | 14,214,533 | 33,442,467 | 6,040,959 | 5.54 |
| 2016 | 47,743,892 | 12,120,203 | 35,623,689 | 5,826,095 | 6.11 |
| 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 |

CITY OF MOORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2019

Demographic Statistics

| <u>Year</u> | <u>Estimated Population (1)</u> | <u>Per Capita Income (2)</u> | <u>Moore Public School District Enrollment (3)</u> | <u>Unemployment Rate as a Percentage (4)</u> |
|-------------|-------------------------------------|----------------------------------|--|--|
| 2019 | 62,103 | 45,104 | 24,638 | 2.9 |
| 2018 | 61,523 | 45,557 | 24,687 | 3.3 |
| 2017 | 60,701 | 43,340 | 24,516 | 3.8 |
| 2016 | 60,451 | 42,760 | 22,899 | 3.2 |
| 2015 | 60,299 | 41,820 | 23,000 | 3.5 |
| 2014 | 59,973 | 40,850 | 23,000 | 3.4 |
| 2013 | 59,407 | 41,288 | 22,818 | 4.6 |
| 2012 | 58,819 | 39,160 | 23,031 | 5.0 |
| 2011 | 57,704 | 36,940 | 22,568 | 6.1 |
| 2010 | 55,081 | 35,830 | 22,500 | 6.1 |

(1) Estimated based on Census Count for 2010

(2) Per U.S. Department of Labor, Bureau of Labor Statistics. Average annual wages for the State of Oklahoma

(3) Per Oklahoma State Department of Education

(4) Per Oklahoma Employment Security Commission

CITY OF MOORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2019

New Construction
Last Ten Fiscal Years

| Calendar Year | Commercial Construction | | Residential Construction | | Total New Construction |
|------------------|-------------------------|---------------|--------------------------|---------------|---------------------------|
| | Number of Units | Value | Number of Units | Value | |
| 2018 | 19 | \$ 15,836,024 | 184 | \$ 40,442,742 | \$ 56,278,766 |
| 2017 | 23 | \$ 26,795,000 | 245 | \$ 39,621,220 | \$ 66,416,220 |
| 2016 | 15 | 16,756,576 | 218 | 42,031,689 | 58,788,265 |
| 2015 | 29 | 41,736,688 | 299 | 57,260,327 | 98,997,015 |
| 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 |

The construction amounts for 2013 and 2014 were unusually high due to rebuilding after the May 20, 2013 tornado.

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

CITY OF MOORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2019

Top Ten 2018 Major Property Taxpayers

| | Net Assessed Value |
|----------------------------------|-----------------------|
| Mission Point Apartments Limited | \$ 5,823,539 |
| Oklahoma Gas & Electric Co | 5,626,427 |
| Wal-Mart Real Estate | 4,834,578 |
| Nabors Lux 2/Offshore Corp | 4,666,644 |
| Helmerich & Payne | 4,383,462 |
| KRG Shops at Moore LLC | 4,161,320 |
| Greens at Moore | 3,678,694 |
| Warren Theaters | 3,184,230 |
| Cameron International Corp | 3,134,355 |
| Horn Equipment | 2,929,436 |

CITY OF MOORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2019

Miscellaneous Statistics
June 30, 2019

| | |
|--|-------------------|
| 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 | 25 |
| Number of secondary schools | 6 |
| 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 |

CITY OF MOORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2019

Miscellaneous Statistics, Continued
June 30, 2019

| | <u>Fiscal Year</u> | | <u>Full Time Equivalents (1)</u> |
|----------------|------------------------|-----|--------------------------------------|
| City Employees | 2018-19 | | 376 |
| | 2017-18 | | 371 |
| | 2016-17 | | 369 |
| | 2015-16 | | 369 |
| | 2014-15 | (3) | 364 |
| | 2013-14 | | 303 |
| | 2012-13 | | 294 |
| | 2011-12 | | 292 |
| | 2010-11 | (2) | 292 |
| | 2009-10 | | 312 |

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

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

(3) Moore Recreation Center opened.

| | <u>Fiscal Year</u> | <u>Billed Annual Usage</u> | <u>Average Daily Usage</u> |
|----------------------------|------------------------|------------------------------------|------------------------------------|
| City Water Usage (Gallons) | 2018-19 | 1,470,843,298 | 4,029,708 |
| | 2017-18 | 1,708,565,231 | 4,681,001 |
| | 2016-17 | 1,779,422,632 | 4,875,130 |
| | 2015-16 | 1,738,190,940 | 4,762,167 |
| | 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 |

CITY OF MOORE, OKLAHOMA
SINGLE AUDIT REPORTS
AND SUPPLEMENTARY SCHEDULES
JUNE 30, 2019

THE CITY OF MOORE, OKLAHOMA

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DILLON & ASSOCIATES, P.C.

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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 (the "City"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 6, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City'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's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Dillon & Associates, PC

Midwest City, Oklahoma
December 6, 2019

DILLON & ASSOCIATES, P.C.

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY UNIFORM GUIDANCE

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 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, 2019. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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, 2019.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2019-001. Our opinion on each major federal program is not modified with respect to this matter.

The City's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 the Uniform Guidance, 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of

and for the year ended June 30, 2019, 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 6, 2019, 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 the Uniform Guidance and is not a required part of the basic 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 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 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 as a whole.

Dillon & Associates, PC

Midwest City, Oklahoma
December 6, 2019

City of Moore, Oklahoma

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

| FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE | FEDERAL CFDA NUMBER | GRANTOR'S/ PASS - THROUGH NUMBER | FEDERAL EXPENDITURES | SUBRECIPIENT AMOUNTS |
|--|---------------------------|--|-------------------------|-------------------------|
| <u>U.S. Department of Housing and Urban Development</u> | | | | |
| CDBG Entitlement Grant | 14.218 | B-16-MC-40-0010 | \$ 3 | - |
| CDBG Entitlement Grant | 14.218 | B-17-MC-40-0010 | 159,799 | 9,382 |
| CDBG Entitlement Grant | 14.218 | B-18-MC-40-0001 | 68,936 | 42,414 |
| CDBG DR Disaster Recovery Grant | 14.269 | B-13-MS-40-0001 | 8,591,780 | - |
| Total U.S. Department of Housing and Urban Development | | | 8,820,518 | 51,796 |
| <u>U.S. Department of Interior</u> | | | | |
| Passed through Oklahoma Department of Tourism and Recreation: | | | | |
| Outdoor Recreation Acquisition, Development and Planning | 15.916 | | 167,700 | - |
| <u>U.S. Department of Justice</u> | | | | |
| Organized Crime Drug Enforcement Task Force (OCDETF) | 16.xxx | | 1,654 | - |
| State and Local HIDTA Task Force Grant | 16.809 | HIDTA TREAS 303 | 9,898 | - |
| Bulletproof Vest Partnership Grant | 16.607 | | 3,484 | - |
| Total U.S. Department of Justice | | | 15,036 | - |
| <u>Federal Highway Administration</u> | | | | |
| Passed through Association of Central Oklahoma Governments (ACOG): | | | | |
| Congestion Mitigation and Air Quality Improvement | 20.205 | 2017 RI-MOORE | 103,056 | - |
| <u>U.S. Department of Treasury</u> | | | | |
| OKC Economic & Identity Crimes Task Force | 21.100 | USSS-MOU-2008 | 8,304 | - |
| <u>U.S. Department of Homeland Security</u> | | | | |
| Passed through Oklahoma Department of Civil Emergency Management: | | | | |
| Emergency Management Performance (SLA) | 97.042 | EMPG 17 | 7,707 | - |
| Emergency Management Performance (SLA) | 97.042 | EMPG 18 | 6,250 | - |
| Emergency Management Performance (SLA) | 97.042 | EMPG 19 | 18,750 | - |
| Disaster Assistance Grant | 97.036 | FEMA 4117 | 51,494 | - |
| Passed through Oklahoma Office of Homeland Security: | | | | |
| Homeland Security Grant | 97.07 | PL 85-606 | 52,919 | - |
| Total U.S. Federal Emergency Management Agency | | | 137,120 | - |
| Total Federal Assistance | | | \$ 9,251,734 | 51,796 |

See accompanying Notes to Schedule of Federal Expenditures Awards

CITY OF MOORE, OKLAHOMA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2019

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (SEFA) includes the activity of the City under programs of the federal government for the year ended June 30, 2019. The information in this SEFA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the SEFA are reported on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in Office of Management and Budget Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, or the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3 - SUBRECIPIENTS

Of the federal expenditures presented in this schedule, the City provided federal awards to subrecipients from the Community Development Block Grants/Entitlement Grants Program (CFDA #14.218) in the amount of \$51,796.

CITY OF MOORE, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the financial statements were in accordance with GAAP:

Unmodified

Internal control over financial reporting:

* Material weakness(es) identified?

___ yes X no

* Significant deficiency(ies) identified that are not considered to be material weakness(es)?

___ yes X none reported

Noncompliance material to financial statements noted?

___ yes X

Federal Awards

Internal control over major programs:

* Material weakness(es) identified?

___ yes X no

* Significant deficiency(ies) identified that are not considered to be material weakness(es)?

___ yes X none reported

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

X yes ___ no

Identification of major programs:

Program

HUD - CDBG-DR Disaster Recovery Grant

CFDA

Number

14.269

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

X yes ___ no

**CITY OF MOORE, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019**

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

A. Internal Control

No matters to report.

B. Compliance Findings

No matters to report.

Section III - Findings Required to be Reported in Accordance with Uniform Guidance:

A. Internal Control

No matters to report.

B. Instances of Noncompliance

Finding 2019-001

Program: Community Development Block Grant - Disaster Recovery

CFDA No.: 14.269

Federal Agency: U.S. Department of Housing and Urban Development

Award Period: May 14, 2014 to September 30, 2022

Compliance Requirement: Activities Allowed or Unallowed

Criteria:

24 CFR 570.205(a) states that eligible planning activities are “Planning activities which consists of all costs of data gathering, studies, analysis, and preparation of plans and the identification of actions that will implement such plans.

Condition Found:

HUD’s monitoring report dated August 2, 2019 found that the City of Moore was unable to demonstrate that the purchase and update of the GIS was an eligible activity under the grant. The report found the \$589,350 of expense was not currently chargeable to the City of Moore’s CDBG-DR grant number B-13-MS-40-0001.

Cause:

The HUD report acknowledges that there was a misunderstanding of the regulations regarding the eligibility, reasonableness and allocability of the GIS expenditures to the CDBG-Dr grant. The HUD report determined the justification submitted by the City for the GIS server and update does not support the allocation of any costs to the grant because it is not an eligible planning activity.

Effect or Potential Effect:

The HUD report determined the City of Moore cannot charge the costs associated with the GIS server and system update to the CDBG-DR grant.

Corrective Action:

To address the deficiency, HUD has requested the City to identify an eligible activity under the CDBG-DR program under which the GIS server purchase and system update can be charged to or repay the CDBG-DR program \$88,350 for the GIS server and \$501,000 for the GIS system update.

View of Responsible Officials and Planned Corrective Action:

Management of the City of Moore is in the process of reviewing the finding from HUD and will be submitting a waiver request to allow the expense to be eligible as a resiliency activity.

**CITY OF MOORE, OKLAHOMA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018**

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

None to report for the June 30, 2018 period.

Findings Required to be Reported in Accordance with Uniform Guidance:

None to report for the June 30, 2018 period.