



**CITY OF
MIDWEST CITY, OKLAHOMA**

ANNUAL FINANCIAL REPORT

JUNE 30, 2012

**CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2012**

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Independent Auditors' Report

Honorable Mayor and City Council
The City of Midwest City, Oklahoma
Midwest City, Oklahoma

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Midwest City, Oklahoma as of and for the year ended June 30, 2012, which collectively comprise the City of Midwest City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City Midwest City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used, and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Midwest City, Oklahoma, as of June 30, 2012 and the respective changes in financial position and where applicable, cash flows thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report (under separate cover) dated January 31, 2013, on our consideration of the City of Midwest City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, other post-employment benefits funding progress, and the general fund, police fund and fire fund budgetary comparison 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Midwest City's basic financial statements. The combining and individual nonmajor fund financial statements and other supplementary schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The combining and individual nonmajor fund financial statements and other supplementary schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and other supplementary schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The accompanying Statistical section, as listed in the table of contents, has not been subjected to the procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Cole & Reed P.C.

Oklahoma City, Oklahoma
January 31, 2013

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MANAGEMENT DISCUSSION AND ANALYSIS

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

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the City's financial statements beginning on page 18.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the fiscal year ended June 30, 2012, by \$533,124,160 (net assets). Of this amount, unrestricted net assets of the government activities were (\$2,887,587) with the business type activities of \$22,434,027. As noted, the governmental unrestricted net assets are negative and increased 0.6% or \$15,824 from last year. The business type unrestricted net assets declined 8.11% or \$1,980,556 from last year. The unrestricted net assets may be used to meet the government's ongoing obligations to citizens and creditors.
- The business type unrestricted net assets have several commitments as it relates to future capital needs of the City. Contracts related to capital projects are disclosed on page 55 of the report. The Sewer Fund is recording \$16,144,240 of the unrestricted funds. However, engineering is currently being performed for a composting facility which could cost \$9,200,000. The construction is needed in order to meet the ever changing needs of the City and to comply with EPA mandates.
- The Primary Governments total net assets decreased by \$2,904,518 or 0.5% from the prior year. This was a result of a decrease of \$6,391,166 in the governmental activities while the business-type activities had an increase of \$3,486,648. Both revenues and expenses increased over the prior year. The detailed changes made from the Governmental Fund Statements to the Statement of Net Assets can be found on page 23.
- The City's total debt increased by \$48,910,314 or 68%. New debt in the amount of \$46,550,000 was issued for the construction of a sewer plant. The OPEB (the commitment by the City that retirees can continue on group health insurance at a subsidized rate) liability continues to increase annually by \$1,431,444.
- Sales tax is the major source of revenue for governmental activities. Sales and Use tax collections for FY 2012 totaled \$29,892,778 compared to \$27,152,264 in FY 2011. The total increase in Sales and Use Tax collection was \$2,740,514 of which \$2,297,984 was from the new .55 tax rate effective January 1, 2012. This created an increase over prior year of \$442,530 or 1.63%. A historical review of governmental activity revenues can be found on page 82 of the report.
- At the end of the fiscal year 2012, the unassigned fund balance of the General Fund was \$4,392,386 or 16.5% of General Fund revenues.
- Health Insurance premiums increased \$993,564 over last year or 23.18%. This was done through premium increases, restructuring of the groups and increased City contributions.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

The Statement of Activities presents information showing how the City's net assets changed during the most recent fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and fines and earned but not used vacation and sick leave as stated in City policy and union contracts). Both the Statement of Net Assets and the Statement of Activities are prepared using the accrual basis of accounting as opposed to the modified accrual basis used for Fund Financial Statements of the governmental funds.

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

- **Governmental activities.** Most of the City's basic services are reported here, including general government, public safety, streets, culture and recreation, health and welfare and economic development. Sales taxes and franchise taxes finance most of these activities as reflected on page 19.
- **Business-type activities.** The City charges a fee to customers to cover the cost of services it provides. The City's utility system (water, sewer, sanitation, and drainage), conference center/hotel, golf, trailer park and industrial park activities are reported here.

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

- **Governmental funds.** The majority of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method identified as the modified accrual basis of accounting which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general governmental operations and the basic services it provides. Governmental fund

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information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. By comparing information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements, readers may better understand the long-term impact of the government's near-term financing decisions. The relationship or differences between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds are detailed in a reconciliation following the fund financial statements on page 23 and 24 of this report.

The City of Midwest City maintains individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General, Police, Fire, Hospital Authority, and the Tax Increment Financing funds. Data from the debt service fund, 13 special revenue funds, and 7 capital project funds, all of which are considered to be governmental, 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 starting on page 69 of this report.

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

The City of Midwest City maintains five major enterprise funds. The City uses these funds to account for its water, sewer, sanitation, conference center/hotel and drainage operations. The funds provide the same type of information as the government-wide financial statements, only in more detail and include some of the internal service fund-type activity. The City considers these enterprise fund activities to be major funds. Data from 6 non-major enterprise funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major proprietary funds is provided in the form of combining statements starting on page 73 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As of June 30, 2012, the City's combined net assets are \$533,124,160, of which \$428,556,795 can be attributed to governmental activities and \$104,567,365 attributed to business-type activities. This analysis focuses on the net assets (Table 1) and changes in net assets (Table 2) of the City's governmental and business-type activities.

The largest portion of the City's net assets, 80.4%, reflects its investment in capital assets (e.g., land, water rights, building, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these

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liabilities. The net change in capital assets can be reviewed in Table 1 with key element changes shown in Table 3.

Table 1
Net Assets
(In Thousands)

| | Governmental Activities | | % Inc. (Dec.) | Business-type Activities | | % Inc. (Dec.) | Total Primary Government | | % Inc. (Dec.) |
|-----------------------------|----------------------------|-------------------|------------------|-----------------------------|------------------|------------------|-----------------------------|----------------|------------------|
| | 2011 | | | 2012 | | | 2011 | | |
| | 2012 | Restated | | 2012 | 2011 | | 2012 | 2011 | |
| Current and other assets | \$ 120,592 | \$ 118,995 | 1% | \$ 80,111 | \$ 29,292 | 173% | \$ 200,703 | \$ 148,287 | 35% |
| Capital assets | 356,467 | 365,761 | -3% | 111,505 | 103,740 | 7% | 467,972 | 469,501 | 0% |
| Total assets | <u>477,059</u> | <u>484,756</u> | -2% | <u>191,616</u> | <u>133,032</u> | 44% | <u>668,675</u> | <u>617,788</u> | 8% |
| Long-term debt outstanding | 42,080 | 42,307 | -1% | 78,762 | 29,623 | 166% | 120,842 | 71,930 | 68% |
| Other liabilities | 6,423 | 7,501 | -14% | 8,287 | 2,329 | 256% | 14,710 | 9,830 | 50% |
| Total liabilities | <u>48,503</u> | <u>49,808</u> | -3% | <u>87,049</u> | <u>31,952</u> | 172% | <u>135,552</u> | <u>81,760</u> | 66% |
| Net assets: | | | | | | | | | |
| Invested in capital assets, | | | | | | | | | |
| net of debt | 348,167 | 356,051 | -2% | 80,332 | 76,262 | 5% | 428,499 | 432,313 | -1% |
| Restricted | 83,278 | 81,759 | 2% | 1,801 | 1,255 | 44% | 85,079 | 83,014 | 2% |
| Unrestricted | (2,888) | (2,872) | 1% | 22,434 | 23,563 | -5% | 19,546 | 20,691 | -6% |
| Total net assets | <u>\$ 428,557</u> | <u>\$ 434,938</u> | -1% | <u>\$104,567</u> | <u>\$101,080</u> | 3% | <u>\$533,124</u> | <u>536,018</u> | -1% |

Governmental activities decreased the City's net assets by (\$6,391,166) or 1.5%. The business type activities increased the City's net assets by \$3,486,648 or 3.45% for a net effect decrease of (\$2,904,518), or 0.5%. The key elements of these changes are contained in Table 2.

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Table 2
Changes In Net Assets
(In Thousands)

| | Governmental Activities | | % Inc. (Dec.) | Business-Type Activities | | % Inc. (Dec.) | Total Primary Government | | % Inc. (Dec.) |
|--|----------------------------|------------------------|------------------|-----------------------------|------------------------|------------------|-----------------------------|------------------------|------------------|
| | 2012 | 2011 | | 2012 | 2011 | | 2012 | 2011 | |
| Revenues: | | | | | | | | | |
| Program revenues: | | | | | | | | | |
| Charges for services | \$ 5,191 | \$ 5,200 | 0% | \$ 26,036 | \$ 24,205 | 8% | \$ 31,227 | \$ 29,405 | 6% |
| Operating grants and contributions | 4,784 | 4,669 | 2% | - | - | - | 4,784 | 4,669 | 2% |
| Capital grants and contributions | 384 | 1,392 | -72% | - | - | - | 384 | 1,392 | -72% |
| General revenues: | | | | | | | | | |
| Sales and use taxes | 29,893 | 27,152 | 10% | - | - | - | 29,893 | 27,152 | 10% |
| Other taxes | 7,167 | 6,869 | 4% | - | - | - | 7,167 | 6,869 | 4% |
| Other general revenue | 2,747 | 14,723 | -81% | 930 | 681 | 37% | 3,677 | 15,404 | -76% |
| Total revenues | <u>50,166</u> | <u>60,005</u> | -16% | <u>26,966</u> | <u>24,886</u> | 8% | <u>77,132</u> | <u>84,891</u> | -9% |
| Program expenses: | | | | | | | | | |
| General government | 4,876 | 6,129 | -20% | - | - | - | 4,876 | 6,129 | -20% |
| Public safety | 27,607 | 25,917 | 7% | - | - | - | 27,607 | 25,917 | 7% |
| Streets | 14,961 | 15,003 | 0% | - | - | - | 14,961 | 15,003 | 0% |
| Cultural, parks and recreation | 1,596 | 1,377 | 16% | - | - | - | 1,596 | 1,377 | 16% |
| Health and Welfare | 1,418 | 212 | 569% | - | - | - | 1,418 | 212 | 569% |
| Economic Development | 4,984 | 4,494 | 11% | - | - | - | 4,984 | 4,494 | 11% |
| Water | - | - | - | 5,018 | 4,674 | 7% | 5,018 | 4,674 | 7% |
| Sewer | - | - | - | 7,466 | 6,244 | 20% | 7,466 | 6,244 | 20% |
| Sanitation | - | - | - | 3,576 | 3,635 | -2% | 3,576 | 3,635 | -2% |
| Drainage | - | - | - | 633 | 668 | -5% | 633 | 668 | -5% |
| Conference Center | - | - | - | 6,795 | 7,003 | -3% | 6,795 | 7,003 | -3% |
| Other activities | - | - | - | 1,106 | 1,102 | 0% | 1,106 | 1,102 | 0% |
| Total expenses | <u>55,442</u> | <u>53,132</u> | 4% | <u>24,594</u> | <u>23,326</u> | 5% | <u>80,036</u> | <u>76,458</u> | 5% |
| Excess (deficiency) before transfers | (5,276) | 6,873 | 177% | 2,372 | 1,560 | 52% | (2,904) | 8,433 | -134% |
| Transfers | (1,115) | 113 | 1087% | 1,115 | (113) | -1087% | - | - | - |
| Increase (decrease) in net assets | <u>(\$ 6,391)</u> | <u>\$ 6,986</u> | 191% | <u>\$ 3,487</u> | <u>\$ 1,447</u> | 141% | <u>\$ (2,904)</u> | <u>\$ 8,433</u> | -134% |

Governmental Activities. The revenues reflect a decrease over last year of \$9,839,287. This significant decrease is the result of unrealized gains and losses reported on investment income. The Hospital Authority had a difference of \$11,842,474 in investment income over last year. The Hospital Authority is the only fund authorized to invest in the stock market which can result in large fluctuations based on the market performance. All other fund investments are FDIC insured, collateralized or direct obligations of the United State Government.

Sales tax increased due to the authorization by citizens for a new tax rate of 3.85 from 3.30. The sales tax which is the governmental activities main source of revenue is allocated as follows:

| | |
|-----------------------|--------|
| General | 24.86% |
| Police | 29.77% |
| Fire | 24.81% |
| 911 | 1.05% |
| Capital Improvement | 6.49% |
| Park and Rec | 1.30% |
| Debt Svc./Sewer Plant | 10.43% |

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Streets 1.29%

The most significant governmental activities expenditure was in providing public safety with a cost of \$27,606,910. These expenditures were funded by revenue collected from a variety of sources, the largest being a transfer from General Fund in the amount of \$16,835,109 and dedicated sales tax of \$5,048,451 for the fiscal year ended June 30, 2012. The most significant portion of public safety expense is the cost of personnel. Salaries and benefits totaled \$23,473,771. Other significant governmental expenditures are for the streets in the amount of \$14,960,991 of which \$11,819,481 is depreciation expense.

Business-type Activities. Business-type revenue increased by \$2,079,344, or an 8% increase over prior year. The sewer revenue increased from \$5,754,756 in previous year to \$6,819,951 in this year as a result of utility rate increase that came effective January 1, 2012. The new increase is .90 cents per thousand to assist in paying for the new debt obligation created by the construction of the new sewer plant. Additional funding for the new sewer revenue bond debt comes from part of the new sales tax voted on by the citizens, effective January 1, 2012. The sales tax has to be recorded in a governmental fund and transferred over to the debt service fund. This is the reason for the increased transfers in the business-type activities. The investment income increased from \$664,010 to \$883,577, due to increase in cash and investment account balances.

Budgetary Highlights. For fiscal year 2011-2012, General Fund revenue (including transfers) budget was amended by (\$9,156) or .03% of the original budget of \$27,982,041. The reduction of approx \$9,000 was due to the closing of offsite betting from Remington Park. The actual revenues (including transfers) exceeded the final budget projections by \$206,626. General Fund actual expenditures (including transfers) on a budgetary basis were \$27,501,174 compared to the final budget of \$28,045,570. See page 60 of the report for more detail.

The Police Fund revenue (including transfers) budget was increased by \$157,636, or 1.2%, of the original budget of \$12,995,896. This was due to a new sales tax projection of \$36,424 per ordinance 3145 which earmarked 0.012375 of one percent of the additional sales tax for police department capital outlay needs. There were budget supplements for police equipment grant of \$50,025 and additional funding for special investigation unit building of \$68,376. The actual revenues (including transfers) exceeded the final budget projections by \$87,085 or 0.7%. The actual expenditures (including transfers) on a budgetary basis were \$13,850,305 compared to the final budget of \$14,910,818. Actual expenditures (including transfers) were \$1,060,513 or 7.1% below budget projections. Some positions were budgeted but not staffed due to vacancy; actual separation pay was less than expected; \$243,203 capital outlay encumbered but not spent due to building remodel and equipment purchase not able to be completed or acquired during the fiscal year.

The Fire Fund revenues (including transfers) budget was amended by \$193,362. This was due to increased sales tax projection of \$109,271 per ordinance 3145 which earmarked 0.037125 of one percent of the additional sales tax for fire department capital outlay needs. There was budget supplement for UASI grant of \$80,160. The actual revenues (including transfers) were less than the final budget projections by \$411. The actual expenditures (including transfers) on a budgetary basis was \$10,594,337 compared to the final budget of \$10,652,155. Actual expenditures (including transfers) were \$57,818 or 0.5% below projections.

The budget to actual comparisons for these funds can be found on pages 60-64 of the report.

Capital Asset At the end of fiscal year 2012, the City had \$467,972,639 invested in a broad range of capital assets, including police and fire equipment, buildings, conference center and hotel, park

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facilities, roads, bridges, water and sewer facilities and distribution systems. This amount represents a net decrease (including additions and deductions) of \$9,293,417 for the governmental activities. Although the City had equipment additions of \$966,373, construction in progress additions of \$1,545,950 and infrastructure additions of \$874,858; the depreciation expense of \$13,777,125 caused the current year reduction, with street depreciation for the year in the amount of \$11,819,481.

The business activities had an increase of \$7,765,364 due to the addition of construction in progress of the Sewer Facility for approximately \$9,510,865. Table 3 reflects the net key elements that make up the capital assets by type and source.

TABLE 3
Capital Assets
(In Thousands)

| | Governmental Activities | | Business-Type Activities | | Total Primary Government | |
|--------------------------|----------------------------|-------------------|-----------------------------|-------------------|-----------------------------|-------------------|
| | Restated, | | 2012 | 2011 | 2012 | 2011 |
| | 2012 | 2011 | | | | |
| Land | \$ 30,681 | \$ 30,325 | \$ 7,550 | \$ 7,550 | \$ 38,231 | \$ 37,875 |
| Water rights | - | - | 4,673 | 4,673 | 4,673 | 4,673 |
| Construction in progress | 4,589 | 3,694 | 13,226 | 9,292 | 17,815 | 12,986 |
| Buildings | 26,645 | 26,217 | 30,392 | 28,813 | 57,037 | 55,030 |
| Machinery and equipment | 16,288 | 15,879 | 11,546 | 11,022 | 27,834 | 26,901 |
| Vehicles | 7,748 | 7,122 | 6,546 | 5,662 | 14,294 | 12,784 |
| Infrastructure | 428,358 | 427,483 | 105,397 | 100,969 | 533,755 | 528,452 |
| | 514,309 | 510,720 | 179,330 | 167,981 | 693,639 | 678,701 |
| Less: Depreciation | (157,842) | (144,961) | (67,824) | (64,241) | (225,666) | (209,202) |
| Totals | \$ 356,467 | \$ 365,759 | \$ 111,506 | \$ 103,740 | \$ 467,973 | \$ 469,499 |

Additional information on the City's capital assets can be found on pages 37-39 of this report.

Debt Administration. At year end, the City had \$115,425,372 in long term debt outstanding as compared to \$67,946,503 at the end of the prior fiscal year, an increase of 69.9% as shown in Table 4. See pages 42-45 for a more in depth review of long-term debt.

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**TABLE 4
Long-Term Debt
(In Thousands)**

| | Governmental Activities | | Business-Type Activities | | Total Primary Government | |
|----------------------------------|----------------------------|------------------|-----------------------------|------------------|-----------------------------|------------------|
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| General obligation bonds | \$ 8,300 | \$ 9,700 | \$ - | \$ - | \$ 8,300 | \$ 9,700 |
| Notes payable | 24,236 | 24,723 | 1,030 | 1,219 | 25,266 | 25,942 |
| Accrued compensated absences | 4,071 | 3,827 | 896 | 781 | 4,967 | 4,608 |
| Revenue bonds | - | - | 73,180 | 26,740 | 73,180 | 26,740 |
| Revenue bonds premium | - | - | 3,416 | 354 | 3,416 | 354 |
| Revenue bonds deferred refunding | - | - | (1,144) | (835) | (1,144) | (835) |
| Refundable deposits | 57 | 72 | 1,383 | 1,365 | 1,440 | 1,437 |
| Totals | \$ 36,664 | \$ 38,322 | \$ 78,761 | \$ 29,624 | \$ 115,425 | \$ 67,946 |

Economic Factors and Next Year's Budgets and Rates. With the fiscal instability in Washington between the president and Congress, the economic outlook is difficult to predict. While fiscal circumstances have not been optimal, the City of Midwest City has been fortunate not to have experienced the severity of economic conditions that have affected many cities across the country.

The governmental activities major funding source is sales and use tax. With such a volatile political environment, which can lead to an economic down turn, the sales and use tax projections for FY 13 were estimated flat at \$31,881,062. This projection gives consideration to the collection of a full year on the new tax that went into effect January 1, 2012.

The revenues for the original adopted FY 2013, excluding transfers in are \$92,238,468 compared to the originally adopted FY 2012 in the amount of \$82,530,338, which did not reflect the increase from the new tax approved. The major increase in revenue projections comes from the new sales tax that took effect January 1, 2012 which account for \$4,554,439 of the increased revenue. The qualified electors of the City, voting at an election held on August 9, 2011, approved Ordinance No. 3145 of the City levying an additional sales tax of fifty-five hundredths of one percent (0.55%).

Charge for services increased \$3,149,911. There is a sewer rate adjustment per Ordinance 3158. A \$0.90 fee is added per one thousand (1,000) gallons billed to each customer to help fund the debt service requirements of the new waste water treatment plant. This accounts for \$1,421,934 of the increase in charges for services. The new sewer rate was effective January 1, 2012. Stormwater has budgeted a small increase due to a Federal government unfunded mandate. The golf course will raise rates by \$1.00 on the green fees which will become effective January 1, 2013. The internal service funds had a significant increase due to fuel prices, workers comp and liability lawsuits premiums.

Loan proceeds increased \$3,955,618 due to refinancing of the old fire loan with additional funds for equipment which totaled \$1,950,000. This loan will provide for a ladder truck, brush pumper, two rescue engines and two fire prevention staff vehicles. There is budgeted a \$2,000,000 loan for a new bath house at the swimming pool.

The expenditures/expenses for FY 2013, excluding transfers out are \$108,609,636 compared to \$110,401,188 in FY 2012. Wastewater Treatment Plant budgeted \$5,916,921 compared to \$17,360,618 in FY 2012. Debt service increased \$4,223,401 due to Capital Improvement Revenue Bonds, Series

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2011A was issued in December 2011. The expenditure budget has several large capital projects proposed such as sidewalks and trail improvements, Automated Meter Reading System, Soldier Creek Industrial Park, Eastside Water Tower, Happy Trails Dog Park and SE 15th Street Widening.

The City also engaged a consultant to review all non-represented employees' job descriptions with the intent of making the positions more equitable to the market. A new pay plan was put into place July 1, 2012 which extended the pay steps and took the annual merit from 5% to 2.9%. This change allowed numerous employees that were topped out to be placed on the pay scale for additional step increases and provided equitable wages for all employees.

The emergency reserves once again are contained in the operational fund budgets of the City. The General fund is required to maintain a 10% reserve while all others are required to maintain a 5% reserve. The reserves are equal to the annual operating budget less, transfer outs and capital outlay. The reserves are only accessible if a significant event should occur such as a downturn in the economy greatly affecting the funding of the City's operations; uses for natural disasters or one-time non-recurring emergency that disrupts the cash receipts of the City. With this resolution in place for maintaining a reserve, this allows the City to become more financially stable and better equipped to handle any unforeseen emergencies or major loss of revenues.

Request for Information. This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City of Midwest City Finance Department, 100 N. Midwest Boulevard, Midwest City, Oklahoma 73110.

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BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE

CITY OF MIDWEST CITY, OKLAHOMA
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Statement of Net Assets– June 30, 2012

| | Primary Government | | |
|--|------------------------------------|-------------------------------------|---------------------------|
| | Governmental Activities | Business-Type Activities | Total |
| ASSETS: | | | |
| Cash and cash equivalents | \$ 8,229,154 | \$ 54,430,240 | \$ 62,659,394 |
| Investments | 84,477,511 | 18,066,740 | 102,544,251 |
| Accounts receivable, net | 3,291,926 | 3,313,764 | 6,605,690 |
| Interest receivable | 47,403 | 46,545 | 93,948 |
| Other receivable | 50,556 | 124,622 | 175,178 |
| Inventory | 97,522 | 207,800 | 305,322 |
| Internal balances | (2,879,424) | 2,879,424 | - |
| Prepaid expenses | 1,884 | - | 1,884 |
| Due from other governments | 4,653,915 | - | 4,653,915 |
| Lease receivable | 21,934,768 | - | 21,934,768 |
| Deposits held by others | 687,300 | - | 687,300 |
| Capital assets: | | | |
| Land, water rights, and construction in progress | 35,269,968 | 25,448,366 | 60,718,334 |
| Other capital assets, net of depreciation | 321,196,903 | 86,057,402 | 407,254,305 |
| Unamortized bond issuance costs | - | 1,041,472 | 1,041,472 |
| Total assets | <u>477,059,386</u> | <u>191,616,375</u> | <u>668,675,761</u> |
| LIABILITIES: | | | |
| Accounts payable and accrued liabilities | 1,198,144 | 6,669,846 | 7,867,990 |
| Wages payable | 983,519 | 345,390 | 1,328,909 |
| Claims payable | 4,065,217 | - | 4,065,217 |
| Due to other governments | 11,525 | - | 11,525 |
| Accrued interest payable | 164,083 | 1,272,502 | 1,436,585 |
| Long-term liabilities: | | | |
| Due within one year | 3,331,975 | 4,126,740 | 7,458,715 |
| Due in more than one year | 38,748,128 | 74,634,532 | 113,382,660 |
| Total liabilities | <u>48,502,591</u> | <u>87,049,010</u> | <u>135,551,601</u> |
| NET ASSETS: | | | |
| Invested in capital assets, net of related debt | 348,166,871 | 80,332,351 | 428,499,222 |
| Restricted by: | | | |
| Enabling legislation | 63,905,579 | 1,485,452 | 65,391,031 |
| Statutory requirements | 1,211,565 | - | 1,211,565 |
| External contracts | 18,160,367 | 315,535 | 18,475,902 |
| Unrestricted | (2,887,587) | 22,434,027 | 19,546,440 |
| Total net assets | <u>\$ 428,556,795</u> | <u>\$ 104,567,365</u> | <u>\$ 533,124,160</u> |

See accompanying notes to the basic financial statements.

CITY OF MIDWEST CITY, OKLAHOMA
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Statement of Activities –Year Ended June 30, 2012

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Assets | | |
|---|----------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|-----------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government | | Total |
| | | | | | Governmental Activities | Business-Type Activities | |
| Primary government: | | | | | | | |
| Governmental activities: | | | | | | | |
| General government | \$ 4,875,644 | \$ 810,760 | \$ 145,211 | \$ - | \$ (3,919,673) | \$ - | \$ (3,919,673) |
| Public safety | 27,606,910 | 2,415,612 | 3,405,387 | 298,198 | (21,487,713) | - | (\$21,487,713) |
| Streets | 14,960,991 | - | 475,416 | 85,450 | (14,400,125) | - | (\$14,400,125) |
| Culture and recreation | 1,596,272 | 450,670 | 156,448 | - | (989,154) | - | (\$989,154) |
| Health and welfare | 1,418,497 | - | 73,644 | - | (1,344,853) | - | (\$1,344,853) |
| Economic development | 4,983,867 | 1,514,335 | 527,584 | - | (2,941,948) | - | (\$2,941,948) |
| Total governmental activities | 55,442,181 | 5,191,377 | 4,783,690 | 383,648 | (45,083,466) | - | (45,083,466) |
| Business-type activities: | | | | | | | |
| Water | 5,018,162 | 7,530,940 | - | - | - | 2,512,778 | 2,512,778 |
| Wastewater | 7,466,040 | 7,217,060 | - | - | - | (248,980) | (248,980) |
| Sanitation | 3,575,542 | 4,712,376 | - | - | - | 1,136,834 | 1,136,834 |
| Drainage | 632,686 | 397,000 | - | - | - | (235,686) | (235,686) |
| Conference Center | 6,794,549 | 5,075,280 | - | - | - | (1,719,269) | (1,719,269) |
| Golf | 1,047,913 | 1,087,244 | - | - | - | 39,331 | 39,331 |
| Trailer park | 58,674 | 16,328 | - | - | - | (42,346) | (42,346) |
| Industrial park | 200 | - | - | - | - | (200) | (200) |
| Total business-type activities | 24,593,766 | 26,036,228 | - | - | - | 1,442,462 | 1,442,462 |
| Total primary government | \$ 80,035,947 | \$ 31,227,605 | \$ 4,783,690 | \$ 383,648 | (45,083,466) | 1,442,462 | (43,641,004) |
| General revenues: | | | | | | | |
| Taxes: | | | | | | | |
| Sales and use taxes | | | | | \$ 29,892,778 | \$ - | \$ 29,892,778 |
| Property tax | | | | | 3,557,133 | - | 3,557,133 |
| Franchise and public service taxes | | | | | 2,543,409 | - | 2,543,409 |
| Hotel/motel taxes | | | | | 582,828 | - | 582,828 |
| Intergovernmental revenue not restricted to specific programs | | | | | 484,212 | - | 484,212 |
| Investment income | | | | | 2,436,675 | 883,577 | 3,320,252 |
| Miscellaneous | | | | | 310,132 | 45,742 | 355,874 |
| Transfers - Internal activity | | | | | (1,114,867) | 1,114,867 | - |
| Total general revenues and transfers | | | | | 38,692,300 | 2,044,186 | 40,736,486 |
| Change in net assets | | | | | (6,391,166) | 3,486,648 | (2,904,518) |
| Net assets - beginning, restated | | | | | 434,947,961 | 101,080,717 | 536,028,678 |
| Net assets - ending | | | | | \$ 428,556,795 | \$ 104,567,365 | \$ 533,124,160 |

See accompanying notes to the basic financial statements.

**CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
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BASIC FINANCIAL STATEMENTS - GOVERNMENTAL FUNDS

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2012

Governmental Funds Balance Sheet - June 30, 2012

| | <u>General Fund</u> | <u>Police Fund</u> | <u>Fire Fund</u> | <u>Midwest City Hospital Authority</u> | <u>Tax Increment Financing Fund</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|-------------------------|------------------------|----------------------|--|---|---|---|
| ASSETS: | | | | | | | |
| Cash and cash equivalents | \$ 1,311,535 | \$ 489,147 | \$ 208,512 | \$ 941,182 | \$ - | \$ 4,145,042 | \$ 7,095,418 |
| Investments | 4,032,764 | 1,514,343 | 611,487 | 63,385,570 | - | 11,298,950 | 80,843,114 |
| Receivables: | | | | | | | |
| Accounts receivable | 1,503,252 | 53,659 | - | 1,839 | - | 1,707,103 | 3,265,853 |
| Accrued interest receivable | 10,610 | 2,827 | - | 1,073 | - | 23,255 | 37,765 |
| Due from other funds | 353,208 | 1,097,416 | 889,048 | 576,664 | - | 446,274 | 3,362,610 |
| Deposits held by others | - | - | - | - | - | 687,300 | 687,300 |
| Prepaid expenses | 1,884 | - | - | - | - | - | 1,884 |
| Other receivable | 21,272 | 17,235 | 12,049 | - | - | - | 50,556 |
| Due from other governments | 2,838,667 | 353,863 | 316,277 | - | - | 1,145,108 | 4,653,915 |
| Inventory | - | - | - | - | - | 60,000 | 60,000 |
| Total assets | <u>\$ 10,073,192</u> | <u>\$ 3,528,490</u> | <u>\$ 2,037,373</u> | <u>\$ 64,906,328</u> | <u>\$ -</u> | <u>\$ 19,513,032</u> | <u>\$ 100,058,415</u> |
| LIABILITIES AND FUND BALANCES: | | | | | | | |
| Liabilities: | | | | | | | |
| Accounts payable and accrued liabilities | \$ 178,855 | \$ 100,601 | \$ 6,918 | \$ 134,416 | \$ - | \$ 404,877 | \$ 825,667 |
| Accrued interest payable | - | - | - | - | - | 115,536 | 115,536 |
| Wages payable | 282,943 | 365,702 | 288,416 | 1,314 | - | 45,144 | 983,519 |
| Deferred revenue | 1,182,832 | 34,535 | - | 335,450 | - | 260,655 | 1,813,472 |
| Refundable deposits (court) | 57,096 | - | - | - | - | - | 57,096 |
| Due to other funds | 2,284,715 | - | 1,031,110 | - | 3,941,808 | 381,232 | 7,638,865 |
| Due to other governments | 11,525 | - | - | - | - | - | 11,525 |
| Total liabilities | <u>3,997,966</u> | <u>500,838</u> | <u>1,326,444</u> | <u>471,180</u> | <u>3,941,808</u> | <u>1,207,444</u> | <u>11,445,680</u> |
| Fund Balances: | | | | | | | |
| Nonspendable | 1,884 | - | - | - | - | 747,300 | 749,184 |
| Restricted | 124,771 | 3,027,652 | 710,929 | 64,435,148 | - | 16,934,007 | 85,232,507 |
| Assigned | 1,556,185 | - | - | - | - | 624,281 | 2,180,466 |
| Unassigned | 4,392,386 | - | - | - | (3,941,808) | - | 450,578 |
| Total fund balances | <u>6,075,226</u> | <u>3,027,652</u> | <u>710,929</u> | <u>64,435,148</u> | <u>(3,941,808)</u> | <u>18,305,588</u> | <u>88,612,735</u> |
| Total liabilities and fund balances | <u>\$ 10,073,192</u> | <u>\$ 3,528,490</u> | <u>\$ 2,037,373</u> | <u>\$ 64,906,328</u> | <u>\$ -</u> | <u>\$ 19,513,032</u> | <u>\$ 100,058,415</u> |

See accompanying notes to the basic financial statements.

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2012

Governmental Funds Statement of Changes in Fund Balances – Year Ended June 30, 2012

| | General Fund | Police Fund | Fire Fund | Midwest City Hospital Authority | Tax Increment Financing Fund | Other Governmental Funds | Total Governmental Funds |
|---|---------------------|---------------------|-------------------|---------------------------------------|------------------------------------|--------------------------------|--------------------------------|
| Revenues: | | | | | | | |
| Taxes | \$ 22,449,288 | \$ 2,723,383 | \$ 2,325,068 | \$ 697,152 | \$ 999,703 | \$ 7,391,551 | \$ 36,586,145 |
| Intergovernmental | 653,218 | 696,618 | 1,958,339 | - | - | 2,154,793 | 5,462,968 |
| Charges for services | 774,813 | 47,864 | 10,835 | - | - | 1,802,575 | 2,636,087 |
| Fines and forfeitures | 1,801,419 | 149,544 | - | - | - | 219,078 | 2,170,041 |
| Licenses and permits | 243,369 | - | 9,220 | - | - | 77,964 | 330,553 |
| Investment income | 190,597 | 41,302 | 24,649 | 2,108,852 | 370 | 355,706 | 2,721,476 |
| Miscellaneous | 473,671 | 33,935 | 12,016 | 61,145 | - | 189,952 | 770,719 |
| Total revenues | <u>26,586,375</u> | <u>3,692,646</u> | <u>4,340,127</u> | <u>2,867,149</u> | <u>1,000,073</u> | <u>12,191,619</u> | <u>50,677,989</u> |
| Expenditures: | | | | | | | |
| Current: | | | | | | | |
| General government | 3,341,239 | - | - | 633,300 | - | 303,431 | 4,277,970 |
| Public safety | 759,729 | 12,160,680 | 11,486,729 | - | - | 1,200,579 | 25,607,717 |
| Streets | 2,676,838 | - | - | - | - | 60,896 | 2,737,734 |
| Culture and recreation | 975,872 | - | - | - | - | 344,822 | 1,320,694 |
| Health and welfare | 629 | - | - | - | - | - | 629 |
| Economic development | 3,130,331 | - | - | - | - | 1,170,284 | 4,300,615 |
| Capital outlay | 420,024 | 1,100,245 | 252,762 | 307,475 | - | 2,866,942 | 4,947,448 |
| Debt service: | | | | | | | |
| Principal retirement | - | - | - | 486,425 | - | 1,400,000 | 1,886,425 |
| Interest and fiscal charges | - | - | 54,057 | 1,473,904 | 200,261 | 437,342 | 2,165,564 |
| Total expenditures | <u>11,304,662</u> | <u>13,260,925</u> | <u>11,793,548</u> | <u>2,901,104</u> | <u>200,261</u> | <u>7,784,296</u> | <u>47,244,796</u> |
| Excess (deficiency) of revenues over expenditures | 15,281,713 | (9,568,279) | (7,453,421) | (33,955) | 799,812 | 4,407,323 | 3,433,193 |
| Other financing sources (uses): | | | | | | | |
| Transfers in | 2,492,401 | 9,375,526 | 7,517,844 | 250,000 | - | 1,514,388 | 21,150,159 |
| Transfers out | (17,423,053) | - | (166,000) | (438,527) | - | (4,370,953) | (22,398,533) |
| Total other financing sources (uses) | <u>(14,930,652)</u> | <u>9,375,526</u> | <u>7,351,844</u> | <u>(188,527)</u> | <u>-</u> | <u>(2,856,565)</u> | <u>(1,248,374)</u> |
| Net change in fund balances | 351,061 | (192,753) | (101,577) | (222,482) | 799,812 | 1,550,758 | 2,184,819 |
| Fund balances - beginning | 5,724,165 | 3,220,405 | 812,506 | 64,657,630 | (4,741,620) | 16,754,830 | 86,427,916 |
| Fund balances - ending | <u>\$ 6,075,226</u> | <u>\$ 3,027,652</u> | <u>\$ 710,929</u> | <u>\$ 64,435,148</u> | <u>\$ (3,941,808)</u> | <u>\$ 18,305,588</u> | <u>\$ 88,612,735</u> |

See accompanying notes to the basic financial statements.

**CITY OF MIDWEST CITY, OKLAHOMA
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Reconciliation of Governmental Funds and Government-Wide Financial Statements:

Fund Balance – Net Assets Reconciliation:

| | |
|--|---|
| Fund balances of governmental funds | \$ 88,612,735 |
| 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 \$157,052,871. | <u>355,608,954</u> |
| Certain long-term assets are not available to pay for current fund liabilities and, therefore, are deferred in the funds or not reported in the funds: | |
| Due from other governments | 100,372 |
| Other receivable, net of allowance | 1,713,100 |
| HMA Hospital Receivable | <u>21,934,768</u> |
| | <u>23,748,240</u> |
| Internal service funds are used by management to charge the costs of certain activities to individual funds. An allocation of the the assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. | <u>(2,920,801)</u> |
| 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 | (8,300,000) |
| Notes payable | (24,236,474) |
| Accrued compensated absences | (3,936,603) |
| Accrued interest payable | <u>(19,256)</u> |
| | <u>(36,492,333)</u> |
| Net assets of governmental activities | <u><u>\$ 428,556,795</u></u> |

See accompanying notes to the basic financial statements.

**CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
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Changes in Fund Balances – Changes in Net Assets Reconciliation:

| | |
|--|---------------------------|
| Net change in fund balances - total governmental funds | \$ 2,184,819 |
| 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 | 4,513,253 |
| Loss on disposal of capital asset | (38,184) |
| Depreciation expense | (13,728,807) |
| | (9,253,738) |
| Repayment of debt principal is an expenditure and repayment of leasehold receivable is a revenue in the governmental funds. However, the repayments reduce long-term liabilities or the long-term assets in the Statement of Net Assets. | |
| Leasehold receivable receipts | (359,919) |
| Note payable principal payments | 486,425 |
| General obligation bond principal payments | 1,400,000 |
| | 1,526,506 |
| Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds: | |
| Deferred revenue | (114,004) |
| 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: | |
| Change in accrued interest payable | 2,140 |
| Change in accrued compensated absences | (240,726) |
| | (238,586) |
| 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 assets for internal service funds | (496,163) |
| | (496,163) |
| Change in net assets of governmental activities | \$ (6,391,166) |

See accompanying notes to the basic financial statements.

**CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
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BASIC FINANCIAL STATEMENTS - PROPRIETARY FUNDS

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
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Proprietary Funds Statement of Net Assets - June 30, 2012

| | Midwest City Municipal Authority | | | | Drainage Fund | Debt Service Fund | Nonmajor Enterprise Funds | Total | Internal Service Funds |
|--|----------------------------------|---------------|-----------------|------------------------------|---------------|-------------------|---------------------------|-----------------------|------------------------|
| | Water Fund | Sewer Fund | Sanitation Fund | Conference Center/Hotel Fund | | | | | |
| ASSETS: | | | | | | | | | |
| Current assets: | | | | | | | | | |
| Cash and cash equivalents | \$ 938,430 | \$ 2,747,153 | \$ 63,316 | \$ 603,683 | \$ 357,850 | \$ - | \$ 926,177 | \$ 5,636,609 | \$ 1,250,124 |
| Cash and cash equivalents, restricted | - | - | - | - | - | 48,391,865 | 285,378 | 48,677,243 | - |
| Investments | 3,035,528 | 8,573,743 | 185,770 | 1,194,024 | 1,156,089 | - | 2,884,064 | 17,029,218 | 3,634,397 |
| Accounts receivable, net | 1,194,865 | 1,123,406 | 640,907 | 235,278 | 56,968 | - | 62,340 | 3,313,764 | 26,073 |
| Other receivable | 389 | 16,580 | 1,260 | 104,165 | 75 | - | 2,153 | 124,622 | - |
| Accrued interest receivable | 7,968 | 21,207 | - | 3,500 | 2,997 | 382 | 10,491 | 46,545 | 9,638 |
| Inventory | 116,881 | 90,919 | - | - | - | - | - | 207,800 | 37,522 |
| Due from other funds | 1,203 | 6,510,711 | 54,564 | - | - | - | - | 6,566,478 | - |
| Total current assets | 5,295,264 | 19,083,719 | 945,817 | 2,140,650 | 1,573,979 | 48,392,247 | 4,170,603 | 81,602,279 | 4,957,754 |
| Noncurrent assets: | | | | | | | | | |
| Investments, restricted | - | - | - | - | - | - | 1,037,522 | 1,037,522 | - |
| Due from other funds | - | 2,941,008 | 1,122,375 | - | - | - | - | 4,063,383 | - |
| Unamortized bond and note issue costs | - | - | - | - | - | 1,041,472 | - | 1,041,472 | - |
| Land, construction in progress, and water rights | 4,739,356 | 13,341,922 | 937,226 | 14,836 | 16,661 | - | 6,398,364 | 25,448,365 | - |
| Other capital assets, net | 18,848,324 | 22,061,074 | 3,228,199 | 24,672,159 | 13,623,322 | - | 3,369,937 | 85,803,015 | 1,112,305 |
| Total noncurrent assets | 23,587,680 | 38,344,004 | 5,287,800 | 24,686,995 | 13,639,983 | 1,041,472 | 10,805,823 | 117,393,757 | 1,112,305 |
| Total assets | 28,882,944 | 57,427,723 | 6,233,617 | 26,827,645 | 15,213,962 | 49,433,719 | 14,976,426 | 198,996,036 | 6,070,059 |
| LIABILITIES: | | | | | | | | | |
| Current liabilities: | | | | | | | | | |
| Accounts payable and accrued liabilities | 245,838 | 5,564,851 | 330,719 | 339,848 | 19 | - | 94,863 | 6,576,138 | 375,347 |
| Claims liability | - | - | - | - | - | - | - | - | 2,251,217 |
| Wages payable | 69,881 | 82,221 | 31,474 | 89,627 | 6,119 | - | 47,160 | 326,482 | 48,199 |
| Due to other funds | - | - | - | 120,000 | - | 5,509,911 | 47,918 | 5,677,829 | - |
| Accrued interest payable | - | - | - | - | - | 1,272,502 | - | 1,272,502 | - |
| Deferred revenue | - | - | - | - | - | - | 90,838 | 90,838 | - |
| Accrued compensated absences | 84,223 | 77,805 | 37,469 | 2,892 | 7,286 | - | 54,242 | 263,917 | 79,249 |
| Refundable deposits | - | - | - | 41,246 | - | - | 132,290 | 173,536 | - |
| Notes payable | 194,680 | - | - | - | - | - | - | 194,680 | - |
| Revenue bonds payable | - | - | - | - | - | 3,460,000 | - | 3,460,000 | - |
| Total current liabilities | 594,622 | 5,724,877 | 399,602 | 593,613 | 13,424 | 10,242,413 | 467,311 | 18,035,922 | 2,754,012 |
| Noncurrent liabilities: | | | | | | | | | |
| Accrued compensated absences | 168,447 | 155,610 | 74,938 | 5,783 | 14,572 | - | 108,484 | 527,834 | 158,499 |
| Claims liability | - | - | - | - | - | - | - | - | 1,814,000 |
| Unfunded OPEB liability | - | - | - | - | - | - | - | - | 5,416,003 |
| Due to other funds | - | - | - | - | - | - | 675,777 | 675,777 | - |
| Refundable deposits | - | - | - | 19,395 | - | - | 1,190,610 | 1,210,005 | - |
| Notes payable | 835,110 | - | - | - | - | - | - | 835,110 | - |
| Revenue bonds payable, net | - | - | - | - | - | 71,992,369 | - | 71,992,369 | - |
| Total noncurrent liabilities | 1,003,557 | 155,610 | 74,938 | 25,178 | 14,572 | 71,992,369 | 1,974,871 | 75,241,095 | 7,388,502 |
| Total liabilities | 1,598,179 | 5,880,487 | 474,600 | 618,791 | 27,996 | 82,234,782 | 2,442,182 | 93,277,017 | 10,142,514 |
| NET ASSETS: | | | | | | | | | |
| Invested in capital assets, net of related debt | 22,557,890 | 35,402,996 | 4,165,425 | 24,686,995 | 13,639,983 | (29,166,746) | 9,045,808 | 80,332,351 | 1,112,305 |
| Restricted for debt service | - | - | - | - | - | 1,485,452 | - | 1,485,452 | - |
| Restricted for other purposes | - | - | - | - | - | - | 315,535 | 315,535 | - |
| Unrestricted | 4,726,875 | 16,144,240 | 1,593,592 | 1,521,859 | 1,545,983 | (5,119,769) | 3,172,901 | 23,585,681 | (5,184,760) |
| Total net assets | \$ 27,284,765 | \$ 51,547,236 | \$ 5,759,017 | \$ 26,208,854 | \$ 15,185,966 | \$ (32,801,063) | \$ 12,534,244 | 105,719,019 | \$ (4,072,455) |
| | | | | | | | | (1,151,654) | |
| Some amounts reported for business-type activities in the Statement of Net Assets are different because certain internal service fund balances are included with business-type activities and reported as interfund balances | | | | | | | | | |
| Total net assets per Government-Wide financial statements | | | | | | | | <u>\$ 104,567,365</u> | |

See accompanying notes to the basic financial statements.

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Proprietary Funds Statement of Changes in Net Assets - Year Ended June 30, 2012

| | Midwest City Municipal Authority | | | | Drainage Fund | Debt Service Fund | Nonmajor Enterprise Funds | Total | Internal Service Funds |
|---|----------------------------------|----------------------|---------------------|----------------------------------|----------------------|-------------------------|---------------------------------|-----------------------|------------------------------|
| | Water Fund | Sewer Fund | Sanitation Fund | Conference Center/ Hotel Fund | | | | | |
| Operating Revenues: | | | | | | | | | |
| Charges for services | \$ 7,067,916 | \$ 6,819,951 | \$ 4,428,238 | \$ 5,075,280 | \$ 396,200 | \$ - | \$ 2,088,970 | \$ 25,876,555 | \$ 9,946,043 |
| Fees, licenses and permits | 9,525 | 9,120 | - | - | - | - | - | 18,645 | - |
| Miscellaneous | 73,248 | 21,079 | 45,901 | - | 800 | - | - | 141,028 | 169,189 |
| Total operating revenues | <u>7,150,689</u> | <u>6,850,150</u> | <u>4,474,139</u> | <u>5,075,280</u> | <u>397,000</u> | <u>-</u> | <u>2,088,970</u> | <u>26,036,228</u> | <u>10,115,232</u> |
| Operating Expenses: | | | | | | | | | |
| Personal services | 1,983,555 | 3,225,186 | 1,071,215 | 2,060,034 | 225,901 | - | 1,389,329 | 9,955,220 | 1,657,995 |
| Materials and supplies | 470,389 | 640,004 | 601,578 | 1,421,299 | 91,245 | - | 346,597 | 3,571,112 | 1,485,536 |
| Other services and charges | 1,459,443 | 891,082 | 1,325,241 | 1,327,280 | 53,518 | - | 222,824 | 5,279,388 | 1,333,100 |
| Insurance claims and expense | - | - | - | - | - | - | - | - | 6,459,650 |
| Depreciation and amortization | 618,927 | 1,315,491 | 317,210 | 997,386 | 257,706 | 67,964 | 138,420 | 3,713,104 | 70,404 |
| Total operating expenses | <u>4,532,314</u> | <u>6,071,763</u> | <u>3,315,244</u> | <u>5,805,999</u> | <u>628,370</u> | <u>67,964</u> | <u>2,097,170</u> | <u>22,518,824</u> | <u>11,006,685</u> |
| Operating income (loss) | 2,618,375 | 778,387 | 1,158,895 | (730,719) | (231,370) | (67,964) | (8,200) | 3,517,404 | (891,453) |
| Non-Operating Revenues (Expenses): | | | | | | | | | |
| Investment income | 127,421 | 489,347 | 34,996 | 45,215 | 41,326 | 2,165 | 143,107 | 883,577 | 130,644 |
| Interest expense and fiscal charges | (33,425) | - | - | - | - | (1,862,282) | (48,096) | (1,943,803) | - |
| Other non-operating revenue | - | - | 16,000 | - | 203 | - | 29,539 | 45,742 | - |
| Total non-operating revenues (expenses) | <u>93,996</u> | <u>489,347</u> | <u>50,996</u> | <u>45,215</u> | <u>41,529</u> | <u>(1,860,117)</u> | <u>124,550</u> | <u>(1,014,484)</u> | <u>130,644</u> |
| Net income (loss) before transfers | 2,712,371 | 1,267,734 | 1,209,891 | (685,504) | (189,841) | (1,928,081) | 116,350 | 2,502,920 | (760,809) |
| Transfers in | 56,551 | 9,192,786 | - | - | - | 3,539,909 | 885,348 | 13,674,594 | 133,507 |
| Transfers out | (847,546) | (1,329,069) | (763,936) | (360,000) | - | (9,192,786) | (66,390) | (12,559,727) | - |
| Change in net assets | <u>1,921,376</u> | <u>9,131,451</u> | <u>445,955</u> | <u>(1,045,504)</u> | <u>(189,841)</u> | <u>(7,580,958)</u> | <u>935,308</u> | <u>3,617,787</u> | <u>(627,302)</u> |
| Total net assets - beginning | <u>25,363,389</u> | <u>42,415,785</u> | <u>5,313,062</u> | <u>27,254,358</u> | <u>15,375,807</u> | <u>(25,220,105)</u> | <u>11,598,936</u> | <u>102,101,232</u> | <u>(3,445,153)</u> |
| Total net assets - ending | <u>\$ 27,284,765</u> | <u>\$ 51,547,236</u> | <u>\$ 5,759,017</u> | <u>\$ 26,208,854</u> | <u>\$ 15,185,966</u> | <u>\$ (32,801,063)</u> | <u>\$ 12,534,244</u> | <u>\$ 105,719,019</u> | <u>\$ (4,072,455)</u> |
| Change in net assets per above | | | | | | | | \$ 3,617,787 | |
| Some amounts reported for business-type activities in the Statement of Activities are different because the net revenue of certain internal service funds is reported with business-type activities | | | | | | | | (131,139) | |
| Change in Business-Type Activities in Net Assets per Government-Wide Financial Statements | | | | | | | | \$ 3,486,648 | |

See accompanying notes to the basic financial statements.

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Proprietary Funds Statement of Cash Flows - Year Ended June 30, 2012

| | Midwest City Municipal Authority | | | | | | | Total | Internal Service Funds |
|--|----------------------------------|-----------------------|---------------------|----------------------------------|-------------------|----------------------|---------------------------|----------------------|------------------------|
| | Water Fund | Sewer Fund | Sanitation Fund | Conference Center/ Hotel Fund | Drainage Fund | Debt Service Fund | Nonmajor Enterprise Funds | | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | | | | | |
| Receipts from customers | \$ 7,169,641 | \$ 6,551,433 | \$ 4,474,056 | \$ 5,034,242 | \$ 395,360 | \$ - | \$ 2,209,686 | \$ 25,834,418 | \$ 10,181,347 |
| Payments to suppliers | (2,099,706) | 3,899,822 | (2,087,751) | (2,469,353) | (144,744) | - | (623,299) | (3,525,031) | (2,805,869) |
| Payments to employees | (2,010,819) | (3,279,016) | (1,084,211) | (2,047,703) | (232,199) | - | (1,397,939) | (10,051,887) | (269,200) |
| Receipts (payments) from interfund loan | 1,115 | (8,448,864) | 136,596 | 120,000 | - | 5,509,911 | (123,943) | (2,805,185) | 14,551 |
| Receipt of customer deposits | - | - | - | - | - | - | 483,118 | 483,118 | - |
| Return of customer deposits | - | - | - | - | - | - | (458,906) | (458,906) | - |
| Claims and benefits paid | - | - | - | - | - | - | - | - | (6,668,062) |
| Net Cash Provided (Used in) by Operating Activities | <u>3,060,231</u> | <u>(1,276,625)</u> | <u>1,438,690</u> | <u>637,186</u> | <u>18,417</u> | <u>5,509,911</u> | <u>88,717</u> | <u>9,476,527</u> | <u>452,767</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | | | | | |
| Transfers from other funds | 56,551 | 9,192,786 | - | - | - | 3,539,909 | 885,348 | 13,674,594 | 133,507 |
| Transfers to other funds | (847,546) | (1,329,069) | (763,936) | (360,000) | - | (9,192,786) | (66,390) | (12,559,727) | - |
| Net Cash Provided by (Used in) Non-Capital Financing Activities | <u>(790,995)</u> | <u>7,863,717</u> | <u>(763,936)</u> | <u>(360,000)</u> | <u>-</u> | <u>(5,652,877)</u> | <u>818,958</u> | <u>1,114,867</u> | <u>133,507</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | | | | | |
| Capital assets purchased | (518,045) | (9,579,010) | (826,056) | (79,187) | (95,885) | - | (253,404) | (11,351,587) | (91,956) |
| Principal paid on capital debt | (189,214) | - | - | - | - | (655,000) | - | (844,214) | - |
| Interest and fiscal charges paid on capital debt | (33,425) | - | - | - | - | (1,147,274) | (48,096) | (1,228,795) | - |
| Revenue bond proceeds | - | - | - | - | - | 73,180,000 | - | 73,180,000 | - |
| Payment to escrow agent | - | - | - | - | - | (26,345,850) | - | (26,345,850) | - |
| Bond issue costs paid | - | - | - | - | - | (1,091,230) | - | (1,091,230) | - |
| Bond premium | - | - | - | - | - | 3,573,123 | - | 3,573,123 | - |
| Proceeds from sale of capital assets | - | - | - | - | - | - | 2,315 | 2,315 | - |
| Net Cash Provided by (Used in) Capital and Related Financing Activities | <u>(740,684)</u> | <u>(9,579,010)</u> | <u>(826,056)</u> | <u>(79,187)</u> | <u>(95,885)</u> | <u>47,513,769</u> | <u>(299,185)</u> | <u>35,893,762</u> | <u>(91,956)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | | | | |
| Sale (purchase) of investments | (1,404,611) | 2,441,628 | 71,258 | (234,188) | (29,442) | - | (849,394) | (4,749) | (751,188) |
| Interest and dividends | 123,447 | 485,000 | 34,996 | 44,260 | 40,902 | 1,791 | 151,226 | 881,622 | 134,954 |
| Net Cash Provided by (Used in) Investing Activities | <u>(1,281,164)</u> | <u>2,926,628</u> | <u>106,254</u> | <u>(189,928)</u> | <u>11,460</u> | <u>1,791</u> | <u>(698,168)</u> | <u>876,873</u> | <u>(616,234)</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | 247,388 | (65,290) | (45,048) | 8,071 | (66,008) | 47,372,594 | (89,678) | 47,362,029 | (121,916) |
| Balances - beginning of the year | 691,042 | 2,812,443 | 108,364 | 595,612 | 423,858 | 1,019,271 | 1,301,233 | 6,951,823 | 1,372,040 |
| Balances - end of the year | \$ 938,430 | \$ 2,747,153 | \$ 63,316 | \$ 603,683 | \$ 357,850 | \$ 48,391,865 | \$ 1,211,555 | \$ 54,313,852 | \$ 1,250,124 |
| Reconciliation to Statement of Net Assets: | | | | | | | | | |
| Cash and cash equivalents | \$ 938,430 | \$ 2,747,153 | \$ 63,316 | \$ 603,683 | \$ 357,850 | \$ - | \$ 926,177 | \$ 5,636,609 | \$ 1,250,124 |
| Restricted cash and cash equivalents | - | - | - | - | - | 48,391,865 | 285,378 | 48,677,243 | - |
| Total cash and cash equivalents | <u>\$ 938,430</u> | <u>\$ 2,747,153</u> | <u>\$ 63,316</u> | <u>\$ 603,683</u> | <u>\$ 357,850</u> | <u>\$ 48,391,865</u> | <u>\$ 1,211,555</u> | <u>\$ 54,313,852</u> | <u>\$ 1,250,124</u> |
| Reconciliation of operating income (loss) to net cash provided by operating activities: | | | | | | | | | |
| Operating income (loss) | \$ 2,618,375 | \$ 778,387 | \$ 1,158,895 | \$ (730,719) | \$ (231,370) | \$ (67,964) | \$ (8,200) | \$ 3,517,404 | \$ (891,453) |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities: | | | | | | | | | |
| Depreciation expense | 618,927 | 1,315,491 | 317,210 | 997,386 | 257,706 | - | 138,420 | 3,645,140 | 70,404 |
| Amortization expense | - | - | - | - | - | 67,964 | - | 67,964 | - |
| Other nonoperating revenue | - | - | 16,000 | - | 203 | - | 29,539 | 45,742 | - |
| Capital asset expense | - | - | - | - | - | - | - | - | - |
| Change in assets and liabilities: | | | | | | | | | |
| Receivables, net | 19,341 | (282,137) | (14,823) | 6,224 | (1,768) | - | 339 | (272,824) | 66,115 |
| Other receivable | (389) | (16,580) | (1,260) | (41,774) | (75) | - | - | (60,078) | - |
| Due from other funds | 1,115 | (8,448,864) | 136,596 | - | - | - | 5,975 | (8,305,178) | - |
| Prepaid expenses | - | - | - | - | - | - | - | - | - |
| Inventory | 7,143 | 3,611 | - | 47,122 | - | - | - | 57,876 | 8,928 |
| Accounts payables | (177,017) | 5,427,297 | (160,932) | 232,104 | 19 | - | (53,878) | 5,267,593 | (136,773) |
| Claims liability | - | - | - | - | - | - | - | - | (67,800) |
| Deferred revenue | - | - | - | - | - | - | 90,838 | 90,838 | - |
| Due to other funds | - | - | - | 120,000 | - | 5,509,911 | (129,918) | 5,499,993 | - |
| Due to employees | (66,710) | (77,941) | (23,850) | 10,785 | (6,991) | - | (42,810) | (207,517) | 14,551 |
| Refundable deposits | - | - | - | (5,488) | - | - | 24,212 | 18,724 | (49,039) |
| Unfunded OPEB liability | - | - | - | - | - | - | - | - | 1,431,444 |
| Accrued compensated absences | 39,446 | 24,111 | 10,854 | 1,546 | 693 | - | 34,200 | 110,850 | 6,390 |
| Net Cash Provided by Operating Activities | <u>\$ 3,060,231</u> | <u>\$ (1,276,625)</u> | <u>\$ 1,438,690</u> | <u>\$ 637,186</u> | <u>\$ 18,417</u> | <u>\$ 5,509,911</u> | <u>\$ 88,717</u> | <u>\$ 9,476,527</u> | <u>\$ 452,767</u> |

See accompanying notes to the basic financial statements.

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FOOTNOTES TO BASIC FINANCIAL STATEMENTS

Footnotes to the Basic Financial Statements:

1. Financial Reporting Entity

In determining the financial reporting entity, the City of Midwest City (the “City”) complies with the provisions of Governmental Accounting Standards Board Statement No. 14, “The Financial Reporting Entity” and includes all component units for which the City is financially accountable/fiscally responsible. The City’s financial reporting entity primary government presentation includes the City of Midwest City and certain component units as follows:

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

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

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

Blended Component Units (separate legal entities for which the City Council is fiscally responsible, and for which the City Council members serve as the trustees/governing body of the entity):

Midwest City Utilities Authority –created for industrial development.

Midwest City Municipal Authority – created to operate the water, wastewater, sanitation and conference center/hotel.

Midwest City Hospital Authority – created to operate the hospital, however, in 1996 the hospital was leased for a 30 year term. In March 2009, this lease was extended to May 2048. The Trustees manage activities related to the hospital lease.

Urban Renewal Authority – created for economic development.

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

2. Basis of Presentation and Accounting

This annual report is presented in a format that substantially meets the presentation requirements of the Governmental Accounting Standards Board (GASB) in accordance with generally accepted accounting

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principles. The presentation includes financial statements that communicate the City's financial condition and changes therein at two distinct levels:

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

Government-Wide Financial Statements:

In the Statement of Net Assets and the Statement of Activities, we divide the City into two kinds of activities:

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

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

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

For business-type activities, Financial Accounting Standard Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

Fund Financial Statements:

Governmental Funds:

Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. Governmental funds report their activities on the modified accrual basis of accounting and current financial resources measurement focus that is different from other funds. For example, these funds report the acquisition of capital assets and payments for debt principal as expenditures and not as changes to asset and debt balances. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine (through a review of changes to fund balance) whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The City's governmental funds include:

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Major Funds:

- General Fund – accounts for all activities not accounted for in other special-purpose funds. For reporting purposes the General Fund includes the activities of the Reimbursed Projects Fund, Employee Activity Fund, Activity Fund, Animals Best Friend Fund, and Disaster Relief Fund.
- Police Fund – is a special revenue fund that accounts for police services funded by a restricted sales tax, a transfer of 34.21% of General Fund revenues per ordinance legally restricted for police operations, and fines and fees restricted for traffic enforcement operations. For reporting purposes, the Police Fund includes the Jail Fund.
- Fire Fund — is a special revenue fund that accounts for fire protection services funded by sales tax legally restricted for fire and a transfer of 27.66% of General Fund revenues.
- Midwest City Hospital Authority – is a special revenue fund that manages activities related to the hospital lease, funded by interest income and in lieu of taxes.
- Tax Increment Financing Fund – is a special revenue fund that accounts for activity related to the 29th Street Downtown Redevelopment project funded by tax apportionment revenue.

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

Special Revenue Funds include Grants, Juvenile, Parks and Recreation, Emergency Operations, Technology, Welcome Center, Police Impound Fees, Street and Alley, Police Special Projects, Police Lab Fee, Convention/Visitors Bureau, Urban Renewal Authority Funds, and General Government Sales Tax.

Debt Service Fund – accounts for ad-valorem taxes levied by the City for use in retiring general obligation bonds, and their related interest expenses.

Capital Project Funds:

- Capital Improvement Fund – accounts for assessed fees that help fund capital projects for various functions of the City.
- Capital Outlay Fund – accounts for equipment, vehicles, computers and building repairs for governmental funds.
- Downtown Redevelopment Fund – accounts for the lease proceeds from the 29th street redevelopment. Proceeds are used to fund various needs of the city.
- 2002 Street Project Fund – accounts for the proceeds from the 2002 General Obligation Street Bonds which funds capital street projects.
- Street Project Fund – accounts for the sales tax restricted for street projects.
- Sales Tax Capital Improvement Fund – accounts for sales tax restricted by a vote of the citizens for debt retirement related to capital improvements.
- Capital Outlay Reserve Fund – accounts for funds set aside to fund the five year capital needs projects.

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

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

Proprietary Funds:

When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds include enterprise funds and internal service funds. Enterprise funds are used to account for business-like activities provided to the general public. Internal service funds are used to account for business-like activities provided to other funds or departments of the City. Proprietary funds are reported on the accrual basis of accounting and economic resources measurement focus. For example, proprietary fund capital assets are capitalized and depreciated and principal payments on long-term debt are recorded as a reduction to the liability. For the enterprise funds, Financial Accounting Standard Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

The City's proprietary funds include the following:

Enterprise Fund

Major:

- Water Fund (includes the Water Operating Fund and the Water Capital Projects Fund) accounts for the activities providing water services to the public. *Included in Midwest City Municipal Authority*
- Sewer Fund (includes the Sewer Operating Fund and the Sewer Capital Projects Fund) accounts for the activities providing sewer services to the public. *Included in Midwest City Municipal Authority*
- Sanitation Fund (includes the Sanitation Operating Fund) accounts for the activities providing sanitation services to the public. *Included in Midwest City Municipal Authority*
- Conference Center/Hotel Fund (includes the Conference and Hotel Operating Fund) accounts for the activities related to the Conference Center and Hotel. *Included in Midwest City Municipal Authority*
- Drainage Fund (includes the Drainage Operating Fund and the Capital Projects Fund) accounts for the activities providing drainage services to the public.
- Debt Service Fund accounts for the debt activities related to the 2011 and 2011A Revenue Bonds.

Non-Major:

- Utilities Authority Fund –accounts for industrial development activities.
- Utility Services Fund – accounts for activities related to billing for water, sewer, sanitation, storm water, and drainage.
- Utilities Capital Fund – accounts for capital purchases for the water, sewer, and sanitation systems.
- Customer Deposit Fund –accounts for utility customer deposits.
- Golf Course Fund –accounts for activities of the John Conrad and the Hidden Creek golf courses.
- 29th and Douglas –accounts for activities of the trailer park at 29th and Douglas.

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Internal Service Funds (combined for reporting purposes)

- Risk Management Fund - accounts for the cost of providing various insurance services (i.e workers compensation, general liability, vehicle and property) to other funds and departments of the City
- Public Works Administration Fund - accounts for the cost of centralization of administrative resources to various departments of the City. This fund primarily serves the business-type activities.
- Fleet Services Fund - accounts for fuel, maintenance and repairs for the city's fleet.
- Surplus Property Fund - accounts for the disposal of surplus property on behalf of all departments.
- L&H Benefits Fund - accounts for health and life benefits to employees and retirees. Beginning in fiscal year 2009 accounts for the City's unfunded OPEB liability.

3. Cash and Cash Equivalents, Deposits and Investments

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

Investments, other than Hospital investments, consist of long-term certificates of deposit, U.S. Treasury bonds and notes, and U.S. agency securities. Certificates of deposit are reported at cost, while the U.S. Treasury and agency securities are reported at fair value.

Deposits and Investments Risks

The City of Midwest City primary government and blended component units are governed by the deposit and investment limitations of state law and trust indentures. The deposits and investments held at June 30, 2012 by these entities are as follows:

Schedule of Deposits and Investments by Type - June 30, 2012

| Type | Fair Value | Maturities in Years | | | | |
|--|-------------------|---------------------|---------------|--------------|--------------|---------------|
| | | On Demand | Less Than One | 1 - 5 | 6 - 10 | More than 10 |
| Demand deposits | \$ 61,566,937 | \$ 61,566,937 | \$ - | \$ - | \$ - | \$ - |
| Time deposits | 11,797,876 | - | 9,000,000 | 2,797,876 | - | - |
| Government Money Market Accounts | 1,091,957 | 1,091,957 | - | - | - | - |
| U.S. Agencies Obligations | 30,159,181 | - | - | - | 2,296,607 | 27,862,575 |
| Sub-Total | 104,615,951 | \$ 62,658,894 | \$ 9,000,000 | \$ 2,797,876 | \$ 2,296,607 | \$ 27,862,575 |
| Hospital JP Morgan | 59,312,115 | | | | | |
| Other Investments | 1,275,579 | | | | | |
| Total Deposits and Investments | \$ 165,203,645 | | | | | |
| Reconciliation to Financial Statements: | Per report | | | | | |
| Cash and cash equivalents | \$ 62,659,394 | | | | | |
| Investments | 102,544,251 | | | | | |
| | \$ 165,203,645 | | | | | |

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

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investments exists when the City holds investments that are uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the City's name.

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

At June 30, 2012, the City had no exposure to custodial credit risk as defined above.

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

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

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

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

As noted in the schedule of deposits and investments above, at June 30, 2012, the investments held by the City mature between 2012 through 2023.

Concentration of Investment Credit Risk - Exposure to concentration of credit risk is considered to exist when investments in any one issuer represent a significant percent of total investments of the City (any over 5% are disclosed). Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this consideration.

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Hospital Authority Investments:

The Authority policy provides that assets be invested to preserve its principal, produce a proscribed level of income, and provide for growth of principal with no outside additions to the fund being anticipated. Assets are to be invested in a diversified portfolio to achieve attractive real rates of return. The investment policy of the Hospital Authority allows for the investment of funds in domestic and international common stocks, government and corporate bonds, short-term fixed income securities maturing in one year or less (cash equivalents); by utilizing primarily index funds, mutual funds, or collective trust funds. In addition, the Authority may invest portions of the fund corpus, or income, in real estate. Such real estate investments would typically include developed or undeveloped real property located in Midwest City, Oklahoma or its environs, or commingled funds which invest in various kinds of property located throughout the United States. The overall rate of return objective of the portfolio is a highest possible rate of return consistent with the risk levels established by the Board.

The acceptable long-term rate of return is expected to provide equal or superior results, using a three to five year moving average, relative to the following benchmarks:

1. An absolute return objective of the Consumer Price Index plus 4% compounded annually.
2. An income return sufficient to meet any disbursement requirement as stipulated by the Board.
3. A return exceeding the 90 Day U.S. Treasury Bill rate (risk-free rate)/
4. Domestic equity fund returns which exceed the S&P 500 Stock index return by 1% (100 basis points), per year and fixed income return which exceed the Barclays Capital Aggregate Bond Index by ½% per year (50 basis points).
5. Stock and bond returns which fall into the top 25% of the Consultant's Universe (or other representative universe approved by The Board) of common stock and bond funds (referred to as equity and fixed income), with some consistency.
6. Passive domestic returns which replicate the return of the Standard and Poor's 500 Stock Index, passive fixed returns which replicate the return of the Barclays Capital Aggregate Bond Index, and passive international returns which replicate the return of the MSCI EAFE International Index.
7. Active international equity returns which exceeds the MSCI EAFE Index by 1% per year.

Asset allocation guidelines for the Plan are as follows:

| Class | Target | Maximum | June 2012 Percent |
|--------------------------|----------|---------|-------------------|
| Equities – Domestic | 2.0%-60% | 85% | 61.3% |
| Equities – International | 2.5%-10% | 30% | 8.9% |
| Fixed Income | 2.5%-25% | 80% | 21.3% |
| Real Estate | 0% | 20% | 0% |
| Cash Equivalents | 0% | 36% | 0% |
| Emerging Markets | 2.5%-5% | 10% | 8.5% |

At June 30, 2012, the City had complied with the investment policies as defined above.

Restricted Cash and Investments

The amounts reported as restricted assets of the Enterprise Funds on the statement of net assets are comprised of amounts held by the Midwest City Proprietary Debt Service accounts of the trustee bank for

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revenue bond retirement, and the Customer Deposit Fund account for refundable deposits held by others. The restricted assets as of June 30, 2012 are as follows:

| | |
|---|-----------------------------|
| Cash and Cash Equivalents: | |
| Pooled Cash Restricted for Debt Service | \$ 4,757,572 |
| Pooled Cash Restricted for Capital Projects | 43,634,293 |
| Pooled Cash Restricted for Refundable Deposits | <u>285,378</u> |
| | <u><u>\$ 48,677,243</u></u> |
| | |
| Investments: | |
| Pooled Investments Restricted for Refundable Deposits | 1,037,522 |
| | <u><u>\$ 1,037,522</u></u> |

4. Capital Assets and Depreciation

Capital Assets:

For the primary government and component units, capital assets are reported at actual or estimated historical cost, net of accumulated depreciation where applicable. Donated capital assets are reported at their fair value at date of donation. Estimated historical cost was used to value the majority of the capital assets acquired prior to June 30, 1992. The capitalization threshold is capital assets with a cost of \$1,000 or more.

For the year ended June 30, 2012, capital assets balances changed as follows:

| | Restated Balance at July 1, 2011 | Additions | Deductions | Balance at June 30, 2012 |
|---|--|------------------------------|--------------------------|------------------------------|
| PRIMARY GOVERNMENT: | | | | |
| <i>Governmental activities:</i> | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 30,325,321 | \$ 355,318 | \$ - | \$ 30,680,639 |
| Construction in progress | <u>3,694,059</u> | <u>1,545,950</u> | <u>650,680</u> | <u>4,589,329</u> |
| Total capital assets not being depreciated | <u>34,019,380</u> | <u>1,901,268</u> | <u>650,680</u> | <u>35,269,968</u> |
| Other capital assets: | | | | |
| Buildings | 26,217,351 | 649,727 | 222,110 | 26,644,968 |
| Machinery and equipment | 15,879,280 | 966,373 | 557,986 | 16,287,667 |
| Vehicles | 7,122,109 | 780,346 | 154,172 | 7,748,283 |
| Infrastructure | <u>427,483,000</u> | <u>874,858</u> | <u>-</u> | <u>428,357,858</u> |
| Total other capital assets at historical cost | <u>476,701,740</u> | <u>3,271,304</u> | <u>934,268</u> | <u>479,038,776</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | 8,799,505 | 585,905 | 190,953 | 9,194,457 |
| Machinery and equipment | 10,668,465 | 791,023 | 550,959 | 10,908,529 |
| Vehicles | 3,935,769 | 437,566 | 154,172 | 4,219,163 |
| Infrastructure | <u>121,557,093</u> | <u>11,962,631</u> | <u>-</u> | <u>133,519,724</u> |
| Total accumulated depreciation | <u>144,960,832</u> | <u>13,777,125</u> | <u>896,084</u> | <u>157,841,873</u> |
| Other capital assets, net | <u>331,740,908</u> | <u>(10,505,821)</u> | <u>38,184</u> | <u>321,196,903</u> |
| Governmental activities capital assets, net | <u><u>\$ 365,760,288</u></u> | <u><u>\$ (8,604,553)</u></u> | <u><u>\$ 688,864</u></u> | <u><u>\$ 356,466,871</u></u> |

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| | Balance at July 1, 2011 | Additions | Deductions | Balance at June 30, 2012 |
|---|----------------------------|----------------------|---------------------|-----------------------------|
| <i>Business-type activities:</i> | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 7,549,649 | \$ - | \$ - | \$ 7,549,649 |
| Water rights | 4,672,610 | - | - | 4,672,610 |
| Construction in progress | 9,293,173 | 10,112,142 | 6,179,208 | 13,226,107 |
| Total capital assets not being depreciated | <u>21,515,432</u> | <u>10,112,142</u> | <u>6,179,208</u> | <u>25,448,366</u> |
| Other capital assets: | | | | |
| Buildings | 28,812,555 | 1,579,520 | - | 30,392,075 |
| Machinery and equipment | 11,022,027 | 543,240 | 19,594 | 11,545,673 |
| Vehicles | 5,662,202 | 950,674 | 66,615 | 6,546,261 |
| Utility systems | 100,968,875 | 4,428,539 | - | 105,397,414 |
| Total other capital assets at historical cost | <u>146,465,659</u> | <u>7,501,973</u> | <u>86,209</u> | <u>153,881,423</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | 6,389,697 | 693,532 | - | 7,083,229 |
| Machinery and equipment | 6,055,213 | 588,372 | 17,278 | 6,626,307 |
| Vehicles | 3,496,704 | 292,904 | 66,615 | 3,722,993 |
| Utility systems | 48,299,073 | 2,092,419 | - | 50,391,492 |
| Total accumulated depreciation | <u>64,240,687</u> | <u>3,667,227</u> | <u>83,893</u> | <u>67,824,021</u> |
| Other capital assets, net | <u>82,224,972</u> | <u>3,834,746</u> | <u>2,316</u> | <u>86,057,402</u> |
| Business-type activities capital assets, net | <u>\$ 103,740,404</u> | <u>\$ 13,946,888</u> | <u>\$ 6,181,524</u> | <u>\$ 111,505,768</u> |

Depreciation:

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

- Buildings/improvements 25-60 years
- Utility systems 25-99 years
- Infrastructure 25-99 years
- Machinery and equipment 5-20 years
- Vehicles 5-25 years

Depreciation of capital assets is included in total expenses and is charged or allocated to the activities primarily benefiting from the use of the specific asset. Depreciation expense has been allocated as follows:

Governmental Activities:

| | |
|---|-------------------|
| General government | \$ 330,719 |
| Public safety | 1,052,474 |
| Streets | 11,819,481 |
| Culture and recreation | 207,147 |
| Health and welfare | 42,782 |
| Economic development | 276,205 |
| Sub-total governmental funds depreciation | <u>13,728,808</u> |

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

| |
|----------------------|
| 48,317 |
| <u>\$ 13,777,125</u> |

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| | |
|---|----------------------------|
| Business-Type Activities: | |
| Water | \$ 618,927 |
| Sewer | 1,315,491 |
| Sanitation | 317,210 |
| Drainage | 257,706 |
| Conference Center/Hotel | 997,386 |
| Golf | 91,128 |
| Utilites capital | 46,878 |
| Utility services | 414 |
| Total Business Type Activities | <u>3,645,140</u> |
| Depreciation on capital assets held by the City's internal service funds is charged to the various functions based upon usage | 22,087 |
| Total | <u><u>\$ 3,667,227</u></u> |

5. Internal and Interfund Balances and Transfers

Internal and Interfund Balances:

The City's policy is to eliminate interfund receivable and payables between funds in the statement of net assets to avoid the grossing up of balances. Only the residual balances due between governmental and business-type activities are reported as internal balances and then offset in the total column. Interfund receivables and payables at June 30, 2012 were as follows:

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| Receivable Fund | Payable Fund | Amount | Nature of Interfund Balance | |
|---|----------------------------------|----------------------|--|----------------|
| General | Comm Dev Block Grant | \$ 77,050 | To cover negative balance in pooled cash | |
| General | Grant Fund/Housing | 19,926 | To cover negative balance in pooled cash | |
| General | Grant | 256,232 | To cover negative balance in pooled cash | |
| Police | General | 1,097,416 | Restricted sales tax payable | |
| Fire | General | 887,299 | Restricted sales tax payable | |
| Emergency Operating | Grant | 3,750 | To cover operational grant cost | |
| Downtown Redevelopment | Reimbursed Project | 300,000 | Long-term loan for capital improvements | |
| Hospital Authority | 29th and Douglas | 576,664 | Long-term loan for purchase of land | |
| Fire Capitalization | Grant | 1,749 | To cover operational grant cost | |
| Capital Improvements | Grant | 22,524 | To cover operational grant cost | |
| Capital Improvements | Hotel & Conference Center | 120,000 | Capital outlay subsidy | |
| Sewer Construction | Tax Increment Financing | 3,941,808 | Long-term loan for economic improvements | |
| Sewer Construction | Capital Improvement Revenue Bond | 5,509,911 | To cover capital improvements | |
| Sanitation | Fire Capitalization | 1,031,110 | Long-term loan for capital improvements | |
| Sanitation | Golf | 145,829 | Long-term loan for capital improvements | |
| Water | Customer Deposits | 1,203 | Meter deposit liability | |
| | | <u>\$ 13,992,471</u> | | |
| | | Due From | Due To | Net Internal |
| Reconciliation to Fund Financial Statements: | | Other Funds | Other Funds | Balances |
| Governmental Funds | | \$ 3,362,610 | \$ 7,638,865 | \$ (4,276,255) |
| Proprietary Funds | | 10,629,861 | 6,353,606 | 4,276,255 |
| Total | | <u>\$ 13,992,471</u> | <u>\$ 13,992,471</u> | <u>\$ -</u> |
| Reconciliation to Statement of Net Assets: | | | | |
| Net Internal Balances | | \$ 4,276,255 | | |
| Internal Service Fund Activity reported in Business-type Activities | | (1,396,831) | | |
| Net Internal Balance | | <u>\$ 2,879,424</u> | | |

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Internal and Interfund Transfers:

The City's policy is to eliminate interfund transfers between funds in the statement of activities to avoid the grossing up of balances. Only the residual balances transferred between governmental and business-type activities are reported as internal transfers and then offset in the total column. Internal activities between funds and activities for the year ended June 30, 2012 were as follows:

| Transfer In | Transfer Out | Amount | Nature of Inter Transfer |
|-----------------------------------|----------------------------------|------------|------------------------------|
| General | Fire | \$ 166,000 | Code Enforcement Allocation |
| General | Storm Water Quality | 41,907 | Indirect Cost Allocation |
| General | Sanitation | 763,936 | Indirect Cost Allocation |
| General | Water | 748,459 | Indirect Cost Allocation |
| General | Sewer | 772,099 | Indirect Cost Allocation |
| Street and Alley | Water | 9,087 | Reimburse Repair Cost |
| Technology | Emergency Operations | 42,498 | Contract Cost Allocation |
| Hospital Authority | Downtown Redevelopment Authority | 250,000 | Return on owners investments |
| Police | General | 9,352,765 | Ordinance Obligation |
| Fire | General | 7,482,344 | Ordinance Obligation |
| Convention/Visitor Bureau | Welcome Center | 10,000 | Operating Subsidy |
| Convention/Visitor Bureau | Parks & Recreation | 10,000 | Operating Subsidy |
| Emergency Management | Grants | 58,937 | Grant Subsidy |
| Community Development Block Grant | General | 99,295 | City Match of CDBG Program |
| Grant | Police Impound Fees | 5,183 | Operating Subsidy |
| Grant | Emergency Operations | 11,250 | Operatiang Subsidy |
| Grant | Disater Relief | 3,633 | Operatiang Subsidy |
| Capital Outlay | General | 12,777 | Capital Outlay Subsidy |
| Capital Outlay | Capital Outlay Reserve | 200,000 | Capital Outlay Subsidy |
| Capital Outlay | Reimbursed Projects | 420,000 | Capital Outlay Subsidy |
| Capital Outlay | Emergency Operations | 800 | Capital Outlay Subsidy |
| Capital Outlay | G.O.Debt Services | 31,559 | Capital Outlay Subsidy |
| Capital Outlay | Grant | 50,249 | Capital Outlay Subsidy |
| Capital Outlay | Downtown Redevelopment Authority | 135,000 | Capital Outlay Subsidy |
| Police Capitalization | Capital Outlay | 1,500 | Capital Outlay Subsidy |
| Police Capitalization | Grant | 21,261 | Grant Subsidy |
| Fire Capitalization | Grant | 35,500 | Grant Subsidy |
| Capital Improvement | Grant | 54,120 | Capital Outlay Subsidy |
| Capital Improvement | Conference Center / Hotel | 360,000 | Capital Outlay Subsidy |
| Public Works Admin. | Technology | 10,000 | Operating Subsidy |
| Fleet | Capital Outlay Reserve | 41,169 | City match of ACOG Grant |
| Fleet | Capital Improvement | 41,169 | City match of ACOG Grant |
| Fleet | Sewer Construction | 41,169 | City match of ACOG Grant |

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| Transfer In | Transfer Out | Amount | Nature of Inter Transfer |
|---------------------------------------|----------------------------------|----------------------|--------------------------|
| Trailer Park | Downtown Redevelopment Authority | 120,520 | Debt Service Subsidy |
| Construction Loan Payment Revenue | Grant | 31,330 | Grant Subsidy |
| Sewer | Capital Improvement Revenue Bond | 9,192,786 | Capital Outlay Subsidy |
| Utility Authority | Capital Water Improvement | 90,000 | Capital Outlay Subsidy |
| Utility Authority | Capital Sewer | 60,000 | Capital Outlay Subsidy |
| Utility Authority | Downtown Redevelopment Authority | 131,280 | Capital Outlay Subsidy |
| Utility Authority | Hospital Authority | 438,527 | Capital Outlay Subsidy |
| Water | Customer Deposits | 25,221 | Interest Earnings |
| Golf | Reimbursed Projects | 44,621 | Grant Subsidy |
| Golf | Grant | 400 | Grant Subsidy |
| Capital Improvement Revenue Bond Fund | Revenue Bond Sinking | 3,084,846 | Debt Service Subsidy |
| Capital Improvement Revenue Bond Fund | Sewer Construction | 455,063 | Debt Service Subsidy |
| | | <u>\$ 34,958,260</u> | |

| Reconciliation to Financial Statements: | Transfers to Other Funds | Transfers from Other Funds | Net Transfers |
|---|-----------------------------|-------------------------------|------------------|
| Governmental | \$ 22,398,533 | \$ (21,150,159) | \$ 1,248,374 |
| Enterprise | 12,559,727 | (13,674,594) | (1,114,867) |
| Internal Service | - | (133,507) | (133,507) |
| Totals | <u>\$ 34,958,260</u> | <u>\$ (34,958,260)</u> | <u>\$ -</u> |

| Reconciliation to Statement of Activities: | |
|--|---------------------|
| Net Transfers | \$ 1,248,374 |
| Internal Service Activity | (133,507) |
| Transfers - Internal Activity | <u>\$ 1,114,867</u> |

6. Long-Term Debt

The City's long term debt consists of general obligation bonds, note payable, and accrued compensated absences. For the year ended June 30, 2012, the City's long-term debt balances changed as follows:

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Primary Government:

| <u>Type of Debt</u> | <u>Balance July 1, 2011</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance June 30, 2012</u> | <u>Due Within One Year</u> |
|---|---------------------------------|----------------------|----------------------|----------------------------------|--------------------------------|
| Governmental Activities: | | | | | |
| General Obligation Bonds | \$ 9,700,000 | \$ - | \$ 1,400,000 | \$ 8,300,000 | \$ 1,400,000 |
| Note Payable | 24,722,899 | - | 486,425 | 24,236,474 | 518,036 |
| Accrued Compensated Absences | <u>3,827,459</u> | <u>2,863,440</u> | <u>2,620,369</u> | <u>4,070,530</u> | <u>1,356,843</u> |
| Total Governmental Activities | <u>\$ 38,250,358</u> | <u>\$ 2,863,440</u> | <u>\$ 4,506,794</u> | 36,607,004 | 3,274,879 |
| Reconciliation to Statement of Net Assets: | | | | | |
| Plus: OPEB Obligation | | | | 5,416,003 | - |
| Refundable Deposits | | | | <u>57,096</u> | <u>57,096</u> |
| | | | | <u>\$ 42,080,103</u> | <u>\$ 3,331,975</u> |
| Business-Type Activities: | | | | | |
| Notes Payable | \$ 1,219,004 | \$ - | \$ 189,214 | \$ 1,029,790 | \$ 194,680 |
| Revenue Bonds Payable | 26,740,000 | 73,180,000 | 26,740,000 | 73,180,000 | 3,460,000 |
| Revenue Bonds Premium | 353,726 | 3,573,123 | 510,260 | 3,416,589 | - |
| Revenue Bond Deferred Amount on Refunding | (834,512) | 1,209,543 | 899,835 | (1,144,220) | - |
| Refundable Deposits | 1,364,817 | 483,118 | 464,395 | 1,383,540 | 173,536 |
| Accrued Compensated Absences | <u>780,678</u> | <u>791,451</u> | <u>676,556</u> | <u>895,573</u> | <u>298,524</u> |
| Total Business-Type Activities | <u>\$ 29,623,713</u> | <u>\$ 79,237,235</u> | <u>\$ 29,480,260</u> | <u>\$ 78,761,272</u> | <u>\$ 4,126,740</u> |

Accrued compensated absences liability of the governmental activities is liquidated by the General Fund, Police Fund, the Fire Fund, Juvenile Fund, Grant Fund, Welcome Center Fund, Convention and Visitors Bureau Fund, Technology Fund, Park and Recreation Fund, Downtown Redevelopment Fund, Hospital Authority, and the Emergency Operations Fund.

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

General Obligation Bonds:

\$4,500,000 general obligation bonds dated May 1, 2006 for public safety, payable in annual installments of \$275,000 the first year and \$325,000, thereafter, with interest rates of 3.75% to 3.95%, repaid by property tax levies. Current portion \$325,000. \$2,925,000

\$15,000,000 general obligation bonds dated February 1, 2002 for street improvements, payable in annual installments of \$1,025,000 in the first year and \$1,075,000, thereafter, with interest rates of 5.00% to 5.25%, repaid by property tax levies. Current portion \$1,075,000. 5,375,000

Total general obligation bonds \$8,300,000

| | |
|-------------|--------------------|
| Current | \$1,400,000 |
| Non-current | <u>6,900,000</u> |
| Total | <u>\$8,300,000</u> |

Notes Payable:

\$25,000,000 construction loan for hospital addition, payable in monthly installments beginning December 2010 of \$154,710; final payment due November 2019 of \$19,773,124; interest rate equal to the variable rate equal to the "Prime Rate," as quoted in the Money Rates Section of TheWall Street Journal, adjusted daily, with a minimum interest rate of five And one-half percent (5.50%) per annum and a maximum interest rate of eleven percent

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| | |
|--|---------------------|
| (11%) per annum with payments adjusted annually; current rate is 5.5%; construction interest rate of 5.5%. Secured by a first mortgage lien on the property. | |
| Current portion \$518,036 | <u>\$24,236,474</u> |
| Total notes payable | <u>\$24,236,474</u> |
| Current | \$518,036 |
| Non-current | <u>23,718,438</u> |
| Total | <u>\$24,236,474</u> |

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

Revenue Bonds Payable:

| | |
|---|---------------------|
| \$26,630,000 Series 2011 Capital Improvement Revenue Bonds, due in annual principal installments of \$855,000 to \$1,740,000 through September 1, 2033; interest rate from 0.4% to 5.0% | \$26,630,000 |
| Unamortized Revenue Bond Premium | 121,099 |
| Unamortized Gain (Loss) on Refunding | <u>(1,144,220)</u> |
| Total Revenue Bonds, Net | <u>\$25,606,879</u> |
| Current | \$855,000 |
| Non-current | <u>25,775,000</u> |
| Total | <u>\$26,630,000</u> |
| \$46,550,000 Series 2011A Capital Improvement Revenue Bonds, due in annual principal installments of \$2,605,000 to \$4,530,000 through June 30, 2025; interest rate from 0.5% to 5.0% | \$46,550,000 |
| Unamortized Revenue Bond Premium | <u>3,295,490</u> |
| Total Revenue Bonds, Net | <u>\$49,845,490</u> |
| Current | \$2,605,000 |
| Non-current | <u>43,945,000</u> |
| Total | <u>\$46,550,000</u> |

Notes Payable:

| | |
|---|--------------------|
| \$3,222,911 contract payable with the Central Oklahoma Master Conservancy District maturing October 1, 2016. The contract provides the City with a share of the District's water supply. The City pays its share of the costs of the facilities and its operations to the District. The City has pledged water revenues to secure this obligation. Debt principal payments are due annually, with interest at 2.742%. | |
| | <u>\$1,029,790</u> |
| Current | \$194,680 |
| Non-current | <u>835,110</u> |
| Total | <u>\$1,029,790</u> |

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

| Governmental-Type Activities | | | | |
|-------------------------------------|---------------------|---------------------|---------------------|---------------------|
| Year Ending June 30, | G.O. Bonds Payable | | Notes Payable | |
| | Principal | Interest | Principal | Interest |
| 2013 | \$ 1,400,000 | \$ 392,350 | \$ 518,036 | \$ 1,338,493 |
| 2014 | 1,400,000 | 325,763 | 547,673 | 1,308,856 |
| 2015 | 1,400,000 | 259,175 | 579,006 | 1,277,523 |
| 2016 | 1,400,000 | 189,900 | 608,693 | 1,247,835 |
| 2017 | 1,400,000 | 120,625 | 646,956 | 1,209,573 |
| 2018-2021 | 1,300,000 | 128,375 | 21,336,110 | 2,768,915 |
| Total | <u>\$ 8,300,000</u> | <u>\$ 1,416,188</u> | <u>\$24,236,474</u> | <u>\$ 9,151,195</u> |

| Business-Type Activities | | | | |
|---------------------------------|---------------------|------------------|-----------------------|----------------------|
| Year Ending June 30, | Notes Payable | | Revenue Bonds Payable | |
| | Principal | Interest | Principal | Interest |
| 2013 | \$ 194,680 | \$ 28,237 | \$ 3,460,000 | \$ 3,053,660 |
| 2014 | 200,601 | 22,899 | 3,875,000 | 2,631,963 |
| 2015 | 206,380 | 17,398 | 3,930,000 | 2,575,637 |
| 2016 | 212,039 | 11,739 | 4,055,000 | 2,454,288 |
| 2017 | 216,090 | 5,925 | 4,185,000 | 2,318,762 |
| 2018-2022 | - | - | 23,590,000 | 8,902,625 |
| 2023-2027 | - | - | 19,275,000 | 3,787,275 |
| 2028-2032 | - | - | 7,405,000 | 1,485,566 |
| 2033-2034 | - | - | 3,405,000 | 142,003 |
| Total | <u>\$ 1,029,790</u> | <u>\$ 86,198</u> | <u>\$ 73,180,000</u> | <u>\$ 27,351,779</u> |

Advanced Refunding

On September 1, 2011 the City issued \$26,630,000 series 2011 Capital Improvement Refunding Revenue Bonds with interest rates from 0.4 percent to 5.0 percent to advance refund \$26,085,000 of outstanding 2003 Series Capital Improvement Revenue Bonds with interest rates from 2.95 percent to 5.375 percent. The net proceeds of \$26,345,937 (after payment of \$276,780 of issuance cost and \$133,150 underwriter's discount) were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2003 Series bonds. As a result, the 2003 Series bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net assets.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$1,189,268. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2034 using the straight line method. The City completed the advance refunding to reduce its total debt service payments over the next twenty three years by \$4,163,961 and to obtain an economic gain (the difference between the present values of the old and new debt service payments) of \$2,826,717.

The defeased bonds were paid in full by June 30, 2012.

Pledge of Future Revenues

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Sales Tax Pledge - The City has pledged one-fourth of one percent (or .25%) of future sales tax revenues to repay the 2011 Revenue Bonds which are payable through 2033. Proceeds from the bond provided financing to advance refund the 2003 Revenue Bonds which were originally used for construction and equipping the Sheraton Hotel and the Reed Conference Center. The total principal and interest payable for the remainder of the life of the bond is \$39,308,279. Pledged sales taxes received in the current year was \$1,406,128. Debt service payments on the 2003 Revenue Bonds before refunding and the 2011 Revenue Bonds of \$1,355,039 for the current fiscal year were 96% of pledged sales tax. Other sources of revenues such as water and sewer are also pledged. Total net revenues including utilities and sales tax pledged was \$9,032,794.

Sales Tax Pledge - The City has pledged one-fourth of one percent (or .4015%) of future sales tax revenues to repay the 2011A Revenue Bonds which are payable through 2025. Proceeds from the bond provided financing for construction and improvements to the wastewater treatment plant. The total principal and interest payable for the remainder of the life of the bond is \$61,223,500. Pledged sales taxes received in the current year was \$1,678,718. Debt service payments on the bonds were zero for the current fiscal year. Total net revenues including utilities and sales tax pledged was \$9,032,794.

Utility Revenue Pledge - The City has pledged the revenues from the future sale of water to repay the Central Oklahoma Master Conservancy District note payable which is payable through 2016. Proceeds from the note provided funding for improvements and expansion of the water transportation and distribution system. The total principal and interest payable for the remainder of the life of the bond is \$1,115,988. Water revenues received in the current year was \$7,067,916. Debt service payments of \$222,639 for the current fiscal year were 3.1% of pledged water revenue.

7. Net Assets and Fund Balances

Government-Wide and Proprietary Fund Financial Statements:

Net assets are displayed in three components:

- a. *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 improvements of those assets.
- b. *Restricted net assets* - Consists of net assets with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- c. *Unrestricted net assets* - All other net assets 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 unrestricted net assets prior to the use of restricted net assets when an expense is incurred for purposes for which both restricted and unrestricted net asset are available.

The following table shows the net assets restricted for other purposes shown on the Statement of Net Assets:

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| Fund | Restricted By | Amount |
|-----------------------------------|------------------------|----------------------|
| Hospital Authority | Enabling legislation | \$ 62,468,892 |
| Technology Fund | Enabling legislation | 482,557 |
| Police Impound Fund | Enabling legislation | 54,399 |
| Urban Renewal Authority | Enabling legislation | 15,337 |
| Capital Outlay Reserve Fund | Enabling legislation | 829,479 |
| General Fund | Enabling legislation | 54,915 |
| | | <u>\$ 63,905,579</u> |
| Street and Alley Fund | Statutory requirements | \$ 890,091 |
| Juvenile Fund | Statutory requirements | 162,365 |
| Police Special Projects | Statutory requirements | 133,833 |
| Police Lab Fee | Statutory requirements | 25,276 |
| | | <u>\$ 1,211,565</u> |
| Grant Fund | External contracts | \$ 263,322 |
| Police Fund | External contracts | 3,027,652 |
| Fire Fund | External contracts | 710,929 |
| Park and Recreation Fund | External contracts | 394,973 |
| Emergency Operation Fund | External contracts | 788,147 |
| Welcome Center | External contracts | 293,260 |
| Convention and Visitors Bureau | External contracts | 90,425 |
| GO Debt Service Fund | External contracts | 1,632,681 |
| Capital Outlay Fund | External contracts | 1,186,375 |
| 2002 GO Street Bond | External contracts | 3,667,298 |
| Downtown Redevelopment | External contracts | 1,848,809 |
| Street Tax Fund | External contracts | 226,832 |
| Sales Tax Capital Improvements | External contracts | 1,164,263 |
| Capital Improvement Fund | External contracts | 2,657,768 |
| General Government Sales Tax Fund | External contracts | 207,633 |
| | | <u>\$ 18,160,367</u> |

Governmental 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. Assignments for revenues in other governmental funds are made through budgetary process.
- e. Unassigned – represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the General Fund.

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

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available. The City's policy for the use of fund balance amounts require that unassigned amounts would be reduced first followed by assigned amounts and then committed amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

The following table shows the fund balance classifications as shown on the Governmental Funds Balance Sheet in accordance with GASB Statement 54:

| | Major Special Revenue Fund | | | | | Other Governmental Fund | Total |
|-------------------------------------|----------------------------|---------------------|-------------------|----------------------|-------------------------|-------------------------|----------------------|
| | General Fund | Police Fund | Fire Fund | Hospital Authority | Tax Increment Financing | | |
| Fund Balance: | | | | | | | |
| Nonspendable: | | | | | | | |
| Inventory | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 60,000 | \$ 60,000 |
| Deposits held by others | - | - | - | - | - | 687,300 | 687,300 |
| Prepaid expenses | 1,884 | - | - | - | - | - | 1,884 |
| | 1,884 | - | - | - | - | 747,300 | 749,184 |
| Restricted For: | | | | | | | |
| Public safety | 67,559 | 3,027,652 | 710,929 | - | - | 375,873 | 4,182,013 |
| Hospital | - | - | - | 64,435,148 | - | - | 64,435,148 |
| General obligation debt service | - | - | - | - | - | 1,551,565 | 1,551,565 |
| Capital improvements | - | - | - | - | - | 6,045,518 | 6,045,518 |
| Street improvements | - | - | - | - | - | 3,894,130 | 3,894,130 |
| Street operations | - | - | - | - | - | 890,091 | 890,091 |
| Technology improvements | - | - | - | - | - | 482,557 | 482,557 |
| Culture and rec programs | 56,554 | - | - | - | - | 394,973 | 451,527 |
| Economic development | - | - | - | - | - | 662,344 | 662,344 |
| Health and welfare programs | 658 | - | - | - | - | - | 658 |
| Emergency operations | - | - | - | - | - | 788,147 | 788,147 |
| Downtown redevelopment | - | - | - | - | - | 1,848,809 | 1,848,809 |
| Sub-total restricted | 124,771 | 3,027,652 | 710,929 | 64,435,148 | - | 16,934,007 | 85,232,507 |
| Assigned in: | | | | | | | |
| Capital improvements | - | - | - | - | - | 19,954 | 19,954 |
| Culture and rec programs | 274,701 | - | - | - | - | - | 274,701 |
| Downtown redevelopment | - | - | - | - | - | 604,327 | 604,327 |
| Disaster relief | 1,083,328 | - | - | - | - | - | 1,083,328 |
| Animal shelter | 53,672 | - | - | - | - | - | 53,672 |
| General government - encumbrances | 21,740 | - | - | - | - | - | 21,740 |
| Public safety - encumbrances | 1,222 | - | - | - | - | - | 1,222 |
| Public Works - encumbrances | 64,411 | - | - | - | - | - | 64,411 |
| Culture and rec - encumbrances | 2,150 | - | - | - | - | - | 2,150 |
| Economic development - encumbrances | 54,961 | - | - | - | - | - | 54,961 |
| Sub-total assigned | 1,556,185 | - | - | - | - | 624,281 | 2,180,466 |
| Unassigned: | 4,392,386 | - | - | - | (3,941,808) | - | 450,578 |
| TOTAL FUND BALANCE | \$ 6,075,226 | \$ 3,027,652 | \$ 710,929 | \$ 64,435,148 | \$ (3,941,808) | \$ 18,305,588 | \$ 88,612,735 |

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The following amounts of encumbrances are included in the previous page numbers at June 30, 2012:

| Fund | Balance |
|-------------------------------|--------------|
| Major Funds: | |
| General Fund | \$ 196,985 |
| Police Fund | 208,332 |
| Fire Fund | 19,277 |
| Hospital Authority | 10,606 |
| | \$ 435,200 |
| Non Major Fund: | |
| Capital Outlay Fund | \$ 98,590 |
| Technology Fund | 27,591 |
| Juvenile Fund | 567 |
| Police Lab Fund | 100 |
| Police Impound Fund | 1,060 |
| Welcome Center Fund | 3,277 |
| Convention and Visitor Bureau | 12,146 |
| Emergency Operations Fund | 33,318 |
| Park and Recreation Fund | 135,844 |
| Grant Fund | 68,429 |
| Capital Improvement Fund | 51,893 |
| Downtown Redevelopment Fund | 519,533 |
| 2002 GO Street Bond Fund | 260,189 |
| | \$ 1,212,537 |

Per resolution, the City Council has established a minimum fund balance policy for the General Fund equal to ten percent (10%) of the fund's budgetary operating expenditures each fiscal year. In addition, a reserve equal to five percent (5%) of the budgetary operating expenditures for each fund has been established for the following fund: Police Fund, Fire Fund, Welcome Center Fund, Convention and Visitors Bureau Fund and the Juvenile Fund. The reserves are to ensure the fiscal solvency of the City as a safeguard and all or a portion of the reserves may be appropriated by the city council as necessary in the event of a natural disaster or other catastrophic circumstances, or in the event of significant accounting errors.

Restatement of Beginning Net Assets

The City restated the beginning balance of the governmental activities net assets, as follows:

| | Governmental Activities |
|--|------------------------------------|
| Beginning net assets, as previously reported | \$ 433,411,261 |
| Understatement of capital assets - Library | 1,536,700 |
| Beginning net assets, restated | \$ 434,947,961 |

8. Revenues

Program Revenues:

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

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- Public Safety – Fire, Police, 911 –fines and forfeitures, restricted operating grants, 911 revenue, and restricted capital grants, property seizure, donations, state on-behalf pension contributions
- Streets – commercial vehicle and gasoline excise tax shared by the State.
- Culture and recreation – pool fees, rental of community center and senior center, programming fees, park fees, softball fees, operating and capital grants
- Health and Welfare – FEMA grants
- Economic Development – rental income and operating grants
- General Government – license and permits, technology and false alarm fees, impact fees, and operating grants

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

Sales Tax Revenue:

Sales tax revenue represents a 3.85 cents tax on each dollar of taxable sales of which is collected by the Oklahoma Tax Commission and remitted to the City as follows:

The General Fund records 2.3805 cents. The General Government Sales Tax Fund records 0.0495 cents. The Police and Fire Funds record .3319 and .2966, respectively. The Emergency 911 fund records .0405, the Capital Improvement Fund 0.6515, the Street Tax Fund 0.0495, and the Park and Recreation Fund .05.

Property Tax Revenue:

In accordance with state law, a municipality may only levy a property tax to retire general obligation debt approved by the voters and to pay judgments rendered against the City. Property taxes levied by the City are billed and collected by the County Treasurer's Office and remitted to the City in the month following collection. Property 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, 2012, the City's net assessed valuation of taxable property was \$285,884,862. The taxes levied by the City per \$1,000 of net assessed valuation for the year ended June 30, 2012 was \$6.09.

9. Risk Management

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

- General Liability – Covered through self-insurance
- Physical Property – Covered through purchased insurance with a \$25,000 deductible, per occurrence.

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- Workers' Compensation – Workers' compensation is covered through self-insurance with the City administering the claims process. The City does not carry stop loss insurance.
- Employee's Group Medical –Covered through self-insurance using a third party administrator to process medical claims. The City uses the third party processor's estimates to record group insurance claims payable. The City also has a stop-loss policy which covers individual claims in excess of \$150,000 during any year.

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

Claims Liability Analysis

The claims liabilities related to the above noted risks of loss that are retained are determined in accordance with the requirements of Statement of Financial Accounting Standards No. 5, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. For the internal service self-insurance funds, changes in the claims liability for the City from July 1, 2009, to June 30, 2012, are as follows:

| | <u>Risk Fund</u> | <u>Health Care</u> | <u>Total</u> |
|---------------------------------|----------------------|------------------------|---------------------|
| Claim liability, June 30, 2009 | \$ 3,261,000 | \$ 645,550 | \$ 3,906,550 |
| Claims and changes in estimates | 2,493,468 | 5,734,064 | 8,227,532 |
| Claims payments | <u>(1,972,468)</u> | <u>(5,910,317)</u> | <u>(7,882,785)</u> |
| Claim liability, June 30, 2010 | 3,782,000 | 469,297 | 4,251,297 |
| Claims and changes in estimates | 925,173 | 6,156,838 | 7,082,011 |
| Claims payments | <u>(901,173)</u> | <u>(6,277,993)</u> | <u>(7,179,166)</u> |
| Claim liability, June 30, 2011 | 3,806,000 | 348,142 | 4,154,142 |
| Claims and changes in estimates | 833,575 | 6,752,725 | 7,586,300 |
| Claims payments | <u>(1,024,575)</u> | <u>(6,650,650)</u> | <u>(7,675,225)</u> |
| Claim liability, June 30, 2012 | <u>\$ 3,615,000</u> | <u>\$ 450,217</u> | <u>\$ 4,065,217</u> |

10. Retirement Plan Participation

The City of Midwest City participates in three pension or retirement plans:

1. Oklahoma Police Pension and Retirement System (OPPRS) - a statewide cost-sharing plan
2. Oklahoma Firefighter's Pension and Retirement System (OFPRS) – a statewide cost-sharing plan
3. Oklahoma Municipal Retirement Fund (OMRF-DCP) – an agent multiple-employer defined contribution plan

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Oklahoma Firefighter's and Police Pension and Retirement Systems

The City of Midwest City, as the employer, participates in two statewide cost-sharing multiple employer defined benefit plans on behalf of the firefighters and police officers. The systems are funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary.

| | Oklahoma Police Pension and Retirement System | Oklahoma Firefighter's Pension and Retirement System |
|---|---|--|
| Obtaining separately issued financial statements | Police Pension and Retirement 1001 N.W. 63rd St., Suite 605 Oklahoma City, OK 73116-7335 | Oklahoma Firefighter's Pension and Retirement System 4545 N. Lincoln Blvd., Suite 265 Oklahoma City, OK 73105-3414 |
| Eligibility to participate | All full-time officers, employed by a participating municipality, not less than 21 years of age or more than 45 years of age when hired. | All full-time or voluntary firefighters of a participating municipality, not less than 18 years of age or more than 45 years of age. |
| Authority establishing contribution obligations and benefits | State Statute | State Statute |
| Employee's contribution rate (percent of covered payroll) | 8% (a) | 8% (b) |
| City's contribution rate (percent of covered payroll) | 13% (c) | 13% (d) |
| State obligation | State appropriation to fund the unfunded actuarial accrued liability. | State appropriation to fund the unfunded actuarial accrued liability. |
| Period required to vest | 10 years | 10 years |
| Eligibility and benefits for distribution (full-time) | 20 years credited service, 2 ½% of final average salary multiplied by the years of credited service with a maximum of 30 years considered; if vested, at or after age 50, or after 10 but before 20 years of credited service, with reduced benefits. | 20 years credited service 2 ½% of final average salary multiplied by the years of credited service with a maximum of 30 years considered; if vested, at or after age 50, or after 10 but before 20 years of credited service, with reduced benefits. |
| Eligibility and benefits for distribution (volunteer) | - | 20 years credited service equal to \$7.53 per month per year of service, with a maximum of 30 years considered. |
| Deferred retirement option | Yes, 20 years credited service with additional option to participate in Louisiana Plan with continued service for a maximum of 5 years. | Yes, 20 years credited service with continued service for a maximum of 30 years. |
| Provisions for: Cost of living adjustments (normal retirement) | Yes | Yes, if vested by 5/83 |
| Death (duty, non-duty, post retirement) | Yes | Yes |
| Disability (duty, non-duty) | Yes | Yes |
| Cost of living allowances | Yes | Yes |

(a): 8% of base, college incentive, shift differential & longevity, however the City's contract with the union provides that member contributions will be 3%.

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- (b): 8% of base, college incentive, longevity, various committee pays, overtime, sick leave, vacation leave and paid day off buy backs, sick leave incentive, EMT, hazmat, inspector, instructor and suppression pays. However the City's contract with the union provides that member contribution will be 4%.
- (c): 13% of eligible salary as stated above. However, the City contract with the union provides that the employer contribution will be 18%.
- (d): 13% of eligible salary as stated above. However, the City contract with the union provides that the employer contribution will be 17%.

Retirement Plan Contributions – OFPRS and OPPRS Cost-Sharing Plans

| Oklahoma Police Pension and Retirement System | | | Oklahoma Firefighter's Pension and Retirement System | | |
|--|--------------------------|---------------------------|---|--------------------------|---------------------------|
| Fiscal Year | Required Contribution | Percentage Contributed | Fiscal Year | Required Contribution | Percentage Contributed |
| 2010 | \$746,218 | 100% | 2010 | \$885,569 | 100% |
| 2011 | 760,087 | 100% | 2011 | 885,986 | 100% |
| 2012 | 830,841 | 100% | 2012 | 957,108 | 100% |

The state made on-behalf payments for the police pension system for \$696,618 and for the fire pension system of \$1,958,339. These on-behalf payments were recognized as revenue and expenditures in the current fiscal year.

OMRF Defined Contribution Plan:

The City has also provided a defined contribution plan and trust known as the City of Midwest City Plan and Trust (the "Plan") in the form of the Oklahoma Municipal Retirement System Master Defined Contribution Plan. OMRF operations are supervised by a nine-member Council of Trustees elected by the participating municipalities. The Plan is administered by JPMorgan Chase of Oklahoma City. The defined contribution plan is available to all full-time employees on a voluntary basis who are not already participating in another plan. According to City Ordinance, the employee and employer are required to contribute amounts equal to 0.0% and 13.0%, respectively, of the employee's salary each month. The employer's contributions for each employee are 50% vested after five years, with 10% vesting for each subsequent year thereafter. If an employee terminates before becoming fully vested, the employer's contributions that are forfeited are allocated to the remaining fund participants based on percentage of contribution. The authority to establish and amend the provisions of the plan rests with the City Council. For the year ended June 30, 2012, the City contributed \$1,855,472 to the plan, while the employee contributions totaled \$0.

OMRF issues separate plan financial statements which may be obtained by contacting the Oklahoma Municipal Retirement Fund, 100 N. Broadway, Oklahoma City, Oklahoma, 73102.

11. Postemployment Healthcare Plan

Plan Description. The City sponsors Medical, Rx, and Dental insurance to qualifying retirees and their dependents. Coverage is provided through self-insurance that collectively operates as a substantive single-employer defined benefit plan. Qualifying retirees are those employees who are eligible for immediate disability or retirement benefits under the Oklahoma Police Pension and Retirement System, Oklahoma Firefighter's Pension and Retirement System, or the City of Midwest City Retirement Plan. Retirees may continue coverage with the City by paying the determined rate. Coverage is available for each of the lifetimes of retirees and their spouses. Authority to establish and amend benefit provisions rest

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with the City Council. Retirees may continue coverage with the City by paying the premium rate. Benefits are paid from general operating assets of the City as assessed by the self-insurance fund.

Funding Policy. The contribution requirements of plan members and the City are established by the City Council. Annual health insurance premium amounts are established by the City Council. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2012, the actuarially expected City contribution in the form of net age adjustment was \$842,224 to the Plan. Plan members receiving benefits contributed \$712,383 of the total premiums, through their payment of the full determined premium in FY 2012.

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 for the year ended June 30, 2012:

| | | |
|---|----|-------------|
| Amortization of Actuarial Accrued Liability (AAL) | \$ | 2,037,793 |
| Normal Cost | | 842,224 |
| Interest on Net OPEB Obligations | | 121,273 |
| Amortization of Net OPEB Obligation | | (241,834) |
| Annual OPEB cost (expense) | | 2,759,456 |
| Expected net benefits during the year | | (1,328,012) |
| Increase in net OPEB obligation | | 1,431,444 |
| Net OPEB obligation - beginning of year | | 3,984,559 |
| Net OPEB obligation - end of year | \$ | 5,416,003 |

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

| Fiscal Year Ended | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|----------------------|------------------|--|---------------------|
| 6/30/09 | \$2,448,884 | 47% | \$1,286,676 |
| 6/30/10 | \$2,510,001 | 50% | \$2,553,115 |
| 6/30/11 | \$2,759,456 | 48% | \$3,984,559 |
| 6/30/12 | \$2,759,456 | 48% | \$5,416,003 |

Fiscal year 2009 was the first year the City was required to have an actuary performed and report any liability.

Funded Status and Funding Progress. As of July 1, 2010, the most recent actuarial valuation date, the Plan was not funded. The actuarial accrued liability (AAL) for benefits was \$29,797,397, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$29,797,397. The covered payroll (annual payroll of active employees covered by the plan) was \$25.0

million, and the ratio of the UAAL to the covered payroll was 119 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 July 1, 2010, actuarial valuation, the Projected Unit Credit actuarial cost method was used. The actuarial assumptions included a 4.75 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the Plan at the valuation date, and an annual healthcare cost trend rate of 7 percent initially, reduced by decrements to an ultimate rate of 5 percent in 2015. The UAAL is being amortized over 30 years based on a level dollar basis. The remaining amortization period at July 1, 2011, was twenty seven years. As of the date of this valuation, there are no plan assets.

12. Stewardship, Compliance, and Accountability

By its nature as a local government unit, the City and its component units are subject to various federal, state and local laws and contractual regulations. Title 11, Section 17-211 of the Oklahoma Statutes prohibits the creation of a deficit fund balance in any individual fund of the City (excluding public trusts). At June 30, 2012, the city reported a deficit fund balance of \$3,941,808 in the Tax Increment Financing Fund. This deficit is due to capital assets not being reported on the governmental fund financial statements.

13. Commitments and Contingencies

Construction Contracts Outstanding

The following construction contracts were outstanding at June 30, 2012:

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| | | |
|---------------------------------|----|------------|
| PH 2 SKATE PARK | \$ | 47,200 |
| BATH HOUSE DESIGN SERVICES | | 42,203 |
| WATERPROOF CMTY CENTER | | 25,000 |
| KIWANIS TRAIL PARK | | 45,916 |
| RESIDENTIAL ST REPAIR | | 6,227 |
| EECBG - HVAC CMTY CTR | | 4,540 |
| RADIO FREQUENCY SITE SURVEYS | | 49,477 |
| CLOCK TOWER | | 32,328 |
| ANIMAL SHELTER ROOFTOP UNITS | | 13,900 |
| LIONS SPRAY PAD | | 5,202 |
| EASTSIDE DISTRIBUTION PH 1 | | 17,000 |
| RESIDENTIAL SEWER LINE | | 3,500 |
| ENGINEERING SEWER PLANT | | 1,409,859 |
| SEWER PLANT UPGRADE | | 41,589,698 |
| REPLACE GOLF COURSE FENCE | | 13,542 |
| REMODEL/REFURBISH SR CENTER | | 1,919 |
| SIDEWALKS 2 | | 40,655 |
| GOLF COURSE FENCING MATCH | | 38,591 |
| DEVELOP SIU BUILDING | | 175,627 |
| W RIDGEWOOD DRAINAGE | | 18,665 |
| POST RD WIDEN | | 18,154 |
| 15TH ST WIDEN - FRY TO ANDERSON | | 216,175 |
| POST RD - RENO TO 15TH | | 25,860 |
| MAINT BARN/UMPIRE OFFICE | | 41,589 |
| SOLDIER CREEK INDUST PARK | | 21,301 |
| DEMOLISH ORIGINAL CITY HALL | | 37,896 |
| AIR DEPOT UTILITY LINE | | 510,761 |
| GUY DR/RIDGEWOOD CHANNEL IMPR | | 15,000 |
| TRAFFIC SIGNAL - HARMONY & 15TH | | 12,000 |
| | \$ | 44,479,785 |

Litigation

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

Grant Programs

The City of Midwest City participates in various federal or state grant/loan programs from year to year. In 2012, the City's involvement in federal and state award programs was not material due to no major disasters. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. The City has not been notified of any noncompliance with federal or state award requirements.

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

14. Future Accounting Pronouncements

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

Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements* – GASB 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. Management is still evaluating the effect this Statement will have on the City's financial statements. The Statement is effective for fiscal years ended June 30, 2013.

Statement No. 61, *The Financial Reporting Entity: Omnibus – An Amendment of GASB Statements No. 14 and No. 34*. GASB 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. Earlier application is encouraged. The City does not believe that the adoption of GASB No. 61 will have a significant impact on its financial statement presentation. The Statement is effective for fiscal years ended June 30, 2013.

Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. GASB No. 62 is intended to enhance the usefulness of its Codification by incorporating guidance that previously could only be found in certain FASB and AICPA pronouncements. The City does not believe that the adoption GASB No. 62 will have a significant impact on its financial position, activities or cash flows, or its financial statement presentation. The Statement is effective for fiscal years ended June 30, 2013.

Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB 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 will require the City to make changes in its financial statement presentation. The Statement is effective for fiscal years ended June 30, 2013.

Statement No. 65, *Items Previously Reported as Assets and Liabilities*. GASB 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 not quantified the effects of adoption of GASB No. 65 on its net position. The Statement is effective for fiscal years ended June 30, 2014.

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

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employer plans and cost-sharing plans, and recognition and disclosure requirements are addressed for each classification. GASB No. 68 was issued in June 2012, and the City has not yet determined the impact that implementation of GASB No. 68 will have on its net position. The Statement is effective for fiscal years ended June 30, 2015.

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REQUIRED SUPPLEMENTARY INFORMATION

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Budgetary Comparison Schedules – Year Ended June 30, 2012

| | GENERAL FUND | | | |
|--|-------------------------|---------------------|---------------------------|---------------------------------------|
| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
| | Original | Final | (Budget basis) | Positive (Negative) |
| Beginning Budgetary Fund Balance: | \$ 1,053,785 | \$ 1,053,785 | \$ 3,424,603 | \$ 2,370,818.00 |
| Resources (Inflows): | | | | |
| Taxes | 22,167,685 | 22,167,685 | 22,365,226 | 197,541 |
| Charges for services | 438,489 | 438,489 | 446,270 | 7,781 |
| Fines and forfeitures | 1,812,239 | 1,812,239 | 1,778,360 | (33,879) |
| Licenses and permits | 296,134 | 296,134 | 243,369 | (52,765) |
| Investment income | 65,850 | 65,850 | 90,271 | 24,421 |
| Intergovernmental | 466,998 | 466,998 | 486,364 | 19,366 |
| Miscellaneous | 240,677 | 231,271 | 275,506 | 44,235 |
| Total Resources (Inflows) | <u>25,488,072</u> | <u>25,478,666</u> | <u>25,685,366</u> | <u>206,700</u> |
| Amounts available for appropriation | <u>26,541,857</u> | <u>26,532,451</u> | <u>29,109,969</u> | <u>2,577,518</u> |
| Charges to Appropriations (Outflows): | | | | |
| City Manager | 507,557 | 512,730 | 498,777 | 13,953 |
| City Clerk | 571,822 | 573,662 | 545,935 | 27,727 |
| Personnel | 363,599 | 364,253 | 358,892 | 5,361 |
| City Attorney | 125,621 | 125,696 | 122,563 | 3,133 |
| Community Development | 1,761,024 | 1,766,199 | 1,651,703 | 114,496 |
| Park & Recreation | 519,014 | 531,433 | 500,627 | 30,806 |
| Finance | 611,745 | 615,958 | 600,816 | 15,142 |
| Streets | 2,841,911 | 2,861,708 | 2,714,001 | 147,707 |
| General Government | 926,050 | 917,466 | 873,416 | 44,050 |
| Neighborhood Services | 1,525,536 | 1,531,957 | 1,466,229 | 65,728 |
| Information Technology | 397,479 | 400,246 | 333,186 | 67,060 |
| Emergency Response | 786,873 | 788,250 | 782,526 | 5,724 |
| Swimming Pools | 236,407 | 279,681 | 277,172 | 2,509 |
| Total Charges to Appropriations | <u>11,174,638</u> | <u>11,269,239</u> | <u>10,725,843</u> | <u>543,396</u> |
| Other financing sources (uses) | | | | |
| Transfers from other funds | 2,493,969 | 2,494,219 | 2,494,145 | (74) |
| Transfers to other funds | (16,743,724) | (16,875,331) | (16,875,330) | 1 |
| Total other financing sources (uses) | <u>(14,249,755)</u> | <u>(14,381,112)</u> | <u>(14,381,185)</u> | <u>(73)</u> |
| Ending Budgetary Fund Balance | <u>\$ 1,117,464</u> | <u>\$ 882,100</u> | <u>\$ 4,002,941</u> | <u>\$ 3,120,841</u> |

See accompanying notes to this schedule.

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| | POLICE FUND | | | |
|--|-------------------------|-----------------------|---------------------------|---------------------------------------|
| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
| | Original | Final | (Budget basis) | Positive (Negative) |
| Beginning Budgetary Fund Balance: | \$ 613,832 | \$ 613,832 | \$ 2,222,784 | \$ 1,608,952 |
| Resources (Inflows): | | | | |
| Taxes | 2,645,715 | 2,683,449 | 2,697,325 | 13,876 |
| Charges for services | - | - | (11,300) | (11,300) |
| Investment income | 35,571 | 35,572 | 41,372 | 5,800 |
| Fines and forfeitures | 66,266 | 66,266 | 82,241 | 15,975 |
| Miscellaneous | 7,840 | 7,840 | 33,936 | 26,096 |
| Total Resources (Inflows) | <u>2,755,392</u> | <u>2,793,127</u> | <u>2,843,574</u> | <u>50,447</u> |
| Amounts available for appropriation | <u>3,369,224</u> | <u>3,406,959</u> | <u>5,066,358</u> | <u>1,659,399</u> |
| Charges to Appropriations (Outflows): | | | | |
| Public Safety | 13,394,149 | 13,846,254 | 12,785,741 | 1,060,513 |
| Total Charges to Appropriations | <u>13,394,149</u> | <u>13,846,254</u> | <u>12,785,741</u> | <u>1,060,513</u> |
| Other financing sources (uses) | | | | |
| Transfers from other funds | 10,240,504 | 10,360,405 | 10,397,043 | 36,638 |
| Transfers to other funds | (996,188) | (1,064,564) | (1,064,564) | - |
| Total other financing sources (uses) | <u>9,244,316</u> | <u>9,295,841</u> | <u>9,332,479</u> | <u>36,638</u> |
| Ending Budgetary Fund Balance | <u>\$ (780,609)</u> | <u>\$ (1,143,454)</u> | <u>\$ 1,613,096</u> | <u>\$ 2,756,550</u> |

See accompanying notes to this schedule.

| | FIRE FUND | | | |
|--|-------------------------|-------------------|---------------------------|---------------------------------------|
| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
| | Original | Final | (Budget basis) | Positive (Negative) |
| Beginning Budgetary Fund Balance: | \$ 823,261 | \$ 823,261 | \$ 1,392,527 | \$ 569,266 |
| Resources (Inflows): | | | | |
| Taxes | 2,148,866 | 2,262,068 | 2,275,037 | 12,969 |
| Charges for services | 4,529 | 4,529 | 10,835 | 6,306 |
| Investment income | 14,380 | 14,380 | 24,650 | 10,270 |
| Licenses and permits | 8,974 | 8,974 | 9,220 | 246 |
| Miscellaneous | 1,860 | 1,860 | 12,014 | 10,154 |
| Total Resources (Inflows) | <u>2,178,609</u> | <u>2,291,811</u> | <u>2,331,756</u> | <u>39,945</u> |
| Amounts available for appropriation | <u>3,001,870</u> | <u>3,115,072</u> | <u>3,724,283</u> | <u>609,211</u> |
| Charges to Appropriations (Outflows): | | | | |
| Public Safety | 9,911,443 | 10,265,315 | 10,207,524 | 57,791 |
| Total Charges to Appropriations | <u>9,911,443</u> | <u>10,265,315</u> | <u>10,207,524</u> | <u>57,791</u> |
| Other financing sources (uses) | | | | |
| Transfers from other funds | 7,662,300 | 7,742,460 | 7,702,104 | (40,356) |
| Transfers to other funds | (433,641) | (386,840) | (386,813) | 27 |
| Total other financing sources (uses) | <u>7,228,659</u> | <u>7,355,620</u> | <u>7,315,291</u> | <u>(40,329)</u> |
| Ending Budgetary Fund Balance | <u>\$ 319,086</u> | <u>\$ 205,377</u> | <u>\$ 832,050</u> | <u>\$ 626,673</u> |

See accompanying notes to this schedule.

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| | TIF FUND | | | |
|--|---------------------|---------------------|-----------------------|-------------------------------|
| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
| | Original | Final | (Budget basis) | Positive (Negative) |
| Beginning Budgetary Fund Balance: | \$ - | \$ - | \$ (4,741,620) | \$ (4,741,620) |
| Resources (Inflows): | | | | |
| Taxes | 1,000,000 | 1,000,000 | 999,703 | (297) |
| Charges for services | - | - | - | - |
| Investment income | 3,000 | 3,000 | - | (3,000) |
| Licenses and permits | - | - | 370 | 370 |
| Miscellaneous | - | - | - | - |
| Total Resources (Inflows) | <u>1,003,000</u> | <u>1,003,000</u> | <u>1,000,073</u> | <u>(2,927)</u> |
| Amounts available for appropriation | <u>1,003,000</u> | <u>1,003,000</u> | <u>(3,741,547)</u> | <u>(4,744,547)</u> |
| Charges to Appropriations (Outflows): | | | | |
| General Government | 1,240,403 | 1,240,403 | 200,261 | 1,040,142 |
| Total Charges to Appropriations | <u>1,240,403</u> | <u>1,240,403</u> | <u>200,261</u> | <u>1,040,142</u> |
| Other financing sources (uses) | | | | |
| Transfers from other funds | - | - | - | - |
| Transfers to other funds | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Ending Budgetary Fund Balance | <u>\$ (237,403)</u> | <u>\$ (237,403)</u> | <u>\$ (3,941,808)</u> | <u>\$ (3,704,405)</u> |

See accompanying notes to this schedule.

Footnotes to Budgetary Comparison Schedule:

1. The budgetary comparison schedules and budgetary fund balance amounts are reported on the modified cash basis of accounting. In addition, obligations that are required to be funded from ending budgetary fund balances are subtracted from total ending budgetary fund balances to arrive at the unreserved budgetary fund balance. This presentation of unreserved fund balances on a budgetary basis is used to demonstrate compliance with Article 10, § 26 of the Oklahoma State Constitution.

2. The legal level of appropriation control is the department level within a fund. Transfers of appropriation between departments and object categories require the approval of the City Manager. All supplemental appropriations require the approval of the City Council. Supplemental appropriations must be filed with the Office of the State Auditor and Inspector

3. The budgetary basis differs from the modified accrual (GAAP) basis as shown in the schedules below:

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| GENERAL FUND | Fund Balance June 30, 2011 | Net Change in Fund Balance | Fund Balance June 30, 2012 |
|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| Budget to GAAP Reconciliation: | | | |
| Fund Balance - GAAP Basis | \$ 5,724,165 | \$ 351,061 | \$ 6,075,226 |
| Increases (Decreases): | | | |
| Revenues: | | | |
| Receivable | (4,510,411) | (218,482) | (4,728,893) |
| Expenditures: | | | |
| Payables | 4,371,890 | (192,291) | 4,179,599 |
| Encumbrances | (247,091) | 102,610 | (144,481) |
| Impact of combining funds: | | | |
| Reimbursed Projects Fund | (470,117) | 573,164 | 103,047 |
| Employee Activity Fund | (8,541) | (2,146) | (10,687) |
| Activity Fund | (472,366) | 151,798 | (320,568) |
| Animals Best Friend Fund | (32,780) | (21,550) | (54,330) |
| Disaster Relief Fund | (930,146) | (165,826) | (1,095,972) |
| Fund Balance - Budgetary Basis | <u>\$ 3,424,603</u> | <u>\$ 578,338</u> | <u>\$ 4,002,941</u> |

| POLICE FUND | Fund Balance June 30, 2011 | Net Change in Fund Balance | Fund Balance June 30, 2012 |
|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| Budget to GAAP Reconciliation: | | | |
| Fund Balance - GAAP Basis | \$ 3,220,405 | \$ (192,753) | \$ 3,027,652 |
| Increases (Decreases): | | | |
| Revenues: | | | |
| Receivable | (1,444,318) | (80,682) | (1,525,000) |
| Expenditures: | | | |
| Payables | <u>446,697</u> | <u>(336,253)</u> | <u>110,444</u> |
| Fund Balance - Budgetary Basis | <u>\$ 2,222,784</u> | <u>\$ (609,688)</u> | <u>\$ 1,613,096</u> |

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| FIRE FUND | Fund Balance June 30, 2011 | Net Change in Fund Balance | Fund Balance June 30, 2012 |
|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| Budget to GAAP Reconciliation: | | | |
| Fund Balance - GAAP Basis | \$ 812,506 | \$ (101,577) | \$ 710,929 |
| Increases (Decreases): | | | |
| Revenues: | | | |
| Receivable | (1,118,920) | (98,454) | (1,217,374) |
| Expenditures: | | | |
| Payables | <u>1,698,941</u> | <u>(360,446)</u> | <u>1,338,495</u> |
| Fund Balance - Budgetary Basis | <u>\$ 1,392,527</u> | <u>\$ (560,477)</u> | <u>\$ 832,050</u> |

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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, 2008 | July 1, 2010 |
|---|---------------|---------------|
| Actuarial accrued liability - AAL (a) | \$ 27,262,090 | \$29,797,397 |
| Actuarial value of plan assets (b) | - | - |
| Unfunded actuarial accrued liability – UAAL (funding excess) (a) – (b) | \$ 27,362,090 | \$29,797,397 |
| Funded ratio (b)/(a) | 0% | 0% |
| Covered payroll (c) | \$ 19,891,000 | \$ 25,016,000 |
| UAAL (funding excess) as a % of covered payroll [UAAL/(c)] | 138% | 119% |

Three year trend information is not available.

**CITY OF MIDWEST CITY, OKLAHOMA
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OTHER SUPPLEMENTARY INFORMATION

**CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2012**

Combining Balance Sheet – General Fund – June 30, 2012

| | GENERAL FUND ACCOUNTS | | | | | | TOTALS |
|--|-----------------------|--------------------------|------------------------|-------------------|--------------------------|----------------------|----------------------|
| | GENERAL FUND | REIMBURSED PROJECTS FUND | EMPLOYEE ACTIVITY FUND | ACTIVITY FUND | ANIMALS BEST FRIEND FUND | DISASTER RELIEF FUND | |
| ASSETS | | | | | | | |
| Cash and cash equivalents | \$ 867,050 | \$ 50,672 | \$ 5,511 | \$ 90,686 | \$ 54,330 | \$ 243,286 | \$ 1,311,535 |
| Investments | 2,822,767 | 148,673 | - | 264,828 | - | 796,496 | 4,032,764 |
| Accounts receivable | 1,195,053 | - | - | - | 6,782 | 301,417 | 1,503,252 |
| Accrued interest receivable | 8,275 | - | - | - | - | 2,335 | 10,610 |
| Deposits held by others | - | - | - | - | - | - | - |
| Other receivable | 15,106 | - | 5,176 | - | - | - | 21,272 |
| Due from other governments | 2,825,586 | - | - | 990 | - | 13,081 | 2,838,667 |
| Due from other funds | 353,208 | - | - | - | - | - | 353,208 |
| Prepaid items | 1,884 | - | - | - | - | - | 1,884 |
| Total Assets | \$ 8,088,929 | \$ 199,345 | \$ 10,687 | \$ 356,504 | \$ 61,112 | \$ 1,356,615 | \$ 10,073,192 |
| LIABILITIES AND FUND BALANCES | | | | | | | |
| Liabilities: | | | | | | | |
| Accounts payable and accrued liabilities | \$ 140,405 | \$ 1,167 | \$ - | \$ 34,764 | \$ - | \$ 2,519 | \$ 178,855 |
| Wages payable | 280,546 | 1,225 | - | 1,172 | - | - | 282,943 |
| Due to other governments | 11,525 | - | - | - | - | - | 11,525 |
| Refundable deposits | 57,096 | - | - | - | - | - | 57,096 |
| Due to other funds | 1,984,715 | 300,000 | - | - | - | - | 2,284,715 |
| Deferred revenue | 917,926 | - | - | - | 6,782 | 258,124 | 1,182,832 |
| Total Liabilities | 3,392,213 | 302,392 | - | 35,936 | 6,782 | 260,643 | 3,997,966 |
| Fund balance: | | | | | | | |
| Nonspendable | 1,884 | - | - | - | - | - | 1,884 |
| Restricted | 54,915 | - | - | 56,554 | 658 | 12,644 | 124,771 |
| Assigned | 144,484 | - | 10,687 | 264,014 | 53,672 | 1,083,328 | 1,556,185 |
| Unassigned | 4,495,433 | (103,047) | - | - | - | - | 4,392,386 |
| Total Fund Balance | 4,696,716 | (103,047) | 10,687 | 320,568 | 54,330 | 1,095,972 | 6,075,226 |
| Total Liabilities and Fund Balances | \$ 8,088,929 | \$ 199,345 | \$ 10,687 | \$ 356,504 | \$ 61,112 | \$ 1,356,615 | \$ 10,073,192 |

CITY OF MIDWEST CITY, OKLAHOMA
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Combining Schedule of Revenues, Expenditures and Changes in Fund Balance – General Fund – Year Ended June 30, 2012

| | GENERAL FUND ACCOUNTS | | | | | | TOTALS |
|---|-----------------------|--------------------------|------------------------|-------------------|--------------------------|----------------------|---------------------|
| | GENERAL FUND | REIMBURSED PROJECTS FUND | EMPLOYEE ACTIVITY FUND | ACTIVITY FUND | ANIMALS BEST FRIEND FUND | DISASTER RELIEF FUND | |
| Revenues: | | | | | | | |
| Taxes | \$ 22,449,288 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 22,449,288 |
| Intergovernmental | 484,212 | 156,362 | - | - | - | 12,644 | 653,218 |
| Charges for services | 453,758 | 82,157 | - | 110,252 | - | 128,646 | 774,813 |
| Investment income | 129,365 | 6,590 | 84 | 7,723 | 814 | 46,021 | 190,597 |
| Fines & forfeitures | 1,780,712 | - | - | - | 20,707 | - | 1,801,419 |
| Licenses & permits | 243,369 | - | - | - | - | - | 243,369 |
| Miscellaneous | 276,473 | 26,782 | 6,986 | 96,621 | 658 | 66,151 | 473,671 |
| Total Revenues | 25,817,177 | 271,891 | 7,070 | 214,596 | 22,179 | 253,462 | 26,586,375 |
| Expenditures: | | | | | | | |
| Current: | | | | | | | |
| General government | 3,256,006 | 8,847 | - | - | - | 76,386 | 3,341,239 |
| Public safety | 759,729 | - | - | - | - | - | 759,729 |
| Streets | 2,676,838 | - | - | - | - | - | 2,676,838 |
| Culture and recreation | 731,567 | 468 | 7,924 | 235,913 | - | - | 975,872 |
| Health and welfare | - | - | - | - | 629 | - | 629 |
| Economic development | 3,045,755 | 84,576 | - | - | - | - | 3,130,331 |
| Capital outlay | - | 286,543 | - | 133,481 | - | - | 420,024 |
| Debt service: | | | | | | | |
| Principal retirement | - | - | - | - | - | - | - |
| Interest and fiscal charges | - | - | - | - | - | - | - |
| Total Expenditures | 10,469,895 | 380,434 | 7,924 | 369,394 | 629 | 76,386 | 11,304,662 |
| Revenues over (under) expenditures | 15,347,282 | (108,543) | (854) | (154,798) | 21,550 | 177,076 | 15,281,713 |
| Other financing sources (uses): | | | | | | | |
| Transfers in | 2,492,401 | - | - | - | - | - | 2,492,401 |
| Transfers out | (16,947,182) | (464,621) | - | - | - | (11,250) | (17,423,053) |
| Transfers in - interaccount | - | - | 3,000 | 3,000 | - | - | 6,000 |
| Transfers out - interaccount | (6,000) | - | - | - | - | - | (6,000) |
| Total other financing sources (uses) | (14,460,781) | (464,621) | 3,000 | 3,000 | - | (11,250) | (14,930,652) |
| Net change in fund balances | 886,501 | (573,164) | 2,146 | (151,798) | 21,550 | 165,826 | 351,061 |
| Fund Balance - beginning of year | 3,810,215 | 470,117 | 8,541 | 472,366 | 32,780 | 930,146 | 5,724,165 |
| Fund Balance - end of year | \$ 4,696,716 | \$ (103,047) | \$ 10,687 | \$ 320,568 | \$ 54,330 | \$ 1,095,972 | \$ 6,075,226 |

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Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2012

| | SPECIAL REVENUE FUNDS | | | | | | | | | | |
|--|-----------------------|-------------------|------------------------------|---------------------------------|--------------------|---------------------------|---------------------------|---------------------------|------------------------------------|---------------------------|-----------------------------------|
| | GRANT FUND | JUVENILE FUND | PARK & RECREATION FUND | EMERGENCY OPERATIONS FUND | TECHNOLOGY FUND | WELCOME CENTER FUND | POLICE IMPOUND FEES | STREET & ALLEY FUND | POLICE SPECIAL PROJECTS FUND | POLICE LAB FEE FUND | CONVENTION/ VISITORS BUREAU |
| ASSETS | | | | | | | | | | | |
| Cash and cash equivalents | \$ 282,164 | \$ 38,211 | \$ 107,300 | \$ 190,429 | \$ 111,390 | \$ 71,716 | \$ 53,696 | \$ 214,334 | \$ 124,851 | \$ 24,276 | \$ 74,380 |
| Investments | - | 112,112 | 314,821 | 558,725 | 326,821 | 210,417 | - | 628,863 | - | - | - |
| Accrued interest receivable | - | - | - | - | - | - | - | - | - | - | - |
| Deposits held by others | - | - | - | - | - | - | - | - | - | - | - |
| Other receivable | 305,199 | 59,828 | 53,313 | 45,454 | 159,313 | - | 900 | - | 8,982 | 9,876 | - |
| Due from other governments | 236,498 | - | 8,609 | - | - | 18,449 | - | 46,894 | - | - | 34,437 |
| Due from other funds | - | - | - | 3,750 | - | - | - | - | - | - | - |
| Inventory | 60,000 | - | - | - | - | - | - | - | - | - | - |
| Total Assets | \$ 883,861 | \$ 210,151 | \$ 484,043 | \$ 798,358 | \$ 597,524 | \$ 300,582 | \$ 54,596 | \$ 890,091 | \$ 133,833 | \$ 34,152 | \$ 108,817 |
| LIABILITIES AND FUND BALANCES | | | | | | | | | | | |
| Liabilities: | | | | | | | | | | | |
| Accounts payable and accrued liabilities | \$ 167,395 | \$ - | \$ 82,329 | \$ - | \$ 3,991 | \$ 3,133 | \$ - | \$ - | \$ - | \$ 354 | \$ 15,022 |
| Accrued interest payable | - | - | - | - | - | - | 197 | - | - | - | - |
| Wages payable | 11,912 | 4,436 | 6,741 | 10,211 | 2,565 | 4,189 | - | - | - | - | 3,370 |
| Due to other funds | 381,232 | - | - | - | - | - | - | - | - | - | - |
| Deferred revenue | - | 43,350 | - | - | 108,411 | - | - | - | - | 8,522 | - |
| Total Liabilities | 560,539 | 47,786 | 89,070 | 10,211 | 114,967 | 7,322 | 197 | - | - | 8,876 | 18,392 |
| Fund balance: | | | | | | | | | | | |
| Nonspendable | 60,000 | - | - | - | - | - | - | - | - | - | - |
| Restricted | 263,322 | 162,365 | 394,973 | 788,147 | 482,557 | 293,260 | 54,399 | 890,091 | 133,833 | 25,276 | 90,425 |
| Assigned | - | - | - | - | - | - | - | - | - | - | - |
| Total Fund Balance | 323,322 | 162,365 | 394,973 | 788,147 | 482,557 | 293,260 | 54,399 | 890,091 | 133,833 | 25,276 | 90,425 |
| Total Liabilities and Fund Balances | \$ 883,861 | \$ 210,151 | \$ 484,043 | \$ 798,358 | \$ 597,524 | \$ 300,582 | \$ 54,596 | \$ 890,091 | \$ 133,833 | \$ 34,152 | \$ 108,817 |

(Continued)

CITY OF MIDWEST CITY, OKLAHOMA
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Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2012

| | SPECIAL REVENUE FUND | | CAPITAL PROJECT FUNDS | | | | | | DEBT SERVICE FUND | TOTALS | |
|--|-------------------------|------------------------------|-----------------------|--------------------------------|--------------------------|----------------------|-----------------------------|--------------------------|-----------------------------|---------------------|-------------------------|
| | URBAN RENEWAL AUTHORITY | GENERAL GOVERNMENT SALES TAX | CAPITAL OUTLAY FUND | DOWNTOWN DEVELOPMENT AUTHORITY | 2002 STREET PROJECT FUND | STREET PROJECTS FUND | SALES TAX CAPITAL IMP. FUND | CAPITAL IMPROVEMENT FUND | CAPITAL OUTLAY RESERVE FUND | | G.O. DEBT SERVICES FUND |
| ASSETS | | | | | | | | | | | |
| Cash and cash equivalents | \$ 15,337 | \$ 39,363 | \$ 280,486 | \$ 292,471 | \$ 861,683 | \$ 44,550 | \$ 119,369 | \$ 603,212 | \$ 210,847 | \$ 384,977 | \$ 4,145,042 |
| Investments | - | 115,491 | 918,286 | 957,524 | 2,821,073 | 130,710 | 350,231 | 1,974,862 | 618,632 | 1,260,382 | 11,298,950 |
| Accrued interest receivable | - | - | 2,692 | 2,807 | 8,271 | - | - | 5,790 | - | 3,695 | 23,255 |
| Deposits held by others | - | - | - | 687,300 | - | - | - | - | - | - | 687,300 |
| Accounts receivable | - | - | - | 946,016 | - | - | - | - | - | 118,222 | 1,707,103 |
| Due from other governments | - | 52,779 | - | - | - | 52,779 | 694,663 | - | - | - | 1,145,108 |
| Due from other funds | - | - | - | 300,000 | - | - | - | 142,524 | - | - | 446,274 |
| Inventory | - | - | - | - | - | - | - | - | - | - | 60,000 |
| Total Assets | \$ 15,337 | \$ 207,633 | \$ 1,201,464 | \$ 3,186,118 | \$ 3,691,027 | \$ 228,039 | \$ 1,164,263 | \$ 2,726,388 | \$ 829,479 | \$ 1,767,276 | \$ 19,513,032 |
| LIABILITIES AND FUND BALANCES | | | | | | | | | | | |
| Liabilities: | | | | | | | | | | | |
| Accounts payable and accrued liabilities | \$ - | \$ - | \$ 15,089 | \$ 43,962 | \$ 4,982 | \$ - | \$ - | \$ 68,620 | \$ - | \$ - | \$ 404,877 |
| Accrued interest payable | - | - | - | - | - | - | - | - | - | 115,339 | 115,536 |
| Wages payable | - | - | - | 1,720 | - | - | - | - | - | - | 45,144 |
| Due to other funds | - | - | - | - | - | - | - | - | - | - | 381,232 |
| Deferred revenue | - | - | - | - | - | - | - | - | - | 100,372 | 260,655 |
| Total Liabilities | - | - | 15,089 | 45,682 | 4,982 | - | - | 68,620 | - | 215,711 | 1,207,444 |
| Fund balance: | | | | | | | | | | | |
| Nonspendable | - | - | - | 687,300 | - | - | - | - | - | - | 747,300 |
| Restricted | 15,337 | 207,633 | 1,186,375 | 1,848,809 | 3,667,298 | 226,832 | 1,164,263 | 2,657,768 | 829,479 | 1,551,565 | 16,934,007 |
| Assigned | - | - | - | 604,327 | 18,747 | 1,207 | - | - | - | - | 624,281 |
| Total Fund Balance | 15,337 | 207,633 | 1,186,375 | 3,140,436 | 3,686,045 | 228,039 | 1,164,263 | 2,657,768 | 829,479 | 1,551,565 | 18,305,588 |
| Total Liabilities and Fund Balances | \$ 15,337 | \$ 207,633 | \$ 1,201,464 | \$ 3,186,118 | \$ 3,691,027 | \$ 228,039 | \$ 1,164,263 | \$ 2,726,388 | \$ 829,479 | \$ 1,767,276 | \$ 19,513,032 |

CITY OF MIDWEST CITY, OKLAHOMA
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Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Governmental Funds – Year Ended June 30, 2012

| | SPECIAL REVENUE FUNDS | | | | | | | | | | |
|---|-----------------------|-------------------|------------------------------|---------------------------------|--------------------|---------------------------|---------------------------|---------------------------|------------------------------------|---------------------------|-----------------------------------|
| | GRANT FUND | JUVENILE FUND | PARK & RECREATION FUND | EMERGENCY OPERATIONS FUND | TECHNOLOGY FUND | WELCOME CENTER FUND | POLICE IMPOUND FEES | STREET & ALLEY FUND | POLICE SPECIAL PROJECTS FUND | POLICE LAB FEE FUND | CONVENTION/ VISITORS BUREAU |
| Revenues: | | | | | | | | | | | |
| Taxes | \$ - | \$ - | \$ 499,699 | \$ 338,663 | \$ - | \$ 174,848 | \$ - | \$ - | \$ - | \$ - | \$ 326,384 |
| Intergovernmental | 1,679,777 | - | - | - | - | - | - | 475,016 | - | - | - |
| Charges for services | - | - | 4,700 | - | 236,612 | - | 60,300 | - | - | - | - |
| Investment income | 457 | 2,930 | 8,886 | 14,778 | 8,392 | 5,267 | 1,499 | - | 2,079 | 556 | 1,581 |
| Fines & forfeitures | - | 133,828 | - | 27,250 | 42,901 | - | - | - | 471 | 14,628 | - |
| Licenses & permits | - | - | - | - | 13,400 | - | - | - | - | - | - |
| Miscellaneous | 66,009 | - | 69,000 | 911 | - | 6,574 | - | - | 7,066 | - | 14,579 |
| Total Revenues | <u>1,746,243</u> | <u>136,758</u> | <u>582,285</u> | <u>381,602</u> | <u>301,305</u> | <u>186,689</u> | <u>61,799</u> | <u>475,016</u> | <u>9,616</u> | <u>15,184</u> | <u>342,544</u> |
| Expenditures: | | | | | | | | | | | |
| Current: | | | | | | | | | | | |
| General government | - | - | - | - | 303,431 | - | - | - | - | - | - |
| Public safety | 685,595 | 139,508 | - | 317,473 | - | - | 21,134 | - | 14,708 | 22,161 | - |
| Streets | - | - | - | - | - | - | - | 50,141 | - | - | - |
| Culture and recreation | - | - | 200,613 | - | - | 144,209 | - | - | - | - | - |
| Health and welfare | - | - | - | - | - | - | - | - | - | - | - |
| Economic development | 693,958 | - | - | - | - | - | - | - | - | - | 351,777 |
| Capital outlay | 287,584 | - | 470,583 | 45,007 | 8,496 | 1,471 | 54,854 | 581,484 | 17,236 | - | 955 |
| Debt service: | | | | | | | | | | | |
| Principal retirement | - | - | - | - | - | - | - | - | - | - | - |
| Interest and fiscal charges | - | - | - | - | - | - | - | - | - | - | - |
| Total Expenditures | <u>1,667,137</u> | <u>139,508</u> | <u>671,196</u> | <u>362,480</u> | <u>311,927</u> | <u>145,680</u> | <u>75,988</u> | <u>631,625</u> | <u>31,944</u> | <u>22,161</u> | <u>352,732</u> |
| Revenues over (under) expenditures | 79,106 | (2,750) | (88,911) | 19,122 | (10,622) | 41,009 | (14,189) | (156,609) | (22,328) | (6,977) | (10,188) |
| Other financing sources (uses): | | | | | | | | | | | |
| Transfers in | 119,361 | - | - | 58,937 | 42,498 | - | - | 9,087 | - | - | 20,000 |
| Transfers out | (251,796) | - | (10,000) | (46,931) | (10,000) | (10,000) | (5,183) | - | - | - | - |
| Total other financing sources (uses) | <u>(132,435)</u> | <u>-</u> | <u>(10,000)</u> | <u>12,006</u> | <u>32,498</u> | <u>(10,000)</u> | <u>(5,183)</u> | <u>9,087</u> | <u>-</u> | <u>-</u> | <u>20,000</u> |
| Net change in fund balances | (53,329) | (2,750) | (98,911) | 31,128 | 21,876 | 31,009 | (19,372) | (147,522) | (22,328) | (6,977) | 9,812 |
| Fund Balance - beginning of year | 376,651 | 165,115 | 493,884 | 757,019 | 460,681 | 262,251 | 73,771 | 1,037,613 | 156,161 | 32,253 | 80,613 |
| Fund Balance - end of year | <u>\$ 323,322</u> | <u>\$ 162,365</u> | <u>\$ 394,973</u> | <u>\$ 788,147</u> | <u>\$ 482,557</u> | <u>\$ 293,260</u> | <u>\$ 54,399</u> | <u>\$ 890,091</u> | <u>\$ 133,833</u> | <u>\$ 25,276</u> | <u>\$ 90,425</u> |

(Continued)

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Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Governmental Funds – Year Ended June 30, 2012

| | SPECIAL REVENUE FUNDS | | CAPITAL PROJECT FUNDS | | | | | | DEBT SERVICE FUND | TOTALS | |
|---|-------------------------|------------------------------|-----------------------|--------------------------------|--------------------------|----------------------|-----------------------------|--------------------------|-----------------------------|---------------------|-------------------------|
| | URBAN RENEWAL AUTHORITY | GENERAL GOVERNMENT SALES TAX | CAPITAL OUTLAY FUND | DOWNTOWN DEVELOPMENT AUTHORITY | 2002 STREET PROJECT FUND | STREET PROJECTS FUND | SALES TAX CAPITAL IMP. FUND | CAPITAL IMPROVEMENT FUND | CAPITAL OUTLAY RESERVE FUND | | G.O. DEBT SERVICES FUND |
| Revenues: | | | | | | | | | | | |
| Taxes | \$ - | \$ 206,819 | \$ - | \$ - | \$ - | \$ 206,819 | \$ 3,768,043 | \$ - | \$ - | \$ 1,870,276 | \$ 7,391,551 |
| Intergovernmental | - | - | - | - | - | - | - | - | - | - | 2,154,793 |
| Charges for services | - | - | - | 1,499,756 | - | 1,207 | - | - | - | - | 1,802,575 |
| Investment income | 302 | 814 | 31,856 | 49,228 | 101,270 | - | 9,934 | 72,941 | (2,797) | 45,733 | 355,706 |
| Fines & forfeitures | - | - | - | - | - | - | - | - | - | - | 219,078 |
| Licenses & permits | - | - | - | - | - | - | - | 64,564 | - | - | 77,964 |
| Miscellaneous | - | - | 18,635 | 7,178 | - | - | - | - | - | - | 189,952 |
| Total Revenues | <u>302</u> | <u>207,633</u> | <u>50,491</u> | <u>1,556,162</u> | <u>101,270</u> | <u>208,026</u> | <u>3,777,977</u> | <u>137,505</u> | <u>(2,797)</u> | <u>1,916,009</u> | <u>12,191,619</u> |
| Expenditures: | | | | | | | | | | | |
| Current: | | | | | | | | | | | |
| General government | - | - | - | - | - | - | - | - | - | - | 303,431 |
| Public safety | - | - | - | - | - | - | - | - | - | - | 1,200,579 |
| Streets | - | - | 2 | - | - | - | - | 10,753 | - | - | 60,896 |
| Culture and recreation | - | - | - | - | - | - | - | - | - | - | 344,822 |
| Health and welfare | - | - | - | - | - | - | - | - | - | - | - |
| Economic development | 463 | - | - | 124,086 | - | - | - | - | - | - | 1,170,284 |
| Capital outlay | - | - | 996,341 | 188,449 | 82,523 | - | - | 131,959 | - | - | 2,866,942 |
| Debt service: | | | | | | | | | | | |
| Principal retirement | - | - | - | - | - | - | - | - | - | 1,400,000 | 1,400,000 |
| Interest and fiscal charges | - | - | - | - | - | - | - | - | - | 437,342 | 437,342 |
| Total Expenditures | <u>463</u> | <u>-</u> | <u>996,343</u> | <u>312,535</u> | <u>82,523</u> | <u>-</u> | <u>-</u> | <u>142,712</u> | <u>-</u> | <u>1,837,342</u> | <u>7,784,296</u> |
| Revenues over (under) expenditures | (161) | 207,633 | (945,852) | 1,243,627 | 18,747 | 208,026 | 3,777,977 | (5,207) | (2,797) | 78,667 | 4,407,323 |
| Other financing sources (uses): | | | | | | | | | | | |
| Transfers in | - | - | 850,385 | - | - | - | - | 414,120 | - | - | 1,514,388 |
| Transfers out | - | - | (1,500) | (636,800) | - | - | (3,084,846) | (41,169) | (241,169) | (31,559) | (4,370,953) |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>848,885</u> | <u>(636,800)</u> | <u>-</u> | <u>-</u> | <u>(3,084,846)</u> | <u>372,951</u> | <u>(241,169)</u> | <u>(31,559)</u> | <u>(2,856,565)</u> |
| Net change in fund balances | (161) | 207,633 | (96,967) | 606,827 | 18,747 | 208,026 | 693,131 | 367,744 | (243,966) | 47,108 | 1,550,758 |
| Fund Balance - beginning of year | 15,498 | - | 1,283,342 | 2,533,609 | 3,667,298 | 20,013 | 471,132 | 2,290,024 | 1,073,445 | 1,504,457 | 16,754,830 |
| Fund Balance - end of year | <u>\$ 15,337</u> | <u>\$ 207,633</u> | <u>\$ 1,186,375</u> | <u>\$ 3,140,436</u> | <u>\$ 3,686,045</u> | <u>\$ 228,039</u> | <u>\$ 1,164,263</u> | <u>\$ 2,657,768</u> | <u>\$ 829,479</u> | <u>\$ 1,551,565</u> | <u>\$ 18,305,588</u> |

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ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2012

Combining Statement of Net Assets - Nonmajor Enterprise Funds – June 30, 2012

| | <u>UTILITIES AUTHORITY</u> | <u>UTILITY SERVICES</u> | <u>UTILITIES CAPITAL FUND</u> | <u>CUSTOMER DEPOSIT FUND</u> | <u>GOLF COURSES FUNDS</u> | <u>29TH & DOUGLAS FUND</u> | <u>TOTALS</u> |
|---|--------------------------------|-----------------------------|---------------------------------------|--------------------------------------|-----------------------------------|--|----------------------|
| ASSETS | | | | | | | |
| Current assets: | | | | | | | |
| Cash and cash equivalents | \$ 258,551 | \$ 69,112 | \$ 517,565 | \$ 31,528 | \$ 49,421 | \$ - | \$ 926,177 |
| Cash and cash equivalents, restricted | - | - | - | 285,378 | - | - | 285,378 |
| Investments | 846,474 | 202,777 | 1,694,462 | - | 140,351 | - | 2,884,064 |
| Receivables: | | | | | | | |
| Other receivable | - | - | - | - | 2,153 | - | 2,153 |
| Interest | 2,482 | - | 4,968 | 3,041 | - | - | 10,491 |
| Accounts receivable, net | - | 59,765 | - | 2,575 | - | - | 62,340 |
| Total current assets | <u>1,107,507</u> | <u>331,654</u> | <u>2,216,995</u> | <u>322,522</u> | <u>191,925</u> | <u>-</u> | <u>4,170,603</u> |
| Noncurrent assets: | | | | | | | |
| Investments, restricted | - | - | - | 1,037,522 | - | - | 1,037,522 |
| Land, construction in progress, and water rights | 624,812 | - | - | - | 273,552 | 5,500,000 | 6,398,364 |
| Other capital assets, net | - | 2,369 | 2,114,470 | - | 1,253,098 | - | 3,369,937 |
| Total noncurrent assets | <u>624,812</u> | <u>2,369</u> | <u>2,114,470</u> | <u>1,037,522</u> | <u>1,526,650</u> | <u>5,500,000</u> | <u>10,805,823</u> |
| Total assets | <u>1,732,319</u> | <u>334,023</u> | <u>4,331,465</u> | <u>1,360,044</u> | <u>1,718,575</u> | <u>5,500,000</u> | <u>14,976,426</u> |
| LIABILITIES | | | | | | | |
| Current liabilities: | | | | | | | |
| Accounts payable and accrued liabilities | 23,279 | 3,316 | 59,874 | - | 8,394 | - | 94,863 |
| Wages payable | - | 24,656 | - | - | 22,504 | - | 47,160 |
| Deferred revenue | - | 78,245 | - | - | 12,593 | - | 90,838 |
| Due to other funds | - | - | - | 1,202 | 46,716 | - | 47,918 |
| Accrued compensated absences | - | 19,761 | - | - | 34,481 | - | 54,242 |
| Refundable deposits | - | - | - | 132,290 | - | - | 132,290 |
| Total current liabilities | <u>23,279</u> | <u>125,978</u> | <u>59,874</u> | <u>133,492</u> | <u>124,688</u> | <u>-</u> | <u>467,311</u> |
| Noncurrent liabilities: | | | | | | | |
| Accrued compensated absences | - | 39,522 | - | - | 68,962 | - | 108,484 |
| Refundable deposits | - | - | - | 1,190,610 | - | - | 1,190,610 |
| Due to other funds | - | - | - | - | 99,113 | 576,664 | 675,777 |
| Total noncurrent liabilities | <u>-</u> | <u>39,522</u> | <u>-</u> | <u>1,190,610</u> | <u>168,075</u> | <u>576,664</u> | <u>1,974,871</u> |
| Total liabilities | <u>23,279</u> | <u>165,500</u> | <u>59,874</u> | <u>1,324,102</u> | <u>292,763</u> | <u>576,664</u> | <u>2,442,182</u> |
| NET ASSETS | | | | | | | |
| Investment in capital assets, net of related debt | 624,812 | 2,369 | 2,114,470 | - | 1,380,821 | 4,923,336 | 9,045,808 |
| Restricted for other purposes | 216,134 | 49,403 | - | - | 49,998 | - | 315,535 |
| Unrestricted | 868,094 | 116,751 | 2,157,121 | 35,942 | (5,007) | - | 3,172,901 |
| Total net assets | <u>\$ 1,709,040</u> | <u>\$ 168,523</u> | <u>\$ 4,271,591</u> | <u>\$ 35,942</u> | <u>\$ 1,425,812</u> | <u>\$ 4,923,336</u> | <u>\$ 12,534,244</u> |

**CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2012**

**Combining Statement of Revenues, Expenses and Changes in Net Assets - Nonmajor Enterprise Funds –
Year Ended June 30, 2012**

| | UTILITIES AUTHORITY | UTILITY SERVICES | UTILITIES CAPITAL FUND | CUSTOMER DEPOSIT FUND | GOLF COURSES FUNDS | 29TH & DOUGLAS FUND | TOTALS |
|--|------------------------|---------------------|------------------------------|-----------------------------|--------------------------|---------------------------|----------------------|
| Operating Revenues: | | | | | | | |
| Charges for services | \$ - | \$ 985,398 | \$ - | \$ - | \$ 1,087,244 | \$ 16,328 | \$ 2,088,970 |
| Total operating revenues | - | 985,398 | - | - | 1,087,244 | 16,328 | 2,088,970 |
| Operating Expenses: | | | | | | | |
| Personal services | - | 738,786 | - | - | 650,543 | - | 1,389,329 |
| Materials and supplies | - | 169,097 | - | - | 177,500 | - | 346,597 |
| Other services and charges | 200 | 47,410 | 43,500 | - | 113,506 | 18,208 | 222,824 |
| Depreciation and amortization | - | 414 | 46,878 | - | 91,128 | - | 138,420 |
| Total operating expenses | 200 | 955,707 | 90,378 | - | 1,032,677 | 18,208 | 2,097,170 |
| Operating income (loss) | (200) | 29,691 | (90,378) | - | 54,567 | (1,880) | (8,200) |
| Non-Operating Revenues (Expenses): | | | | | | | |
| Investment income | 39,689 | 3,895 | 59,925 | 37,178 | 2,420 | - | 143,107 |
| Other non-operating revenue | 1,500 | 3,040 | 7,870 | - | 16,929 | 200 | 29,539 |
| Interest expense and fiscal charges | - | - | - | - | (7,630) | (40,466) | (48,096) |
| Total non-operating revenues (expenses) | 41,189 | 6,935 | 67,795 | 37,178 | 11,719 | (40,266) | 124,550 |
| Net income (loss) before transfers | 40,989 | 36,626 | (22,583) | 37,178 | 66,286 | (42,146) | 116,350 |
| Transfers in | 719,807 | - | - | - | 45,021 | 120,520 | 885,348 |
| Transfers out | - | - | (41,169) | (25,221) | - | - | (66,390) |
| Change in net assets | 760,796 | 36,626 | (63,752) | 11,957 | 111,307 | 78,374 | 935,308 |
| Total net assets - beginning | 948,244 | 131,897 | 4,335,343 | 23,985 | 1,314,505 | 4,844,962 | 11,598,936 |
| Total net assets - ending | \$ 1,709,040 | \$ 168,523 | \$ 4,271,591 | \$ 35,942 | \$ 1,425,812 | \$ 4,923,336 | \$ 12,534,244 |

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2012

Combining Statement of Cash Flows - Nonmajor Enterprise Funds – June 30, 2012

| | <u>UTILITIES AUTHORITY</u> | <u>UTILITY SERVICES</u> | <u>UTILITIES CAPITAL FUND</u> | <u>CUSTOMER DEPOSIT FUND</u> | <u>GOLF COURSE FUND</u> | <u>29TH AND DOUGLAS FUND</u> | <u>TOTALS</u> |
|--|--------------------------------|-----------------------------|---------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | | | |
| Receipts from customers | \$ 1,500 | \$ 1,060,663 | \$ 7,870 | \$ 665 | \$ 1,116,636 | \$ 22,352 | \$ 2,209,686 |
| Payments to suppliers | 556 | (215,650) | (97,466) | - | (292,216) | (18,523) | (623,299) |
| Payments to employees | - | (747,317) | - | - | (650,622) | - | (1,397,939) |
| Payments of interfund loan | - | - | - | (1,116) | (38,944) | (83,883) | (123,943) |
| Receipt of customer deposits | - | - | - | 483,118 | - | - | 483,118 |
| Return of customer deposits | - | - | - | (458,906) | - | - | (458,906) |
| Net Cash Provided by Operating Activities | <u>2,056</u> | <u>97,696</u> | <u>(89,596)</u> | <u>23,761</u> | <u>134,854</u> | <u>(80,054)</u> | <u>88,717</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | | | |
| Transfers from other funds | 719,807 | - | - | - | 45,021 | 120,520 | 885,348 |
| Transfers to other funds | - | - | (41,169) | (25,221) | - | - | (66,390) |
| Net Cash Provided by (Used in) Non-Capital Financing Activities | <u>719,807</u> | <u>-</u> | <u>(41,169)</u> | <u>(25,221)</u> | <u>45,021</u> | <u>120,520</u> | <u>818,958</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | | | |
| Capital assets purchased | (106,235) | (1,708) | (17,785) | - | (127,676) | - | (253,404) |
| Interest and fiscal charges paid on capital debt | - | - | - | - | (7,630) | (40,466) | (48,096) |
| Proceeds from sale of capital assets | - | - | - | - | 2,315 | - | 2,315 |
| Net Cash Provided by (Used in) Capital and Related Financing Activities | <u>(106,235)</u> | <u>(1,708)</u> | <u>(17,785)</u> | <u>-</u> | <u>(132,991)</u> | <u>(40,466)</u> | <u>(299,185)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | | |
| Sale of investments | (528,390) | (81,783) | (21,197) | (77,673) | (140,351) | - | (849,394) |
| Interest and dividends | 37,207 | 3,895 | 67,174 | 40,530 | 2,420 | - | 151,226 |
| Net Cash Provided by (Used in) Investing Activities | <u>(491,183)</u> | <u>(77,888)</u> | <u>45,977</u> | <u>(37,143)</u> | <u>(137,931)</u> | <u>-</u> | <u>(698,168)</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | 124,445 | 18,100 | (102,573) | (38,603) | (91,047) | - | (89,678) |
| Balances - beginning of the year | 134,106 | 51,012 | 620,138 | 355,509 | 140,468 | - | 1,301,233 |
| Balances - end of the year | <u>\$ 258,551</u> | <u>\$ 69,112</u> | <u>\$ 517,565</u> | <u>\$ 316,906</u> | <u>\$ 49,421</u> | <u>\$ -</u> | <u>\$ 1,211,555</u> |
| Reconciliation to Statement of Net Assets: | | | | | | | |
| Cash and cash equivalents | \$ 258,551 | \$ 69,112 | \$ 517,565 | \$ 31,528 | \$ 49,421 | \$ - | \$ 926,177 |
| Restricted cash and cash equivalents | - | - | - | 285,378 | - | - | 285,378 |
| Total cash and cash equivalents | <u>\$ 258,551</u> | <u>\$ 69,112</u> | <u>\$ 517,565</u> | <u>\$ 316,906</u> | <u>\$ 49,421</u> | <u>\$ -</u> | <u>\$ 1,211,555</u> |
| Reconciliation of operating income (loss) to net cash provided by operating activities: | | | | | | | |
| Operating income (loss) | \$ (200) | \$ 29,691 | \$ (90,378) | \$ - | \$ 54,567 | \$ (1,880) | \$ (8,200) |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities: | | | | | | | |
| Depreciation expense | - | 414 | 46,878 | - | 91,128 | - | 138,420 |
| Other non-operating income | 1,500 | 3,040 | 7,870 | - | 16,929 | 200 | 29,539 |
| Change in assets and liabilities: | | | | | | | |
| Receivables, net | - | (6,020) | - | 665 | (130) | 5,824 | 339 |
| Due from other funds | - | - | - | - | 5,975 | - | 5,975 |
| Accounts payables | 756 | 857 | (53,966) | - | (1,210) | (315) | (53,878) |
| Due to other funds | - | - | - | (1,116) | (44,919) | (83,883) | (129,918) |
| Due to employees | - | (19,487) | - | - | (23,323) | - | (42,810) |
| Deferred revenue | - | 78,245 | - | - | 12,593 | - | 90,838 |
| Refundable deposits | - | - | - | 24,212 | - | - | 24,212 |
| Accrued compensated absences | - | 10,956 | - | - | 23,244 | - | 34,200 |
| Net Cash Provided by Operating Activities | <u>\$ 2,056</u> | <u>\$ 97,696</u> | <u>\$ (89,596)</u> | <u>\$ 23,761</u> | <u>\$ 134,854</u> | <u>\$ (80,054)</u> | <u>\$ 88,717</u> |

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2012

Combining Statement of Net Assets – Internal Service Funds – June 30, 2012

| | PUBLIC WORKS ADMINISTRATION | FLEET SERVICES FUND | SURPLUS PROPERTY FUND | RISK MANAGEMENT | L&H BENEFITS FUND | TOTALS |
|---|--|------------------------------------|--------------------------------------|----------------------------|--------------------------------------|-----------------------|
| ASSETS: | | | | | | |
| Current assets: | | | | | | |
| Cash and cash equivalents | \$ 116,388 | \$ 61,850 | \$ 60,591 | \$ 598,405 | \$ 412,890 | \$ 1,250,124 |
| Investments | - | 181,469 | 165,212 | 1,959,123 | 1,328,593 | 3,634,397 |
| Receivables: | | | | | | |
| Accounts receivable | - | - | 3,915 | 9,442 | 12,716 | 26,073 |
| Accrued interest receivable | - | - | - | 5,743 | 3,895 | 9,638 |
| Inventory | - | 37,522 | - | - | - | 37,522 |
| Total current assets | 116,388 | 280,841 | 229,718 | 2,572,713 | 1,758,094 | 4,957,754 |
| Noncurrent assets: | | | | | | |
| Capital Assets: | | | | | | |
| Depreciable, net of accumulated depreciation | 254,388 | 756,118 | 101,799 | - | - | 1,112,305 |
| Total noncurrent assets | 254,388 | 756,118 | 101,799 | - | - | 1,112,305 |
| Total assets | 370,776 | 1,036,959 | 331,517 | 2,572,713 | 1,758,094 | 6,070,059 |
| LIABILITIES: | | | | | | |
| Current liabilities: | | | | | | |
| Accounts payable and accrued liabilities | 2,870 | 46,271 | 194,701 | 26,024 | 105,481 | 375,347 |
| Claims liability | - | - | - | 1,801,000 | 450,217 | 2,251,217 |
| Wages payable | 18,908 | 21,364 | 500 | 6,284 | 1,143 | 48,199 |
| Accrued compensated absences | 34,607 | 32,392 | 322 | 11,518 | 410 | 79,249 |
| Total current liabilities | 56,385 | 100,027 | 195,523 | 1,844,826 | 557,251 | 2,754,012 |
| Noncurrent liabilities: | | | | | | |
| Accrued compensated absences | 69,214 | 64,785 | 643 | 23,036 | 821 | 158,499 |
| Unfunded OPEB liability | - | - | - | - | 5,416,003 | 5,416,003 |
| Claims liability | - | - | - | 1,814,000 | - | 1,814,000 |
| Total noncurrent liabilities | 69,214 | 64,785 | 643 | 1,837,036 | 5,416,824 | 7,388,502 |
| Total Liabilities | 125,599 | 164,812 | 196,166 | 3,681,862 | 5,974,075 | 10,142,514 |
| NET ASSETS: | | | | | | |
| Investment in capital assets, net of related debt | 254,388 | 756,118 | 101,799 | - | - | 1,112,305 |
| Unrestricted | (9,211) | 116,029 | 33,552 | (1,109,149) | (4,215,981) | (5,184,760) |
| Total net assets | \$ 245,177 | \$ 872,147 | \$ 135,351 | \$ (1,109,149) | \$ (4,215,981) | \$ (4,072,455) |

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2012

**Combining Statement of Revenues, Expenses and Changes in Net Assets – Internal Service Funds –
Year Ended June 30, 2012**

| | PUBLIC WORKS ADMINISTRATION | FLEET SERVICES FUND | SURPLUS PROPERTY FUND | RISK MANAGEMENT | L&H BENEFITS FUND | TOTALS |
|---|--|------------------------------------|--------------------------------------|----------------------------|--------------------------------------|-----------------------|
| Operating Revenues: | | | | | | |
| Charges for services | \$ 790,479 | \$ 2,274,733 | \$ 43,470 | \$ 1,558,168 | \$ 5,279,193 | \$ 9,946,043 |
| Miscellaneous | - | 1,767 | 322 | 43,242 | 123,858 | 169,189 |
| Total operating revenues | 790,479 | 2,276,500 | 43,792 | 1,601,410 | 5,403,051 | 10,115,232 |
| Operating Expenses: | | | | | | |
| Personal services | 656,945 | 695,970 | 22,912 | 259,971 | 22,197 | 1,657,995 |
| Materials and supplies | 5,549 | 1,415,868 | 5,619 | 58,500 | - | 1,485,536 |
| Other services and charges | 37,064 | 81,769 | 8,905 | 1,186,683 | 18,679 | 1,333,100 |
| Insurance claims and expenses | - | - | - | (191,000) | 6,650,650 | 6,459,650 |
| Depreciation and amortization | 22,087 | 44,841 | 3,476 | - | - | 70,404 |
| Total operating expenses | 721,645 | 2,238,448 | 40,912 | 1,314,154 | 6,691,526 | 11,006,685 |
| Operating income (loss) | 68,834 | 38,052 | 2,880 | 287,256 | (1,288,475) | (891,453) |
| Non-Operating Revenues: | | | | | | |
| Investment income | 2,406 | 2,328 | 3,819 | 69,409 | 52,682 | 130,644 |
| Total non-operating revenues | 2,406 | 2,328 | 3,819 | 69,409 | 52,682 | 130,644 |
| Net income (loss) before transfers | 71,240 | 40,380 | 6,699 | 356,665 | (1,235,793) | (760,809) |
| Transfers in | 10,000 | 123,507 | - | - | - | 133,507 |
| Transfers out | - | - | - | - | - | - |
| Change in net assets | 81,240 | 163,887 | 6,699 | 356,665 | (1,235,793) | (627,302) |
| Total net assets - beginning | 163,937 | 708,260 | 128,652 | (1,465,814) | (2,980,188) | (3,445,153) |
| Total net assets - ending | \$ 245,177 | \$ 872,147 | \$ 135,351 | \$ (1,109,149) | \$ (4,215,981) | \$ (4,072,455) |

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2012

Combining Statement of Cash Flows – Internal Service Funds – Year Ended June 30, 2012

| | PUBLIC WORKS ADMINISTRATION | FLEET SERVICES FUND | SURPLUS PROPERTY FUND | RISK MANAGEMENT | L&H BENEFITS FUND | TOTALS |
|--|-----------------------------------|---------------------------|-----------------------------|--------------------|-------------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | | |
| Receipts from customers | \$ 790,479 | \$ 2,276,500 | \$ 47,891 | \$ 1,592,090 | \$ 5,474,387 | \$ 10,181,347 |
| Payments to suppliers | (40,692) | (1,516,089) | 14,774 | (1,245,183) | (18,679) | (2,805,869) |
| Payments to employees | (670,232) | (720,416) | (22,964) | (262,857) | 1,407,269 | (269,200) |
| Payments of interfund loan | - | 14,551 | - | - | - | 14,551 |
| Claims and benefits paid | - | - | - | (22,570) | (6,645,492) | (6,668,062) |
| Net Cash Provided by Operating Activities | <u>79,555</u> | <u>54,546</u> | <u>39,701</u> | <u>61,480</u> | <u>217,485</u> | <u>452,767</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | | |
| Transfers from other funds | 10,000 | 123,507 | - | - | - | 133,507 |
| Net Cash Provided by Non-Capital Financing Activities | <u>10,000</u> | <u>123,507</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>133,507</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | | |
| Capital assets purchased | (83,318) | - | (8,638) | - | - | (91,956) |
| Net Cash Provided by (Used in) Capital and Related Financing Activities | <u>(83,318)</u> | <u>-</u> | <u>(8,638)</u> | <u>-</u> | <u>-</u> | <u>(91,956)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | |
| Purchase of investments | - | (181,469) | (44,865) | (192,281) | (332,573) | (751,188) |
| Interest and dividends | 2,406 | 2,328 | 3,819 | 74,973 | 51,428 | 134,954 |
| Net Cash Provided by (Used in) Investing Activities | <u>2,406</u> | <u>(179,141)</u> | <u>(41,046)</u> | <u>(117,308)</u> | <u>(281,145)</u> | <u>(616,234)</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | 8,643 | (1,088) | (9,983) | (55,828) | (63,660) | (121,916) |
| Balances - beginning of the year | 107,745 | 62,938 | 70,574 | 654,233 | 476,550 | 1,372,040 |
| Balances - end of the year | \$ 116,388 | \$ 61,850 | \$ 60,591 | \$ 598,405 | \$ 412,890 | \$ 1,250,124 |
| Reconciliation to Statement of Net Assets: | | | | | | |
| Cash and cash equivalents | \$ 116,388 | \$ 61,850 | \$ 60,591 | \$ 598,405 | \$ 412,890 | \$ 1,250,124 |
| Total cash and cash equivalents | <u>\$ 116,388</u> | <u>\$ 61,850</u> | <u>\$ 60,591</u> | <u>\$ 598,405</u> | <u>\$ 412,890</u> | <u>\$ 1,250,124</u> |
| Reconciliation of operating income (loss) to net cash provided by operating activities: | | | | | | |
| Operating income (loss) | \$ 68,834 | \$ 38,052 | \$ 2,880 | \$ 287,256 | \$ (1,288,475) | \$ (891,453) |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities: | | | | | | |
| Depreciation expense | 22,087 | 44,841 | 3,476 | - | - | 70,404 |
| Change in assets and liabilities: | | | | | | |
| Receivables, net | - | - | 4,099 | (9,320) | 71,336 | 66,115 |
| Inventories | - | 8,928 | - | - | - | 8,928 |
| Accounts payables | 1,921 | (27,380) | 29,298 | (22,570) | (118,042) | (136,773) |
| Claims liability | - | - | - | (191,000) | 123,200 | (67,800) |
| Due from other funds | - | 14,551 | - | - | - | 14,551 |
| Due to employees | (17,331) | (23,130) | (565) | (7,565) | (448) | (49,039) |
| Unfunded OPEB liability | - | - | - | - | 1,431,444 | 1,431,444 |
| Accrued compensated absences | 4,044 | (1,316) | 513 | 4,679 | (1,530) | 6,390 |
| Net Cash Provided by Operating Activities | <u>\$ 79,555</u> | <u>\$ 54,546</u> | <u>\$ 39,701</u> | <u>\$ 61,480</u> | <u>\$ 217,485</u> | <u>\$ 452,767</u> |

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2012

Debt Service Coverage Schedule - Year Ended June 30, 2012

| | 2011 and 2011A Revenue Bonds |
|--|---|
| GROSS REVENUE AVAILABLE: | |
| Water revenue | \$ 7,150,689 |
| Wastewater revenue | 6,850,150 |
| Pledged Sales Tax | 3,084,846 |
| Investment income | 616,768 |
| Total Gross Revenue Available | 17,702,453 |
| OPERATING EXPENSES: | |
| Total Operating Expenses | 8,669,659 |
| Net Revenue Available for Debt Service | \$ 9,032,794 |
| Average Annual Debt Service | |
| 2011 Revenue Bonds | \$ 1,808,379 |
| 2011A Revenue Bonds | 4,709,500 |
| | \$ 6,517,879 |
| Computed Coverage | 139% |
| Coverage Requirement | 125% |

**CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2012**

STATISTICAL INFORMATION

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2012

General Government Expenditures by Function
Last Ten Fiscal Years

| Fiscal Year | General Government | Public Safety | Streets | Health and Welfare | Culture & Recreation | Economic Development | Debt Services | Total |
|-------------|--------------------|---------------|-------------|--------------------|----------------------|----------------------|---------------|--------------|
| 2002-03 | \$3,892,384 | \$16,329,159 | \$7,673,533 | \$297,756 | \$2,645,644 | \$2,625,182 | \$265,875 | \$33,729,533 |
| 2003-04 | 3,710,400 | 16,761,918 | 5,461,272 | 319,567 | 2,496,180 | 6,505,395 | 2,797,526 | 38,052,258 |
| 2004-05 | 4,048,014 | 17,875,391 | 6,333,521 | 311,796 | 2,384,770 | 31,607,784 (1) | 2,035,085 | 64,596,361 |
| 2005-06 | 4,823,711 | 19,324,367 | 3,072,745 | 297,426 | 2,790,104 | 4,756,832 | 2,216,881 | 37,282,066 |
| 2006-07 | 4,638,916 | 19,653,099 | 2,860,439 | 1,060,332 | 1,269,324 | 4,286,769 | 1,874,210 | 35,643,089 |
| 2007-08 | 4,433,847 | 22,751,353 | 4,704,754 | 9,065,571 | 1,833,511 | 4,151,318 | 3,096,734 | 50,037,088 |
| 2008-09 | 4,731,952 | 28,025,096 | 5,832,627 | 23,077,926 | 1,720,807 | 4,523,604 | 2,241,289 | 70,153,301 |
| 2009-10 | 4,341,709 | 25,474,931 | 14,974,806 | 1,491,596 | 1,657,029 | 4,648,669 | 2,811,624 | 55,400,364 |
| 2010-11 | 6,459,976 | 25,157,469 | 6,006,443 | 160,983 | 1,120,863 | 4,915,834 | 3,679,296 | 47,500,864 |
| 2011-12 | 5,423,037 | 27,570,275 | 3,702,871 | 629 | 1,989,113 | 4,813,173 | 3,745,698 | 47,244,796 |

(1) Includes purchase of downtown redevelopment property from Midwest City Hospital Authority.

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2012

Governmental Revenues By Source
Last Ten Fiscal Years

| <u>Fiscal Year</u> | <u>Taxes</u> | <u>Intergov- ernmental</u> | <u>Licenses & Permits</u> | <u>Charges for Services</u> | <u>Fines & Forfeitures</u> | <u>Investment Income</u> | <u>Misc Revenues</u> | <u>Total</u> |
|--------------------|---------------|--------------------------------|-----------------------------------|---------------------------------|------------------------------------|------------------------------|----------------------|---------------|
| 2002-03 | \$ 23,022,229 | \$ 1,183,059 | \$ 380,425 | \$ 1,885,413 | \$ 1,098,749 | \$ 1,251,173 | \$ 1,613,759 | \$ 30,434,807 |
| 2003-04 | 23,632,779 | 1,557,842 | 286,406 | 1,289,359 | 1,180,610 | 7,203,875 | 758,812 | 35,909,683 |
| 2004-05 | 25,114,085 | 2,849,637 | 294,562 | 1,540,414 | 1,179,584 | 5,014,453 | 4,012,368 | 40,005,103 |
| 2005-06 | 27,656,355 | 2,308,525 | 306,977 | 2,170,231 | 1,619,238 | 6,308,052 | 6,128,707 | 46,498,085 |
| 2006-07 | 28,111,696 | 1,173,791 | 566,845 | 1,851,771 | 1,458,500 | 11,216,338 | 612,269 | 44,991,210 |
| 2007-08 | 31,705,767 | 8,261,565 | 413,183 | 1,766,807 | 1,916,846 | (3,275,268) | 1,162,943 | 41,951,843 |
| 2008-09 | 32,399,044 | 4,903,868 | 420,663 | 2,127,414 | 2,104,237 | (9,252,051) | 775,469 | 33,478,644 |
| 2009-10 | 33,166,047 | 4,906,373 | 385,949 | 2,066,991 | 1,878,424 | 6,582,036 | 2,445,317 | 51,431,137 |
| 2010-11 | 33,566,216 | 6,440,504 | 395,511 | 2,193,602 | 2,001,322 | 14,546,261 | 552,201 | 59,695,617 |
| 2011-12 | 36,586,145 * | 5,462,968 | 330,553 | 2,636,087 | 2,170,041 | 2,749,217 | 742,978 | 50,677,989 |

* A new sales/use Tax became effective January 1, 2012 changing the rate from 3.3 to 3.85

**CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2012**

**Assessed Value of Taxable Property
Last Ten Fiscal Years**

| <u>Fiscal Year</u> | <u>Real Property</u> | <u>Personal Property</u> | <u>Public Service Property</u> | <u>Veteran and Homestead Exemption</u> | <u>Total Actual</u> | | <u>Ratio of Total Assessed Value to Total Estimated Actual Value</u> |
|--------------------|----------------------|--------------------------|--------------------------------|--|-----------------------|-------------------------------|--|
| | | | | | <u>Assessed Value</u> | <u>Estimated Actual Value</u> | |
| 2003 | \$ 162,503,893 | \$ 22,940,909 | \$ 11,773,297 | \$ 11,093,564 | \$ 186,124,535 | \$ 1,692,041,227 | 11% |
| 2004 | 173,101,148 | 23,175,077 | 11,938,564 | 10,958,198 | 197,256,591 | 1,793,241,736 | 11% |
| 2005 | 187,753,614 | 25,809,437 | 12,908,515 | 10,986,804 | 215,484,762 | 1,958,952,382 | 11% |
| 2006 | 201,408,334 | 26,324,714 | 13,201,094 | 10,757,246 | 230,176,896 | 2,092,517,236 | 11% |
| 2007 | 216,308,965 | 27,831,980 | 12,095,233 | 10,654,076 | 245,582,102 | 2,232,564,564 | 11% |
| 2008 | 233,726,705 | 27,869,971 | 12,100,868 | 14,043,632 | 259,653,912 (1) | 2,360,490,127 | 11% |
| 2009 | 244,609,641 | 29,359,839 | 12,004,561 | 14,504,429 | 271,469,612 (1) | 2,467,905,563 | 11% |
| 2010 | 252,013,094 | 27,856,671 | 13,374,321 | 10,453,302 | 278,216,075 (1) | 2,529,237,045 | 11% |
| 2011 | 258,517,927 | 27,728,562 | 13,697,571 | 10,398,494 | 284,605,074 (1) | 2,587,318,855 | 11% |
| 2012 | 259,775,001 | 27,954,136 | 13,431,063 | 10,164,671 | 285,884,862 (1) | 2,598,953,291 | 11% |

(1) New established exemption for veterans

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2012

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

| <u>Fiscal Year</u> | <u>City Sinking Fund</u> | <u>MWC Schools</u> | <u>Rose State College</u> | <u>Oklahoma County</u> | <u>Total Midwest City Resident</u> | <u>Choctaw Schools</u> | <u>Total Midwest City Resident</u> | <u>OKC Schools</u> | <u>Total Midwest City Resident</u> |
|--------------------|----------------------------------|------------------------|-------------------------------|----------------------------|--|----------------------------|--|------------------------|--|
| 2003 | 11.45 | 61.83 | 16.62 | 23.15 | 113.05 | 63.85 | 115.07 | 54.44 | 105.66 |
| 2004 | 9.82 | 61.11 | 16.50 | 22.99 | 110.42 | 61.33 | 110.64 | 57.84 | 107.15 |
| 2005 | 8.79 | 59.96 | 16.35 | 22.90 | 108.00 | 62.33 | 110.37 | 58.02 | 106.06 |
| 2006 | 9.25 | 62.79 | 18.29 | 22.81 | 113.14 | 62.60 | 112.95 | 57.07 | 107.42 |
| 2007 | 8.32 | 64.31 | 17.67 | 22.29 | 112.59 | 63.11 | 111.39 | 56.73 | 105.01 |
| 2008 | 7.29 | 65.05 | 17.30 | 23.18 | 112.82 | 66.66 | 114.43 | 52.48 | 100.25 |
| 2009 | 7.24 | 65.83 | 17.40 | 24.79 | 115.26 | 68.50 | 117.93 | 58.43 | 107.86 |
| 2010 | 6.81 | 65.60 | 17.32 | 24.27 | 114.00 | 69.41 | 117.81 | 58.70 | 107.10 |
| 2011 | 6.62 | 64.64 | 17.18 | 24.06 | 112.50 | 70.22 | 118.08 | 62.09 | 109.95 |
| 2012 | 6.09 | 66.55 | 17.10 | 23.97 | 113.71 | 72.49 | 119.65 | 59.29 | 106.45 |

**CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2012**

Computation of Legal Debt Margin
June 30, 2012

| | |
|------------------------------|---------------|
| Net assessed valuation | \$285,884,862 |
| Debt limit (a) | \$28,588,486 |
| Applicable bonds outstanding | \$8,300,000 |
| Legal debt margin | \$20,288,486 |

(a) Article 10, section 26 of the Constitution of the State of Oklahoma limits municipal debt to 10% of net assessed valuation for certain types of general obligation bonds.

**CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2012**

Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt
To Total General Governmental Expenditures
Last Ten Fiscal Years

| <u>Fiscal Year</u> | <u>Principal</u> | <u>Interest (1)</u> | <u>Total Debt Service</u> | <u>Total General Governmental Expenditures (2)</u> | <u>Ratio of Debt Service to Government Expenditures</u> |
|--------------------|------------------|---------------------|---------------------------|--|---|
| 2002-03 | 225,000 | 40,875 | 265,875 | 33,729,533 | 0.79% |
| 2003-04 | 1,250,000 | 1,547,526 | 2,797,526 | 38,052,258 | 7.35% |
| 2004-05 | 1,300,000 | 663,185 | 1,963,185 | 64,596,361 | 3.04% |
| 2005-06 | 1,300,000 | 916,881 | 2,216,881 | 37,282,066 | 5.95% |
| 2006-07 | 1,075,000 | 599,313 | 1,674,313 | 35,643,089 | 4.70% |
| 2007-08 | 1,350,000 | 1,102,596 | 2,452,596 | 50,037,088 | 4.90% |
| 2008-09 | 1,400,000 | 635,560 | 2,035,560 | 70,153,301 | 2.90% |
| 2009-10 | 1,400,000 | 569,623 | 1,969,623 | 55,400,364 | 3.56% |
| 2010-11 | 1,400,000 | 503,685 | 1,903,685 | 47,500,864 | 4.01% |
| 2011-12 | 1,400,000 | 437,342 | 1,903,685 | 47,244,796 | 4.03% |

(1) Excludes bond issuance and other costs

(2) Totals from General Governmental Expenditures by Function table

CITY OF MIDWEST CITY, OKLAHOMA
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As of and for the Year Ended June 30, 2012

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

| <u>Fiscal Year</u> | <u>Population (1)</u> | <u>Assessed Value (2)</u> | <u>Gross Bonded Debt</u> | <u>Less Debt Service Money Available (3)</u> | <u>Net Bonded Debt</u> | <u>Ratio of Net Bonded Debt to Assessed Value</u> | <u>Net Bonded Debt Per Capita</u> |
|--------------------|-----------------------|---------------------------|--------------------------|--|------------------------|---|-----------------------------------|
| 2002-03 | 54,088 | 186,124,535 | 15,675,000 | 2,292,868 | 13,382,132 | 7.19% | 247 |
| 2003-04 | 54,088 | 197,256,591 | 14,525,000 | 1,635,499 | 12,889,501 | 6.53% | 238 |
| 2004-05 | 54,088 | 215,484,762 | 13,125,000 | 1,760,224 | 11,364,776 | 5.27% | 210 |
| 2005-06 | 54,088 | 230,176,896 | 16,325,000 | 1,480,497 | 14,844,503 | 6.45% | 274 |
| 2006-07 | 54,088 | 245,582,102 | 15,250,000 | 1,961,500 | 13,288,500 | 5.41% | 246 |
| 2007-08 | 54,088 | 259,653,914 | 13,900,000 | 1,683,112 | 12,216,888 | 4.71% | 226 |
| 2008-09 | 54,088 | 271,469,612 | 12,500,000 | 1,513,528 | 10,986,472 | 4.05% | 203 |
| 2009-10 | 54,088 | 278,216,075 | 11,100,000 | 1,500,619 | 9,599,381 | 3.45% | 177 |
| 2010-11 | 54,371 | 284,605,074 | 9,700,000 | 1,504,457 | 8,195,543 | 2.88% | 151 |
| 2011-12 | 54,371 | 285,884,862 | 8,300,000 | 1,551,565 | 6,748,435 | 2.36% | 124 |

(1) From table Demographics

(2) From table Assessed Value of Property

(3) Ending fund balances

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2012

Revenue Bond and Note Coverage
Last Ten Fiscal Years

| <u>Fiscal Year</u> | <u>Gross Revenues</u> | <u>Direct Operating Expenses</u> | <u>Net Revenue Available for Debt Service</u> | <u>Maximum Annual Debt Service</u> | <u>Debt Service Coverage</u> |
|--------------------|-----------------------|----------------------------------|---|------------------------------------|------------------------------|
| 2002-03 | 14,763,741 | 9,238,913 | 5,524,828 (1) | 1,304,906 | 4.23 |
| 2003-04 | 15,967,210 | 9,797,926 | 6,169,284 (1) | 1,967,389 | 3.14 |
| 2004-05 | 14,814,730 | 8,982,892 | 5,831,838 (1) | 2,000,344 | 2.92 |
| 2005-06 | 15,148,626 | 8,765,616 | 6,383,010 (1) | 2,000,344 | 3.19 |
| 2006-07 | 11,389,730 | 7,378,584 | 4,011,146 (1) | 2,000,344 | 2.01 |
| 2007-08 | 14,201,820 | 7,372,367 | 6,829,453 (1) | 2,000,344 | 3.41 |
| 2008-09 | 14,535,584 | 8,191,452 | 6,344,132 (1) | 2,000,344 | 3.17 |
| 2009-10 | 14,822,864 | 7,867,225 | 6,955,639 (1) | 2,000,344 | 3.48 |
| 2010-11 | 15,207,582 | 8,004,126 | 7,203,456 (1) | 2,000,344 | 3.60 |
| 2011-12 | 17,702,453 | 8,669,659 | 9,032,794 (1) | 6,517,879 (2) | 1.39 |

(1) Includes designated sales tax revenue

(2) The 2011 and 2011A Revenue Bond indentures call for calculation based upon average annual debt service.

**CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2012**

Demographic Statistics

| <u>Year</u> | <u>Population</u> | <u>Population Percent Change</u> |
|-------------|-------------------|--|
| 1950 | 10,166 | 0.00% |
| 1960 | 36,058 | 254.69% |
| 1970 | 48,212 | 33.71% |
| 1980 | 49,559 | 2.79% |
| 1990 | 52,267 | 5.46% |
| 2000 | 54,088 | 3.48% |
| 2010 | 54,371 | 0.50% |

Population is taken from US Census conducted every 10 years.

CITY OF MIDWEST CITY, OKLAHOMA
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New Construction
Last Ten Fiscal Years

| <u>Fiscal Year</u> | <u>Commercial Construction</u> | | <u>Residential Construction</u> | | <u>Total Construction</u> |
|--------------------|--------------------------------|--------------|---------------------------------|---------------|---------------------------|
| | <u>Number of Units</u> | <u>Value</u> | <u>Number of Units</u> | <u>Value</u> | |
| 2002-03 | 214 | \$ 8,483,577 | 680 | \$ 26,304,941 | \$ 34,788,518 |
| 2003-04 | 190 | 12,846,011 | 754 | 44,735,484 | 57,581,495 |
| 2004-05 | 232 | 22,444,891 | 801 | 34,627,558 | 57,072,449 |
| 2005-06 | 247 | 27,599,268 | 767 | 51,587,219 | 79,186,487 |
| 2006-07 | 245 | 49,578,946 | 618 | 33,434,637 | 83,013,583 |
| 2007-08 | 251 | 44,469,520 | 537 | 29,373,333 | 73,842,853 |
| 2008-09 | 264 | 28,032,074 | 504 | 29,169,569 | 57,201,643 |
| 2009-10 | 184 | 11,614,006 | 457 | 18,846,251 | 30,460,257 |
| 2010-11 | 98 | 14,052,174 | 203 | 23,937,338 | 37,989,512 |
| 2011-12 | 28 * | 97,003,650 | 237 | 20,332,200 | 117,335,850 |

* FY 2011-2012 had a large increase in commercial construction costs due to the following governmental projects:

City:

| | |
|----------------------|--------------|
| Sewer plant | \$ 4,500,000 |
| Clock Tower | 400,000.00 |
| Water Plant Building | 230,000.00 |

Mid-Del Schools:

| | |
|---------------|---------------|
| Solider Creek | \$ 19,400,000 |
| East Side | 19,000,000.00 |
| Elm | 550,000.00 |

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2012

Miscellaneous Statistics
June 30, 2012

| | |
|--|-----------------|
| Date of Incorporation | 1943 |
| Form of government | Council-manager |
| Square miles in city limits | 28 |
| Miles of streets | 564 Lane miles |
| | |
| Education | |
| Number of primary schools | 11 |
| Number of secondary schools | 3 |
| Number of High schools | 2 |
| Number of colleges | 1 |
| | |
| Police Protection | |
| Number of officers | 95 |
| | |
| Fire Protection | |
| Number of stations | 6 |
| Number of headquarters | 1 |
| Number of personnel per shift | 27 |
| | |
| Public Works | |
| Water storage capacity (millions of gallons) | 9.7 |
| Miles of water lines | 284.9 |
| Miles of sanitary sewer lines | 279.14 |

Information obtained from various departments of the City of Midwest City.

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2012

Miscellaneous Statistics, Continued
June 30, 2012

City Employees

| <u>Fiscal Year</u> | <u>Full Time Government</u> | <u>Full Time Hotel/Conference Center</u> |
|--------------------|---------------------------------|--|
| 2002-03 | 476 | - |
| 2003-04 | 476 | - |
| 2004-05 | 476 | - |
| 2005-06 | 496 | - |
| 2006-07 | 503 | - |
| 2007-08 | 499 | - |
| 2008-09 | 499 | - |
| 2009-10 | 502 | 60 |
| 2010-11 | 494 | 62 |
| 2011-12 | 493 | 62 |

**CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2012**

Miscellaneous Statistics, Continued
June 30, 2012

City Water Usage (Gallons)

| <u>Fiscal Year</u> | <u>Annual Usage</u> | <u>Average Daily Usage</u> |
|--------------------|---------------------|----------------------------|
| 2002-03 | 1,758,223,000 | 4,817,049 |
| 2003-04 | 1,869,864,000 | 5,122,915 |
| 2004-05 | 1,768,672,000 | 4,845,676 |
| 2005-06 | 2,174,375,000 | 5,957,192 |
| 2006-07 | 2,021,890,000 | 5,539,425 |
| 2007-08 | 1,863,117,000 | 5,104,430 |
| 2008-09 | 1,931,741,887 | 5,292,444 |
| 2009-10 | 1,910,755,000 | 5,235,000 |
| 2010-11 | 1,953,204,878 | 5,351,246 |
| 2011-12 | 2,025,176,197 | 5,548,428 |

**CITY OF MIDWEST CITY, OKLAHOMA
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