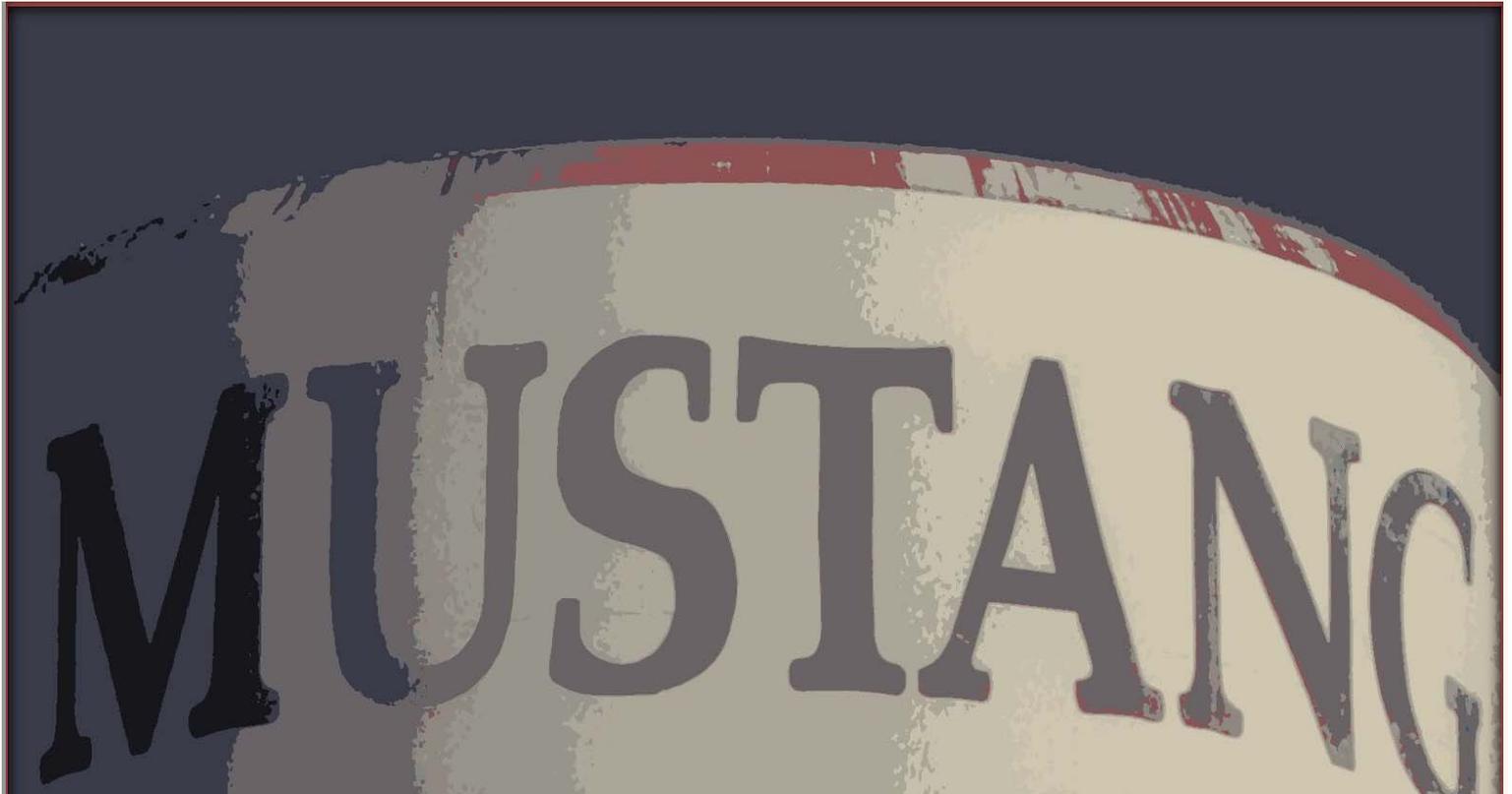


CITY OF MUSTANG,
OKLAHOMA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2013



CITY OF MUSTANG, OKLAHOMA

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FISCAL YEAR ENDED JUNE 30, 2013

**Prepared by:
City of Mustang
Finance Department**

**Janet Watts
Finance Director**

CITY OF MUSTANG, OKLAHOMA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 AND ACCOMPANYING INDEPENDENT AUDITOR'S REPORT
 For the fiscal year ended June 30, 2013

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Introductory Section

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Mayor Adams
Councilman Taylor
Councilwoman Moon Staples
Councilwoman Bowers
Councilman Jones
Councilwoman Hagan
Councilman Mount
City-Manager Rooney

City of Mustang

Council-Manager Form of Government

405-376-4521 1501 N. Mustang Road, Mustang, Oklahoma 73064

December 31, 2013

Honorable Mayor, Members of the City Council, and
Citizens of the City of Mustang, Oklahoma

Dear Mayor, Members of the City Council and Citizens of the City of Mustang, Oklahoma

We are pleased to present the 2012-2013 Comprehensive Annual Financial Report (CAFR) to the City Council. This report is intended to update the City Council and the citizens of Mustang on the status of the City's financial position and results of operations for the past fiscal year, and has been prepared in the compliance with all requirements of the Governmental Accounting Standards Board (GASB).

Management assumes full responsibility for the completeness and reliability of the information presented in this report. To provide a reasonable basis for making these representations, the City of Mustang has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse, and to compile sufficient reliable information for the preparation of the City of Mustang's financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the City of Mustang's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Mustang's financial statements have been audited by Anne Marie Elfrink, CPA. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Mustang for fiscal year ended June 30, 2013 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Mustang's financial statements for the fiscal year ended June 30, 2013 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Mustang was part of a broader, federally mandated "single audit" designed to meet the special needs of federal grantor agencies. The standards governing single audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City of Mustang's separately issued audit report.

GAAP provides that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of management's discussion and analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Mustang's MD&A can be found immediately following the report of the independent auditor.

Profile of the Government

The City of Mustang is located in Canadian County in central Oklahoma approximately 15 miles west of downtown Oklahoma City and shares all of its boundaries with the City of Oklahoma City, Oklahoma. Mustang, incorporated in October 1969, covers an area of twelve (12) square miles and serves a population over 18,000.

Oklahoma State Statutes limit the City in its ability to levy a property tax. Property taxes must be approved by the voters and are limited to the repayment of general obligation debt and court assessed judgment principal and interest. With voter's approval, the City can levy a sales tax to fund its operations.

The City of Mustang has adopted a charter and operates under a Council-Manager form of government. The legislative body of the City consists of one council member elected from each six wards, and the mayor who is elected at large. The council members serve as the Board of Trustees for the Mustang Improvement Authority; the mayor serves as chairman of the board. The Mayor and Council appoint the City Manager who is the chief executive officer of the City. Responsibility of the day-to-day operations of the City rests with the City Manager.

The City of Mustang provides a full range of services necessary for the health and well-being of its citizens which include police and fire protection, streets and other infrastructure, culture and recreation, public improvements, and general administrative services. The Mustang Improvement Authority, a blended component unit, provides water, sewer, sanitation, and recycling services. For financial reporting purposes, the City is defined as including all funds agencies, boards, commissions, and authorities over which the City Council has financial accountability; therefore, the activities of the Mustang Improvement Authority, the Mustang Special Projects Authority and the Mustang Economic Development Authority are included in the reporting entity.

The City of Mustang maintains privatization contracts with the following three (3) organizations: Severn Trent (water, sewer, and meter reading); Silver Star Construction (streets and park maintenance); and OEMA (sanitation and recycling).

The City Council is required by State Statute to adopt a budget no later than seven days prior to the first day of the fiscal year (July 1). The annual budget serves as the foundation for the City of Mustang's financial planning and control. All funds of the City with revenues and expenditures are required to have annual budgets, except funds of public trusts or authorities.

The budget is prepared by fund by department. The City Manager may authorize transfers between departments without City Council approval. Supplemental appropriations require City Council approval and must be filed with the Office of the State Auditor and Inspector. Public trust or authorities are required to prepare an annual budget, there are no other requirements related to monitoring.

Local Economy

Although Mustang did not witness the severity of the 2008 Economic Downturn seen in other parts of the country, new development and investment definitely stagnated between 2008 and 2011. This fiscal year was much brighter as commercial building permits were on the upswing. During the past year, we reviewed plans and issued permits for the following projects:

- Five (5) new office buildings
- Six (6) new restaurants including four (4) freestanding locations
- Several new businesses including a gymnastic training center and a small food processing facility were completed

During the fiscal year, City Council approved final plats for additional phases of three established housing developments and the approval of two others were still pending at the time of this report. City Council approved the preliminary plats of two new additions planned for the west-side of the City.

The above plats underscore the fact that our residential growth is continuing to improve. It is estimated that three or four other plats should arrive early part of fiscal year 2014. As a result, the City is forecasting approximately 100 new residential houses and 28 new two-family structures by the end of June 30, 2014.

The Mustang Public Schools remains the area's largest employer with 1,000 personnel district-wide. Wal-Mart Stores leads the largest private-sector employer with 325 employees and Tate Publishing hold third place with 320 employees. Industrial Gasket remains our largest industrial employer. Their workforce has reportedly shrunk to less than 35 employees. By all accounts, the City continues to have an exceptionally low unemployment rate and the economy remained strong and diversified.

The City of Mustang remains steadfast a bedroom community with a large percentage of its workforce leaving the City for jobs in Oklahoma City's aeronautical centers and to energy sector jobs in Central and Western Canadian County. Will Rogers Airport and the Monroney FAA Center employ many local residents as does El Reno-based Great Plains Tool Rental, Performance Technologies, and NOMAC Drilling. Halliburton Services are developing a presence in the El Reno area that could likely employ more workers from our community.

Canadian County has solidified its place as the fastest growing county in the State of Oklahoma, which has triggered numerous transportation projects that could ultimately benefit the City of Mustang. New exit ramps are proposed on Interstate 40. Our state legislative leadership is pursuing funds to widen and improve Sara Road from SW 15th to SH 152 which could open another commercial coordinator for development.

St. Anthony's Healthplex locating to Mustang remained a top priority for City leaders. St. Anthony's ground breaking was held last September 2013 to pave the opening of the new medical campus designed to provide convenient healthcare access for a wide range of services to the residents of Mustang. The facility is designed to enhance the experience that is notably St. Anthony. As result of this, the City has heightened importance to recruit restaurants and hotels.

Visitors continued to stream into Wild Horse Park for recreational and cultural activities, which greatly increased the need to develop our hospitality industry.

Long-Term Financial Planning

City Council has not formally adopted a policy of maintaining a minimum fund balance in the General Fund. Council has expressed a desire to maintain reserves within the General Fund and the Mustang Improvement Authority at a combined total between ten and fifteen percent of the annual budget on a budgetary basis. With economic challenges the City has continued to face, the City has not met this goal.

Relevant Financial Policies

In an attempt to designate a permanent source for infrastructure and capital improvements, the City Council adopted Resolution 05-027 (in fiscal year 2005) designating one-percent of sales tax collections over \$500,000 in a single month for infrastructure and capital. The one-percent is calculated after deducting restricted sales tax amounts.

Major Initiatives

The City issued \$3,600,000 Combined Purpose General Obligation Bonds, Series 2012, dated June 1, 2012 for the purpose of constructing and equipping a youth baseball complex to be located at the Wild Horse Park (\$1,550,000) and to expand the Town Center and Library Facilities (\$2,050,000). Construction should be completed shortly after this audit report is presented.

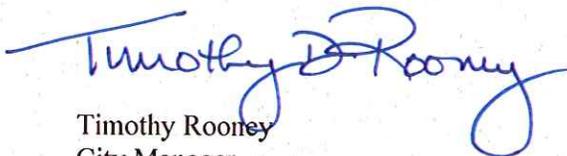
Awards and Acknowledgements

We are pleased to acknowledge that the Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Mustang for its Comprehensive Annual Financial Report for the fiscal year ending June 30, 2012. This was the nineteenth consecutive year that the City of Mustang has achieved this prestigious award. The Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management.

A Certificate of Achievement is valid for a period of one year. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for a certificate.

The preparation of this report is a combined effort of the financial staff and administrative departments of the City. We wish to express our appreciation to all members of the City who assisted and contributed to the preparation of this report. In addition, we express our appreciation to the Mustang Chamber of Commerce and the management team who assisted in gathering the economic trend information for this report. In addition, our thanks to the Mayor and City Council for their continued support and leadership in strengthening the fiscal policies of the City of Mustang.

Respectfully Submitted,



Timothy Rooney
City Manager



Janet Watts
Finance Director

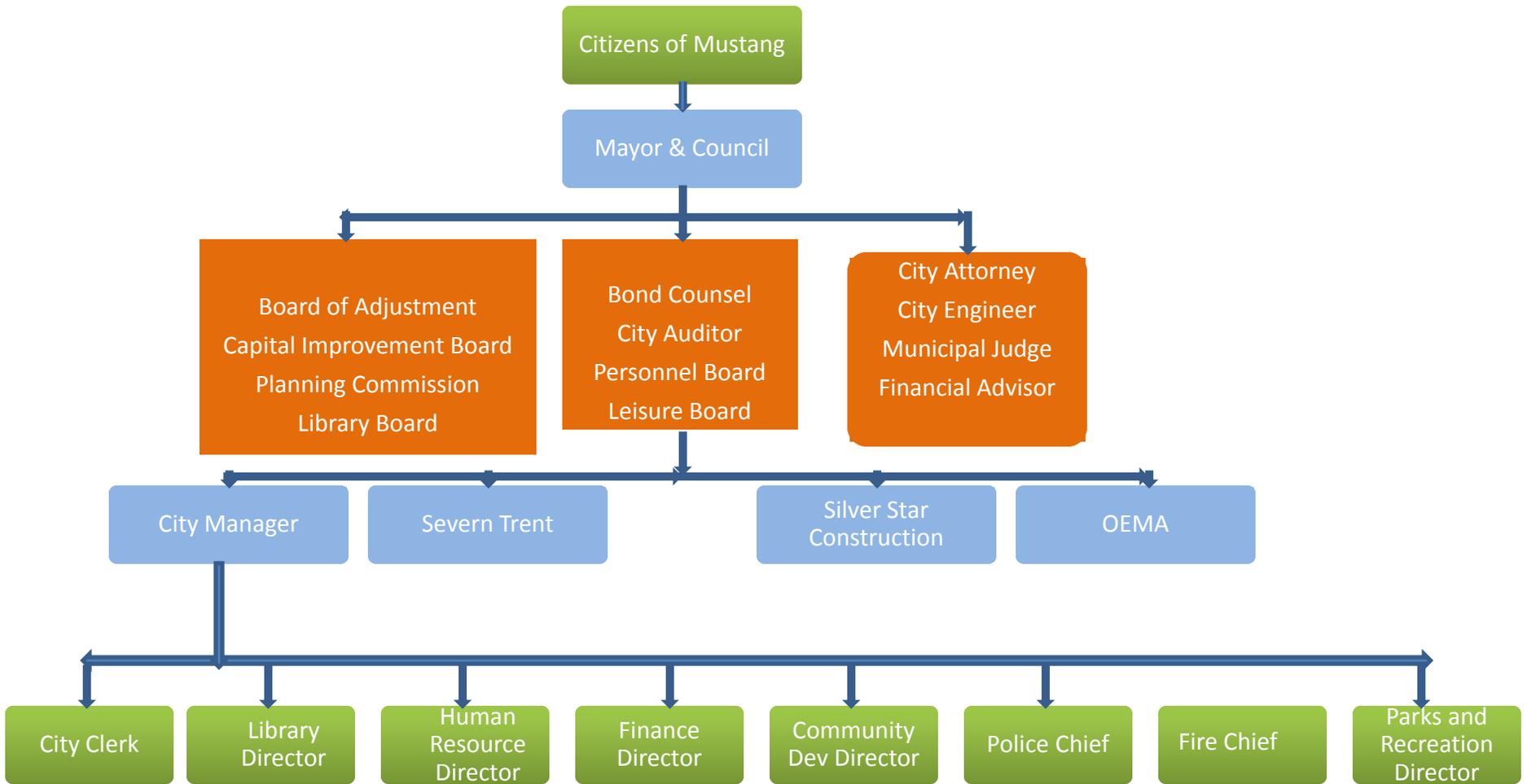
CITY OF MUSTANG, OKLAHOMA
LIST OF PRINCIPAL OFFICIALS
June 30, 2013

MAYOR AND CITY COUNCIL

Jay Adams	Mayor
Matthew Taylor	Councilmember Ward 1
Kathleen Moon Staples	Councilmember Ward 2
Linda Bowers	Councilmember Ward 3
Terry Jones	Councilmember Ward 4
Linda Hagan	Councilmember Ward 5
Don Mount	Councilmember Ward 6

ADMINISTRATION

Justin Battles	Interim City Manager
Lisa Martin	City Clerk
Laura Anderson	Human Resource Director
Desiree Webber	Library Director
Jean Heasley	Interim Parks/Recreation Director
Janet Watts	Finance Director
Robert Coleman	Community Development Director
Chuck Foley	Police Chief
Carl Hickman	Fire Chief





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Mustang
Oklahoma**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

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Financial Section

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Anne Marie Elfrink, MS, CPA

Member of the AICPA, OSCPA, GFOA

3119 E 87th Street
Tulsa, Oklahoma 74137

Anne.Elfrink@CPA.com

918-361-2133
Fax: 918-512-4280

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the City Council
City of Mustang, Oklahoma

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 entity'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 entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

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

Emphasis of Matter

As Discussed in Note 1 of the financial statements, in 2013 the City adopted several new accounting pronouncements issued by the Governmental Accounting Standards Board, including GASB Statements No. 63 and 65. My opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the pension plan and other post-employment benefits funding schedules, 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Mustang, Oklahoma's basic financial statements. The introductory section, other information, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The other information as listed in the Table of Contents is the responsibility of management and was 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 my opinion, the other information, including the schedule of expenditures of federal awards, is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated December 6, 2013, on my consideration of the City of Mustang, Oklahoma's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Mustang, Oklahoma's internal control over financial reporting and compliance.



Anne Marie Elfrink, MS, CPA
Tulsa, Oklahoma
December 6, 2013

Management of the City of Mustang provides this discussion and analysis of the City of Mustang's financial performance as an overview of the city's financial activities for the fiscal year ended June 30, 2013. We encourage readers to consider this information in conjunction with the *Letter of Transmittal* at the front of this report and the city's financial statements, which follow.

Financial Highlights

- Total net position of the city increased by \$2,291,875 or 5.5% from the prior year. This increase is largely due to utility revenues exceeding expenses.
- The city's governmental activities net position increased by \$447,459 or 1.4% due mainly to contributed revenue related to improvements to roadways by the Oklahoma Department of Transportation and increase in tax revenues.
- Net position of the business-type activities increased by \$1,844,416 or 18.6% due in large part to a utility rate increase. In the business-type activities, charges for services revenues and expenses experienced an 8.45% increase and 14.29% increase, respectively.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the city's basic financial statements. The city's basic financial statements include (or are comprised of) three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains additional required supplementary information (pension information and budgetary schedules) and other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the city's finances, in a manner similar to private-sector business. The statements are prepared using the accrual basis of accounting. These bases of accounting takes into account all of the current year's revenues and expenses regardless of when the cash is received or paid. The government-wide financial statements include the following:

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

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

Both of the government-wide financial statements distinguish functions of the city that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees or charges (business-type activities). The *governmental activities* of the city include administrative, culture and recreation, public safety, community development, and streets. The *business-type activities* of the city include three enterprise activities: the water system, the sanitary sewer system, and the sanitation system.

The government-wide financial statements include not only the city and the Mustang Improvement Authority (a blended component unit) which comprise the primary government, but also the Mustang Economic Development Authority (MEDA). *This discretely presented component unit* operates similar to private sector business, but has financial accountability to the city. The financial information for the component unit is reported separately from the financial information presented for the primary government. Complete financial statements of MEDA, including its MD&A, may be obtained from its Board of Trustees, 1501 N. Mustang Road, Mustang, OK 73064.

The government-wide financial statements can be found immediately following this discussion and analysis on pages 30-31 of this report.

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

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating governments' near-term financing requirements. This approach is known as using the flow of current financial resources measurement focus and the modified accrual basis of accounting.

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

The City maintains ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, which is considered to be a major fund. Data from the other nine governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report. The basic governmental fund financial statements can be found immediately following the government-wide statements on pages 32-35.

Proprietary funds. These funds are used to report activities that operate like those of commercial enterprises. Because these funds charge fees for services provided to outside customers, they are known as enterprise funds. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Like the government-wide financial statements, proprietary fund financial statements use the accrual basis of accounting. There is no reconciliation needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements. The city uses one enterprise fund to account for the operations of its water, sanitary sewer, and sanitation services. This fund is considered a major proprietary fund for presentation purposes. The basic proprietary funds financial statements can be found immediately following the governmental fund financial statements on pages 28-30.

Component Unit Financial Statements. As mentioned above, these are operations for which the city has financial accountability but they have certain independent qualities as well, and they operate similar to business-type activities. The government-wide financial statements present information for the component unit in a single column of the statement of net position and the statement of changes in net position.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the fund financial statements, beginning on page 31.

Required Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the city's pension plan and the general fund budget. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with these budgets. Required supplementary information can be found immediately following the notes to the financial statements beginning on page 53.

Other Supplementary Information. The combining statements referred to earlier and budgetary comparisons for general fund accounts and non-major governmental funds are presented following the required supplementary information beginning on page 63.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Net position is the difference between total assets plus total deferred outflows of resources less total liabilities and deferred inflows of resources and is an indicator of the current fiscal health of the City. For the year ended June 30, 2013, the City's combined net position increased by \$0.5 million. The following table provides a summary of the city's net position:

Summary of Net Position

(Table 1 - In millions)

	Governmental Activities		Business Type Activities		Total		Total % Change
	2013	2012	2013	2012	2013	2012	2012-2013
Current and other assets	\$11.3	\$11.4	\$8.6	\$8.1	\$19.9	\$19.5	2%
Capital assets	27.2	25.6	24.7	25.1	51.9	50.7	2%
Total assets	38.5	37	33.3	33.2	71.8	70.2	2%
Deferred outflows of resources	0	0	1.2	0	1.2	0	
Long-term debt outstanding	4.0	4.2	21.2	22.2	25.2	26.4	-5%
Other liabilities	2.4	1.1	1.5	0.4	3.9	1.5	160%
Total liabilities	6.4	5.3	22.7	22.6	29.1	27.9	4%
Net position							
Net investment in capital assets (see Note 3.G.)	26.3	25.4	15.6	12.9	30.0	25.3	19%
Restricted	2.6	5.2	3.3	3.3	5.9	8.3	-29%
Unrestricted	3.2	1.1	(7.1)	(5.6)	6.9	8.7	-21%
Total net position	\$32.1	\$31.7	\$11.8	\$10.6	\$42.8	\$42.3	1%

The above numbers reflect an increase of 1.4% for governmental activities net position and an increase of approximately 18.6% for business-type activities net position. The City's overall financial position improved during fiscal year 2013.

The City's governmental activities net position increased by \$447,459. The primary reason for the increase was due to donations of capital assets.

The net position of our business type activities increase by \$1,844,416 or 18.6%. The primary reason for the increase was due to operational revenues exceeding expenses and a rate increase.

The following table provides a summary of the City's changes in net position:

Summary of Changes in Net Position

Table 2 (In millions)

	Governmental Activities		% Inc. (Dec.)	Business Type Activities		% Inc. (Dec.)	Total		Total % Change
	2013	2012		2013	2012		2013	2012	2012-2013
<i>Revenues:</i>									
Program Revenues									
Charges for Services	\$1.5	\$1.3	15%	\$7.0	\$7.0	0%	\$8.5	\$8.3	2%
Operating Grants and contributions	0.5	0.6	-17%	0.7	-	-	1.2	0.6	100%
Capital Grants and contributions	0.8	0.1	700%	-	-	-	0.8	0.1	700%
General Revenues									
Sales and use taxes	8.7	8.1	7%	-	-	-	8.7	8.1	-
Property taxes	0.3	0.2	50%	-	-	-	0.3	0.2	-
Other taxes	1.0	0.7	43%	-	-	-	1.0	0.7	43%
Other	0.3	0.4	-25%	-	0.1	-100%	0.3	0.5	-40%
Total revenues	13.1	11.4	15%	7.7	7.1	8%	20.8	18.5	12%
<i>Expenses:</i>									
Administration	3.6	3.0	20%	-	-	-	3.6	3.0	20%
Culture and recreation	2.0	2.3	-13%	-	-	-	2.0	2.3	-13%
Community development	0.5	0.5	-	-	-	-	0.5	0.5	-
Public safety	5.2	4.8	8%	-	-	-	5.2	4.8	8%
Streets	0.8	0.7	14%	-	-	-	0.8	0.7	-
Water	-	-	-	1.9	2.3	-17%	1.9	2.3	-17%
Wastewater	-	-	-	1.7	1.2	42%	1.7	1.2	42%
Sanitation	-	-	-	1.9	1.0	90%	1.9	1.0	90%
Ambulance	-	-	-	0.2	0.2	-	0.2	0.2	-
Interest on gov. activities	0.1	-	-	0.7	0.9	-22%	0.8	0.9	-
Total expenses	12.2	11.3	8%	6.4	5.6	14%	18.6	16.9	10%
Increase in net position									
Before transfers	0.9	0.1	800%	1.3	1.5	-13%	2.2	1.6	37%
Transfers	(0.5)	0.4	-25%	0.5	(0.4)	-225%	-	-	-
Change in net position	\$0.4	\$0.5	775%	\$1.8	\$1.1	-238%	\$2.2	\$1.6	37%

The results of 2013 were shaped largely by the slight rebound in the local economy. Total net position increased by 5.5% or \$2,291,875. Significant changes were related to:

Governmental Activities (see Table 2):

- Capital grants and contributions showed an increase of 700% due to Federal Emergency Management Agency reimbursements for the May 2013 storms.
- Property taxes showed an increase of 50% due to the City issued \$3,600,000 of General Obligation bonds for the construction of a baseball facility and for expansion of the Library and Town Center banquet facility in fiscal year 2012. The bonds are repaid with property taxes.
- Other taxes showed an increase of 43%. The primary reason for the increase was due to increases alcohol, motor vehicle, and use taxes from prior year.
- The Administration and Public Safety expense increases, of 20% and 8%, respectively, were related to a 2.5% COLA adjustment to salaries, an animal control department transferred from private contractor to the City, and the purchase of city-wide desk top computers and police vehicles.

Business-type Activities:

- Other revenue showed a 100% decrease as OMAG reimbursement funds received in the prior year were not recurring revenues.
- Wastewater expense increased by 42% due to compliance costs related to DEQ mandates and repairs to a lift station.
- Sanitation expense increased 90% related to an increase in services offered to citizens, including curbside recycling; hazardous waste disposal and additional tree limb removal costs due to an ice storm which were non-reimbursable through FEMA.

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, Expenses, 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. Table 3 presents the cost of each of the City’s seven largest programs—police, economic development, fire, street, recreation, general government, and community development—as well as each program’s net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the City’s taxpayers by each of these functions.

Governmental Activities
Table 3
(In Thousands)

	Total Cost of Services		%	Net Cost of Services		%
	2013	2012		2013	2012	
Administration	\$3,592	\$3,036	18%	(\$3,442)	(\$3,036)	13%
Culture and Recreation	2,020	2,329	-13%	(1,194)	(1,402)	-15%
Community Development	512	441	16%	(225)	(265)	-15%
Public Safety	5,187	4,750	9%	(4,488)	(4,073)	10%
Streets and Drainage	824	731	13%	(32)	(580)	-94%
Interest on long-term debt	85	14	507%	(85)	(14)	507%
	<u>\$12,220</u>	<u>\$11,301</u>	8%	<u>(\$9,466)</u>	<u>(\$9,370)</u>	1%

Overall, the city’s governmental activities’ total costs increased 8% over last year and net costs increased by 1%. The explanations on the previous page account for the majority of increases in total costs of services as well as net costs of services in the governmental activities

Business-type Activities:

Overall, total cost of services for the city’s business-type activities increased 26% from last year. The explanations for the major components of the increases are noted on the previous page. The net revenues reported an increase which was mainly caused by the rate increase in all areas.

**Business-Type Activities
Table 4
(In Thousands)**

	Total Cost of Services		%	Net Cost of Services		%
	2013	2012		2013	2012	
Water	\$1,838	\$2,055	-11%	\$996	\$437	128%
Wastewater	1,654	1,124	47%	99	2,406	-96%
Solid Waste	1,921	947	103%	921	974	-5%
Ambulance	216	83	160%	10	33	-70%
Interest on governmental long-term debt	700	802	0%	(700)	(802)	-13%
	<u>\$6,329</u>	<u>\$5,011</u>	26%	<u>\$1,326</u>	<u>\$3,048</u>	-56%

The City’s Funds

The General Fund is the city’s primary operating fund and the source of day-to-day operations. The general fund is significantly reliant on sales tax revenues for operations. The fund balance decreased by \$285,780 from the prior year. This decrease is attributed a decline in a transfer from the MIA to assist with operations.

General Fund Budgetary Highlights

Over the course of the year, the City Council revised the general fund budget to supplement for grants, contributions, and unexpected expenditures. The revised budget was an increase of \$157,174. General Fund actual expenditures were below budget by \$1,721,863, due to departments being below estimates. Actual revenues were less than budgeted by \$488,020 because transfers in were less than anticipated.

Capital Asset and Debt Administration

At the end of June 30, 2013, the city had \$51.9 million invested in capital assets including police and fire equipment, buildings, park facilities, streets and drainage systems, and water and sewer infrastructure. Additions to capital assets included infrastructure donated by developers, radio interface/library server donated by the state, police/fire equipment and vehicles. Information on capital assets is located in Note 3.D.

**Capital Assets
Table 5
Net of Accumulated Depreciation
(In millions)**

	Governmental Activities		Business-type Activities		Totals		Total % Change
	2013	2012	2013	2012	2013	2012	
<i>Non-Depreciable Assets</i>							
Land	\$0.8	\$0.8	\$0.5	\$0.5	\$1.3	\$1.3	0%
Construction-in-progress	1.7	0.5	0.0	0.0	1.7	0.5	240%
<i>Depreciable Assets</i>							
Buildings	11.0	11.5	8.8	9.0	19.8	20.5	-3%
Improvements & Other	0.2	0.2	-	-	0.2	0.2	0%
Equipment	2.8	2.8	0.1	0.2	2.9	3.0	-3%
Infrastructure	<u>10.7</u>	<u>9.7</u>	<u>15.3</u>	<u>15.4</u>	<u>26.0</u>	<u>25.1</u>	4%
Totals	<u>\$27.2</u>	<u>\$25.5</u>	<u>\$24.7</u>	<u>\$25.1</u>	<u>\$51.9</u>	<u>\$50.6</u>	3%

Debt Administration

At year-end, the city had \$25,282,161 in outstanding notes, judgments, bonds and compensated absences. Additional debt information can be found in note 3.E.

These debts are further detailed below as follows

**Outstanding Debt
 Table 6
 (in millions)**

	Governmental Activities		Business-type Activities		Totals		Total % Change
	2013	2012	2013	2012	2013	2012	
General Obligation Bond	\$ 3.6	\$ 3.6	\$ -	\$ -	\$ 3.6	\$ 3.6	0%
Capital lease obligation	0.1	0.2	-	-	0.1	0.2	-50%
Notes Payable	-	-	9.0	3.7	9.0	3.7	143%
Revenue Bonds	-	-	12.2	19.1	12.2	19.1	-36%
Accrued Compensation	0.3	0.3	-	-	0.3	0.3	0%
Totals	\$4.0	\$4.1	\$21.2	\$22.8	\$25.2	\$26.9	-6%

Economic Factors and Next Year's Budget

The City of Mustang expects to see a small growth in the economy in the next fiscal year due to the opening of new restaurants and the construction of the St. Anthony's Healthplex. The city anticipates sales tax increase for the next fiscal year. Management will continue to strive for fiscal conservativeness while developing plans to expand the systems and operations needed to meet citizens' needs.

The fiscal year 2013-2014 government-wide budget of \$53.8 million is an increase of 3.7% over the prior year.

The Authority refinanced the 1998A/1998B revenue notes to lower interest financing which was a savings of \$43,604 a year in debt payments through 2018 or an aggregate amount of \$261,622.

The City issued \$3,600,000 Combined Purpose General Obligation Bonds, Series 2012, dated June 1, 2012 for the purpose of constructing and equipping a youth baseball complex located in Wild Horse Park (\$1,550,000) and to expand the Town Center Building (\$2,050,000). Projects are expected to be completed by December 2013.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Mustang's finances and to show the city's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Director, City of Mustang, 1501 N. Mustang Road, Mustang, OK 73064 or phone (405) 376-4521.

Respectfully submitted,

Janet Watts
 Finance Director

BASIC FINANCIAL STATEMENTS

The basic financial statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government-wide financial statements
- Fund Financial Statements:
 - ❑ Governmental Funds
 - ❑ Proprietary (enterprise) fund

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

City of Mustang, Oklahoma
Statement of Net Position
June 30, 2013

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Mustang Economic Development Authority
ASSETS:				
Current Assets:				
Cash and cash equivalents	\$ 4,813,333	\$ 1,919,199	\$ 6,732,532	\$ 3,128
Investments	1,221,989	1,221,272	2,443,261	-
Restricted - cash and cash equivalents	518,176	3,152,511	3,670,687	-
Restricted - investments	2,767,476	1,045,499	3,812,975	-
Interest receivable	1,012	-	1,012	-
Accounts receivable, net	117,369	833,607	950,976	-
Due from other governments	1,201,882	717,272	1,919,154	-
Internal balances	301,877	(301,877)	-	-
Other receivable	321,981	-	321,981	-
Inventory	28,272	39,943	68,215	-
Note receivable	-	-	-	168,370
Total current assets	<u>11,293,367</u>	<u>8,627,426</u>	<u>19,920,793</u>	<u>171,498</u>
Noncurrent Assets:				
Capital assets:				
Land and construction in progress	2,517,536	477,872	2,995,408	-
Depreciable buildings, property, and equipment, net	<u>24,672,051</u>	<u>24,205,155</u>	<u>48,877,206</u>	<u>-</u>
Total noncurrent assets	<u>27,189,587</u>	<u>24,683,027</u>	<u>51,872,614</u>	<u>-</u>
Total assets	<u>38,482,954</u>	<u>33,310,453</u>	<u>71,793,407</u>	<u>171,498</u>
DEFERRED OUTFLOWS OF RESOURCES:				
Unamortized loss on bond refunding	<u>-</u>	<u>1,158,930</u>	<u>1,158,930</u>	<u>-</u>
LIABILITIES:				
Current Liabilities:				
Accounts payable	1,474,962	1,017,464	2,492,426	-
Accrued interest payable	9,447	140,361	149,808	-
Accrued liabilities	124,780	-	124,780	-
Deferred revenue	133,000	-	133,000	-
Claims payable	276,740	-	276,740	-
Amounts held in escrow	59,885	314,820	374,705	-
Current portion of long-term obligations	<u>379,822</u>	<u>2,365,730</u>	<u>2,745,552</u>	<u>168,370</u>
Total current liabilities	<u>2,458,636</u>	<u>3,838,375</u>	<u>6,297,011</u>	<u>168,370</u>
Noncurrent liabilities:				
Other post employment benefit obligation	259,801	-	259,801	-
Noncurrent portion of long-term obligations	<u>3,661,653</u>	<u>18,874,956</u>	<u>22,536,609</u>	<u>-</u>
Total non-current liabilities	<u>3,921,454</u>	<u>18,874,956</u>	<u>22,796,410</u>	<u>-</u>
Total liabilities	<u>6,380,090</u>	<u>22,713,331</u>	<u>29,093,421</u>	<u>168,370</u>
NET POSITION:				
Net investment in capital assets (see note 3.G concerning total column)	26,279,118	15,630,699	29,994,817	-
Restricted by:				
Enabling legislation	261,460	-	261,460	-
External contracts	2,280,681	3,311,965	5,592,646	-
Unrestricted (see note 3.G)	3,281,605	(7,186,612)	8,009,993	3,128
Total net position	<u>\$32,102,864</u>	<u>\$11,756,052</u>	<u>\$43,858,916</u>	<u>\$3,128</u>

See accompanying notes to the basic financial statements.

City of Mustang, Oklahoma
Statement of Activities
For the fiscal year ended June 30, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit MEDA
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-Type Activities		
Primary Government:								
Administration	\$ 3,592,161	\$ 150,405	\$ -	\$ -	\$ (3,441,756)	-	(\$3,441,756)	-
Culture and recreation	2,019,889	797,628	9,014	18,737	(1,194,510)	-	(1,194,510)	-
Community development	511,587	287,057	-	-	(224,530)	-	(224,530)	-
Public safety	5,186,403	218,173	472,591	7,576	(4,488,063)	-	(4,488,063)	-
Streets and drainage	824,189	-	-	792,275	(31,914)	-	(31,914)	-
Interest on long-term debt	85,411	-	-	-	(85,411)	-	(85,411)	-
Total governmental activities	<u>12,219,640</u>	<u>1,453,263</u>	<u>481,605</u>	<u>818,588</u>	<u>(9,466,184)</u>	<u>-</u>	<u>(9,466,184)</u>	<u>-</u>
Business-type activities:								
Water operations	1,838,026	2,834,077	-	-	-	\$996,051	996,051	-
Wastewater operations	1,654,182	1,753,930	-	-	-	99,748	99,748	-
Solid waste operations	1,920,541	2,153,134	688,267	-	-	920,860	920,860	-
Ambulance assessments	215,912	225,964	-	-	-	10,052	10,052	-
General government	700,458	-	-	-	-	(700,458)	(700,458)	-
Total business-type activities	<u>6,329,119</u>	<u>6,967,105</u>	<u>688,267</u>	<u>-</u>	<u>-</u>	<u>1,326,253</u>	<u>1,326,253</u>	<u>-</u>
Total primary government	<u>\$18,548,759</u>	<u>\$8,420,368</u>	<u>\$1,169,872</u>	<u>\$818,588</u>	<u>(9,466,184)</u>	<u>1,326,253</u>	<u>(8,139,931)</u>	
Component Units:								
Economic development	\$1,240	\$1,190	-	-				(\$50)
Total component units	<u>\$1,240</u>	<u>\$1,190</u>	<u>-</u>	<u>-</u>				<u>(\$50)</u>
General revenues:								
Taxes:								
Sales and use taxes					8,671,987	-	8,671,987	-
Franchise and public service taxes					685,722	-	685,722	-
Advalorem taxes					327,387	-	327,387	-
Intergovernmental revenue not restricted to specific programs					347,533	-	347,533	-
Investment income					40,782	20,909	61,691	7
Miscellaneous					317,534	113,742	431,276	-
Debt issuance costs					-	(93,790)	(93,790)	-
Transfers - Internal activity					(477,302)	477,302	-	-
Total general revenues and transfers					<u>9,913,643</u>	<u>518,163</u>	<u>10,431,806</u>	<u>7</u>
Change in net position					447,459	1,844,416	2,291,875	(43)
Net position - beginning*					31,655,405	9,911,636	41,567,041	3,171
Net position - ending					<u>\$32,102,864</u>	<u>\$11,756,052</u>	<u>\$43,858,916</u>	<u>\$3,128</u>

* Restated due to change in accounting principle - implementation of GASB 65

See accompanying notes to the basic financial statements

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

	General	2012 GO Bond Project - Ballfields	2012 GO Bond Project - Town Center	Other Governmental Funds	Total Governmental Funds
ASSETS:					
Cash and cash equivalents	\$ 1,831,394	\$ 518,176	\$ -	\$ 2,769,326	\$ 5,118,896
Investments	306,632	1,007,564	1,759,912	613,664	3,687,772
Receivables:					
Accrued interest receivable	1,012	-	-	-	1,012
Due from other funds	426,885	-	-	106,154	533,039
Due from other governments	1,191,002	-	-	10,880	1,201,882
Court fines receivable, net of allowance of \$217,970	117,369	-	-	-	117,369
Other receivables	321,814	-	-	167	321,981
Inventory	28,272	-	-	-	28,272
Total assets	<u>\$ 4,224,380</u>	<u>\$ 1,525,740</u>	<u>\$ 1,759,912</u>	<u>\$ 3,500,191</u>	<u>\$ 11,010,223</u>
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts payable	\$ 687,253	\$ 619,605	\$ 138,130	\$ 29,973	\$ 1,474,961
Accrued liabilities	124,730	-	-	-	124,730
Due to other funds	4,277	-	226,885	-	231,162
Deferred revenue	176,695	-	-	143,762	320,457
Amounts held in escrow	59,885	-	-	-	59,885
Total liabilities	<u>1,052,840</u>	<u>619,605</u>	<u>365,015</u>	<u>173,735</u>	<u>2,211,195</u>
Fund Balances:					
Nonspendable	28,272	-	-	-	28,272
Restricted	-	896,789	1,383,892	261,460	2,542,141
Unrestricted:					
Committed	21,090	9,346	11,005	3,064,996	3,106,437
Assigned	553,685	-	-	-	553,685
Unassigned	2,568,493	-	-	-	2,568,493
Total fund balances	<u>3,171,540</u>	<u>906,135</u>	<u>1,394,897</u>	<u>3,326,456</u>	<u>8,799,028</u>
Total liabilities and fund balances	<u>\$ 4,224,380</u>	<u>\$ 1,525,740</u>	<u>\$ 1,759,912</u>	<u>\$ 3,500,191</u>	<u>\$ 11,010,223</u>

See accompanying notes to the basic financial statements.

City of Mustang, Oklahoma
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2013

Fund balances of governmental funds **\$8,799,028**

Amounts reported for governmental activities in the Statement of Net Assets 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 39,201,711 27,189,587

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

Court fines receivable	57,368
Ad valorm taxes receivable	10,762
Insurance recovery receivables	119,327

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. 237,515

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	(3,600,000)
Capital lease payable	(145,493)
Other post employment benefit obligation	(259,801)
Accrued interest payable	(9,447)
Accrued compensated absences	(295,982)

Net position of governmental activities **\$32,102,864**

See accompanying notes to the basic financial statements

City of Mustang, Oklahoma
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the fiscal year ended June 30, 2013

	General	2012 GO Bond Project - Ballfields	2012 GO Bond Project - Town Center	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 9,357,709	\$ -	\$ -	\$ 325,702	\$ 9,683,411
Intergovernmental	855,451	-	-	70,698	926,149
Licenses and permits	278,957	-	-	8,100	287,057
Charges for services	772,081	-	-	-	772,081
Fines and forfeitures	311,390	-	-	-	311,390
Investment income	9,094	9,034	10,694	8,809	37,631
Miscellaneous	264,337	-	-	167	264,504
Total Revenues	11,849,019	9,034	10,694	413,476	12,282,223
Expenditures:					
Current:					
Administration	2,961,164	-	-	-	2,961,164
Culture and recreation	1,715,981	-	-	37,197	1,753,178
Community development	487,596	-	-	2,481	490,077
Public safety	4,678,946	-	-	38,098	4,717,044
Streets and drainage	194,473	-	-	153,065	347,538
Capital outlay	237,328	629,560	634,929	980,535	2,482,352
Debt service:					
Principal retirement	120,893	-	-	53,159	174,052
Interest and fiscal charges	-	-	-	77,752	77,752
Total Expenditures	10,396,381	629,560	634,929	1,342,287	13,003,157
Excess (deficiency) of revenues over expenditures	1,452,638	(620,526)	(624,235)	(928,811)	(720,934)
Other Financing Sources (Uses):					
Transfers in	7,096,156	-	-	1,226,577	8,322,733
Transfers out	(8,834,574)	-	-	-	(8,834,574)
Capital lease proceeds	-	-	-	150,962	150,962
Total Other Financing Sources (Uses)	(1,738,418)	-	-	1,377,539	(360,879)
Net change in fund balances	(285,780)	(620,526)	(624,235)	448,728	(1,081,813)
Fund balances - beginning	3,457,320	1,526,661	2,019,132	2,877,728	9,880,841
Fund balances - ending	\$ 3,171,540	\$ 906,135	\$ 1,394,897	\$ 3,326,456	\$ 8,799,028

See accompanying notes to the basic financial statements

City of Mustang, Oklahoma
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the fiscal year ended June 30, 2013

Net change in fund balances - total governmental funds (\$1,081,813)

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	2,485,353
Depreciation expense	(1,522,420)
	962,933

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

Donated capital assets	721,577
Transfer of lease liability to the Mustang Improvement Authority	34,536
Deferred revenue	53,340
	809,453

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:

Principal payments on long term debt	139,516
Debt proceeds	(150,962)
	(11,446)

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 governmental funds:

Accrued interest payable	652
Accrued compensated absences	(43,190)
Other post employment benefit obligation	(49,730)
Loss on asset dispositions	(71,371)
	(163,639)

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

Total change in net position for internal service funds	(68,029)
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Change in net position of governmental activities	\$447,459
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See accompanying notes to the basic financial statements

City of Mustang, Oklahoma
Statement of Net Position
Proprietary Funds
June 30, 2013

	MIA	Governmental
	Enterprise Fund	Activities -
		Internal
		Service Fund
ASSETS:		
Current Assets:		
Cash and cash equivalents	\$ 1,919,199	\$ 212,613
Restricted cash and cash equivalents	3,152,511	-
Investments	1,221,272	301,692
Restricted investments	1,045,499	-
Interest receivable	-	-
Accounts receivable, net	833,607	-
Due from other funds	4,277	-
Due from other governments	717,272	-
Inventory	39,943	-
Total current assets	8,933,580	514,305
Noncurrent Assets:		
Land and construction in progress	477,872	-
Other capital assets, net	24,205,155	-
Total noncurrent assets	24,683,027	-
Total assets	33,616,607	514,305
DEFERRED OUTFLOWS OF RESOURCES:		
Unamortized loss on bond refunding	1,158,930	-
	1,158,930	-
LIABILITIES:		
Current Liabilities:		
Accounts payable	1,017,464	-
Claims payable	-	276,790
Due to other funds	306,154	-
Accrued interest payable	140,361	-
Refundable deposits	30,325	-
Leases payable	16,805	-
Notes payable	1,253,925	-
Revenue bonds payable	1,095,000	-
Total current liabilities	3,860,034	276,790
Noncurrent liabilities:		
Deposits subject to refund	284,495	-
Notes payable	7,798,404	-
Revenue bonds payable, net	11,076,552	-
Total noncurrent liabilities	19,159,451	-
Total liabilities	23,019,485	276,790
NET POSITION:		
Invested in capital assets, net of related debt (note 3.G)	15,630,699	-
Restricted for:		
Debt service	3,311,965	-
Unrestricted	(7,186,612)	237,515
Total net position	\$ 11,756,052	\$ 237,515

See accompanying notes to the basic financial statements

City of Mustang, Oklahoma
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the fiscal year ended June 30, 2013

	<u>MIA</u>	<u>Governmental</u>
	<u>Enterprise Fund</u>	<u>Activites -</u>
		<u>Internal</u>
		<u>Service Fund</u>
Operating Revenues:		
Charges for services:		
Water charges	\$2,728,597	-
Sewer charges	1,593,993	-
Installations and connections	82,835	-
Penalties	122,599	-
Sanitation charges	2,115,117	-
Ambulance assessment	225,964	-
Sewer impact fees	98,000	-
Workers compensation fees	-	\$150,405
Other	113,742	2,079
Total operating revenues	<u>7,080,847</u>	<u>152,484</u>
Operating Expenses:		
Cost of goods sold	564,201	-
Operations and maintenance	3,856,119	44,649
Claims expense	-	179,015
Depreciation	961,874	-
Total operating expenses	<u>5,382,194</u>	<u>223,664</u>
Operating income (loss)	1,698,653	(71,180)
Non-Operating Revenues (Expenses):		
Investment income	20,909	3,151
Grant revenue	688,267	-
Debt issuance costs	(93,790)	-
Interest expense and fiscal charges	(946,925)	-
Total non-operating revenues (expenses)	<u>(331,539)</u>	<u>3,151</u>
Net income (loss) before contributions and transfers	1,367,114	(68,029)
Transfers in	8,343,520	-
Transfers out	<u>(7,866,218)</u>	<u>-</u>
Change in net position	1,844,416	(68,029)
Net position - beginning *	9,911,636	305,544
Net position - ending	<u>\$11,756,052</u>	<u>\$237,515</u>

*Restated for change in accounting principle - implementation of GASB 65

See accompanying notes to the basic financial statements

City of Mustang, Oklahoma
Statement Cash Flows
Proprietary Funds
For the fiscal year ended June 30, 2013

	MIA	Governmental
	Enterprise Fund	Activities - Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 7,253,483	\$ 152,484
Payments to suppliers	(3,646,702)	-
Payments to claimants	-	(161,520)
Receipts of customer meter deposits	58,465	-
Customer meter deposits refunded or applied	(50,705)	-
Payments for interfund services used	(2,813)	-
Net Cash Provided by (Used in) Operating Activities	<u>3,611,728</u>	<u>(9,036)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers from other funds	8,343,520	-
Transfers to other funds	(7,525,527)	-
Principal paid on non-capital debt	(1,055,000)	-
Interest and fiscal agent fees paid on non-capital debt	(606,490)	-
Net Cash Provided by (Used in) Noncapital and Related Financing Activities	<u>(843,497)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets	(552,908)	-
Proceeds from issuance of capital debt	5,525,000	-
Debt issuance cost	(93,790)	-
Principal paid on capital debt	(6,330,196)	-
Interest and fiscal agent fees paid on capital debt	(397,751)	-
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(1,849,645)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	200,000	-
Purchase of investments	(20,272)	(2,762)
Interest and dividends	20,909	3,151
Net Cash Provided by (Used in) Investing Activities	<u>200,637</u>	<u>389</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,119,223	(8,647)
Balances - beginning of the year	<u>3,952,487</u>	<u>221,260</u>
Balances - end of the year	<u>\$ 5,071,710</u>	<u>\$ 212,613</u>
Reconciliation to the Statement of Net Position:		
Cash and cash equivalents	\$ 1,919,199	\$ 212,613
Restricted cash and cash equivalents	3,152,511	-
Total cash and cash equivalents	<u>\$ 5,071,710</u>	<u>\$ 212,613</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ 1,698,653	\$ (71,180)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	961,874	-
Grant revenues	688,267	-
Change in assets and liabilities:		
Receivables, net	171,580	-
Due from other governments	(709,130)	-
Other receivables	21,919	-
Inventory	(15,146)	-
Accounts payable	788,764	62,144
Customer meter deposits payable	7,760	-
Due from/to other funds - operating	(2,813)	-
Net Cash Provided by (Used in) Operating Activities	<u>\$ 3,611,728</u>	<u>\$ (9,036)</u>

See accompanying notes to the basic financial statements

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City's accounting and financial reporting policies conform to accounting principles generally accepted in the United States of America (GAAP). Generally Accepted Accounting Principles (GAAP) includes all relevant Governmental Accounting Standards Board (GASB) pronouncements.

The accounting and reporting framework and the more significant account principles and practices of Mustang are discussed in subsequent sections of this Note.

1.A. FINANCIAL REPORTING ENTITY

The city's financial reporting entity is comprised of the following:

Primary Government:	City of Mustang
Component Units:	Mustang Improvement Authority
	Mustang Economic Development Authority
	Mustang Special Project Authority, inactive

In determining the financial reporting entity, the city 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 of which the city is fiscally accountable.

Each of these component units is a Public Trust established pursuant to Title 60 of Oklahoma State Statutes. 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 that are acquired or constructed with Authority debt or other Authority generated resources. In addition, the city has leased certain existing assets at the creation of the Authorities to the Trustees on a long-term basis. The city, as beneficiary of the Public Trusts, receives title to any residual assets when a Public Trust is dissolved.

BLENDED COMPONENT UNITS

Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same or substantially the same as the City Council or the component unit provides services entirely to the city. These component units' funds are blended into those of the city's by appropriate fund category to comprise the primary government presentation.

The component units that are blended into the primary governments' fund categories are presented below:

Mustang Improvement Authority - Created June 4, 1963, to finance, develop and operate the water, sewer, and solid waste activities. The current City Council serves as entire governing body (Trustees). Any issuances of debt would require a two-thirds approval of the City Council. The MIA is reported as an enterprise fund within the primary government presentation.

Mustang Special Project Authority - Created July 7, 1998 to provide funds for the furthering and authorized or proper functions of the municipality, including but not limited to the furnishing and supplying of economic development services and facilities. The current City Council serves as entire governing body. Any issuance of debt would require a two-thirds approval of the City Council. The trust is currently inactive.

DISCRETELY PRESENTED COMPONENT UNITS

Discretely presented component units are separate legal entities that meet the component unit criteria described above but do not meet the criteria for blending. The component unit that is discretely presented in the city's report is presented below:

Mustang Economic Development Authority (MEDA) was created February 23, 1982, to promote and encourage

development of industry and commerce and other related activities on behalf of the city. Trustees are appointed by the City Council and may be removed at will by the City Council. The city assumes no responsibility for the Authority's day-to-day operations and the Authority's Trustees are responsible for management contracts. In addition, the city has no obligation for the debt of the Authority.

Complete financial statements of the discretely presented component unit can be obtained by contacting the Administrative office of the Mustang Economic Development Authority, 1501 N. Mustang Road, Mustang, Oklahoma 73064.

1.B. BASIS OF PRESENTATION

Government-Wide Financial Statements:

The statement of net position and statement of activities display information about the city as a whole. They include all financial activities of the reporting entity. Eliminations have been made to minimize the double reporting of transactions involving internal activities. Individual funds are not displayed in these statements. Instead, the statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities presents a comparison between the expenses and program revenues directly associated with the different governmental functions and business-type activities to arrive at the net revenue or expense of the function or activity prior to the use of taxes and other general revenues. Program revenues include (1) fees, fines, and services charges generated by the program or activity, (2) operating grants and contributions that are restricted to meeting the operational requirements of the program or activity, and (3) capital grants and contributions that are restricted to meeting the capital requirements of the program or activity and include assets donated by developers. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Separate financial statements are presented for the two major fund categories: governmental and proprietary. The city presently has no fiduciary funds. An emphasis of the fund financial statements is placed on major governmental and enterprise funds. A fund is considered major if it is the primary operating fund of the city or meets the following criteria:

1. Total assets, liabilities, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
2. Total assets, liabilities, revenues or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.
3. A fund not meeting the criteria of (a) and (b), however management has elected to report the fund as a major fund due to its significance to users of the financial statements.

FUND TYPES AND MAJOR FUNDS:

All remaining governmental and enterprise funds not meeting the above criteria are aggregated and reported as nonmajor funds. The funds of the financial reporting entity are described below:

GOVERNMENTAL FUNDS

General Fund

The General Fund is the primary operating fund of the city and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds. The following internal activity accounts are combined with the general fund for report purposes only: Health Reimbursement Account, General Reserve Account, and Library Account.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specified revenue sources that are restricted or committed to expenditures for specified purposes other than capital projects or debt service. The reporting entity includes the following special revenue funds: Police Traffic Enforcement, Park Improvement, and the Street Improvement Fund. None are considered major funds.

Debt Service Fund

The City Debt Service Fund is used to account for ad-valorem taxes levied by the city for use in retiring general obligation bonds, court-assessed judgments, and their related interest and fiscal agent fees. In State law, this fund is referred to as the Sinking Fund. This fund is not considered a major fund.

Capital Project Funds

Capital Project Funds are used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlay, including the acquisition or construction of capital facilities or other capital assets. The reporting entity includes three capital project funds, the city Capital Improvement Fund, the 2012 General Obligation Bond Project – Ball Field Fund and the 2012 General Obligation Bond Project – Town Center Fund. The two 2012 General Obligation Bond Project Funds are considered major.

PROPRIETARY FUND TYPES

Proprietary funds include both 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 and charged to other funds or entities within the reporting entity. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes the Mustang Improvement Authority enterprise fund. This fund accounts for activities of the public trust in providing water, wastewater, and sanitation to the public and is considered a major fund. The reporting entity includes one internal service fund, the Worker's Compensation Fund, used to account for self-insured worker's compensation claims.

COMPONENT UNIT

The discretely presented component unit is a separate legal entity whose governing body (in majority) is appointed by the Mayor or City Council, but whose governing body is not substantially the same as the City Council nor is it an entity established to provide services primarily to the primary government. Since this component unit is not as closely associated with the city as is a blended component unit, it is reported in a discretely presented column on the government-wide financial statements labeled "Component Units." The reporting entity includes the Mustang Economic Development Authority, a discretely presented component unit.

1.C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe *how* transactions are recorded within the financial statements. Basis of accounting refers to *when* transactions are recorded regardless of the measurement focus applied.

The government-wide financial statements and the proprietary fund statements report using the *economic resources* measurement focus and the accrual basis of accounting. The accounting objectives of this measurement focus are the determination of operating income, changes in Net Position (or cost recovery), financial position and cash flows. All assets and liabilities (whether current or noncurrent, financial or nonfinancial) associated with their activities are reported. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements report using the "*current financial resources*" measurement focus and the modified accrual basis of accounting. Under the current financial resources focus, only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of

available spendable financial resources at the end of the period. Under the modified accrual basis of accounting, revenues are recognized when “measurable and available”. Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The city considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Sales and use taxes, franchise taxes, hotel/motel taxes, court fines and interest are considered susceptible to accrual. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are recorded when due.

1.D. ASSETS, LIABILITIES AND NET POSITION OR EQUITY

Cash and Cash Equivalents

Cash and cash equivalents includes all demand, savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less. Revenue bond account investments in money market accounts are also considered cash equivalents and carried at cost.

Investments

Investments consist of non-negotiable certificates of deposit whose original maturity term exceeds three months and investments in U.S. Government Securities. All non-negotiable certificates of deposit are carried at cost. Investments in U.S. Government Securities are carried at fair value. The city places no limit on the amount it may invest in any one issuer. The city has not adopted a formal deposit and investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates other than restrictions set forth in state statutes.

Receivables

Material receivable in the governmental fund types and the governmental activities include revenue accruals such as sales tax, franchise tax, and grants and other similar intergovernmental revenues since they are usually both measurable and available. These are reported as *Due From Other Governments*. Non-exchange transactions collectible but not available are deferred in the fund financial statements. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

Business-type activities and the proprietary type fund consist of revenues earned at year-end and not yet received. Billed and unbilled utility accounts receivable comprise the majority of these receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

Component unit notes receivable of the Mustang Economic Development Authority consist of loans for industrial development, see also Note 3.E. for related information on the long-term debt.

Inventories

The city operates concession stands at the various ball complexes owned by the city and maintains a materials inventory related to the water and sewer facilities. At June 30, 2013, the unconsumed concession supplies and materials are recorded as inventory on the first-in, first-out basis.

Capital Assets and Depreciation

The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and similar discretely presented component unit operations and whether they are reported in the government-wide or fund financial statements

In the government-wide financial statements and the proprietary fund type, property, plant and equipment are accounted for as capital assets. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets that are recorded at their estimated fair value at the date of donation. Estimated historical cost was used to value the majority of the assets acquired prior to June 30, 1991. The governmental fund infrastructure assets consisting of streets and drainage systems were capitalized for the first time for the year ended June 30, 2003. The city capitalizes all capital purchases of \$1,000 or more.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with

accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets estimated useful lives using the straight-line method of depreciation. The ranges of estimated useful lives by type of asset are as follows:

- Buildings 20-50 years
- Other Improvements 20-50 years
- Machinery and Equipment 3-25 years
- Utility System 25-50 years
- Infrastructure 25-45 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Restricted Assets

Restricted assets reported in the fund financial statements include current assets of the governmental and enterprise funds that are legally restricted as to their use. The primary restricted assets are related to revenue bond trustee accounts restricted for debt service and deposits held for refund.

Long-Term Debt

Accounting treatment of long-term debt varies depending upon the source of repayment and whether the debt is reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental resources and business-type and similar discretely presented component unit resources are reported as liabilities as incurred. The long-term debt consists primarily of accrued compensated absences, general obligation bonds payable, judgment funding bonds payable, and revenue bonds payable. This long-term debt is reported net of unamortized premiums, and discounts, if any.

Long-term debt of governmental funds is 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.

Compensated Absences

The city's policy regarding vacation and compensatory time permits employees to accumulate varying amounts as determined by management and contracts with employee groups. Sick leave may be sold back at various rates accordingly to non-union and union employees.

The liability for these compensated absences is recorded as long-term debt in the government-wide statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absences that have matured, however, the compensated absences obligation is reported as a fund balance reserve in compliance with the State Constitution. The General Fund is used to liquidate compensated absences. The proprietary fund has no accrued compensated absences due to the transfer of all employees and related costs to a third-party contractor for utility operations.

Equity Classifications

Government-Wide Financial Statements:

Equity is classified as Net Position and displayed in three components:

1. Invested in capital assets, net of related debt - 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 improvement of those assets.
2. 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 or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
3. Unrestricted Net Position - All other Net Position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

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 positions are available.

Fund Financial Statements:

Governmental fund equity is classified as fund balance. Since the City implemented GASB Statement 54, 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 – included 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.
- 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 per section 2-4 of the city's municipal code. Assignments for transfers and interest income for 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 unassigned fund balance when an expense is incurred for purposes for which both restricted and unrestricted fund balance are available. The City's policy for the use of fund balance amounts require that restricted amounts would be reduced first, followed by committed amounts and then assigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

1.E. REVENUES, EXPENDITURES AND EXPENSES

Sales Tax

The City levies a four-cent sales tax on taxable sales within the city. The sales tax is collected by the Oklahoma Tax Commission and remitted to the City in the month following receipt by the Tax Commission. The entire sales tax is recorded as revenue within the General Fund. Upon receipt, the General Fund distributes the dedicated portion of the sales tax as follows:

- Three cents transferred to the Mustang Improvement Authority as required by revenue bond indenture, with two cents transferred back to the general fund for operations. Any portion of the one cent retained by the MIA not used for debt payments is restricted for capital purchase and is transferred to the Capital Improvement Fund.
- One cent transferred to the Mustang Improvement Authority for the payment of debt on the 1999 and 2006 Revenue Bond per a vote of the citizens.
- Sales tax resulting from sales occurring prior to year end and received by the City after year end have been accrued and is included under the caption *Due From Other Governments* because they represent taxes on sales occurring during the reporting period.

Property Tax

Under State statutes, municipalities are limited in their ability to levy a property tax. Such tax may only be levied to repay principal and interest on general obligation bonded debt approved by voters and any court-assessed judgments. For the year ended June 30, 2013, the City levied a property tax to fund the annual debt service requirements of the 2012 General Obligation Bonds.

The property tax levy, as determined by the City's debt service needs, is submitted to the County Excise Board for approval. County assessors, elected officials, determine the taxable value of real estate and personal property in the County. A State Board of Equalization hears complaints on real estate values with the power to equalize

assessments. Under present State law, the ratio of assessed value to true value cannot be less than 11 percent nor more than 13 ½ percent.

Property taxes levied by the City are billed and collected by the County Treasurer's Office and remitted to the City in the month following collection. Property taxes are levied normally in October and are due in equal installments on December 31 and March 31. Property taxes unpaid for the fiscal year are attached by an enforceable lien on property in the following October. For the year ended June 30, 2013, the City's net assessed valuation of taxable property was \$112,921,191. The taxes levied by the City per \$1,000 of net assessed valuation for the year ended June 30, 2013 was \$2.91.

Pledge of Future Revenues

The city has pledged one cent (or 25%) of future sales tax revenues to repay \$16,685,000 of Series 2006 Revenue Bonds. The sales tax is legally restricted by a vote of the citizens and cannot be spent on any other items. Proceeds from the notes provided financing for governmental capital assets. The bonds are payable from pledged sales tax revenues and are payable through 2022. The total principal and interest payable for the remainder of the life of these bonds is \$14,770,650. Pledged sales taxes received in the current year were \$2,122,990. Debt service payments of \$1,660,241 for the current fiscal year were 78% of the pledged sales taxes. Taxes collected in excess of the debt service payments are set aside for the early retirement of debt as serial bonds become due.

The city had also pledged future net water and sewer revenues and one cent of sales tax to repay \$14,690,000 of the 1998 Revenue Bonds Payable. Proceeds from the bonds provided financing for utility system capital assets. The bonds were defeased in April 2013, funded by the issuance of a refunding private placement note, with the pledged revenues assumed by the note holder. The total principal and interest payable for the remainder of the life of this note is \$5,859,499. The note is payable from the above-mentioned utility net revenues and one cent of sales tax, if utility revenues will not cover the debt. No payments were due on this note this year. The debt service payments on the 1998 Revenue Bonds prior to refunding this year were \$729,608 which was 6.7% of pledged net utility and sales tax revenues of \$10,772,382.

The city has also pledged future net water and sewer revenues to repay \$6,590,000 of the 2009 OWRB Note Payable. Proceeds from the note provided financing for upgrades to the wastewater treatment plant. The note is payable through 2029. The total principal and interest payable for the remainder of the life of this note is \$4,475,692. The bond is payable from the above-mentioned utility net revenues. Debt service payments of \$298,156 for the current fiscal year were 2.8% of pledged revenues.

The city has pledged future ad valorem taxes to repay \$3,600,000 of the 2012 General Obligation Bonds. Proceeds from the bonds will provide financing for the construction of a baseball complex and the expansion of the library and community center. The bonds are payable thru 2027. Levying of an ad valorem tax requires a vote of the citizens. Ad valorem revenue can only be collected to pay principal and interest on general obligation bonds or court assessed judgments. The total principal and interest payable for the remainder of the life of this bond is \$4,168,388. Pledged ad valorem taxes received in the current year were \$352,702. Debt service payments of \$77,753 for the current fiscal year were 22% of the pledged ad valorem taxes. In order to levy enough tax to make debt payments as scheduled, the city must collect debt service in advance for payments due in October.

Deferred Outflows of Resources

Deferred outflows are the consumption of net position by the City that are applicable to a future reporting period. At June 30, 2013, the City's deferred outflow of resources were comprised of deferred charges related to debt refunding activity.

Deferred Inflows of Resources

Deferred inflows are the acquisition of net position by the City that are applicable to a future reporting period. At June 30, 2013, the City had no deferred inflow of resources.

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.F. 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.

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.

Government-Wide Financial Statements:

Interfund activity related to services provided and used is not eliminated in the process of consolidating the government-wide financial statements. All other interfund activity and balances, 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 receivables 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 as interfund transfers in the fund financial statements 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 (the City and MIA) and the discretely presented component units (the MEDA) are reported as if they were external transactions and are classified separately from internal balances and activities within the primary government.

1.G. 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.

1.H. NEW ACCOUNTING PRONOUNCEMENTS ADOPTED IN FISCAL YEAR 2013

The City adopted several new accounting pronouncements during the year ended June 30, 2013 as follows:

Statement No. 60, Accounting and Financial Reporting for Service Concession Arrangements – GASB Statement No. 60 addresses issues related to service concession arrangements (“SCA’s”), which are a type of public-private or public-public partnership. This statement applies only to those arrangements in which specific criteria determining whether a transferor has control over the facility are met. The City will only be required to adopt the provisions of GASB Statement No. 60 if it enters into an SCA, and it currently has not entered into any such arrangements.

Statement No. 61, The Financial Reporting Entity: Omnibus – An Amendment of GASB Statements No. 14 and No. 34 – GASB Statement No. 61 modifies certain requirements for inclusion of component units in the financial reporting entity and also amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances. The adoption of GASB No. 61 did not impact the City’s fund balances, changes in fund balances, financial position, changes in financial position, cash flows, or its financial statement presentation.

Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained – GASB Statement No. 62 is intended to enhance the usefulness of its codification by incorporating guidance that previously could not be found in certain ASB and AICPA pronouncements. The adoption of GASB No. 62 did not impact the City’s fund balances, changes in fund balances, financial position, changes in financial position, cash flows, or its financial statement presentation.

Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position – GASB Statement No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. Adoption of this statement has required the City to make changes in its financial statement presentation and required certain financial statement elements previously reported as assets to be reported as deferred outflows of resources.

Statement No. 65, Items Previously Reported as Assets and Liabilities – GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify as deferred outflows of resources or deferred inflows of resources certain items that were previously reported as assets and liabilities and recognizes as outflows of resources (expenses) or inflows of resources (revenues) certain items that were previously recognized as assets and liabilities. The City has chosen to early adopt GASB Statement No.65 in 2013. Financial statement elements previously classified as assets at June 30, 2013 totaling \$54,628 and \$637,976 for governmental activities and business-type activities, respectively, were reclassified to outflows of resources. As a result of the adoption of GASB Statement No. 65, the City’s government-wide net position as of July 1, 2012 decreased by \$692,604 from amounts previously reported.

Statement No. 66, Technical Corrections – 2012; an amendment of GASB Statements No. 10 and No. 62 – GASB Statement No. 66 provides additional guidance related to the reporting of risk financing activities and accounting for lease payments and service fees. The adoption of GASB No. 66 did not impact the City’s fund balances, changes in fund balances, financial position, changes in financial position, cash flows, or its financial statement presentation.

1.I. NEW ACCOUNTING PRONOUNCEMENTS ISSUED BUT NOT YET ADOPTED

Statement No. 68, Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27
GASB No. 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and pension expenses. GASB No. 68 also details the recognition and disclosure requirements for employers with liabilities to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. Defined benefit pensions are further classified by GASB No. 68 as single employer plans, agent employer plans, and cost-sharing plans, and recognition and disclosure requirement are addressed for each classification. GASB No. 68 was issued in June 2012, and implementation guidance is expected to be issued in November 2013. Although the City has not yet quantified the impact that GASB 68 will have on its financial statements,, it believes that adoption could result in a significant decrease in its net position.

Statement No. 69, Government Combinations and Disposals of Government Operations – GASB No. 69 was issued in January 2013 and establishes accounting and financial reporting standards related to government combinations and disposals of government operations. Government combinations can include a variety of transactions, including mergers, acquisition, and transfers of operations. A disposal of a government’s operations results in the removal of specific activities of a government. The requirements of this Statement are effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013, and should be applied on a prospective basis. Earlier application is encouraged.

Statement No. 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees – GASB No. 70 requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The government is required to report the guaranteed obligation until it is legally released as an obligor, and when it is legally released, it should recognize revenue as a result of this release. The provisions of this Statement are effective for reporting periods beginning after June 15, 2013. Earlier application is encouraged. Except for certain disclosure requirements which may be applied prospectively, the provisions of this Statement are required to be applied retroactively. The City has not yet evaluated the effects that GASB No. 70 will have on its financial statements.

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

By its nature as a local government unity, the City and its component units are subject to various federal, state and local laws and contractual regulations.

2.A. DEFICIT FUND BALANCES OR NET POSITION

Title 11, Section 17-211 of the Oklahoma Statutes prohibits the creation of a deficit fund balance in any individual fund of the City (excluding public trusts). At June 30, 2013, the City reported no individual fund deficits.

2.B. DEPOSITS AND INVESTMENTS REQUIREMENTS

In accordance with State Statutes, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral valued at the lower of market or par. Acceptable collateral includes certain U.S. Government or Government Agency securities, certain State of Oklahoma or political subdivision debt obligations, surety bonds, or certain letters of credit. As required by 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the city must have a written collateral agreement approved by the board of directors or loan committee.

Investments of a City (excluding Public Trusts) are limited by State Statute to the following:

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

issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.

- f. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs a., b., c. and d.

Public trusts created under O.S. Title 60, are not subject to the above noted investment limitations and are primarily governed by any restrictions in their trust or bond indentures. For the year ended June 30, 2013, the city and its public trusts, complied with the above investment restrictions.

2.C. DEBT RESTRICTIONS AND COVENANTS

General Long-Term Debt

As required by the Oklahoma State constitution, the City (excluding Public Trusts) may not incur any indebtedness that would require payment from resources beyond the current fiscal year revenue without first obtaining voter approval.

Revenue Bond Debt

The bond indentures relating to the revenue bond issued of the MIA contain a number of financial restrictions or covenants. These include covenants requiring flow of funds through special accounts, required reserve account balances and revenue bond debt service coverage requirements. The MIA complied with the requirements of the bond indentures in all material respects for the fiscal year ended June 30, 2013.

Notes Payable

The loan agreement with the Oklahoma Water Resources Board relating to the interim construction note payable of the Mustang Improvement Authority contains a number of financial restrictions or covenants. These include covenants requiring a flow of funds through special accounts and a note payable debt service coverage requirement. The note agreement requires net revenues of the system plus pledged and transferred sales tax to be at least 125% of maximum annual debt service. The MIA complied with the requirements of the note indentures in all material respects for the fiscal year ended June 30, 2013.

NOTE 3. DETAIL NOTES - TRANSACTION CLASSES/ACCOUNTS

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, revenues and expenditures/expenses.

3.A. DEPOSITS AND INVESTMENTS

The City's policies regarding deposits of cash and investments are discussed in Note 1.E.

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government deposits may not be returned to it. The City is governed by the State Public Deposit Act which requires that the City obtain and hold collateral whose fair value exceeds the amount of uninsured deposits. Investment securities are exposed to custody credit risk if the securities are uninsured, are not registered in the name of the government, and if held by either a counterparty or a counterparty's trust, department or agent, but not in the government's name.

As of June 30, 2013, the City was no exposed to custodial credit risk as defined above.

Total bank deposits of \$3,128 of the discretely presented component units were insured with Federal Deposit Insurance Corporation Insurance.

As of June 30, 2013, the City's reporting entity had the following deposits and investments:

Type	Fair Value	Credit Rating	Maturities in Years			
			On Demand	Less than one	1 - 5	6 - 10
Demand Deposits and cash on hand	\$7,379,583	n/a	\$7,379,583	-	-	-
Money Market Accounts	2,997,191	n/a	2,997,191	-	-	-
Certificates of Deposit	6,282,681	n/a	-	\$6,282,681	-	-
	<u>\$16,659,455</u>		<u>\$10,376,774</u>	<u>\$6,282,681</u>	<u>-</u>	<u>-</u>

Reconciliation to Statement of net position:

Cash and cash equivalents	\$6,732,532
Restricted - cash and cash equivalents	3,670,687
Investments	2,443,261
Restricted - investments	<u>3,812,975</u>
	<u>\$16,659,455</u>

Investments

The city does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. There is no limit on the amount it may invest in any one issuer. The city has no investment policy that limits its investment choices other than the limitation of State Statutes discussed in Note 2.B.

3.B. ACCOUNTS RECEIVABLE

Accounts receivable of the business-type activities consists of customer utilities receivable. Accounts receivable of the governmental activities consists of police fines. Receivables detail at June 30, 2013, is as follows:

	Governmental Activities	Business-Type Activities	Total
Accounts Receivable	\$335,339	\$848,266	\$1,183,605
Allowance for uncollectible accounts	<u>(217,970)</u>	<u>(14,659)</u>	<u>(232,629)</u>
Net Accounts Receivable	<u>\$117,369</u>	<u>\$833,607</u>	<u>\$ 950,976</u>

3.C. RESTRICTED ASSETS

The amounts reported as restricted assets in the fund financial statements are comprised of cash and investments held by the trustee bank on behalf of the various public trusts (authorities) related to their required revenue bond accounts as described in Note 2.E., and deposits held for refund. The restricted assets as of June 30, 2013 were as follows:

	Cash and Cash Equivalents	Investments	Totals
Governmental Activities:			
Construction accounts	<u>\$ 518,176</u>	<u>\$2,767,476</u>	<u>\$3,285,652</u>
Business-Type Activities:			
Deposits Subject to Refund	\$ 37,372	\$278,346	\$ 315,718
Debt Service	<u>3,115,139</u>	<u>767,153</u>	<u>3,882,292</u>
Total Business-type Activities:	<u>\$3,152,511</u>	<u>\$1,045,499</u>	<u>\$4,198,010</u>
Total Restricted Assets	<u>\$3,670,687</u>	<u>\$3,812,975</u>	<u>\$7,483,662</u>

3.D. CAPITAL ASSETS

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

Governmental Activities:

	Balance <u>July 1, 2012</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>June 30, 2013</u>
<i>Governmental Activities:</i>				
Capital assets not being depreciated:				
Land	\$ 826,708	\$ -	\$ -	\$ 826,708
Construction-in-progress	508,387	1,903,209	720,768	1,690,828
Total Capital assets not being depreciated	<u>1,335,095</u>	<u>1,903,209</u>	<u>720,768</u>	<u>2,517,536</u>
Depreciable assets				
Buildings	16,684,848	4,000	971	16,687,877
Other improvements	426,765	23,970	20,425	430,310
Machinery and equipment	9,049,386	472,531	1,140,705	8,381,212
Infrastructure	38,850,662	1,523,988	-	40,374,650
Total depreciable assets	<u>65,011,661</u>	<u>2,024,489</u>	<u>1,162,101</u>	<u>65,874,049</u>
Less accumulated depreciation:				
Buildings	5,153,382	502,606	971	5,655,017
Other improvements	215,583	20,580	14,976	221,187
Machinery and equipment	6,170,289	543,083	1,074,783	5,638,589
Infrastructure	29,231,054	456,151	-	29,687,205
Total accumulated depreciation	<u>40,770,308</u>	<u>1,522,420</u>	<u>1,090,730</u>	<u>41,201,998</u>
Net depreciable assets	<u>24,241,353</u>	<u>502,069</u>	<u>71,371</u>	<u>24,672,051</u>
Governmental activities capital assets, net	<u>\$ 25,576,448</u>	<u>\$ 2,405,278</u>	<u>\$ 792,139</u>	<u>\$ 27,189,587</u>

Business Type Activities:

	Balance <u>July 1, 2012</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>June 30, 2013</u>
<i>Business -type Activities:</i>				
Capital assets not being depreciated:				
Land	\$ 452,326	\$ -	\$ -	\$ 452,326
Construction-in-progress	29,450	-	3,904	25,546
Total Capital assets not being depreciated	<u>481,776</u>	<u>-</u>	<u>3,904</u>	<u>477,872</u>
Depreciable Assets:				
Buildings	11,297,333	-	-	11,297,333
Other improvements	33,396	2,542	-	35,938
Machinery and equipment	680,479	4,425	42,910	641,994
Utility Property	28,972,309	572,858	305	29,544,862
Total depreciable assets	<u>40,983,517</u>	<u>579,825</u>	<u>43,215</u>	<u>41,520,127</u>
Less accumulated depreciation:				
Buildings	2,270,221	225,947	-	2,496,168
Other improvements	15,473	1,218	-	16,691
Machinery and equipment	544,585	35,108	19,897	559,796
Infrastructure	13,543,021	699,601	305	14,242,317
Total accumulated depreciation	<u>16,373,300</u>	<u>961,874</u>	<u>20,202</u>	<u>17,314,972</u>
Net depreciable assets	<u>24,610,217</u>	<u>(382,049)</u>	<u>23,013</u>	<u>24,205,155</u>
Business-type activities capital assets, net	<u>\$ 25,091,993</u>	<u>\$ (382,049)</u>	<u>\$ 26,917</u>	<u>\$ 24,683,027</u>

Depreciation expense was charged to functions in the statement of activities as follows:

Primary Government:

Governmental Activities:

Administration	\$395,927
Culture and Recreation	260,701
Community Development	11,979
Public Safety	379,292
Streets and Drainage	<u>474,521</u>
Total depreciation expense for governmental activities	<u>\$1,522,420</u>

Business-Type Activities:

Water	\$465,121
Wastewater	486,784
Sanitation	648
General government	<u>9,321</u>
Total depreciation expense for business-type activities	<u>\$961,874</u>

3.E. LONG-TERM DEBT

The reporting entity's long-term debt is segregated between the amounts to be repaid from governmental activities, amounts to be repaid from business-type activities, and amounts to be repaid from component units.

Governmental Activities:

At June 30, 2013, the governmental activities long-term debt consisted of the following:

General Obligation Bonds:

\$3,600,000 General Obligation Bonds of 2012, due in thirteen annual installments of \$255,000, and a final installment of \$285,000, first payment due June 2014, final payment due June 2027, with interest rates of 0.09% to 3.9%, to be repaid from a property tax levy. Current portion \$255,000, non-current portion \$3,345,000.	<u>\$3,600,000</u>
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Capital Lease Obligations:

\$143,219 note to Ford Motor Credit for the purchase of two police cars and a police administrative vehicle due in three annual installments of \$50,455 with an interest rate of 5.799%. All current.	47,690
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\$150,962 note to Ford Motor Credit for the purchase of three police vehicles due in three annual installments of \$53,159 with an interest rate of 5.75%. Current portion \$29,341, non-current portion \$66,462	97,803
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Total Capital Lease Outstanding	<u>\$145,493</u>
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Current portion	\$77,031
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Non-current portion	<u>68,462</u>
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Total Capital Lease Payable	<u>\$145,493</u>
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Accrued Compensated Absences:

Current portion	\$29,598
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Non-current portion	<u>266,384</u>
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Total Accrued Compensated Absences	<u>\$295,982</u>
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Business-Type Activities:

On April 1, 2013, the Mustang Improvement Authority issued the Mustang Improvement Authority Utility System and Sales Tax Revenue Note, Taxable Series 2013 in the amount of \$5,525,000 with an average interest rate of 2.06%. The proceeds were used to refund the remaining balance of \$2,880,000 of the 1998A Refunding Revenue Bonds with interest rates from 5.25% to 5.625% and the remaining balance of \$2,355,000 of the 1998B Refunding Revenue Bonds with interest rates from 4.75% to 4.85%, including issuance cost of \$93,790. The refunding resulted in \$261,623 over the next 5 years, and an economic gain of \$222,974. The excess of refunding escrow deposits of \$5,366,901 over the bond carrying value of \$5,208,004 (which included \$25,996 in unamortized bond discount) resulted in a loss on refunding of \$158,897 which was recorded as a deferred charge to be amortized over the life of the note. Amortization in fiscal year 2013 was \$6,621.

As of June 30, 2013, the long-term debt payable from business-type activities resources consisted of the following:

Capital Lease Obligations:

\$85,101 note to Welch State Bank for the purchase of a backhoe due in sixty monthly installments of \$1,564 with an interest rate of 3.191%. All current. \$16,805

Notes Payable:

2009 Interim Construction Clean Water SRF Promissory Note to the Oklahoma Water Resources Board, original issue amount of \$6,590,000, secured by utility revenues and Sales tax revenue, interest rate of 2.310% and administrative fee of .5%, final maturity June 2029. Current portion \$163,925, non-current portion \$3,363,404. \$3,527,329

2013 Utility System and Sales Tax Revenue Note, original issue amount of \$5,525,000, secured by utility revenues and sales tax revenue, interest rate of 2.06%, final maturity December 2018. Note was issued to refund the remaining 1998A and 1998B Refunding Revenue Bonds. Current portion \$1,090,000, non-current portion \$4,435,000 \$5,525,000

Total Notes Payable outstanding \$9,052,329

Current portion \$1,253,925

Non-current portion \$7,798,404

Total Notes Payable \$9,052,329

Revenue Bonds Payable:

2006 Refunding Revenue Bonds, original issue amount of \$16,885,000, dated May 1, 2006, issued by the MIA to be repaid with a voter restricted City sales tax, interest rates from 3.6% to 5.00%, with final maturity October 1, 2021. Bonds were issued to advance refund a portion of the outstanding 1999 Revenue Bonds. Current portion \$1,095,000, non-current \$10,820,000. \$11,915,000

Total Revenue Bonds Outstanding \$11,915,000

Unaccreted bond premium 256,552

Net Revenue Bonds Payable \$12,171,552

Current portion \$1,095,000

Non-current portion 11,076,552

Total Revenue Bonds Payable \$12,171,552

Interest expense related to the 2006 Revenue bonds does not relate to the actual programs of the business-type activities, and therefore is not charged to the specific programs. Interest is shown on the *Statement of Changes in Net Position* in a separate line titled *general government activities* totaling \$690,599.

Component Unit Debt

At June 30, 2013, the long-term debt payable from component unit resources consisted of the following:

2001 Industrial Revenue Note issued through the Oklahoma Industrial Finance Authority, original issue amount of \$1,993,439, dated March 26, 2000, issued on behalf of Industrial Gasket, Inc., payable solely from the revenues of the parallel company note, last payment due April 2014 with interest at 6.55%, all is current	<u>\$168,370</u>
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Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the year ended June 30, 2013:

	Balance July 1, 2012	Additions	Retirements	Balance June 30, 2013	Amounts Due in One Year
Governmental Activities:					
General obligation bonds	\$ 3,600,000	\$ -	\$ -	\$ 3,600,000	\$ 255,000
Capital lease payable*	168,583	150,962	174,052	145,493	95,224
Accrued compensated absences	252,793	299,200	256,011	295,982	29,598
Total Governmental Activities	\$4,021,376	\$450,162	\$430,063	\$4,041,475	\$379,822
Business Type Activities:					
Capital lease payable	\$ -	\$ 34,536	\$ 17,731	\$ 16,805	\$ 16,805
Notes payable	3,739,793	5,525,000	212,464	9,052,329	1,253,925
Revenue bonds payable	19,295,745	-	7,124,193	12,171,552	1,095,000
Total Business Type Activities	\$ 23,035,538	\$ 5,559,536	\$ 7,354,388	\$ 21,240,686	\$ 2,365,730
*retirements include transfer of lease from City to MIA					
Component Unit - MEDA:					
Revenue Bond	\$ 361,381	\$ -	\$ 193,011	\$ 168,370	\$ 168,370

Annual Debt Service Requirements

The annual debt service requirements to maturity, including principal and interest, for long-term debt as of June 30, 2013 are as follows:

Year Ending June 30,	Governmental Activities							
	General Obligation Bonds		Capital Lease					
	Principal	Interest	Principal	Interest				
2014	\$ 255,000	\$ 77,453	\$ 95,224	\$ 83,840				
2015	255,000	67,508	50,268	2,890				
2016	255,000	59,220	-	-				
2017	255,000	50,633	-	-				
2018	255,000	48,367	-	-				
2019-2023	1,275,000	197,288	-	-				
2024-2028	1,050,000	67,919	-	-				
Total	\$3,600,000	\$ 568,388	\$145,492	\$ 86,730				
Year Ending June 30,	Business Type Activities					Component Unit		
	Revenue Bonds		Note Payable		Capital Lease		Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 1,095,000	\$ 562,900	\$1,253,925	\$ 217,095	\$ 16,805	\$217,095	\$168,370	\$ 5,039
2015	1,140,000	512,500	1,213,629	180,704	-	-	-	-
2016	1,195,000	454,125	1,238,225	154,478	-	-	-	-
2017	1,255,000	392,875	1,258,438	127,523	-	-	-	-
2018	1,320,000	328,500	1,078,558	99,700	-	-	-	-
2019-2023	5,910,000	604,750	1,349,678	320,306	-	-	-	-
2024-2028	-	-	1,151,585	164,795	-	-	-	-
2029-2030	-	-	508,291	18,261	-	-	-	-
Total	\$11,915,000	\$ 2,855,650	\$9,052,329	\$1,282,862	\$ 16,805	\$217,095	\$168,370	\$ 5,039
		256,552						
		\$12,171,552						

3.F. INTERFUND TRANSACTION AND BALANCES

Interfund receivable and payable balances reported in the fund financial statements at June 30, 2013 were as follows:

Receivable Fund	Payable Fund	Amount	Nature of Interfund Balance	
* General Fund	* 2012 GO Bond Project - Town Center	226,885	Negative cash (pooled funds)	
* General Fund	* MIA	200,000	Transfer accrual	
* MIA	* General Fund	4,277	Posting procedure	
Capital Improvement	* MIA	106,154	Transfer accrual	
Total		<u>\$ 537,316</u>		
			Due From	Due To
			Other Funds	Other Funds
Reconciliation to Fund Financial Statements:			Net Internal	Balances
Governmental Funds			\$ 533,039	\$ 231,162
Proprietary Funds			4,277	306,154
Total			<u>\$ 537,316</u>	<u>\$ -</u>

* Fund is a major fund

Interfund transfers for the year ended June 30, 2013 were as follows:

Transfer from	Transfer to	Amount	Nature of Interfund Balance		
* General Fund	* MIA	\$ 8,340,520	Pledged sales tax - bond indenture		
* General Fund	Streets and Drainage	314,583	Budgeted annual operating transfer		
* General Fund	Capital Project	117,026	Budgeted annual operating transfer		
* General Fund	Park Improvements	43,282	Municipal fine revenue		
* General Fund	Park Improvements	5,325	Business license revenue		
* General Fund	Traffic Enforcement	10,839	Municipal fine revenue		
* General Fund	MIA	3,000	Sewer fee reimbursement		
* MIA	* General Fund	2,925,897	Budgeted annual operating transfer		
* MIA	* General Fund	4,170,260	Pledged sales tax - bond indenture		
* MIA	Streets and Drainage	140,968	Sanitation franchise fees		
* MIA	Capital Project	594,553	Sales tax per ordinance		
		<u>\$ 16,666,253</u>			
* Represents major fund					
Reconciliation to Fund Financial Statements:		Transfers in	Transfers out	Lease Transfer	Total
Governmental Funds		\$ 8,322,733	\$ 8,834,574	\$ 34,539	\$ (477,302)
Proprietary Funds		8,343,520	7,866,218	-	\$ 477,302
Total		<u>\$ 16,666,253</u>	<u>\$ 16,700,792</u>	<u>\$ 34,539</u>	<u>-</u>

3.G. FUND BALANCES AND NET POSITION

Government Wide Financial Statements:

Net Position Restrictions at June 30, 2013 were as follows:

Fund	Restricted By	Amount
Debt Service	Property tax levy - external	\$ 261,460
2012 GO Bond Project - Ballfields	Debt covenants - external	896,789
2012 GO Bond Project - Town Center	Debt covenants - external	1,383,892
		<u>\$ 2,542,141</u>

Invested in capital assets, net of related debt (Government Wide Financial Statements Total Column):

The 1999 and 2006 Revenue Bonds of the business-type activities were used to fund governmental capital assets (police station, community center, and recreation facilities). The “net investment in capital assets” in the business-type activities therefore does not include the amounts related to this debt issue as the assets in the governmental activities. This explains the large negative balance of unrestricted net position in the business-type activities. The capital assets related to this debt are reported in the governmental activities and are also reported in “net investment in capital assets” The total column for the “net investment in capital assets” on the *Statement of Net Position* does include the amounts related to this debt of \$11,915,000, therefore explaining why this amount does not total across.

Fund Level Financial Statements:

	General Fund	2012 GO Bond Project Ballfields	2012 GO Bond Project Town Center	Other Governmental Funds	Total
Fund balance:					
Nonspendable:					
Inventory	\$ 28,272	\$ -	\$ -	\$ -	\$ 28,272
Restricted for:					
Debt service	-	-	-	261,460	261,460
Capital improvements	-	896,789	1,383,892	-	2,280,681
Sub-total restricted	-	896,789	1,383,892	261,460	2,542,141
Committed for:					
Library operations	21,090	-	-	-	21,090
Park improvements	-	-	-	94,304	94,304
Capital improvements	-	9,346	11,005	1,668,187	1,688,538
Street improvements	-	-	-	1,288,042	1,288,042
Police operations	-	-	-	14,463	14,463
Sub-total committed	21,090	9,346	11,005	3,064,996	3,106,437
Assigned for:					
Budgetary	544,770	-	-	-	544,770
Library operations	5,068	-	-	-	5,068
Budgetary reserve	3,847	-	-	-	3,847
Sub-total assigned	553,685	-	-	-	553,685
Unassigned	2,568,493	-	-	-	2,568,493
Total fund balance	\$ 3,171,540	\$ 906,135	\$ 1,394,897	\$ 3,326,456	\$ 8,799,028

Net positions at the government-wide level were restated to reflect the implementation of GASB 65, *Items Previously Reported as Assets and Liabilities*. Specifically, bond issuance costs previously carried as assets to be amortized over the life of the related debt have been re-characterized as outflows of a prior period, reducing the beginning net position of governmental and business-type activities as follows:

	Governmental Activities	Activities/Enterprise Fund
Beginning net position, as previously reported	\$ 31,710,033	\$ 10,549,612
Write off of debt issuance costs to prior period	\$ (54,628)	\$ (637,976)
Beginning net position, restated	<u>\$ 31,655,405</u>	<u>\$ 9,911,636</u>

NOTE 4. OTHER NOTES

4.A. EMPLOYEE PENSION AND OTHER BENEFIT PLANS

The city participates in three employee pension systems as follows:

<u>Name of Plan/System</u>	<u>Type of Plan</u>
Oklahoma Police Pension and Retirement Fund	Cost Sharing Multiple Employer - Defined Benefit Plan
Oklahoma Firefighters Pension and Retirement Fund	Cost Sharing Multiple Employer - Defined Benefit Plan
Oklahoma Municipal Retirement Fund (OMRF)	Agent Multiple Employer – Defined Benefit Plan

Oklahoma Police and Firefighter’s Pension and Retirement Systems

Plan Description. The City of Mustang, as the employer, participates in two statewide cost-sharing multi-employer defined benefit plans on behalf of the policemen and firefighters. The plans provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The systems are administered by agencies of the State of Oklahoma and funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary. Both plans issue publicly available financial reports that include financial statements and required supplementary information. Those reports may be obtained as follows: Oklahoma Police Pension and Retirement System, 1001 N.W. 63rd, Ste. 605, Oklahoma City, OK 73116-7335 and/or the Oklahoma Firefighter’s Pension and Retirement System, 4545 N. Lincoln Blvd., Ste. 265, Oklahoma City, OK 73105-3414.

Funding Policy. Plan members of both plans are required to contribute 8 percent of their annual covered payroll, and the City of Mustang is required to contribute 13 percent of the annual covered payroll. The contribution requirements of the plan member and the city are established by state statute and may be amended by the legislature. The state made on be-half payments to the Police and Fire pension plans of \$133,113 and \$322,010, respectively. The city’s contributions to each of the plans are listed below. The contributions are equal to the required contributions for each year, for each plan.

City contributions required by State statute:

	<u>Oklahoma Police Pension and Retirement System</u>		<u>Oklahoma Firefighter’s Pension and Retirement System</u>	
	<u>Required Contribution</u>	<u>Percentage Contributed</u>	<u>Required Contribution</u>	<u>Percentage Contributed</u>
<u>Fiscal Year</u>				
2011	\$133,321	100%	\$115,571	100%
2012	140,380	100%	124,594	100%
2013	145,773	100%	132,240	100%

Oklahoma Municipal Retirement Plan (OMRF)

Plan Description. The City contributes to the City of Mustang and Mustang Improvement Authority Plan and Trust in the form of the Oklahoma Municipal Retirement System Master Defined Benefit Plan and Trust, an agent multiple employer-defined benefit plan. The plan provides retirement and disability benefit and death benefits to full-time, non-uniformed employees of the City or Authority upon hire, if less than age 60 and their beneficiaries. Administration of the City’s individual plan rests with the City Council. The overall operations of OMRF are supervised by a nine-member Board of Trustees elected by the participating municipalities. Bank One of Oklahoma City acts as administrator and securities custodian. OMRF issues separate plan financial statements that includes required supplementary information that may be obtained by contacting the Oklahoma Municipal Retirement Fund, 100 N. Broadway, Oklahoma City, OK 73102.

Funding Policy. OMRF members are required to contribute 5.25 percent of their annual covered payroll. The city is required to contribute at an actuarially determined rate; the current rate is 12.50 percent of covered payroll. The plan does not allow for the employee to contribute more than 5.25 percent. The contribution requirements of plan members and the city are established and may be amended by the OMRF Board with

approval of the City Council.

Annual Pension Cost. For fiscal year 2013 the city's annual pension cost of \$266,351 was equal to the city's required contributions. The General Fund is used to liquidate net pension obligations.

Three-Year Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2011	\$238,065	100%	\$0
June 30, 2012	\$252,878	100%	\$0
June 30, 2013	\$266,351	100%	\$0

The required contribution was determined as part of the July 1, 2012, actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at July 1, 2012 included (a) 7.5 percent investment rate of return, (b) projected salary increases range from 4.0 to 7.42 percent, (c) an inflation rate of 3%, and (d) no COLA. The actuarial value of the plan assets was determined using actuarial write up method. This method is used to reduce the effect of fluctuations in market value. The actuarial value of assets is equal to the prior year's value adjusted for cash flows and interest at the valuation rate. This amount is adjusted by a percentage of the difference between it and market. The plan's unfunded actuarial accrued liability is the difference between the actuarial liability and the actuarial value of plan assets. The amount (redetermined each year) is amortized over 30 years from the valuation date on a closed basis.

Funded Status and Funding Progress. As of January 1, 2013, the most recent actuarial valuation date, the plan was 81.9 percent funded. The actuarial accrued liability for benefits was \$5,466,049, and the actuarial value of assets was \$4,477,245, resulting in an unfunded actuarial accrued liability (UAAL) of \$988,804. The covered payroll (annual payroll of active employees covered by the plan) was \$1,924,504 and the ratio of the UAAL to the covered payroll at 51.4 percent. The unfunded actuarial accrued liabilities are being amortized as a level percentage of payroll over a closed period of thirty years.

The schedule of funding progress, presented as Required Supplementary Information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Other Post-Employment Benefits

Plan Description. The City sponsors Medical and Rx insurance to qualifying retirees and their dependents. Coverage is provided through fully-insured arrangements that collectively operate as a substantive single-employer defined benefit plan. Qualifying retirees are those employees who are eligible for immediate disability or retirement benefits under the Oklahoma Police Pension and Retirement System, Oklahoma Firefighter's Pension and Retirement System, or the City of Mustang Retirement Plan. Retirees may continue coverage with the City by paying the carrier premium rate. Coverage is available for each of the lifetimes of retirees and their spouses. Authority to establish and amended benefit provisions rest with the City Council. Retirees may continue coverage with the City by paying the premium rate. Benefits are paid from general operating assets of the City.

Funding Policy. The contribution requirements of plan members and the City are established by the City Council. Annual health insurance premium amounts are established by the city council. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2013, the actuarially expected City contribution in the form of net age adjustment was \$10,874 to the Plan.

Plan members receiving benefits contributed \$4,689 of the total premiums, through their payment of the full determined premium in FY 2013.

Annual OPEB Cost and Net OPEB Obligation. The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45, *Accounting and Financial Reporting by*

Employers for Postemployment Benefits Other Than Pensions. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period of thirty years. The following table shows the components of the City's annual OPEB cost the amount actually contributed to the plan, and changes in the City's net OPEB obligation to for the year ended June 30, 2013:

Normal Cost	\$	65,521
Interest on NPO	\$	6,895
Amortization of Actuarial Accrued Liability (AAL)		(14,726)
Annual OPEB cost (expense)		57,690
Expected net benefits during the year		(7,961)
Increase in net OPEB obligation		49,729
Net OPEB obligation - beginning of year		210,072
Net OPEB obligation - end of year	\$	259,801

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

Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/10	\$89,358	12%	\$78,484
6/30/11	\$92,733	12%	\$160,343
6/30/12	\$57,690	8%	\$210,072
6/30/13	\$57,690	14%	\$259,801

Information for the preceding years was not available. Fiscal year 2010 was the first year the City was required to have an actuarial valuation performed and report any liability.

Funded Status and Funding Progress. As of June 30, 2012, the most recent actuarial valuation date, the Plan was not funded. The actuarial accrued liability (AAL) for benefits was \$479,365, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$479,365. The covered payroll (annual payroll of active employees covered by the plan) was \$3,577,000, and the ratio of the UAAL to the covered payroll was 13 percent. Because the plan is a substantive plan there are no plan assets.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2012, actuarial valuation, the Projected Unit Credit actuarial cost method was used. The actuarial assumptions included a 3.8 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated

based on the funded level of the Plan at the valuation date, an annual healthcare cost trend rate of 6 percent initially, reduced by decrements to an ultimate rate of 5 percent in 2013, and a 3% inflation rate. The UAAL is being amortized over 30 years based on a level dollar amortization basis. The remaining amortization period at July 1, 2012, was twenty-seven years open. As of the date of this valuation, there are no plan assets. Retiree premiums are paid as they come due from general operating assets of the City.

4.B. 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’s health and life; and natural disasters. The city manages these various risks of loss with purchased commercial insurance for all major programs except workers’ compensation, for which the city retains risk of loss. For insured programs, there has been no significant reductions insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

The self-insured workers’ compensation program is accounted for in the General Fund with participating departments charged through and estimated annual claim cost. The plan is administered by the city with the assistance of a third party for claims discounting and processing.

Claims Liability Analysis

The claims liabilities related to the above noted risks of loss that are retained are determined in accordance with the requirement of GASB Statement 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 self-insured worker’s compensation program, changes in the claims liability for the City from July 1, 2011 through June 30, 2013, was as follows:

<i>Claims Liability Analysis:</i>	
Claim liability, June 30, 2011	\$359,994
Claims and changes in estimates	(7,441)
Claims payments	(137,907)
Claim liability, June 30, 2012	\$214,646
Claims and changes in estimates	241,159
Claims payments	(179,015)
Claim liability, June 30, 2013	\$276,790
Assets available to pay claims at	
June 30, 2013	\$514,305

Based on past experience, no estimated liability for claims incurred but not reported is considered necessary or material. Net asset reserves at June 30, 2013 of \$514,305 were the result of the City’s attempt to set aside funds for possible future catastrophic losses. The city maintains a stop-loss policy for plans to limit the risk associated with the self-insured plans. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

4.C. COMMITMENTS AND CONTINGENCIES

Commitments:

Privatization of Improvement Authority Services

The City has contracted with an independent firm to operate certain public service functions of the city including streets and parks. During fiscal year 2012-2013, the City paid \$1,634,909 in privatization fees to this contractor, which included \$737,587 in fees associated with the clean-up activities from a major weather event. The City also paid \$1,620,687 during the current year, including overages for repair and maintenance, to an independent firm to manage the water and sewer services for the Mustang Improvement Authority. Both service contracts

provide for the lease of the City's facilities to the firms, allowing the contractors to use city vehicles and equipment. In addition, the sanitation services are privatized. Total fees related to sanitation privatization were \$1,118,957.

Lowe's Economic Development Agreement

On June 19, 2007, the City of Mustang entered into an economic development agreement with Lowe's Home Improvement Warehouse. Under the terms of the agreement the City provided economic incentives in exchange for Lowe's constructing a 95,000 square foot retail store within the city limits of Mustang. The incentives, valued at \$1,760,000, were payable over a five year period and were intended to reimburse Lowe's for the construction and installation of public infrastructure. The incentive was only payable upon Lowe's compliance with certain performance conditions. Conditions must be satisfied for each one-year period following completion and opening of the project. The performance conditions include: construction of the project must commence on or before December 31, 2007; prior to December 31, 2008 Lowe's must spend at least \$10,000,000 on the project and the related infrastructure; once complete the retail store will operate and generate a payroll of at least \$2,000,000 annually during each year of the incentive; and the project will generate retail sales of not less than \$15,000,000 annually during each year of the incentive. If Lowe's fails to meet the performance conditions in any one-year period, they shall not receive the incentive for that year. The incentive, of \$352,000 each year, is paid from a portion of the sales tax generated by the retail store during each one-year period. Lowe's opened the retail store on June 8, 2008 and met the incentive requirement for all five periods ended June 8, 2009 through 2013. The final payment of \$352,000 was fully accrued in the general fund at June 30, 2013. The sales tax in the current year that relates to the pledged tax commitment has been used to pay the current year commitments.

In July 2008, the City entered into an agreement with a local bank to provide an irrevocable Letter of Credit in the total sum of \$1,760,000 to the City through January 2014, with interest calculated at the Wall Street Journal prime rate with a current rate of 5.0 percent. The letter of credit was issued to secure the potential obligations in the above noted Economic Development Agreement with Lowe's. The Letter of Credit is payable in partial drawing of \$352,000 to Lowe's should Lowe's meet the operating indicators listed above and the City fails to make timely payment. Borrowing under the credit facility is secured by the pledged sales tax.

Contingencies:

Grant Program Involvement

In the normal course of operations, the City 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. Any liability of reimbursement, which may arise as a result of these audits, cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

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 accrual 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. This statutory taxing ability is not available to the city's public trusts (Authorities).

Subsequent Events

Management has evaluated subsequent events through December 6, 2013, which is the date the financial statements were available to be issued and has determined that no additional information needs to be added to the financial statements.

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REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Schedule of Funding Progress – Defined Benefit Retirement Plan
- Budgetary Comparison Schedules – General Fund
- Notes to RSI – Budgetary Comparison Schedules
- RSI - OPEB

PENSION PLAN FUNDING PROGRESS

Defined Benefit Retirement Plan – Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (3)	Actuarial Accrued Liability (AAL) Entry Age (2)	Unfunded (Overfunded) AAL (UAAL)	Funded Ratio	Covered Payroll (1)	UAAL as a Percentage of Covered Payroll
January 1, 2002	\$1,193,144	\$1,494,017	\$300,873	79.9%	\$790,072	38.1%
January 1, 2003	\$1,182,521	\$1,595,757	\$413,236	74.1%	\$1,110,020	37.2%
January 1, 2004	\$1,392,235	\$1,916,820	\$524,585	72.6%	\$1,132,122	46.3%
January 1, 2005	\$1,624,861	\$2,234,163	\$609,302	72.7%	\$1,170,525	52.1%
January 1, 2006	\$1,865,296	\$2,668,418	\$803,122	69.9%	\$1,155,614	69.5%
January 1, 2007	\$2,183,142	\$3,019,494	\$836,352	72.3%	\$1,378,439	60.7%
January 1, 2008	\$2,527,907	\$3,433,182	\$905,275	73.6%	\$1,423,180	63.6%
January 1, 2009	\$2,660,658	\$3,985,112	\$1,324,454	66.8%	\$1,590,025	83.3%
January 1, 2010	\$2,966,587	\$4,288,857	\$1,322,270	69.2%	\$1,533,262	86.2%
January 1, 2011	\$3,426,895	\$4,618,060	\$1,191,165	72.2%	\$1,602,132	74.3%
January 1, 2012	\$3,914,519	\$4,973,611	\$1,059,092	78.7%	\$1,733,784	61.1%
January 1, 2013	\$4,477,245	\$5,466,049	\$988,804	81.9%	\$1,924,504	51.4%

Covered payroll is the total annualized rate of pay as of the valuation date based on actual pay for the preceding year and not the actual covered payroll during the fiscal year.

- (1) The actuarial value of assets is related to market value, but smoothed to reduce the volatility of contribution requirements.
- (2) During FY 2003-2004 the City amended the plan to the Rule of 80-retirement option.

**CITY OF MUSTANG
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 1,785,180	\$ 1,590,456	\$ 3,321,549	1,731,093
Resources (inflows):				
Taxes:				
Sales tax	7,920,000	8,492,000	8,409,426	(82,574)
Use tax	285,000	260,100	262,561	2,461
Franchise tax	664,912	753,662	685,722	(67,940)
Total Taxes	<u>8,869,912</u>	<u>9,505,762</u>	<u>9,357,709</u>	<u>(148,053)</u>
License and Permits:				
Occupational licenses	61,500	68,000	67,670	(330)
Construction permits	96,710	144,610	142,828	(1,782)
Animal license	1,000	4,600	4,497	(103)
Inspection fees	11,250	25,200	53,419	28,219
Other permits and licenses	16,000	13,050	10,543	(2,507)
Total Licenses and Permits	<u>186,460</u>	<u>255,460</u>	<u>278,957</u>	<u>23,497</u>
Intergovernmental:				
Alcoholic beverage tax	50,000	73,000	71,802	(1,198)
Tobacco tax	110,000	108,100	107,047	(1,053)
Grants	131,860	52,937	51,671	(1,266)
Gasoline excise tax	36,300	36,300	32,921	(3,379)
Commercial vehicle fee	95,500	130,300	127,317	(2,983)
911 communication fee	7,550	9,050	8,445	(605)
Total Intergovernmental	<u>431,210</u>	<u>409,687</u>	<u>399,203</u>	<u>(10,484)</u>
Charges for Services:				
Aquatic charges	159,000	186,400	182,090	(4,310)
Aquatic concessions	35,000	38,400	38,166	(234)
Recreational programs	22,000	30,300	29,636	(664)
Ball concessions	100,000	100,000	97,796	(2,204)
Ball league and gate fees	95,000	58,100	56,580	(1,520)
Ball merchandise sales	5,000	5,000	3,545	(1,455)
Aerobic fees	20,000	20,000	16,975	(3,025)
Community center league fees	3,000	9,600	9,244	(356)
Room rentals	60,000	68,000	64,461	(3,539)
Personal trainer fees	6,500	15,600	14,739	(861)
After school programs and camps	115,000	109,000	98,988	(10,012)
Memberships	140,000	160,000	159,861	(139)
Total Charges for Services	<u>760,500</u>	<u>800,400</u>	<u>772,081</u>	<u>(28,319)</u>
Fines and Forfeitures	<u>202,000</u>	<u>254,927</u>	<u>251,102</u>	<u>(3,825)</u>
Miscellaneous:				
Donations	-	17,198	17,106	(92)
Miscellaneous	2,650,092	2,592,720	237,832	(2,354,888)
Total Miscellaneous	<u>2,650,092</u>	<u>2,609,918</u>	<u>254,938</u>	<u>(2,354,980)</u>
Investment Income:	<u>10,000</u>	<u>9,000</u>	<u>8,938</u>	<u>(62)</u>
Other Financial Sources:				
Transfers In	<u>7,865,266</u>	<u>7,392,274</u>	<u>6,904,254</u>	<u>(488,020)</u>
Total Other Financing Sources	<u>7,865,266</u>	<u>7,392,274</u>	<u>6,904,254</u>	<u>(488,020)</u>
Amounts available for appropriation	<u>\$ 22,760,620</u>	<u>\$ 22,827,884</u>	<u>\$ 21,548,731</u>	<u>\$ (1,279,153)</u>

(continued)

**CITY OF MUSTANG
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Charges to Appropriations (outflows):				
ADMINISTRATION:				
Mayor/Council	288,250	259,750	238,680	21,070
City Manager	789,473	631,503	587,063	44,440
Finance	532,061	530,311	482,983	47,328
General Government	2,673,506	2,390,265	1,517,710	872,555
TOTAL ADMINISTRATION	4,283,290	3,811,829	2,826,436	985,393
CULTURE AND RECREATION:				
Library	418,625	437,772	406,349	31,423
Ball Complex	309,659	282,009	250,322	31,687
Aquatic	220,888	249,478	244,357	5,121
Town Center	275,057	275,027	265,167	9,860
Parks	888,343	887,279	867,109	20,170
TOTAL CULTURE AND RECREATION	2,112,572	2,131,565	2,033,304	98,261
COMMUNITY DEVELOPMENT:	530,098	530,097	487,596	42,501
PUBLIC SAFETY:				
Police	3,039,386	3,083,299	2,699,467	383,832
Fire	1,750,182	1,800,512	1,683,508	117,004
TOTAL PUBLIC SAFETY	4,789,568	4,883,811	4,382,975	500,836
STREET:	176,200	193,200	194,473	(1,273)
OTHER FINANCING USES:				
Transfers to other funds	8,381,400	8,879,800	8,783,655	96,145
Total Charges to Appropriations	20,273,128	20,430,302	18,708,439	1,721,863
ENDING BUDGETARY FUND BALANCE	\$ 2,487,492	\$ 2,397,582	\$ 2,840,292	\$ 442,710

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 ON BUDGETARY ACCOUNTING AND CONTROL**

	General Fund
Sources/inflows of resources	
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule.	\$21,548,731
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes.	(3,321,549)
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	(6,904,254)
Payments to police and fire pension systems made by the State of Oklahoma are revenues for financial reporting purpose but not budgetary purposes	455,123
The activity of the municipal court fund are not inflows of budgetary resources but are revenues for financial reporting purposes.	57,284
Account combined with the General Fund due to the implementation of GASB Statement 54 are revenues for financial reporting purposes but not budgetary purposes	13,684
	<u>13,684</u>
<i>Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds</i>	<u>\$11,849,019</u>
Uses/outflows of resources	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$18,708,439
Differences - budget to GAAP:	
Payments to police and fire pension systems made by the State of Oklahoma are revenues for financial reporting purpose but not budgetary purposes	455,123
The activity of the municipal court fund are not inflows of budgetary resources but are revenues for financial reporting purposes.	55,834
Account combined with the General Fund due to the implementation of GASB Statement 54 are expenditures for financial reporting purposes but not budgetary purposes	14,761
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	(8,837,776)
	<u>(8,837,776)</u>
<i>Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds</i>	<u>\$10,396,381</u>

BUDGETARY ACCOUNTING AND CONTROL

Budget Law

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

- a. Prior to June 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1.
- b. Public hearings are conducted to obtain citizen comments. At least one public hearing must be held no later than 15 days prior to July 1.
- c. Subsequent to the public hearings but no later than seven days prior to July 1, the budget is adopted by resolution of the City Council.
- d. By July 1, the adopted budget is filed with the Office of State Auditor and Inspector.

All funds of the city with revenues and expenditures are required to have annual budgets under this section of the state law, except funds of public trusts or authorities. The legal level of control at which expenditures may not legally exceed appropriations is the department within a fund. The Budget Act recognizes the following object categories of control by department within a fund: Personal Services, Materials and Supplies, Other Services and Charges, Capital Outlay, Debt Service, and Interfund Transfers.

Transfers of appropriations between departments and supplemental appropriations require City Council approval. The City Manager may transfer appropriations between object categories within a department without City Council approval. Supplemental appropriations must also be filed with the Office of State Auditor and Inspector. The City exceeded appropriations in the following categories:

General Fund – Street Department - \$1,273 (due to a correction of prior period accrual methodology)

Budgetary Accounting

The annual operating budgets of the General Fund are prepared and presented on the modified accrual basis of accounting for revenues and on the cash basis for expenditures, excluding internal service account activity of the General Fund.

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

Required Supplementary Information – OPEB

The funded status and funding progress of the City’s defined benefit OPEB plan for the most recent actuarial valuations is as follows:

	July 1, 2009	July 1, 2010	July 1, 2011
Actuarial accrued liability - AAL (a)	\$594,047	\$662,459	\$479,365
Actuarial value of plan assets (b)	-	-	-
Unfunded actuarial accrued liability – UAAL (funding excess) (a) – (b)	\$594,047	\$662,459	\$479,365
Funded ratio (b)/(a)	0%	0%	0%
Covered payroll (c)	\$3,224,000	\$3,400,500	\$3,577,000
UAAL (funding excess) as a % of covered payroll [UAAL/(c)]	18%	19%	13%

Actuarial valuations are performed every three years. The most recent valuation was for the year beginning July 1, 2011.

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OTHER INFORMATION

Other information includes financial statements and schedules not required by the GASB, nor are a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedules include:

- Combining Schedules – General Fund Accounts
- Budgetary Comparison Schedules – General Fund Accounts
- Combining Schedules – Non-major governmental funds
- Budgetary Comparison Schedules – Nonmajor Governmental Funds
- Combining Schedules – Enterprise Fund Accounts
- Schedule of Federal Awards-
- Schedule of Revenue Bond Coverage

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**CITY OF MUSTANG, OKLAHOMA
COMBINING BALANCE SHEET
GENERAL FUND ACCOUNTS
JUNE 30, 2013**

	<u>GENERAL FUND</u>	<u>GENERAL RESERVE</u>	<u>HEALTH REIMBURSEMENT</u>	<u>LIBRARY</u>	<u>TOTAL GENERAL FUND</u>
<u>ASSETS</u>					
Cash and cash equivalents	\$ 1,812,505	\$ 3,847	\$ 281	\$ 14,761	\$ 1,831,394
Investments	295,691	-	-	10,941	306,632
Receivables:					
Accrued interest receivable	1,012	-	-	-	1,012
Due from other funds	426,885	-	-	-	426,885
Due from other governments	1,191,002	-	-	-	1,191,002
Court fines receivable, net	117,369	-	-	-	117,369
Other receivable	320,689	-	-	1,125	321,814
Inventory	28,272	-	-	-	28,272
Total Assets	<u>\$ 4,193,425</u>	<u>\$ 3,847</u>	<u>\$ 281</u>	<u>\$ 26,827</u>	<u>\$ 4,224,380</u>
<u>LIABILITIES</u>					
Accounts payable	\$ 686,584	\$ -	\$ -	\$ 669	\$ 687,253
Accrued liabilities	122,659	-	2,071	-	124,730
Due to other funds	4,277	-	-	-	4,277
Due to other funds interaccount	-	-	-	-	0
Deferred revenue	176,695	-	-	-	176,695
Amounts held in escrow	59,885	-	-	-	59,885
Total Liabilities	<u>1,050,100</u>	<u>-</u>	<u>2,071</u>	<u>669</u>	<u>1,052,840</u>
<u>FUND BALANCES</u>					
Fund balances:					
Nonspendable	28,272	-	-	-	28,272
Unrestricted					
Committed	-	-	-	21,090	21,090
Assigned	544,770	3,847	-	5,068	553,685
Unassigned	2,570,283	-	(1,790)	-	2,568,493
Total fund balances	<u>3,143,325</u>	<u>3,847</u>	<u>(1,790)</u>	<u>26,158</u>	<u>3,171,540</u>

**CITY OF MUSTANG, OKLAHOMA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2013**

	GENERAL FUND	GENERAL RESERVE	HEALTH REIMBURSEMENT	LIBRARY	TOTAL GENERAL FUND
Revenues:					
Taxes	\$ 9,357,709	\$ -	\$ -	\$ -	\$ 9,357,709
Intergovernmental	854,326	-	-	1,125	855,451
License and permits	278,957	-	-	-	278,957
Charges for services	772,081	-	-	-	772,081
Fines and forfeitures	308,386	-	-	3,004	311,390
Investment income	8,938	9	-	147	9,094
Miscellaneous	254,938	-	3,106	6,293	264,337
Total Revenues	11,835,335	9	3,106	10,569	11,849,019
Expenditures:					
Current:					
Administration	2,961,164	-	-	-	2,961,164
Culture and recreation	1,707,328	-	-	8,653	1,715,981
Public safety	4,799,839	-	-	-	4,799,839
Community development	487,596	-	-	-	487,596
Streets and drainage	194,473	-	-	-	194,473
Capital outlay	231,220	-	-	6,108	237,328
Total Expenditures	10,381,620	0	-	14,761	10,396,381
Excess (deficiency) of revenues over expenditures	1,453,715	9	3,106	(4,192)	1,452,638
Other Financing Sources (Uses):					
Transfers in	7,099,358	-	-	-	7,099,358
Transfers in - interaccount	4,896	-	-	-	4,896
Transfers out	(8,837,776)	-	-	-	(8,837,776)
Transfers out interaccount	-	-	(4,896)	-	(4,896)
Total Other Financing Sources (Uses)	(1,733,522)	-	(4,896)	-	(1,738,418)
Net change in fund balances	(279,807)	9	(1,790)	(4,192)	(285,780)
Fund balances - beginning	3,423,132	3,838	-	30,350	3,457,320
Fund balances - ending	\$3,143,325	\$3,847	(1,790)	\$26,158	\$3,171,540

CITY OF MUSTANG, OKLAHOMA
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND ACCOUNTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	GENERAL RESERVE				HEALTH REIMBURSEMENT				LIBRARY			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final			Original	Final		
Revenues:												
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	-	-	2,500	2,500	1,125	(1,375)
Fines and forfeitures	-	-	-	-	-	-	-	-	6,100	5,800	3,004	(2,796)
Investment income	1,000	30	9	(21)	-	-	-	-	-	200	147	(53)
Miscellaneous	-	-	-	-	-	16,408	3,106	(13,302)	6,000	6,400	6,293	(107)
Total Revenues	1,000	30	9	(21)	-	16,408	3,106	(13,302)	14,600	14,900	10,569	(4,331)
Expenditures:												
Current:												
Administration	-	-	-	-	-	-	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-	-	-	10,180	16,180	8,653	7,527
Community Development	-	-	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	-	-	-
Streets	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	205,000	205,000	-	205,000	-	-	-	-	-	-	6,108	(6,108)
Debt service	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	205,000	205,000	-	205,000	-	-	-	-	10,180	16,180	14,761	1,419
Revenues over (under) expenditures	(204,000)	(204,970)	9	204,979	-	16,408	3,106	(13,302)	4,420	(1,280)	(4,192)	(2,912)
Other Financing Sources (Uses):												
Transfers in	120,000	-	-	-	-	16,408	4,896	11,512	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	120,000	-	-	-	-	16,408	4,896	11,512	-	-	-	-
Revenues and other sources over (under) expenditures and other uses	(84,000)	(204,970)	9	204,979	-	-	(1,790)	(1,790)	4,420	(1,280)	(4,192)	(2,912)
Fund Balance - beginning of year	84,000	204,970	3,838	(201,132)	-	-	-	-	18,000	17,700	30,350	12,650
Fund Balance - end of year	\$ -	\$ -	\$ 3,847	\$ 3,847	\$ -	\$ -	\$ (1,790)	\$ (1,790)	\$ 22,420	\$ 16,420	\$ 26,158	\$ 9,738

CITY OF MUSTANG, OKLAHOMA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2013

	SPECIAL REVENUE			DEBT SERVICE	CAPITAL PROJECTS	TOTAL
	TRAFFIC ENFORCEMENT	PARK IMPROVEMENTS	STREET IMPROVEMENT	SINKING FUND	CAPITAL IMPROVEMENT	NONMAJOR GOVERNMENTAL FUNDS
ASSETS						
Cash and cash equivalents	\$ 19,320	\$ 94,304	\$ 1,302,757	\$ 88,002	\$ 1,264,943	\$ 2,769,326
Investments	-	-	118,285	173,340	322,039	613,664
Receivables:						
Accrued interest receivable	-	-	-	-	-	-
Due from other funds	-	-	-	-	106,154	106,154
Due from other governments	-	-	-	10,880	-	10,880
Other receivable	167	-	-	-	-	167
Total Assets	<u>\$ 19,487</u>	<u>\$ 94,304</u>	<u>\$ 1,421,042</u>	<u>\$ 272,222</u>	<u>\$ 1,693,136</u>	<u>\$ 3,500,191</u>
LIABILITIES						
Accounts payable	\$ 5,024	\$ -	\$ -	\$ -	\$ 24,949	\$ 29,973
Due to other funds	-	-	-	-	-	0
Deferred revenue	-	-	133,000	10,762	-	143,762
Total Liabilities	<u>5,024</u>	<u>-</u>	<u>133,000</u>	<u>10,762</u>	<u>24,949</u>	<u>173,735</u>
FUND BALANCES						
Fund balances:						
Restricted	-	-	-	261,460	-	261,460
Unrestricted:						
Committed	14,463	94,304	1,288,042	-	1,668,187	3,064,996
Assigned	-	-	-	-	-	-
Total fund balances	<u>14,463</u>	<u>94,304</u>	<u>1,288,042</u>	<u>261,460</u>	<u>1,668,187</u>	<u>3,326,456</u>
Total Liabilities and Fund Balances	<u>\$19,487</u>	<u>\$94,304</u>	<u>\$1,421,042</u>	<u>\$272,222</u>	<u>\$1,693,136</u>	<u>\$3,500,191</u>

CITY OF MUSTANG, OKLAHOMA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013

	SPECIAL REVENUE			DEBT SERVICE	CAPITAL PROJECTS	TOTAL
	TRAFFIC ENFORCEMENT	PARK IMPROVEMENTS	STREET IMPROVEMENT	SINKING FUND	CAPITAL IMPROVEMENT	NONMAJOR GOVERNMENTAL FUNDS
Revenues:						
Taxes	\$ -	\$ -	\$ -	\$ 325,702	\$ -	\$ 325,702
Intergovernmental	-	-	70,698	-	-	70,698
License and permits	-	8,100	-	-	-	8,100
Fines and forfeitures	-	-	-	-	-	-
Investment income	45	248	3,645	-	4,871	8,809
Miscellaneous	167	-	-	-	-	167
Total Revenues	212	8,348	74,343	325,702	4,871	413,476
Expenditures:						
Current:						
Police	11,214	-	-	-	26,884	38,098
Culture and recreation	-	21,751	-	446	15,000	37,197
Community development	-	-	-	-	2,481	2,481
Streets and drainage	-	-	133,981	-	19,084	153,065
Capital outlay	-	67,717	317,212	-	595,606	980,535
Debt service:						
Principal retirement	-	-	-	-	53,159	53,159
Interest and fiscal charges	-	-	-	77,752	-	77,752
Total Expenditures	11,214	89,468	451,193	78,198	712,214	1,342,287
Excess (deficiency) of revenues over expenditures	(11,002)	(81,120)	(376,850)	247,504	(707,343)	(928,811)
Other Financing Sources (Uses):						
Capital lease proceeds	-	-	-	-	150,962	150,962
Transfers in	10,839	48,607	455,552	-	711,579	1,226,577
Total Other Financing Sources (Uses)	10,839	48,607.00	455,552	-	862,541	1,377,539
Net change in fund balances	(163)	(32,513)	78,702	247,504	155,198	448,728
Fund balances - beginning	14,626	126,817	1,209,340	13,956	1,512,989	2,877,728
Fund balances - ending	\$ 14,463	\$ 94,304	\$ 1,288,042	\$ 261,460	\$ 1,668,187	\$ 3,326,456

CITY OF MUSTANG, OKLAHOMA
 BUDGETARY COMPARISON SCHEDULE
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

SPECIAL REVENUE - TRAFFIC ENFORCEMENT FUND

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Fines and forfeitures	10,300	10,300	10,839	539
Investment income	-	-	45	45
Miscellaneous	-	-	167	167
Total Revenues	<u>10,300</u>	<u>10,300</u>	<u>11,051</u>	<u>751</u>
Expenditures:				
Current:				
Administration	-	-	-	-
Culture and Recreation	-	-	-	-
Community Development	-	-	-	-
Public safety	10,300	10,300	11,214	(914)
Streets	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Total Expenditures	<u>10,300</u>	<u>10,300</u>	<u>11,214</u>	<u>(914)</u>
Revenues over (under) expenditures	-	-	(163)	(163)
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other sources over (under) expenditures and other uses	-	-	(163)	(163)
Fund Balance - beginning of year	8,670	13,670	14,626	956
Fund Balance - end of year	<u>\$ 8,670</u>	<u>\$ 13,670</u>	<u>\$ 14,463</u>	<u>\$ 793</u>

**CITY OF MUSTANG, OKLAHOMA
BUDGETARY COMPARISON SCHEDULE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	SPECIAL REVENUE - PARK IMPROVEMENT				SPECIAL REVENUE - STREET IMPROVEMENT FUND			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
Revenues:								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 203,698	\$ 70,698	\$ (133,000)
Fines and forfeitures	35,000	45,000	48,607	3,607	-	-	-	-
Licenses and permits	5,000	8,100	8,100	-	-	-	-	-
Investment income	700	600	248	(352)	2,000	4,000	3,645	(355)
Miscellaneous	-	-	-	-	-	-	-	-
Total Revenues	40,700	53,700	56,955	3,255	2,000	207,698	74,343	(133,355)
Expenditures:								
Current:								
Administration	-	-	-	-	-	-	-	-
Culture and Recreation	9,000	9,000	21,751	(12,751)	-	-	-	-
Community Development	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Streets	-	-	-	-	395,415	716,743	133,981	582,762
Capital outlay	99,200	99,200	67,717	31,483	-	-	317,212	(317,212)
Debt service	-	-	-	-	-	-	-	-
Total Expenditures	108,200	108,200	89,468	18,732	395,415	716,743	451,193	265,550
Revenues over (under) expenditures	(67,500)	(54,500)	(32,513)	21,987	(393,415)	(509,045)	(376,850)	132,195
Other Financing Sources (Uses):								
Transfers in	-	-	-	-	387,000	465,000	455,552	(9,448)
Transfers out	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	387,000	465,000	455,552	(9,448)
Revenues and other sources over (under) expenditures and other uses	(67,500)	(54,500)	(32,513)	21,987	(6,415)	(44,045)	78,702	122,747
Fund Balance - beginning of year	65,000	65,000	126,817	61,817	190,000	110,000	1,209,340	1,099,340
Fund Balance - end of year	\$ (2,500)	\$ 10,500	\$ 94,304	\$ 83,804	\$ 183,585	\$ 65,955	\$ 1,288,042	\$ 1,222,087

**BUDGETARY COMPARISON SCHEDULE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	DEBT SERVICE FUND				CAPITAL PROJECT - CAPITAL IMPROVEMENT FUND			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
Revenues:								
Taxes	\$ 255,000	\$ 361,450	\$ 325,702	\$ (35,748)	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Investment income	-	1,050	-	(1,050)	4,000	4,600	4,871	271
Miscellaneous	-	-	-	-	-	19,301	-	(19,301)
Total Revenues	255,000	362,500	325,702	(36,798)	4,000	23,901	4,871	(19,030)
Expenditures:								
Current:								
Administration	-	-	-	-	-	-	-	-
Culture and Recreation	-	-	446	(446)	-	-	15,000	(15,000)
Community Development	-	-	-	-	-	-	2,481	(2,481)
Public safety	-	-	-	-	-	-	26,884	(26,884)
Streets	-	-	-	-	-	-	19,084	(19,084)
Capital outlay	-	-	-	-	1,099,861	1,268,908	595,606	673,302
Debt service	255,000	255,000	77,752	177,248	-	53,200	53,159	41
Total Expenditures	255,000	255,000	78,198	176,802	1,099,861	1,322,108	712,214	609,894
Revenues over (under) expenditures	-	107,500	247,504	140,004	(1,095,861)	(1,298,207)	(707,343)	590,864
Other Financing Sources (Uses):								
Capital lease proceeds	-	-	-	-	-	-	150,962	150,962
Transfers in	-	-	-	-	550,000	862,100	711,579	(150,521)
Transfers out	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	550,000	862,100	862,541	441
Revenues and other sources over (under) expenditures and other uses	-	107,500	247,504	140,004	(545,861)	(436,107)	155,198	591,305
Fund Balance - beginning of year	5,500	(5,500)	13,956	19,456	705,361	466,607	1,512,989	1,046,382
Fund Balance - end of year	\$ 5,500	\$ 102,000	\$ 261,460	\$ 159,460	\$ 159,500	\$ 30,500	\$ 1,668,187	\$ 1,637,687

CITY OF MUSTANG, OKLAHOMA
STATEMENT OF NET POSITION
COMBINING SCHEDULE ACCOUNTS OF THE MIA
JUNE 30, 2013

	ACCOUNTS OF THE MIA						TOTAL MUSTANG IMPROVEMENT AUTHORITY
	MUSTANG IMPROVEMENT AUTHORITY (MIA)	2006 BOND FUND	MIA RESERVE FUND	1998 BOND FUND	SEWER IMPACT FUND	UTILITY DEPOSITS	
ASSETS:							
Current Assets:							
Cash and cash equivalents	\$ 1,820,319	\$ -	\$ 59,556	\$ -	\$ 38,074	\$ 1,250	\$ 1,919,199
Restricted cash and cash equivalents	65,819	2,389,629	-	659,691	-	37,372	3,152,511
Investments	725,322	-	-	-	495,950	-	1,221,272
Restricted investments	-	767,153	-	-	-	278,346	1,045,499
Accounts receivable, net	833,607	-	-	-	-	-	833,607
Due from other governments	717,272	-	-	-	-	-	717,272
Due from other funds	4,277	-	-	-	-	-	4,277
Inventory	39,943	-	-	-	-	-	39,943
Total current assets	<u>4,206,559</u>	<u>3,156,782</u>	<u>59,556</u>	<u>659,691</u>	<u>534,024</u>	<u>316,968</u>	<u>8,933,580</u>
Noncurrent Assets:							
Land and construction in progress	477,872	-	-	-	-	-	477,872
Other capital assets, net	24,205,155	-	-	-	-	-	24,205,155
Total noncurrent assets	<u>24,683,027</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,683,027</u>
Total assets	<u>28,889,586</u>	<u>3,156,782</u>	<u>59,556</u>	<u>659,691</u>	<u>534,024</u>	<u>316,968</u>	<u>33,616,607</u>
DEFERRED OUTFLOWS OF RESOURCES:							
Unamortized loss on bond refunding	-	1,006,654	-	152,276	-	-	1,158,930
LIABILITIES:							
Current Liabilities:							
Accounts payable	1,017,465	-	-	-	-	-	1,017,465
Due to other funds	306,154	-	-	-	-	-	306,154
Accrued interest payable	-	97,467	-	13,342	29,552	-	140,361
Refundable deposits	-	-	-	-	-	30,325	30,325
Leases payable	16,805	-	-	-	-	-	16,805
Notes payable	163,925	-	-	1,090,000	-	-	1,253,925
Revenue bonds payable	-	1,095,000	-	-	-	-	1,095,000
Total current liabilities	<u>1,504,349</u>	<u>1,192,467</u>	<u>-</u>	<u>1,103,342</u>	<u>29,552</u>	<u>30,325</u>	<u>3,860,035</u>
Noncurrent liabilities:							
Deposits subject to refund	-	-	-	-	-	284,495	284,495
Revenue bonds payable, net	-	11,076,552	-	-	-	-	11,076,552
Notes payable	3,363,403	-	-	4,435,000	-	-	7,798,403
Total noncurrent liabilities	<u>3,363,403</u>	<u>11,076,552</u>	<u>-</u>	<u>4,435,000</u>	<u>-</u>	<u>284,495</u>	<u>19,159,450</u>
Total liabilities	<u>4,867,752</u>	<u>12,269,019</u>	<u>-</u>	<u>5,538,342</u>	<u>29,552</u>	<u>314,820</u>	<u>23,019,485</u>
NET POSITION:							
Net investment in capital assets	21,155,699	-	-	(5,525,000)	-	-	15,630,699
Restricted for Debt service	-	2,652,274	-	659,691	-	-	3,311,965
Unrestricted	2,866,135	(10,757,857)	59,556	138,934	504,472	2,148	(7,186,612)
Total net position	<u>\$ 24,021,834</u>	<u>\$ (8,105,583)</u>	<u>\$ 59,556</u>	<u>\$ (4,726,375)</u>	<u>\$ 504,472</u>	<u>\$ 2,148</u>	<u>\$ 11,756,052</u>

CITY OF MUSTANG, OKLAHOMA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
COMBINING SCHEDULE ACCOUNTS OF THE MIA
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	ACCOUNTS OF THE MIA						TOTAL MUSTANG IMPROVEMENT AUTHORITY
	MUSTANG IMPROVEMENT AUTHORITY (MIA)	2006 BOND FUND	MIA RESERVE FUND	1998 BOND FUND	SEWER IMPACT FUND	UTILITY DEPOSITS	
Operating Revenues:							
Charges for services:							
Water charges	\$ 2,728,597	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,728,597
Sewer charges	1,593,993	-	-	-	-	-	1,593,993
Installations and connections	82,835	-	-	-	-	-	82,835
Penalties	122,599	-	-	-	-	-	122,599
Sanitation charges	2,115,117	-	-	-	-	-	2,115,117
Ambulance assessment	225,964	-	-	-	-	-	225,964
Sewer impact fees	-	-	-	-	98,000	-	98,000
Other	112,451	27	-	-	-	1,264	113,742
Total operating revenues	<u>6,981,556</u>	<u>27</u>	<u>-</u>	<u>-</u>	<u>98,000</u>	<u>1,264</u>	<u>7,080,847</u>
Operating Expenses:							
Cost of goods sold	564,201	-	-	-	-	-	564,201
Operations and maintenance	3,855,582	537	-	-	-	-	3,856,119
Depreciation	961,874	-	-	-	-	-	961,874
Total operating expenses	<u>5,381,657</u>	<u>537</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,382,194</u>
Operating income	1,599,899	(510)	-	-	98,000	1,264	1,698,653
Non-Operating Revenues (Expenses):							
Investment income	7,962	7,410	-	48	5,489	-	20,909
Debt issuance costs	-	-	-	(93,790)	-	-	(93,790)
Grant revenue	688,267	-	-	-	-	-	688,267
Interest expense and fiscal charges	(5,417)	(690,599)	-	(150,141)	(100,768)	-	(946,925)
Total non-operating revenues (expenses)	<u>690,812</u>	<u>(683,189)</u>	<u>-</u>	<u>(243,883)</u>	<u>(95,279)</u>	<u>-</u>	<u>(331,539)</u>
Net income (loss) before contributions and transfers	2,290,711	(683,699)	-	(243,883)	2,721	1,264	1,367,114
Transfers in (out) - interaccount, net	(2,634,480)	2,085,102	13,194	1,086,112	(549,928)	-	-
Transfers in	8,340,520	-	-	-	3,000	-	8,343,520
Transfers out	<u>(7,866,218)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,866,218)</u>
Change in net position	130,533	1,401,403	13,194	842,229	(544,207)	1,264	1,844,416
Net position - beginning *	23,891,301	(9,506,986)	46,362	(5,568,604)	1,048,679	884	9,911,636
Net position - ending	<u>\$ 24,021,834</u>	<u>\$ (8,105,583)</u>	<u>\$ 59,556</u>	<u>\$ (4,726,375)</u>	<u>\$ 504,472</u>	<u>\$ 2,148</u>	<u>\$ 11,756,052</u>

* Restated for change in accounting principle - implementation of GASB 65

STATEMENT OF CASH FLOWS
COMBINING SCHEDULE ACCOUNTS OF THE MIA
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	ACCOUNTS OF THE MIA						TOTAL MUSTANG IMPROVEMENT AUTHORITY
	MUSTANG IMPROVEMENT AUTHORITY (MIA)	2006 BOND FUND	MIA RESERVE FUND	1998 BOND FUND	SEWER IMPACT FUND	UTILITY DEPOSITS	
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers	\$ 7,154,192	\$ 27	\$ -	\$ -	\$ 98,000	\$ 1,264	\$ 7,253,483
Payments to suppliers	(3,646,165)	(537)	-	-	-	-	(3,646,702)
Receipts of customer meter deposits	-	-	-	-	-	58,465	58,465
Customer meter deposits refunded or applied	(880)	-	-	-	-	(49,825)	(50,705)
Payments for interfund services used	(2,813)	-	-	-	-	-	(2,813)
Net Cash Provided by (Used in) Operating Activities	<u>3,504,334</u>	<u>(510)</u>	<u>-</u>	<u>-</u>	<u>98,000</u>	<u>9,904</u>	<u>3,611,728</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Transfers from (to) other funds - interaccount, net	(2,634,480)	2,085,102	13,194	1,086,112	(549,928)	-	-
Transfers from other funds	8,340,520	-	-	-	3,000	-	8,343,520
Transfers to other funds	(7,525,527)	-	-	-	-	-	(7,525,527)
Principal paid on non-capital debt	-	(1,055,000)	-	-	-	-	(1,055,000)
Interest and fiscal agent fees paid on non-capital debt	-	(606,490)	-	-	-	-	(606,490)
Net Cash Provided by (Used in) Noncapital and Related Financing Activities	<u>(1,819,487)</u>	<u>423,612</u>	<u>13,194</u>	<u>1,086,112</u>	<u>(546,928)</u>	<u>-</u>	<u>(843,497)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Purchases of capital assets	(552,908)	-	-	-	-	-	(552,908)
Proceeds from issuance of capital debt	-	-	-	5,525,000	-	-	5,525,000
Debt issuance cost	-	-	-	(93,790)	-	-	(93,790)
Principal paid on capital debt	(230,196)	-	-	(6,100,000)	-	-	(6,330,196)
Interest and fiscal agent fees paid on capital debt	(5,417)	-	-	(288,092)	(104,242)	-	(397,751)
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(788,521)</u>	<u>-</u>	<u>-</u>	<u>(956,882)</u>	<u>(104,242)</u>	<u>-</u>	<u>(1,849,645)</u>
CASH FLOWS FROM INVESTING ACTIVITIES							
Proceeds from sales and maturities of investments	-	-	-	-	200,000	-	200,000
Purchase of investments	(5,692)	(6,807)	-	-	(5,489)	(2,284)	(20,272)
Interest and dividends	7,962	7,410	-	48	5,489	-	20,909
Net Cash Provided by (Used in) Investing Activities	<u>2,270</u>	<u>603</u>	<u>-</u>	<u>48</u>	<u>200,000</u>	<u>(2,284)</u>	<u>200,637</u>
Net Increase (Decrease) in Cash and Cash Equivalents	898,596	423,705	13,194	129,278	(353,170)	7,620	1,119,223
Balances - beginning of the year	987,542	1,965,924	46,362	530,413	391,244	31,002	3,952,487
Balances - end of the year	<u>\$ 1,886,138</u>	<u>\$ 2,389,629</u>	<u>\$ 59,556</u>	<u>\$ 659,691</u>	<u>\$ 38,074</u>	<u>\$ 38,622</u>	<u>\$ 5,071,710</u>
Reconciliation to the Statement of Net Position:							
Cash and cash equivalents	1,820,319	-	59,556	-	38,074	1,250	1,919,199
Restricted cash and cash equivalents	65,819	2,389,629	-	659,691	-	37,372	3,152,511
Total cash and cash equivalents	<u>\$ 1,886,138</u>	<u>\$ 2,389,629</u>	<u>\$ 59,556</u>	<u>\$ 659,691</u>	<u>\$ 38,074</u>	<u>\$ 38,622</u>	<u>\$ 5,071,710</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:							
Operating income (loss)	\$ 1,599,899	\$ (510)	\$ -	\$ -	\$ 98,000	\$ 1,264	\$ 1,698,653
Adjustments to reconcile operating income to net cash provided (used) by operating activities:							
Depreciation expense	961,874	-	-	-	-	-	961,874
Grant revenue	688,267	-	-	-	-	-	688,267
Change in assets and liabilities:							
Receivables, net	171,580	-	-	-	-	-	171,580
Other receivables	21,919	-	-	-	-	-	21,919
Due from other governments	(709,130)	-	-	-	-	-	(709,130)
Inventory	(15,146)	-	-	-	-	-	(15,146)
Accounts payables	788,764	-	-	-	-	-	788,764
Customer meter deposits payable	(880)	-	-	-	-	\$8,640	7,760
Due from/to other funds - operating	(2,813)	-	-	-	-	-	(2,813)
Net Cash Provided by (Used in) Operating Activities	<u>\$ 3,504,334</u>	<u>\$ (510)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 98,000</u>	<u>\$ 9,904</u>	<u>\$ 3,611,728</u>

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal Grantor/Pass Through Agency Grantor/Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal or Stat Expenditures
FEDERAL AWARDS:			
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
<i>Passed through the Oklahoma State Department of Emergency Management</i>			
Disaster Grant - Public Assistance	97.036	FEMA-4117-DR-OK	\$ 606,925
<i>Passed through Canadian County</i>			
Fire Management Assistance Grant	97.046	FEMA-5001-OK	5,618
<i>Passed through the Oklahoma Office of Homeland Security</i>			
Homeland Security Grant Program	97.067	299.099	10,193
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Bulletproof Vest Partnership Program	16.607		385
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
NHTSA Discretionary Safety Grants	20.614		2,130
Total Federal Awards			\$ 625,251

Note 1. Basis of Presentation

This schedule includes the federal grant activity of the City of Mustang, Oklahoma under programs of the federal government for the year ended June 30, 2013. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and No-Profit Organizations*. Because the schedule presents only a selected portion of the operations of the City of Mustang, Oklahoma, it is not intended to and does not present the financial position, changes in net assets or cash flows of the City of Mustang, Oklahoma.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule of Expenditures of Federal Awards are reported on the modified accrual basis of accounting which may be different from other information contained in the City's financial statements.

SCHEDULE OF REVENUE BOND DEBT SERVICE COVERAGE

Gross Revenue Available for Debt Service:

Operating revenues (3)	\$4,626,024
Interest revenues	20,909
Sales tax revenues (2)	<u>8,409,427</u>
 Total Gross Revenues Available	 \$13,056,360
 Authority Operating Expenses (1)	 <u>2,283,978</u>
 Net Revenues Available for Debt Service	 <u><u>\$10,772,382</u></u>

Average Annual Debt Service Requirements for Term:

06 Utility System Refunding Revenue Bonds	\$1,660,241
98 A and B Refunding Revenue Bonds	729,608
2013 Refunding Note	-
OWRB Loan	<u>298,156</u>
 Total average annual Debt Service	 <u><u>\$2,688,005</u></u>
 Computed Coverage	 <u><u>4.01</u></u>
 Coverage Requirement - Revenue Bond Indenture	 <u><u>1.25</u></u>

(1) Excludes amortization and depreciation.

(2) Includes entire amount pledged, MIA only retains two-cents.

(3) Operating revenues of the system per the bond indenture only include water and sanitary sewer charges.

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Compliance Section

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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*

To the Honorable Mayor and Members of the City Council
City of Mustang, Oklahoma

I 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Mustang, Oklahoma, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City of Mustang, Oklahoma's basic financial statements, and have issued my report thereon dated December 6, 2013.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered the City of Mustang's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Mustang, Oklahoma's internal control. Accordingly, I do not express an opinion on the effectiveness of the City of Mustang, Oklahoma'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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a 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 a 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.

My 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 my audit I did not identify any deficiencies in internal control that I 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 the City of Mustang, Oklahoma's financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my 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 my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Anne Marie Elfrink, MS, CPA
Tulsa, Oklahoma
December 6, 2013

Anne Marie Elfrink, MS, CPA

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AS REQUIRED BY OMB CIRCULAR A-133

To the Honorable Mayor and Members of the City Council
City of Mustang, Oklahoma

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of the City of Mustang, Oklahoma's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I 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 of Mustang, Oklahoma's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of the City of Mustang, Oklahoma's compliance.

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

Management of the City of Mustang, Oklahoma is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the City of Mustang, Oklahoma's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the City of Mustang, Oklahoma'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 a 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 in internal control over compliance, yet important enough to merit attention by those charged with governance.

My consideration of 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. I did not identify any deficiencies in internal control over compliance that I 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 my testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Anne Marie Elfrink, MS, CPA
Tulsa, Oklahoma
December 6, 2013

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

CITY OF MUSTANG, OKLAHOMA

Year ended June 30, 2013

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: *unqualified*

Internal control over financial reporting:

- Material weakness(es) identified? *No*
- Significant deficiencies identified that are not considered to be material weaknesses? *No*
- Noncompliance material to financial statements noted? *No*

Federal Awards

Internal control over major programs:

- Material weaknesses identified? *No*
- Significant deficiencies identified that are not considered to be material weaknesses? *No*

Type of auditor’s report issued on compliance for major programs: *unqualified*

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? *No*

Identification of major programs:

<u>CFDA Number</u>	<u>Federal Program</u>
97.036	Disaster Grant – Public Assistance

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

Auditee qualified as low-risk auditee? *No*

Note: The City has not prepared a Summary Schedule of Prior Audit Findings and Corrective Action Plan as it did not undergo a single audit (Circular A-133) in the prior year and, consequently, there were no prior year findings.

Section II – Financial Statement Finding

None to report for the June 30, 2013 period.

Section III – Federal Award Findings and Questioned Costs

None to report for the June 30, 2013 period.

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Statistical Section

Statistical Section

This part of the City of Mustang's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the city's overall financial health.

Financial Trends – These schedules contain trend information to help the reader understand how the city's financial performance and well being have changed over time. (Table 1-4)

Revenue Capacity – These schedules contain information to help the reader assess the city's most significant local revenue sources, property tax and sales tax. (Table 5-11)

Debt Capacity – These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future. (Table 12-16)

Demographic and Economic Information – These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place. (Table 17-18)

Operating Information – These schedules contain service and infrastructure data to help the reader understand how the information in the city's financial report relates to the services the city provides and the activities it performs. (Table 19-21)

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant years and data maintained by each department of the city.

THE CITY OF MUSTANG, OKLAHOMA
NET POSITION BY COMPONENT
 LAST TEN FISCAL YEARS

Table 1

Description	Fiscal Year									
	2013	2012	2011 (2)	2010	2009	2008	2007	2006	2005	2004
Governmental Activities:										
Net investment in capital assets	\$ 26,279,118	\$ 25,352,936	\$ 26,279,118	\$ 26,397,315	\$ 25,910,144	\$ 26,436,760	\$ 26,440,340	\$ 8,777,281	\$ 8,617,595	\$ 6,412,726
Restricted for (by):										
Statutory requirements	-	-	894	-	-	-	-	-	-	-
Enabling legislation	261,460	86,875	132,112	-	-	-	-	-	-	-
External Contracts	2,280,681	5,074,727	1,021,119	-	-	-	-	-	-	-
Streets	-	-	-	-	-	-	-	-	241,927	248,726
Debt Service	-	-	-	364,139	156,311	427,551	305,456	981,871	1,015,619	821,249
Other purposes	-	-	-	-	-	549,457	932,632	309,693	521,009	465,881
Unrestricted	3,281,605	1,195,494	3,813,614	3,880,679	3,794,572	3,041,248	2,335,305	4,175,764	1,345,011	1,461,857
Total Governmental Activities Net Position	32,102,864	31,710,032	31,246,857	30,642,133	29,861,027	30,455,016	30,013,733	14,244,609	11,741,161	9,410,439
Business-type Activities:										
Invested in Capital Assets, Net of Related Debt	15,630,699	12,922,913	15,414,609	15,521,922	12,581,606	12,024,740	11,121,073	10,599,503	9,039,410	8,315,855
Restricted for:										
Debt Service	3,311,965	3,121,562	3,121,391	2,727,295	3,148,041	2,367,241	1,851,388	684,183	757,808	618,580
Unrestricted	(7,186,612)	(5,494,863)	(9,128,016)	(9,688,721)	(11,097,352)	(11,968,502)	(12,430,614)	2,944,563	2,285,356	2,308,828
Total Business-type Activities Net Position	11,756,052	10,549,612	9,407,984	8,560,496	4,632,295	2,423,479	541,847	14,228,249	12,082,574	11,243,263
Primary Government:										
Invested in Capital Assets, Net of Related Debt (See Note 3.G.)	29,994,817	25,305,849	29,016,833	26,599,393	22,205,917	21,870,022	20,257,078	19,376,784	17,657,005	14,728,581
Restricted for:										
Statutory requirements	-	-	894	-	-	-	-	-	-	-
Enabling legislation	261,460	86,875	3,253,503	-	-	-	-	-	-	-
External Contracts	5,592,646	8,196,289	1,021,119	-	-	-	-	-	-	-
Streets	-	-	-	-	-	-	-	-	241,927	248,726
Debt Service	-	-	-	3,091,434	3,304,352	2,794,792	2,156,844	1,666,054	1,773,427	1,439,829
Other purposes	-	-	-	-	-	549,457	932,632	309,693	521,009	465,881
Unrestricted	8,009,993	8,670,632	7,362,492	9,511,802	8,983,053	7,664,224	7,209,026	7,120,327	3,630,367	3,770,685
Total Primary Government Net Position (1)	\$ 43,858,916	\$ 42,259,645	\$ 40,654,841	\$ 39,202,629	\$ 34,493,322	\$ 32,878,495	\$ 30,555,580	\$ 28,472,858	\$ 23,823,735	\$ 20,653,702

(1) See Table 2 for changes in net position from year to year.

(2) The City implemented GASB 54 in FY 2011 (Fund Balance Classification)

THE CITY OF MUSTANG, OKLAHOMA
CHANGES IN NET POSITION
 LAST TEN FISCAL YEARS

Table 2
 page 1 of 2

	FISCAL YEAR									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Expenses										
<i>Governmental Activities:</i>										
Administration	\$3,592,161	\$3,036,075	\$3,108,236	\$2,911,942	\$2,891,957	\$2,513,297	\$2,473,980	\$2,321,757	\$2,219,320	\$1,998,081
Culture and recreation:	2,019,889	2,329,462	2,181,178	2,065,297	1,983,127	1,903,695	1,719,152	1,625,695	1,688,442	1,642,936
Community Development	511,587	440,962	407,014	382,505	483,396	477,895	396,151	395,905	406,858	381,614
Public safety	5,186,403	4,749,537	4,451,242	4,273,023	3,998,709	3,391,056	3,080,652	2,923,658	2,805,222	2,554,541
Streets and Drainage	824,189	731,455	643,834	590,070	564,688	527,609	531,542	445,568	379,719	1,533,124
Interest on long-term debt	85,411	13,647	19,238	33,278	37,580	46,810	26,060	922,230	1,034,674	1,073,948
Total governmental activities expenses	\$12,219,640	11,301,138	10,810,742	10,256,115	9,959,457	8,860,362	8,227,537	8,634,813	8,534,235	9,184,244
<i>Business-type activities:</i>										
Water operations	1,838,026	2,301,043	2,213,351	2,054,925	2,183,491	2,082,783	2,004,214	1,863,397	1,851,291	1,928,647
Wastewater operations	1,654,182	1,170,049	1,215,719	1,123,620	1,186,490	1,414,648	1,145,960	1,054,790	1,033,814	1,016,030
Solid waste operations	1,920,541	1,038,662	1,022,186	947,369	827,364	900,433	743,463	663,525	616,790	517,759
Ambulance	215,912	201,108	146,429	82,956	105,560	94,040	88,760	94,149	85,300	-
Interest on general long-term debt for governmental act.	700,458	870,590	800,094	801,953	841,161	850,330	916,304	-	-	-
Total business-type activities expenses	6,329,119	5,581,452	5,397,779	5,010,823	5,144,066	5,342,234	4,898,701	3,675,861	3,587,195	3,462,436
Total primary government expenses	18,548,759	16,882,590	16,208,521	15,266,938	15,103,523	14,202,596	13,126,238	12,310,674	12,121,430	12,646,680
Program Revenues										
<i>Governmental Activities:</i>										
<i>Charges for Services</i>										
Administration	150,405	-	-	-	608	16,847	27,739	3,535	104,987	3,293
Culture and recreation:	797,628	830,737	785,775	766,004	800,071	881,343	803,989	800,147	726,571	684,048
Community Development	287,057	175,824	154,831	165,139	163,421	290,601	302,134	391,556	331,684	359,004
Public safety	218,173	311,074	290,075	252,754	239,315	271,275	263,963	283,547	244,190	199,036
Streets and Drainage	-	-	-	-	-	-	-	-	-	-
Operating Grants and Contributions	481,605	560,532	598,667	546,450	461,428	322,771	237,089	212,896	213,987	255,700
Capital Grants and Contributions	818,588	53,402	290,899	1,226,430	365,756	446,530	475,789	1,758,271	1,563,011	846,857
Total governmental activities program revenues	2,753,456	1,931,569	2,120,247	2,956,777	2,030,599	2,229,367	2,110,703	3,449,952	3,184,430	2,347,938
<i>Business-type Activities:</i>										
Water operations	2,834,077	2,936,206	2,737,408	2,492,376	2,203,362	2,025,663	1,881,091	2,283,327	1,813,618	1,834,432
Wastewater operations	1,753,930	1,660,352	1,561,017	1,529,786	1,374,055	1,439,643	1,425,472	1,316,916	1,230,967	1,205,073
Solid waste operations	2,153,134	2,169,652	2,075,472	1,921,128	1,631,293	1,538,158	1,484,061	1,445,985	1,336,663	1,384,294
Ambulance	225,964	248,039	199,216	115,802	114,310	110,904	107,222	102,252	98,661	-
Operating Grants and Contributions	688,267	-	-	2,000,000	-	-	-	-	-	-
Capital Grants and Contributions	-	-	-	-	225,346	502,623	503,225	1,472,442	822,887	946,523
Total business-type activities program revenues	7,655,372	7,014,249	6,573,113	8,059,092	5,548,366	5,616,991	5,401,071	6,620,922	5,302,796	5,370,322
Total primary government program revenues	10,408,828	8,945,818	8,693,360	11,015,869	7,578,965	7,846,358	7,511,774	10,070,874	8,487,226	7,718,260

THE CITY OF MUSTANG, OKLAHOMA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

	FISCAL YEAR									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Net (Expenses) Revenues (1)										
<i>Governmental Activities</i>	(\$9,466,184)	(\$9,369,569)	(\$8,690,495)	(\$7,299,338)	(\$7,928,858)	(\$6,630,995)	(\$6,116,834)	(\$5,184,861)	(\$5,349,805)	(\$6,836,306)
<i>Business-type Activities</i>	1,326,253	1,432,797	1,175,334	3,048,269	404,300	274,757	502,370	2,945,061	1,715,601	1,907,886
Total Primary Government Net (Expenses)	(\$8,139,931)	(7,936,772)	(7,515,161)	(4,251,069)	(7,524,558)	(6,356,238)	(5,614,464)	(2,239,800)	(3,634,204)	(4,928,420)
General Revenues and Other Changes in Net Position										
<i>Governmental Activities:</i>										
Taxes:										
Sales and use taxes	8,671,987	8,099,554	7,717,051	7,720,761	7,868,844	6,972,867	6,540,179	5,971,174	5,677,438	5,250,121
Franchise and public service taxes	676,787	902,770	854,056	647,140	617,738	573,365	537,065	524,324	440,704	436,227
E-911 taxes	8,935	6,487	7,024	7,090	7,785	7,544	7,024	5,179	5,484	5,501
Intergovernmental revenue	674,920	179,531	153,400	365,017	377,459	496,307	253,080	229,635	363,778	340,573
Investment Income	40,782	27,813	38,633	38,668	75,661	135,620	95,696	77,010	51,483	40,141
Miscellaneous	317,534	186,772	136,481	108,799	80,370	37,565	33,587	27,411	245,798	198,394
Transfers - Internal Activity	(477,302)	426,212	388,574	(807,029)	(1,672,272)	(1,150,990)	(670,002)	853,576	990,431	846,152
Total Governmental Activities	9,913,643	9,829,139	9,295,219	8,080,446	7,355,585	7,072,278	6,796,629	7,688,309	7,775,116	7,117,109
<i>Business-type Activities:</i>										
Intergovernmental revenue	-	-	-	-	34,050	293,482	-	-	-	-
Investment Income	20,909	28,846	46,661	56,532	77,809	125,413	108,665	44,679	38,409	24,984
Miscellaneous	19,952	38,825	14,067	16,371	20,385	36,890	27,301	9,511	75,732	20,837
Transfers - Internal Activity	477,302	(426,212)	(388,574)	807,029	1,672,272	1,150,990	670,002	(853,576)	(990,431)	(846,152)
Total Business-type Activities	518,163	(358,541)	(327,846)	879,932	1,804,516	1,606,775	805,968	(799,386)	(876,290)	(800,331)
Total Primary Government	10,431,806	9,470,598	8,967,373	8,960,378	9,160,101	8,679,053	7,602,597	6,888,923	6,898,826	6,316,778
Change in Net Position (3)										
<i>Governmental Activities</i>	447,459	459,570	604,724	781,108	(573,273)	441,283	679,795	2,503,448	2,425,311	280,803
<i>Business-type Activities</i>	1,844,416	1,074,256	847,488	3,928,201	2,208,816	1,881,532	1,308,338	2,145,675	839,311	1,107,555
Total Primary Government (2)	2,291,875	\$1,533,826	\$1,452,212	\$4,709,309	\$1,635,543	\$2,322,815	\$1,988,133	\$4,649,123	\$3,264,622	\$1,388,358

(1) Net (expenses) is the difference between the expenses and program revenues. It indicates the degree to which a function or program is supported with its own fees and program-specific grants versus its reliance upon funding from taxes and other general revenues.

(2) See Table 1 for ending net position balances for reported years.

(3) The City implemented GASB 63 in FY2013 (Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position)

THE CITY OF MUSTANG, OKLAHOMA
FUND BALANCES, GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS

Table 3

	Fiscal Year									
	2013	2012	2011 (#1)	2010	2009	2008	2007	2006	2005	2004
General Fund:										
Reserved for:										
Nonspendable	28,272	24,561	25,752	-	-	-	-	-	-	-
Restricted	-	10,224	27,576	-	-	-	-	-	-	-
Committed	21,090	-	-	-	-	-	-	-	-	-
Assigned	553,685	815,135	12,780	-	-	-	-	-	-	-
Risk Management	-	-	-	-	-	\$377,445	\$293,332	\$293,665	\$331,988	\$324,070
Encumbrances	-	-	-	-	-	-	-	-	-	-
Specific Programs	-	-	-	-	-	-	-	-	-	7,521
Contracts payable	-	-	-	-	-	-	-	94,589	94,589	-
Accrued Compensated Absences	-	-	-	231,166	230,090	233,390	201,773	189,110	169,704	-
Inventories	-	-	-	19,068	21,265	14,292	27,352	16,028	19,070	15,354
Debt Service	-	-	-	-	-	-	-	-	-	821,249
Encumbrance	-	-	-	1,056,000	1,408,600	1,760,000	-	-	-	-
Unreserved/Unassigned	2,568,493	2,607,400	3,192,215	1,136,184	633,156	590,199	2,260,610	1,680,682	1,315,289	555,139
Total General Fund	3,171,540	3,457,320	3,258,323	2,442,418	2,293,111	2,975,326	2,783,067	2,274,074	1,930,640	1,723,333
Other Governmental Funds:										
Reserved for:										
Restricted	2,542,141	5,151,378	1,126,549	-	-	-	-	-	-	-
Committed	3,085,347	-	-	-	-	-	-	-	-	-
Assigned	-	1,272,147	648,743	-	-	-	-	-	-	-
Encumbrances	-	-	-	-	-	-	-	-	-	-
Specific Programs	-	-	-	216,880	269,142	686,411	1,025,584	494,619	1,383,802	2,010,361
Debt Service	-	-	-	112,351	163,299	427,551	330,886	981,871	1,284,211	1,090,671
Unreserved/Unassigned	-	-	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	-	-	-	915,143	661,449	1,056,773	811,149	376,254	14,771	16,243
Debt Service Fund	-	-	-	-	-	-	-	-	-	-
Capital project funds	-	-	-	246,839	200,052	91,859	70,999	85,375	47,972	53,826
Total Other Governmental Funds	5,627,488	6,423,525	1,775,292	1,491,213	1,293,942	2,262,594	2,238,618	1,938,119	2,730,756	3,171,101
Total Governmental Funds	8,799,028	9,880,845	5,033,615	3,933,631	3,587,053	5,237,920	5,021,685	4,212,193	4,661,396	\$4,894,434

(1) The City implemented GASB 54, fund balance reporting, in fiscal year 2011.

THE CITY OF MUSTANG, OKLAHOMA
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS

Table 4

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Revenues:										
Taxes (1)	\$9,683,411	\$9,005,285	\$8,571,856	\$8,581,973	\$8,713,651	\$7,897,457	\$7,194,475	\$6,591,495	\$6,407,642	\$5,990,931
Intergovernmental	926,149	718,942	768,221	705,041	701,359	485,010	375,386	352,407	296,576	243,141
Charges for services	772,081	766,581	720,049	697,413	713,631	824,131	749,386	744,765	811,127	740,603
Fines and forfeitures	311,390	264,551	271,084	233,265	258,666	230,220	221,991	235,180	209,729	179,748
Licenses and permits	287,057	180,000	157,301	165,139	164,029	293,721	310,421	394,551	335,858	362,298
Investment income	37,631	24,217	15,065	38,668	75,661	135,620	95,696	77,010	51,483	40,141
Miscellaneous	264,504	358,961	248,470	194,834	178,099	167,735	194,391	185,328	367,734	223,639
Total Revenues	\$12,282,223	11,318,537	10,752,046	10,616,333	10,805,096	10,033,894	9,141,746	8,580,736	8,480,149	7,780,501
Expenditures:										
Current:										
Administration	2,961,164	2,838,949	2,413,187	2,477,639	2,493,152	2,127,488	2,045,313	1,894,938	1,795,807	1,682,948
Culture and recreation (2)	1,753,178	1,951,152	1,879,426	1,859,874	1,767,030	1,688,775	1,513,282	1,505,215	1,439,099	1,429,369
Community development	490,077	417,382	360,715	360,587	481,226	462,236	386,063	386,021	399,987	373,215
Public safety	4,837,937	4,299,784	4,096,741	3,860,578	3,748,433	3,152,986	2,829,558	2,655,014	2,604,651	2,294,655
Streets and drainage	347,538	213,334	154,470	153,130	153,366	151,067	178,825	137,551	116,190	132,745
Capital outlay	2,482,352	562,110	935,148	467,124	1,349,901	829,557	774,999	1,058,505	1,686,438	428,723
Debt service:										
Bond issuance cost	-	-	-	-	-	-	33,728	565,772	-	-
Principal retirement	53,159	346,059	300,574	255,901	451,245	205,000	205,000	730,116	618,485	644,911
Interest and fiscal charges	77,752	16,067	24,415	27,892	41,640	49,560	21,330	1,080,080	1,044,961	1,078,441
Total Expenditures	13,003,157	10,644,837	10,164,676	9,462,725	10,485,993	8,666,669	7,988,098	10,013,212	9,705,618	8,065,007
Excess of revenues over(under) expenditures	(\$720,934)	673,700	587,370	1,153,608	319,103	1,367,225	1,153,648	(1,432,476)	(1,225,469)	(284,506)
Other Financing Sources (Uses):										
Transfers in	8,325,935	8,634,590	7,932,808	7,212,830	6,396,594	5,872,229	6,105,868	7,184,678	6,852,042	5,849,899
Transfers out	(8,837,776)	(8,204,280)	(7,544,234)	(8,019,859)	(8,068,866)	(7,023,219)	(6,775,870)	(6,331,102)	(5,861,611)	(5,003,747)
Capital Lease/bond proceeds	150,962	3,743,219	124,040	-	85,101	-	960,000	16,885,000	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	(16,885,000)	-	-
Premium on sale of bonds	-	-	-	-	-	-	-	479,415	-	-
Proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	(360,879)	4,173,529	512,614	(807,029)	(1,587,171)	(1,150,990)	289,998	1,332,991	990,431	846,152
Net change in fund balances	(\$1,081,813)	\$4,847,229	\$1,099,984	\$346,579	(\$1,268,068)	\$216,235	\$1,443,646	(\$99,485)	(\$235,038)	\$561,646
Debt Service as a Percentage of Non-Capital Expenditures	1.24%	3.74%	3.53%	3.15%	5.39%	3.25%	3.14%	20.22%	20.74%	22.57%

(1) See Table 5 for additional tax detail.

(2) The City issued \$2,050m expansion to town center/library and \$1,550m baseball complex April 2012.

**THE CITY OF MUSTANG, OKLAHOMA
 TAX REVENUES BY SOURCE (1)**

LAST TEN FISCAL YEARS

Table 5

Fiscal Year	Ad Valorem Tax (3)	Sales Tax (2)	Alcoholic Beverage Tax	Franchise Tax	Commercial Vehicle Tax
2004	\$ 304,583	\$ 5,130,960	\$ 35,990	\$ 436,227	\$ 93,388
2005	267,247	5,544,658	38,203	440,705	93,367
2006	92,554	5,823,816	39,480	524,324	93,367
2007	117,231	6,347,024	41,370	537,065	93,368
2008	356,140	6,767,926	44,918	573,365	93,369
2009	227,069	7,566,653	47,039	617,737	93,882
2010	214,072	7,463,894	47,188	647,140	93,882
2011	203,182	7,458,028	48,955	651,623	99,687
2012	202,157	7,876,617	66,269	703,574	119,005
2013	328,331	8,340,520	70,464	719,038	127,069

Fiscal Year	Fuel Tax	Use Tax	Telephone Tax	Tobacco Tax	Totals
2004	\$ 26,956	\$ 119,161	\$ 5,501	\$ -	\$ 6,152,766
2005	25,652	132,780	5,484	36,075	6,584,171
2006	27,789	144,259	5,179	90,184	6,840,952
2007	26,255	193,155	7,024	92,364	7,454,856
2008	28,222	204,941	7,544	95,249	8,171,674
2009	32,452	302,191	7,785	103,409	8,998,217
2010	33,818	256,867	7,090	104,313	8,868,264
2011	35,480	259,023	7,024	104,445	8,867,447
2012	32,326	222,937	6,487	113,262	9,342,634
2013	33,180	250,930	9,022	108,059	9,986,614

- (1) This schedule reports using the modified accrual basis of accounting
- (2) Effective December 1996, the sales tax rate increased from three cents to four cents on the dollar. In fiscal year 2004, a major retailer located in Mustang.
- (3) These revenues are reported in the Debt Service fund. The City does not levy property taxes for operations. Property taxes are used to service general obligation bonds and judgments, per State Statute.

THE CITY OF MUSTANG, OKLAHOMA
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS

Table 6

Fiscal Year	Real Property	Personal Property	Public Service Property	Total Assessed Value	Homestead & Veterans Exemption	Total Assessed Value	Estimated Actual Value	Total Mileage Levied
2013	\$113,352,018	\$ 5,071,881	\$ 3,876,847	\$122,300,746	\$ 5,065,796	\$117,234,950	\$ 117,229,911	2.72
2012	108,319,823	5,196,614	4,379,240	117,895,677	4,115,166	113,780,511	112,921,191	2.91
2011	105,119,238	5,433,715	4,303,920	114,856,873	4,137,166	109,904,371	106,319,101	1.94
2010	97,326,059	5,218,483	3,985,236	106,529,778	4,137,987	102,391,791	102,391,791	2.09
2009	89,770,263	4,033,768	4,070,577	97,874,608	4,110,498	93,764,110	98,171,023	2.40
2008	80,506,852	3,845,740	3,880,763	88,233,355	4,008,499	84,224,856	88,233,355	4.22
2007	71,006,980	3,746,635	4,155,748	78,909,363	4,125,325	74,784,038	78,909,363	1.60
2006	65,832,914	3,117,446	4,337,485	73,287,845	3,755,332	69,532,513	73,287,845	1.39
2005	60,055,650	2,972,555	3,835,147	66,863,352	3,611,832	63,251,520	66,863,352	4.51
2004	53,988,542	2,007,914	3,594,871	59,591,327	3,471,000	56,120,327	59,592,327	5.39

(1) Property in the City is reassessed each year by the Canadian County Assessors Office. Tax rates are per \$1,000 of assessed values.
 (2) The source of property value information is the Canadian County Assessor's Office - wehmullerm@canadiancounty.org (Matt Wehmuller)
 (3) Voter approval is required to increase property taxes. Under Oklahoma State Statutes a municipality can only levy a property taxes for the repayment of principal and interest on general obligation bond debt or court assessed judgments. Property taxes cannot be used for operations.

**THE CITY OF MUSTANG, OKLAHOMA
 PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
 (PER \$1,000 OF ASSESSED VALUE)**

LAST TEN FISCAL YEARS

Table 7

Fiscal Year	Debt Service Fund	Mustang School District	Canadian County	Canadian Valley Vo-Tech	Mustang City Resident
2013	2.72	66.30	16.11	15.60	100.73
2012	2.91	65.25	16.11	15.60	99.87
2011	1.81	65.17	16.11	15.60	98.69
2010	2.09	66.47	16.11	15.60	100.27
2009	2.40	66.96	16.11	15.60	101.07
2008	4.22	66.80	16.11	15.60	102.73
2007	1.60	67.34	16.11	15.60	100.65
2006	1.39	58.58	16.11	15.60	91.68
2005	4.51	64.40	16.11	15.60	100.62
2004	5.39	65.64	16.11	15.60	102.74

Source: Canadian County Assessor's Office.

CITY OF MUSTANG, OKLAHOMA
SALES TAX RATES OF DIRECT AND OVERLAPPING GOVERNMENTS

Last Ten Fiscal Years

Table 8

	<i>Fiscal Year</i>									
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
City - General Fund	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
City - Debt Service (1)	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Total City of Mustang	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Canadian County	0.35%	0.35%	0.35%	0.35%	0.35%	0.35%	0.35%	0.35%	0.35%	0.35%
State of Oklahoma	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
Total	8.85%	8.85%	8.85%	8.85%	8.85%	8.85%	8.85%	8.85%	8.85%	8.85%

- (1) The voters approved a one-cent sales tax effective October 1, 2001 and ending July 31, 2030 for the purpose of paying principal and interest on the 1999 MIA Revenue Bonds used to construct and equip a community center and library complex, police complex, sports complex, and aquatic facility.
- (2) The source for sales tax is the City of Mustang Annual Financial Report and the Oklahoma Tax Commission.
- (3) Sales tax is the main operating tax for the City of Mustang. Under State Statutes, the City cannot levy a property tax for operations. All sales tax increases must be approved by the voters.

CITY OF MUSTANG, OKLAHOMA
TAXABLE SALES BY CATEGORY
Last Ten Fiscal Years

Table 9

Category	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Telecommunications	\$376,009	\$419,697	\$409,248	\$424,427	\$419,417	\$409,255	\$378,973	\$359,145	\$361,130	\$347,996
Public Utilities	488,557	502,669	480,904	498,490	479,924	437,829	443,596	416,550	341,765	334,093
Wholesale Trade	351,870	256,710	324,312	303,246	337,262	302,368	195,839	136,944	180,603	152,920
Retail - Building Materials	1,241,264	1,071,365	997,457	990,134	1,061,405	444,367	551,167	585,333	418,055	346,971
Retail - General Merchandise	3,252,621	2,907,524	2,726,761	2,715,146	2,826,221	2,727,404	2,548,195	2,521,266	2,227,326	2,107,541
Retail - Food	399,698	404,490	390,997	444,657	426,295	328,066	315,487	313,301	407,631	451,152
Retail - Automotive	184,713	198,607	196,293	194,382	200,178	194,892	187,603	173,216	183,723	161,976
Retail - Apparel	69,200	58,827	58,079	54,386	54,391	50,313	39,676	39,829	35,169	12,615
Retail - Furniture and Accessories	252,665	259,197	227,283	244,852	194,612	225,070	232,014	203,793	185,942	108,875
Retail - Restaurants	1,152,574	1,050,304	999,813	939,483	864,735	835,673	732,623	683,884	570,883	502,267
Retail - Miscellaneous	180,050	344,419	334,246	317,679	329,200	325,636	299,062	165,298	275,799	179,909
Services - Personal	43,229	42,504	41,873	26,719	31,023	25,486	27,715	30,566	27,034	24,610
Services - Business	108,338	68,141	78,338	90,055	77,509	74,361	98,161	85,834	61,099	55,695
Services - Automotive Repair	88,536	60,038	60,761	52,487	37,008	40,244	37,578	33,634	26,005	30,535
Amusement & Recreation	18,032	4,691	32,171	31,174	54,104	55,905	46,228	48,021	54,064	47,502
Manufacturing	77,260	1,408	130,399	130,595	145,460	240,554	176,395	186,880	168,720	147,675
All Other Categories (5)	55,902	226,026	33,944	75,060	27,909	50,503	102,416	119,311	49,235	40,407
	\$8,340,520	\$7,876,617	\$7,522,878	\$7,532,972	\$7,566,653	\$6,767,926	\$6,412,728	\$6,102,805	\$5,574,183	\$5,052,739

> Information obtained from reports provided by the Oklahoma Tax Commission.
 > Oklahoma State Statutes prohibits the reporting of individual sales tax payers.
 > The retail base began growing in fiscal year 2004 with the opening of a major department store and multiple strip malls.

**CITY OF MUSTANG, OKLAHOMA
 PRINCIPAL PROPERTY TAXPAYERS**

Current Year and Ten Years Ago

Table 10

2013			2004		
Taxpayer	Taxable Assessed Value (1)	Percentage of Total Net Assessed Value	Taxpayer	Taxable Assessed Value (1)	Percentage of Total Net Assessed Value
Oklahoma Gas & Electric	\$2,523,826	2.28%	Oklahoma Gas & Electric	\$1,809,100	3.52%
Park Place Apartments	1,666,305	1.50%	Wal-Mart	1,592,895	3.10%
Lowe's Home Centers Inc	1,154,568	1.04%	Southwestern Bell Telephone	1,036,829	2.01%
Wal-mart Real Estate Business	955,542	0.86%	Park Place Apartments	923,384	1.79%
Wal-mart Stores East LP	848,250	0.77%	Oklahoma Natural Gas Company	433,939	0.84%
Lowe's Home Centers Inc	680,093	0.61%	Greens at Pebble Creek	433,849	0.84%
Oklahoma Natural Gas Company	669,739	0.60%	BL-OK Investments	390,709	0.76%
Industrial Gasket	424,448	0.38%	Gary Owens	366,091	0.71%
Greens at Pebble Creek	414,964	0.37%	Industrial Gasket	330,500	0.64%
McCasland, E Leon	381,072	0.34%		319,200	0.62%
TOTAL	\$9,718,807	8.78%	TOTAL	\$7,636,496	14.84%

(1) The source for property value information is the Canadian County Assessor's Office.

CITY OF MUSTANG, OKLAHOMA
PROPERTY TAX LEVIES AND COLLECTIONS
 Last Ten Fiscal Years

Table 11

Fiscal Year Ended June 30,	Collected within Fiscal Year Year of the Levy			Collected Subsequent Year	Total Collections To Date	
	Gross Tax Levy	Amount	Percentage of Levy		Amount	Percentage of Levy
2013	\$328,568	\$325,180	98.97%	\$723	\$325,903	99.19%
2012	199,042	196,754	98.85%	507	197,261	99.11%
2011	206,118	153,745	74.59%	51,694	205,439	99.67%
2010	214,009	208,051	97.22%	5,840	213,891	99.94%
2009	224,893	224,422	99.79%	318	224,740	99.93%
2008	355,426	351,817	98.98%	3,315	355,132	99.92%
2007	119,576	112,930	94.44%	5,867	118,797	99.35%
2006	96,828	92,554	95.59%	3,471	96,025	99.17%
2005	285,274	270,808	94.93%	10,714	281,522	98.68%
2004	302,993	290,753	95.96%	13,830	304,583	100.52%

(1) Actual Tax Levy for prior tax year from Canadian County Clerk's records.
 Note: Total % of levy collected exceeds 100% due to the collection of taxes from subsequent years.

CITY OF MUSTANG, OKLAHOMA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS **Table 12**

GOVERNMENTAL ACTIVITIES				
FISCAL YEAR	GENERAL OBLIGATION BONDS	JUDGMENT FUNDING BONDS	CAPITAL LEASE OBLIGATIONS	
2013	\$ 3,600,000	\$ -	\$	145,493
2012	3,600,000	-		168,582
2011	240,000	-		131,422
2010	480,000	-		67,956
2009	720,000	-		83,856
2008	960,000	210,000		-
2007	960,000	415,000		-
2006	-	620,000		-
2005	175,000	825,000		170,116
2004	350,000	1,030,000		256,697

BUSINESS TYPE ACTIVITIES				
FISCAL YEAR	REVENUE BONDS	CAPITAL LEASE OBLIGATIONS	NOTE PAYABLE	
2013	\$ 12,171,552	\$ 16,805	\$	9,052,329
2012	19,070,000	-		3,739,793
2011	20,905,000	-		4,003,393
2010	22,670,000	-		3,258,803
2009	25,290,000	-		140,419
2008	26,810,000	-		-
2007	28,215,000	-		-
2006	29,265,000	-		-
2005	29,090,000	-		-
2004	29,541,290	-		-

FISCAL YEAR	TOTAL PRIMARY GOVERNMENT	PERCENTAGE OF PERSONAL INCOME	PER CAPITA
2013	\$ 24,986,179	5.9%	\$1,395
2012	27,192,549	7.1%	\$1,511
2011	26,051,134	7.3%	\$1,460
2010	27,417,186	7.0%	\$1,547
2009	27,330,631	7.4%	\$1,583
2008	29,239,252	7.6%	\$1,779
2007	30,944,011	8.5%	\$1,898
2006	31,355,919	9.1%	\$2,033
2005	31,833,007	9.7%	\$2,420
2004	32,861,799	11.6%	\$2,498

> Personal income and population data are available on Table 17.

CITY OF MUSTANG, OKLAHOMA

**RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING,
 LAST TEN FISCAL YEARS**

Table 13

Fiscal Year	General Bonded Debt Outstanding			Restricted Debt Service Funds	Net Bonded Debt
	General Obligation Bonds	Judgment Funding Bonds	Total		
2013	\$3,600,000	0	\$3,600,000	\$261,342	\$3,338,658
2012	\$3,600,000	0	3,600,000	11,209	3,588,791
2011	240,000	0	240,000	87,011	152,989
2010	480,000	0	480,000	364,139	115,861
2009	720,000	0	720,000	163,299	556,701
2008	960,000	210,000	1,170,000	427,551	742,449
2007	960,000	415,000	1,375,000	329,941	1,045,059
2006	-	620,000	620,000	345,221	274,779
2005	175,000	825,000	1,000,000	387,247	612,753
2004	350,000	1,030,000	1,380,000	624,457	755,543

Fiscal Year	Percentage of Actual Taxable Value of Property (#2)	Ratio of Net Bonded Debt to Assessed Value (#2)	Estimated Population (#1)	Bonded Debt Per Capita	Net Bonded Debt Per Capita
2013	3.07%	3.07%	18,543	\$194.14	\$194.14
2012	3.19%	3.15%	17,395	\$206.96	\$206.31
2011	0.23%	0.14%	17,395	\$13.80	\$8.79
2010	0.47%	0.11%	17,260	27.81	6.71
2009	0.73%	0.59%	17,260	41.71	32.25
2008	1.33%	0.88%	16,300	71.78	45.55
2007	1.74%	1.40%	16,300	84.36	64.11
2006	0.85%	0.40%	15,500	40.00	17.73
2005	1.50%	0.97%	13,156	76.01	46.58
2004	2.32%	1.35%	13,156	104.90	57.43

(1) Information obtained from the US Census Bureau and the Oklahoma Department of Commerce.

(2) Property tax values are located in Table 6. (County Assessor's Office) Shelley Dickerson

CITY OF MUSTANG, OKLAHOMA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of June 30, 2013

Table 14

<u>Entity</u>	<u>Net General Bonded Debt Outstanding (1)</u>	<u>Percentage Applicable to City of Mustang</u>	<u>Amount Applicable to City of Mustang (2)</u>
Mustang Public Schools	\$27,039,265	33.60%	\$9,085,193
City of Mustang	\$3,745,493	100.00%	\$3,745,493
Total Direct and Overlapping Debt	<u>\$30,784,758</u>		<u>\$12,830,686</u>

(1) Debt outstanding provided by each entity.

(2) All debt on this schedule is repaid with property taxes.

CITY OF MUSTANG, OKLAHOMA
MUSTANG IMPROVEMENT AUTHORITY
PLEDGED-REVENUE BOND COVERAGE
LAST TEN FISCAL YEARS

Table 15

<u>Fiscal Year</u>	<u>Gross Revenue (including pledged sales tax)</u>	<u>Direct Operating Expenses (1)</u>	<u>Net Revenue Available for Debt Service (2)</u>	<u>Bond Indenture Requirement (3)</u>		
				<u>Average Annual Debt Service</u>	<u>Calculated Coverage</u>	<u>Required Coverage</u>
2013	\$ 13,056,360	\$ 2,283,978	\$ 10,772,382	\$ 2,688,005	4.01	1.25
2012	12,369,125	2,127,447	10,241,678	3,166,263	3.23	1.25
2011	11,534,128	1,970,982	9,563,146	3,178,283	3.01	1.25
2010	11,573,094	1,700,878	9,872,216	2,772,351	3.56	1.25
2009	11,174,760	2,718,336	8,456,424	2,772,351	3.05	1.25
2008	10,183,341	1,798,686	8,384,655	2,727,413	3.07	1.25
2007	9,719,426	1,617,954	8,101,472	3,302,823	2.45	1.25
2006	9,625,001	2,160,195	7,464,806	1,955,400	3.82	1.25
2005	8,563,088	1,424,175	7,138,913	2,743,351	2.60	1.25
2004	7,967,158	1,281,443	6,685,715	2,743,351	2.44	1.25

(1) Direct operating expenses exclude amortization, depreciation and bad debt expenses.

(2) Gross revenues included pledged revenues of water, sewer and sales tax.

(3) The MIA Revenue Bond Indentures require a coverage requirement of 1.25 times annually using the average annual debt service over the life of the bond issues.

**CITY OF MUSTANG, OKLAHOMA
 LEGAL DEBT MARGIN INFORMATION
 LAST TEN FISCAL YEARS**

Table 16

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Net assessed valuation	<u>\$117,229,911</u>	<u>\$112,921,191</u>	<u>\$106,319,101</u>	<u>\$102,391,791</u>	<u>\$93,764,110</u>
Debt limit (1)	11,722,991	11,292,119	10,631,910	10,239,179	9,376,411
Applicable bonds outstanding:					
2012 General Obligation Bonds	3,600,000	3,600,000	-	-	-
2007 General Obligation Bonds (2)	-	-	240,000	480,000	720,000
Total Debt Outstanding	<u>3,600,000</u>	<u>3,600,000</u>	<u>240,000</u>	<u>480,000</u>	<u>720,000</u>
Legal debt margin	<u>\$8,122,991</u>	<u>\$7,692,119</u>	<u>\$10,391,910</u>	<u>\$9,759,179</u>	<u>\$8,656,411</u>
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Net assessed valuation	<u>\$84,224,856</u>	<u>\$74,784,038</u>	<u>\$69,532,513</u>	<u>\$63,251,520</u>	<u>\$56,120,327</u>
Debt limit (1)	8,422,486	7,478,404	6,953,251	6,325,152	5,612,033
Applicable bonds outstanding:					
2007 General Obligation Bonds (3)	960,000	960,000	-	-	-
1989 General Obligation Bonds (2)	-	-	-	175,000	350,000
Total Debt Outstanding	<u>960,000</u>	<u>960,000</u>	<u>-</u>	<u>175,000</u>	<u>350,000</u>
Legal debt margin	<u>\$7,462,486</u>	<u>\$6,518,404</u>	<u>\$6,953,251</u>	<u>\$6,150,152</u>	<u>\$5,262,033</u>

(1) Article 10, Section 26 of the Oklahoma Constitution limits the amount of outstanding general obligation bonded debt of the municipality for non-utility or non-street purposes to no more than 10% of net assessed valuation of property.

(2) The 1989 General Obligation Bonds final maturity was on July 1, 2005.

CITY OF MUSTANG, OKLAHOMA
DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN CALENDAR YEARS

Table 17

Year	Population (1)	Personal Income	Per Capita Personal Income (1) (4)	Median Age (1) (4)
2012	17,916	426,866,027	21,554	35.7
2011	18,002	381,347,755	21,554	35.7
2010	17,395	374,931,830	21,554	34.3
2009	17,843	372,204,980	20,860	34.3
2008	17,727	369,785,220	20,860	34.3
2007	17,260	360,043,600	20,860	34.3
2006	16,440	342,938,400	20,860	34.3
2005	16,300	340,018,000	20,860	34.3
2004	16,500	344,190,000	20,860	34.3
2003	13,156	274,434,160	20,860	64.3

Year	Education Level in Years of Schooling (1) (4) (5)	School Enrollment (2)	Unemployment Rate (3)
2012	90%	9,584	4.1%
2011	90%	9,293	4.9%
2010	90%	8,644	4.6%
2009	90%	8,724	5.8%
2008	90%	8,350	4.8%
2007	90%	8,150	4.2%
2006	90%	7,955	3.7%
2005	90%	7,048	4.6%
2004	90%	7,461	3.6%
2003	90%	6,569	3.7%

(1) Information obtained from the U.S. Census Bureau and the Oklahoma Department of Commerce. Estimated population of census years. Chamber of Commerce Data Sheet - Mustang, OK

(2) Information obtained from the Superintendent's Office the Mustang Public School District. (Janna West)

(3) Information obtained from the Oklahoma Employment Security Commission, for the Oklahoma City metropolitan area.

(4) The City of Mustang is considered part of the Oklahoma City Metropolitan Statistical Area. The most recent data available for the City of Mustang relates to the 2000 and 2010 census. Estimates from the Oklahoma Department of Commerce have been used when available. Data from 1996-1999 relates to the 1990 census. Data from 2000-2007 relates to the 2000 census.

(5) Represents the percent of the population 25 years and older who are high school graduates or higher.

CITY OF MUSTANG, OKLAHOMA
PRINCIPAL EMPLOYERS
CURRENT YEAR AND THREE YEARS

Table 18

	2013			2012		
	Employees	Rank	Percentage of Total City Employment (1)	Employees	Rank	Percentage of Total City Employment (1)
<i>Employer:</i>						
Mustang Public Schools, Edu	1000	1	39.70%	1000	1	27.00%
Wal-Mart Super Center, Retail	325	2	23.50%	315	2	8.50%
Tate Publishing, Publishing	320	3	1.80%	220	3	5.94%
Lowes Home Improvement, Retail	156	4	23.50%	112	5	3.02%
City of Mustang, Government	150	5	1.90%	135	4	3.64%
Accurate Drilling, Construction	69	6	8.00%	67	6	1.81%
Coldwell Banker Select, Real Estate	50	7	12.80%	45	8	1.21%
All American Bank, Banking	49	8	1.80%	49	7	1.32%
Security Solutions, Manufacturing	40	9	2.50%	40	9	1.08%
Industrial Gasket, Manufacturing	35	10	2.50%	0	-	0.00%
Wilson Ophthalmic Corp, Other	-	10	0.00%	40	10	1.08%
Total	2,194			2,023		

	2011			2010		
	Employees	Rank	Percentage of Total City Employment (1)	Employees	Rank	Percentage of Total City Employment (1)
<i>Employer:</i>						
Mustang Public School	714	1	19.28%	900	1	24.30%
Wal-Mart Super Center	277	2	7.48%	277	2	7.48%
Lowes Home Improvement	-	-	0.00%	189	3	5.10%
Tate Publishing	189	3	5.10%	107	5	2.89%
City of Mustang	130	4	3.51%	135	4	3.64%
Lowes Home Improvement	107	5	2.89%	0	-	0.00%
Oklahoma National Guard Arm	75	6	2.02%	0	-	0.00%
Accurate Drilling	67	7	1.81%	0	-	0.00%
Coldwell Banker Select	50	8	1.35%	35	8	0.94%
Larry's New Homeland	45	9	1.21%	50	6	1.35%
Security Solutions	35	10	0.94%	38	7	1.03%
Wilson Ophthalmic	-	-	0.00%	20	10	0.54%
Industrial Gasket Mfg	-	-	0.00%	28	9	0.76%
Total	1,689			1,779		

Source: Mustang Chamber of Commerce and the Oklahoma Department of Commerce

(1) Because the City of Mustang is bedroom community to Oklahoma City, the majority of our residents leave the City for full-time employment. Due to this fact, statistics related to employment have not been maintained in the past.

CITY OF MUSTANG, OKLAHOMA
FULL-TIME EQUIVALENT CITY OF MUSTANG EMPLOYEES BY FUNCTION/PROGRAM
 LAST TEN FISCAL YEARS

Table 19

Function/Program	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Administration:										
City Manager	4	4	4	4	4	4	4	4	4	3
Finance	6	6	5	5	5	5	5	5	5	5
Community Development	6	6	5	5	5	5	7	6	6	6
Culture and Recreation:										
Parks	37	38	35	34	34	32	31	31.5	31	29
Library	6	6.25	6	5.25	5.25	5	5	5	4.25	4.25
Town Center Complex	1.25	1.25	2	2	2	2	1.25	1.25	2	2
Public Safety:										
Police										
Officers	21	20	19	19	19	19	19	19	19	18
Dispatch	5	5	5	5	5	5	5	5	5	5
Administration	4.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Fire										
Firefighters	15	15	15	15	15	15	15	12	11	10
Administration	2	2	2	2	2	2	2	2	2	2
Total	107.75	107.00	101.50	99.75	99.75	97.50	97.75	94.25	92.75	87.75

Note: Information provide by City of Mustang Human Resources.

***Fiscal Year 2013 reported - 'Full-Time Equivalents' (full-time employees plus part-time employees converted to a full-time basis)
 Previous audits reported only full-time employees. Corrected T-19 in previous years.

CITY OF MUSTANG, OKLAHOMA
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Table 20

Function/Program	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Police										
Arrests	584	696	908	605	356	307	310	291	363	281
Total Citations	4,152	3,840	2,820	3,416	2,816	3,798	2,777	2,950	3,036	3,004
Total Incident Reports	2,486	2,384	1,900	1,090	1,689	1,449	1,573	1,615	1,356	1,251
Fire										
Medical Alarms	1,261	1,063	1,085	950	930	889	889	810	748	683
Total Alarms	2,047	1,943	1,958	1,697	1,782	1,820	1,820	1,622	1,641	1,256
Average Response Time	3.41	5	4.25	5.25	3.46	3.50	3.36	3.45	3.50	3.26
Culture and Recreation										
Town Center Memberships	9,921	4,074	2,784	2,568	4,525	3,740	42,321	41,652	58,523	50,827
Park Permits	1,338	1,441	1,361	1,376	1,412	1,346	1,272	1,330	1,479	(1)
Conference Center Room Rentals	1,849	1,969	1,854	1,871	1,848	1,849	1,723	1,741	1,451	1,048
Senior Center Lunch Participants	9,190	8,424	11,128	10,942	9,126	11,143	10,645	10,264	9,303	11,016
Aquatic Center Attendance	30,121	34,466	36,749	37,421	33,451	39,493	23,968	21,348	24,248	24,003
Sports (Adult and Youth) League participants	33,187	32,461	33,584	33,512	35,248	36,140	22,421	23,075	20,111	19,874
Library										
Age of library collections										
0 to 5 years	13%	6%	39%	39%	39%	39%	34%	34%	34%	34%
6 to 10 years	122%	61%	28%	28%	28%	28%	15%	15%	15%	15%
11 to 25 years	55%	27%	22%	22%	22%	22%	36%	36%	36%	15%
26 or more years	10%	6%	11%	11%	11%	11%	15%	15%	15%	15%
Volumes in collection	56,416	56,415	46,557	46,002	43,717	48,470	39,659	36,754	34,763	33,408
Ebooks	4,084	-	-	-	-	-	-	-	-	-
Databases	6	-	-	-	-	-	-	-	-	-
Cultural/educational program	280	278	283	354	325	313	308	296	277	60
Cultural/educational attendance	9,207	15,130	14,820	16,484	14,103	14,872	13,990	11,903	11,130	2,999
Total volumes borrowed	227,358	215,091	216,489	196,412	175,307	164,828	163,997	146,455	138,666	120,442
Membership	34,394	32,079	29,240	26,196	23,036	19,735	22,376	19,714	17,103	16,770
Water										
New Connections	110	62	122	91	114	193	311	268	257	236
Average daily consumption (in million gallons per day)	1.57	1.75	1.53	1.58	1.58	1.58	1.56	1.53	1.53	1.38
Wastewater										
Average effluent flow in mgd	1.91	1.35	2.00	2.00	1.607	1.16	1.61	1.16	1.4	1.12
Streets										
Cubic yards of street panels replaced	17.5	11.05	97.6	89.5	90.25	156	33.74	111.25	(1)	(1)
Cubic feet of potholes patched	39	4,293	329	473	594.3	107.25	115.8	388.7	7.9	5.9
Community Development										
Commercial construction permits	6	7	2	1	9	9	13	13	11	21
Commercial construction cost	\$3,733,567	\$2,307,000	\$700,000	\$900,000	\$4,437,000	\$10,269,800	\$6,029,000	\$12,781,000	\$3,608,000	\$8,380,000
Residential construction permits	101	39	49	69	61	141	201	301	246	256
Residential construction cost	\$22,191,390	\$11,662,776	\$9,804,975	\$11,924,721	\$9,951,416	\$22,580,400	\$38,067,812	\$45,838,513	\$33,656,530	\$37,341,771
Stormwater management										
Construction erosion inspections	843	616	17	28	26	150	675	20	19	31
Stormwater permits issued	107	46	9	14	17	150	218	6	(1)	(1)
Occupation and Business										
Occupation licenses	622	567	521	506	567	553	356	357	358	341
Business licenses	358	354	350	341	377	333	332	309	316	313

(1) Ten years of data was not available but will be accumulated over time. Significant amount of operating statistics were lost when the roof was torn off of City Hall in a storm and the building destroyed. Records stored in the basement were a total loss. Source: internal city documents.

**CITY OF MUSTANG, OKLAHOMA
 CAPITAL ASSETS STATISTICS BY FUNCTION/PROGRAM
 LAST TEN FISCAL YEARS**

Table 21

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Public Safety										
Police Stations	1	1	1	1	1	1	1	1	1	1
Fire Stations	1	1	1	1	1	1	1	1	1	1
Streets										
Street (miles)	85.03	85.03	85.03	85.03	85.03	85.03	84.28	12.88	8.5	5.85
Traffic Signals	9	9	8	8	8	7	7	7	7	7
Parks and Recreation										
Acreage	187.5	187.5	187.5	187.5	187.5	212	212	214	214	214
Playgrounds	8	8	8	8	8	7	7	7	7	7
Baseball/softball diamonds	12	12	12	12	12	15	15	15	15	15
Soccer/football fields	4	4	4	4	4	11	11	11	11	11
Walking Trails (miles)	2.05	2.05	2.05	2.05	2.05	2	2	2	2	2
Water										
Water mains (miles)	130	121.03	121.03	121.03	120.28	120.28	119.61	117.72	115.07	108.36
Fire hydrants	850	838	809	809	804	804	797	725	712	688
Storage capacity (millions of gallons)	3.35	3.35	3.35	3.35	3.35	3.35	3.35	3.35	3.35	3.35
Water wells	12	12	12	12	12	12	12	12	12	12
Booster Stations	3	3	3	3	3	3	3	3	2	2
Wastewater										
Sanitary sewer lines (miles)	90	85.7	85.7	85.7	85.7	85.7	83.3	81.54	77.14	70.32
Treatment capacity (millions of gallons per day)	2	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Lift stations	6	6	6	6	6	6	6	6	6	5

Source: Internal city documents.

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