

CITY OF MOORE, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
AND ACCOMPANYING
INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2006

CITY OF MOORE, OKLAHOMA
LIST OF PRINCIPAL OFFICIALS

City Council

Glenn Lewis, Mayor

| | | |
|---------------|----------------|--------|
| David Roberts | Robert Krows | Ward 1 |
| Janie Milum | Kathy McMillan | Ward 2 |
| Terry Cavnar | Shelia Haworth | Ward 3 |

City Manager

Stephen O. Eddy

Assistant City Manager

Stan Drake

Finance Director

Jim Corbett, Jr.

Assistant Finance Director

Cheryl McConnell

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Honorable Mayor and City Council Members
City of Moore, Oklahoma

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Moore, Oklahoma, as of and for the year ended June 30, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Moore, Oklahoma, 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 the 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Moore, Oklahoma, as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, 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 dated August 29, 2006, on our consideration of the City of Moore, Oklahoma internal control over financial reporting and on 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.

The management's discussion and analysis and budgetary comparison information on pages 3 through 10 and 46 through 54, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Moore, Oklahoma, basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Dillon & Associates, P.C.

Midwest City, Oklahoma
August 29, 2006

Management's Discussion and Analysis

The following discussion and analysis of the City of Moore's (the City) financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2006. Please read it in conjunction with the City's financial statements, which begin on page 11.

Financial Highlights

- ✓ The assets of the City of Moore exceeded its liabilities at the close of the most recent fiscal year by \$70,725,416 (net assets). Of this amount, \$3,815,819 (unrestricted net assets) may be used to meet the government's obligations to citizens and creditors.
- ✓ The government's total net assets increased by \$4,284,198 for the year ended June 30, 2006.
- ✓ As of the close of the current fiscal year the City of Moore's governmental funds reported combined ending fund balances of \$8,337,324, a decrease of \$1,176,959 in comparison with the prior year. Approximately \$2,116,646 is available for spending at the government's discretion (unreserved fund balance).
- ✓ At the end of the current fiscal year, unreserved fund balance for the general fund was \$2,116,646, or 10.2% of total general fund expenditures.
- ✓ The City of Moore's total debt decreased by \$5,030,778 during the current fiscal year. The key factors in this decrease were the principal payments on revenue notes and bonds.

Overview of the Financial Statements

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

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

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

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Moore that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Moore include general government, public safety, public works, and culture and recreation. The business-type activities of the City of Moore, which include the City's water, wastewater, and sanitation utility operations, include the Moore Public Works Authority.

The government-wide financial statements include not only the City of Moore itself (known as the primary government), but also the legally separate authority (Moore Economic Development Authority) for which the City of Moore is financially accountable. Financial information for this component unit is reported separately from the financial information for the primary government itself. The Moore Public Works Authority, although also legally separate, functions for all practical purposes as departments of the City of Moore, and therefore have been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 14-15 of this report.

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

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The City maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, which is considered to be a major fund.

The City adopts an annual appropriated budget for its general and other governmental funds. Budgetary comparison statements have been provided for each governmental fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 14-15 of this report.

Proprietary funds. The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its public works authority.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its risk management and insurance activities. These services have been allocated to governmental and business-type functions in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Moore Public Works Authority which is considered to be a major fund of the City.

The basic proprietary fund financial statements can be found on pages 17-19 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The City has one fiduciary fund-the pension fund, which is a trust fund.

The fiduciary fund financial statements can be found on page 20 of the report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 21-45 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's actual revenues and expenditures on a budgetary basis compared with the original and final budgets for the general fund. Required supplementary information can be found on page 46-52 of this report.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$70,725,416 at the close of the most recent fiscal year.

By far the largest portion of the City's net assets (83%) reflects its investment in capital assets (e.g., land, buildings, improvements, vehicles, and equipment) less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Table 1
Net Assets
(In Thousands)

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|---|----------------------------|---------------|-----------------------------|---------------|-----------------------------|---------------|
| | <u>2006</u> | <u>2005</u> | <u>2006</u> | <u>2005</u> | <u>2006</u> | <u>2005</u> |
| Current and other assets | \$ 10,570 | 12,590 | 8,244 | 8,726 | 18,814 | 21,316 |
| Capital assets | 39,833 | 35,341 | 36,378 | 38,817 | 76,211 | 74,158 |
| Total assets | <u>50,403</u> | <u>47,931</u> | <u>44,622</u> | <u>47,543</u> | <u>95,025</u> | <u>95,474</u> |
| Long-term debt outstanding | 12,290 | 13,349 | 5,138 | 7,102 | 17,428 | 20,451 |
| Other liabilities | 3,122 | 3,865 | 3,750 | 4,717 | 6,872 | 8,582 |
| Total liabilities | <u>15,412</u> | <u>17,214</u> | <u>8,888</u> | <u>11,819</u> | <u>24,300</u> | <u>29,033</u> |
| Net assets: | | | | | | |
| Invested in capital assets, net of debt | 29,232 | 22,910 | 29,561 | 28,839 | 58,793 | 51,749 |
| Restricted | 6,221 | 7,191 | 1,895 | 4,491 | 8,116 | 11,682 |
| Unrestricted | (462) | 616 | 4,278 | 2,394 | 3,816 | 3,010 |
| Total in net assets | <u>\$ 34,991</u> | <u>30,717</u> | <u>35,734</u> | <u>35,724</u> | <u>70,725</u> | <u>66,441</u> |

An additional portion of the City's net assets (18%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets is a deficit of (\$462,260).

The government's unrestricted net assets decreased by \$1,078,000 during the current fiscal year. This decrease represents the overall excess of expenses over revenues.

Governmental activities. Governmental activities increased the City's net assets by \$4,273,865. The key elements are capital contributions of \$7,688,132 and depreciation on capital assets of \$4,981,148.

For the most part, increases in expenses resulted from the charging of depreciation expense on capital assets to various functional areas.

Business-type activities. Business-type activities increased the City's net assets by \$10,333. The key element in this increase is the excess of operating revenues over operating expenses and depreciation on capital assets.

Table 2
Changes in Net Assets (In Thousands)

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|---|----------------------------|---------------|-----------------------------|---------------|-----------------------------|---------------|
| | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 |
| Revenues: | | | | | | |
| Program revenues | | | | | | |
| Charges for services | \$ 2,752 | 1,920 | 13,663 | 12,926 | 16,415 | 14,846 |
| Operating grants and contributions | 457 | 802 | 0 | 0 | 457 | 802 |
| Capital grants and contributions | 74 | 168 | 0 | 0 | 74 | 168 |
| General revenue: | | | | | | |
| Sales taxes | 14,348 | 13,231 | 0 | 0 | 14,348 | 13,231 |
| Use taxes | 465 | 262 | 0 | 0 | 465 | 262 |
| Property taxes | 2,152 | 2,231 | 0 | 0 | 2,152 | 2,231 |
| Franchise taxes (fees) | 1,829 | 1,461 | 0 | 0 | 1,829 | 1,461 |
| Other taxes | 969 | 1,115 | 0 | 0 | 969 | 1,115 |
| Fines/forfeitures | 1,208 | 1,050 | | | 1,208 | 1,050 |
| Investment income | 382 | 248 | 230 | 87 | 612 | 335 |
| Other | 659 | 847 | 458 | 779 | 1,117 | 1,626 |
| Total revenues | <u>25,295</u> | <u>23,335</u> | <u>14,351</u> | <u>13,792</u> | <u>39,646</u> | <u>37,127</u> |
| Expenses: | | | | | | |
| General government | 6,584 | 4,003 | 1,129 | 1,252 | 7,713 | 5,255 |
| Public safety | 12,207 | 11,161 | 0 | 0 | 12,207 | 11,161 |
| Streets | 6,239 | 5,699 | 0 | 0 | 6,239 | 5,699 |
| Public works admin. | 1,082 | 904 | 0 | 0 | 1,082 | 904 |
| Culture and recreation | 1,981 | 1,941 | 0 | 0 | 1,981 | 1,941 |
| Interest on long-term debt | 477 | 860 | 0 | 0 | 477 | 860 |
| Community development | 1,950 | 1,325 | 0 | 0 | 1,950 | 1,325 |
| Water and sewer | 0 | 0 | 9,276 | 10,047 | 9,276 | 10,047 |
| Sanitation | 0 | 0 | 1,281 | 1,329 | 1,281 | 1,329 |
| Total expenses | <u>30,520</u> | <u>25,893</u> | <u>11,686</u> | <u>12,628</u> | <u>42,206</u> | <u>38,521</u> |
| Increase in net assets before transfers | (5,225) | (2,558) | 2,665 | 1,164 | (2,560) | (1,394) |
| Capital contributions | 7,688 | 0 | | 0 | 7,688 | 0 |
| Transfers | 1,811 | 1,984 | (2,655) | (2,542) | (844) | (558) |
| Change in net assets | 4,274 | (574) | 10 | (1,378) | 4,284 | (1,952) |
| Beginning net assets | <u>30,717</u> | <u>31,291</u> | <u>35,724</u> | <u>37,102</u> | <u>66,441</u> | <u>68,393</u> |
| Ending net assets | <u>\$ 34,991</u> | <u>30,717</u> | <u>35,734</u> | <u>35,724</u> | <u>70,725</u> | <u>66,441</u> |

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$8,337,324, a decrease of \$1,176,959, in comparison with the prior year. Approximately 25% of this total amount (\$2,116,646) constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed for capital improvements.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was \$2,116,646. As a measure of the general fund's liquidity, it may be useful to compare fund balance to total fund expenditures. Unreserved fund balance represents 10.2% of total general fund expenditures and transfers out.

The fund balance of the City's general fund increased by \$128,074 during the current fiscal year.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Moore Public Works Authority at the end of the year amounted to \$4,345,432. The total increase in net assets was \$129,882.

Ÿ Operating revenues increased by \$727,759 over the prior year due to increased utility revenues.

Ÿ Operating expenses decreased by \$1,327,880, mainly due to decreased depreciation.

General Fund Budgetary Highlights

There were differences between the original budget and the final budget for the general fund. Overall, actual revenues on the budgetary basis of \$19,621,996 were \$349,071 more than the estimated revenues in the budget of \$19,272,925. Actual expenditures of \$21,191,931 were \$974,587 less than the \$22,166,518 approved in budget appropriations. After a transfers in of \$1,382,956 from the Moore Public Works Authority, the City used \$186,979 from its carry forward funds to cover the overall excess of expenditures over receipts. The amount of carryover funds budget for expenditure was \$2,677,804.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2006, amounts to \$76,210,624 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, equipment, vehicles, and infrastructure.

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

- Y Water and sewer improvements.

Table 3
Capital Assets
(In Thousands)

| | Governmental Activities | | Business-type Activities | | Totals | |
|-----------------------|----------------------------|---------------|-----------------------------|---------------|---------------|---------------|
| | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 |
| Land | 1,724 | 1,259 | 0 | 0 | 1,724 | 1,259 |
| Buildings | 2,564 | 2,744 | 904 | 949 | 3,468 | 3,693 |
| Machinery & Equipment | 2,720 | 2,866 | 2,499 | 2,940 | 5,219 | 5,806 |
| Vehicles | 1,888 | 1,874 | 197 | 260 | 2,085 | 2,134 |
| Infrastructure | 30,942 | 26,598 | 32,772 | 30,240 | 63,714 | 56,838 |
| Work-in-Progress | 0 | 0 | 0 | 4,428 | 0 | 4,428 |
| TOTAL | 39,838 | 35,341 | 36,372 | 38,817 | 76,210 | 74,158 |

Additional information of the City's capital assets can be found in Note 3.D. On pages 33-34 of this report.

Long-term debt. As of the end of the current fiscal year, the City had total debt outstanding of \$17,739,164. This represents debt secured solely by specified revenue sources (i.e., general obligation bonds, and revenue notes and bonds) of \$16,115,137, capital lease obligations of \$1,230,738, judgments of \$383,365.

Table 4
Long-term Debt
(In Thousands)

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|--------------------------|----------------------------|---------------|-----------------------------|--------------|-----------------------------|---------------|
| | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 |
| General obligation bonds | 10,600 | 12,070 | 0 | 0 | 10,600 | 12,070 |
| Notes payable | 0 | 94 | 4,470 | 6,653 | 4,470 | 6,747 |
| Revenue bonds | 0 | 0 | 1,055 | 3,157 | 1,055 | 3,157 |
| Other | 383 | 248 | 1,231 | 0 | 1,614 | 248 |
| Totals | 10,983 | 12,412 | 6,756 | 9,810 | 17,739 | 22,222 |

The City's total debt decreased by \$4,660,633 during the current fiscal year. The key factors in this decrease were the principal payments made.

Additional information on the City's long-term debt can be found in Note 3.E. on pages 34-38 of this report.

Economic Factors and Next Year's Budgets and Rates

The City's elected and appointed officials considered many factors when setting the fiscal-year 2007 budget, tax rates, and fees that will be charged for the proprietary fund type activities. One of these factors is the economy. The downturn of the national economy has affected the local economy. Unemployment is up, sales tax revenues, however, have shown steady growth for the last several years, and utility revenues were less than expected.

These indicators were taken into account when adopting the general fund budget for 2007.

- ✓ Revenues for the City's general fund are expected to increase slightly overall. Expenditures appropriated for 2006 were approximately \$1,061,000 greater than those budgeted at the beginning of the fiscal year 2006.
- ✓ As for the City's proprietary fund activities, we expect a slight growth in the revenues for 2006 over those received in 2006 from \$12,865,000 to \$13,000,000. Increases in utility rates for water and sewer have been included in the estimates for 2006.

All of these factors were considered in preparing the City's budget for the 2007 fiscal year.

During the current fiscal year, unreserved fund balance in the general fund decreased to \$2,116,646. The City has appropriated none of this amount for spending in the 2007 fiscal year budget. It is intended that this reservation of available fund balance will avoid the need to raise taxes or charges during the 2007 fiscal year.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, bond rating agencies and creditors with a general overview of the City's finances reflecting the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Director's Office at 301 N. Broadway, Moore, Oklahoma 73160 or telephone at 405-793-5060.

Jim Corbett, Jr., CPA
Finance Director

BASIC FINANCIAL STATEMENTS

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

• Government-wide financial statements

• Fund financial statements:

- Governmental funds
- Proprietary (enterprise) fund
- Fiduciary fund

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

City of Moore, Oklahoma
Statement of Net Assets
June 30, 2006

| | Primary Government | | | Component Units |
|---|----------------------------|-----------------------------|-------------------|--------------------|
| | Governmental Activities | Business-type Activities | Total | |
| ASSETS | | | | |
| Pooled cash and cash equivalents | \$ 5,380,552 | 4,103,146 | 9,483,698 | 214,568 |
| Investments | 597,415 | 0 | 597,415 | 0 |
| Receivables (net of allowance for uncollectibles) | 468,490 | 1,368,012 | 1,836,502 | 0 |
| Receivables from other governments | 1,411,948 | 0 | 1,411,948 | 0 |
| Inventories | 32,870 | 0 | 32,870 | 0 |
| Bond issue cost (net of accumulated amortization) | 0 | 81,809 | 81,809 | 81,185 |
| Restricted assets: | | | | |
| Restricted cash and investments | 2,679,509 | 2,691,313 | 5,370,822 | 1,267,622 |
| Capital assets: | | | | |
| Land, improvements, and construction in progress | 1,724,146 | 0 | 1,724,146 | 0 |
| Other capital assets, net of depreciation | 38,108,470 | 36,378,008 | 74,486,478 | 0 |
| Total assets | <u>50,403,400</u> | <u>44,622,288</u> | <u>95,025,688</u> | <u>1,563,375</u> |
| LIABILITIES | | | | |
| Accounts payable and accrued expenses | 841,516 | 785,767 | 1,627,283 | 35,973 |
| Deposits | 161,529 | 0 | 161,529 | 0 |
| Compensated absences, current | 518,103 | 9,131 | 527,234 | 4,048 |
| Capital lease obligation, current | 0 | 399,735 | 399,735 | 0 |
| Notes payable, current | 1,806 | 706,979 | 708,785 | 835,175 |
| Bonds payable, current | 1,470,000 | 1,055,000 | 2,525,000 | 0 |
| Judgments payable, current | 129,252 | 0 | 129,252 | 0 |
| Liabilities payable from restricted assets | 0 | 793,362 | 793,362 | 0 |
| Compensated absences, non-current | 1,554,308 | 27,392 | 1,581,700 | 12,143 |
| Claims payable, non-current | 1,346,400 | 523,600 | 1,870,000 | 0 |
| Capital lease obligation, non-current | 0 | 831,003 | 831,003 | 0 |
| Notes payable, non-current | 5,339 | 3,755,937 | 3,761,276 | 3,465,063 |
| Bonds payable, non-current | 9,130,000 | 0 | 9,130,000 | 0 |
| Judgments payable, non-current | 254,113 | 0 | 254,113 | 0 |
| Total liabilities | <u>15,412,366</u> | <u>8,887,906</u> | <u>24,300,272</u> | <u>4,352,402</u> |
| NET ASSETS | | | | |
| Invested in capital assets, net of related debt | 29,232,616 | 29,561,646 | 58,794,262 | 0 |
| Restricted for: | | | | |
| Encumbrances | 876,213 | 0 | 876,213 | 0 |
| Special revenue projects | 431,088 | 0 | 431,088 | 0 |
| Capital projects | 2,189,368 | 0 | 2,189,368 | 0 |
| Debt service | 2,700,061 | 1,894,657 | 4,594,718 | 0 |
| Other purposes | 23,948 | 0 | 23,948 | 0 |
| Unrestricted (deficit) | (462,260) | 4,278,079 | 3,815,819 | (2,789,027) |
| Total net assets | <u>\$ 34,991,034</u> | <u>35,734,382</u> | <u>70,725,416</u> | <u>(2,789,027)</u> |

See accompanying notes to financial statements.

City of Moore, Oklahoma
Statement of Activities
For the Year Ended June 30, 2006

| Functions/Programs | Expenses | Program Revenues | | Net (Expense) Revenue | |
|--------------------------------|---------------------|-------------------------|--|-----------------------------|--|
| | | Charges for Services | Operating Grants and Contributions | | Capital Grants and Contributions |
| Primary government: | | | | | |
| Governmental activities: | | | | | |
| General government | \$ 6,584,191 | 2,153,620 | 0 | 0 | (4,430,571) |
| Public safety | | | | | |
| Police | 5,786,958 | 1,207,899 | 24,598 | 0 | (4,554,461) |
| Fire | 4,985,487 | 0 | 0 | 73,618 | (4,911,869) |
| Other | 1,434,646 | 0 | 49,415 | 0 | (1,385,231) |
| Streets | 6,238,691 | 440,675 | 0 | 0 | (5,798,016) |
| Public works administration | 1,082,448 | 0 | 0 | 0 | (1,082,448) |
| Culture and recreation | 1,980,289 | 0 | 0 | 0 | (1,980,289) |
| Community development | 1,949,732 | 157,595 | 383,464 | 0 | (1,408,673) |
| Interest on long-term debt | 477,285 | 0 | 0 | 0 | (477,285) |
| Total government activities | <u>30,519,727</u> | <u>3,959,789</u> | <u>457,477</u> | <u>73,618</u> | <u>(26,028,843)</u> |
| Business-type activities: | | | | | |
| Water and sewer | 9,276,030 | 9,887,915 | 0 | 0 | 611,885 |
| Sanitation | 1,280,579 | 3,197,918 | 0 | 0 | 1,917,339 |
| General government | 1,128,835 | 577,389 | 0 | 0 | (551,446) |
| Total business-type activities | <u>11,685,444</u> | <u>13,663,222</u> | <u>0</u> | <u>0</u> | <u>1,977,778</u> |
| Total primary government | <u>42,205,171</u> | <u>17,623,011</u> | <u>457,477</u> | <u>73,618</u> | <u>(24,051,065)</u> |
| Component units: | | | | | |
| Culture and recreation | 0 | 0 | 0 | 0 | 0 |
| Community development | 2,679,932 | 0 | 0 | 0 | (2,679,932) |
| Total component units | <u>\$ 2,679,932</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>(2,679,932)</u> |

City of Moore, Oklahoma
Statement of Activities
For the Year Ended June 30, 2006

| | Primary Government | | | Component Units |
|---|----------------------------|-----------------------------|-------------------|--------------------|
| | Governmental Activities | Business-type Activities | Total | |
| Change in net assets: | | | | |
| Net (expense) revenue | \$ (26,028,843) | 1,977,778 | (24,051,065) | (2,679,932) |
| General revenues: | | | | |
| Taxes: | | | | |
| Sales taxes | | | | |
| General | 14,347,763 | 0 | 14,347,763 | 0 |
| Use taxes | 464,517 | 0 | 464,517 | 0 |
| Property taxes | 2,152,179 | 0 | 2,152,179 | 0 |
| Franchise taxes (fees) | 1,828,764 | 0 | 1,828,764 | 0 |
| Other taxes | 968,641 | 0 | 968,641 | 0 |
| Unrestricted investment income | 381,816 | 230,214 | 612,030 | 67,808 |
| Miscellaneous | 659,762 | 457,980 | 1,117,742 | 916 |
| Capital contributions | 7,688,132 | 0 | 7,688,132 | 0 |
| Transfers | 1,811,134 | (2,655,639) | (844,505) | 844,505 |
| Total general revenues and transfers | <u>30,302,708</u> | <u>(1,967,445)</u> | <u>28,335,263</u> | <u>913,229</u> |
| Change in net assets | 4,273,865 | 10,333 | 4,284,198 | (1,766,703) |
| Net assets - beginning | 30,717,169 | 35,724,049 | 66,441,218 | (1,022,324) |
| Net assets - ending | <u>\$ 34,991,034</u> | <u>35,734,382</u> | <u>70,725,416</u> | <u>(2,789,027)</u> |

See accompanying notes to financial statements.

City of Moore, Oklahoma
Governmental Funds
Balance Sheet
June 30, 2006

| | General | Special Revenue Fund | 2003 Street Project | Debt Service Fund | Cemetery Perpetual Care | Total Governmental Funds |
|--|---------------------|----------------------------|---------------------------|-------------------------|-------------------------------|--------------------------------|
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ 1,359,271 | 539,239 | 2,189,368 | 2,655,561 | 23,948 | 6,767,387 |
| Investments | 597,415 | 0 | 0 | 0 | 0 | 597,415 |
| Receivables, net | 462,987 | 0 | 0 | 0 | 0 | 462,987 |
| Due from other funds | 0 | 0 | 0 | 0 | 0 | 0 |
| Receivables from other governments | 1,356,542 | 10,906 | 0 | 44,500 | 0 | 1,411,948 |
| Inventories | 32,870 | 0 | 0 | 0 | 0 | 32,870 |
| Total assets | <u>3,809,085</u> | <u>550,145</u> | <u>2,189,368</u> | <u>2,700,061</u> | <u>23,948</u> | <u>9,272,607</u> |
| LIABILITIES AND FUND BALANCES | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable | 495,461 | 119,057 | 0 | 0 | 0 | 614,518 |
| Wages and benefits payable | 159,236 | 0 | 0 | 0 | 0 | 159,236 |
| Deposits | 161,529 | 0 | 0 | 0 | 0 | 161,529 |
| Total liabilities (Note 2) | <u>816,226</u> | <u>119,057</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>935,283</u> |
| Fund balances: | | | | | | |
| Reserved for: | | | | | | |
| Encumbrances | 876,213 | 431,088 | 2,189,368 | 0 | 0 | 3,496,669 |
| Debt service | 0 | 0 | 0 | 2,700,061 | 0 | 2,700,061 |
| Other purposes | 0 | 0 | 0 | 0 | 23,948 | 23,948 |
| Unreserved | 2,116,646 | 0 | 0 | 0 | 0 | 2,116,646 |
| Total fund balances | <u>2,992,859</u> | <u>431,088</u> | <u>2,189,368</u> | <u>2,700,061</u> | <u>23,948</u> | <u>8,337,324</u> |
| Total liabilities and fund balances | <u>\$ 3,809,085</u> | <u>550,145</u> | <u>2,189,368</u> | <u>2,700,061</u> | <u>23,948</u> | |

Amounts reported for governmental activities in the statement of net assets (Exhibit 1) are different because:

| | |
|---|------------|
| Capital assets used in governmental activities are not financial resources and therefore are not required in the funds. | 39,817,951 |
| Internal service funds are used by management to charge the costs of certain activities to individual funds. Assets (excluding capital assets) and liabilities of the internal services funds are included in the governmental activities in the statement of net assets. | (158,529) |

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:

| | |
|---|--------------|
| Bonds, notes and judgments payable are not due in the current period and therefore are not reported in the funds. | (10,947,579) |
| Accrued compensated absences | (2,058,133) |

| | |
|---------------------------------------|-------------------|
| Net assets of governmental activities | <u>34,991,034</u> |
|---------------------------------------|-------------------|

See accompanying notes to financial statements.

City of Moore, Oklahoma
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2006

| | General Fund | Special Revenue Fund | 2003 Street Bonds | Debt Service Fund | Cemetery Perpetual Care | Total Governmental Funds |
|--|---------------------|----------------------------|-------------------------|-------------------------|-------------------------------|--------------------------------|
| REVENUES | | | | | | |
| Taxes | \$ 16,864,309 | 714,711 | 0 | 2,152,179 | 0 | 19,731,199 |
| Intergovernmental | 628,936 | 560,936 | 0 | 0 | 0 | 1,189,872 |
| Licenses and permits | 533,909 | 16,938 | 0 | 0 | 0 | 550,847 |
| Charge for services | 111,214 | 0 | 0 | 0 | 6,845 | 118,059 |
| Fines and forfeitures | 1,173,344 | 4,714 | 0 | 0 | 0 | 1,178,058 |
| Investment revenue | 127,294 | 37,257 | 111,143 | 71,314 | 0 | 347,008 |
| Miscellaneous | 498,043 | 49,612 | 665 | 0 | 0 | 548,320 |
| Total revenues | <u>19,937,049</u> | <u>1,384,168</u> | <u>111,808</u> | <u>2,223,493</u> | <u>6,845</u> | <u>23,663,363</u> |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General government | 2,573,927 | 0 | 0 | 0 | 0 | 2,573,927 |
| Public safety | 11,915,356 | 234,034 | 0 | 0 | 0 | 12,149,390 |
| Streets | 2,999,836 | 420,302 | 1,456,835 | 0 | 0 | 4,876,973 |
| Public works administration | 865,028 | 0 | 0 | 0 | 0 | 865,028 |
| Culture and recreation | 1,438,836 | 411,673 | 0 | 0 | 2,996 | 1,853,505 |
| Community development | 863,213 | 669,963 | 0 | 0 | 0 | 1,533,176 |
| Debt service: | | | | | | |
| Principal | 0 | 0 | 0 | 1,470,000 | 0 | 1,470,000 |
| Interest and other charges | 0 | 0 | 0 | 477,285 | 0 | 477,285 |
| Total expenditures | <u>20,656,196</u> | <u>1,735,972</u> | <u>1,456,835</u> | <u>1,947,285</u> | <u>2,996</u> | <u>25,799,284</u> |
| Excess (deficiency) of revenues over expenditures | (719,147) | (351,804) | (1,345,027) | 276,208 | 3,849 | (2,135,921) |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | 15,975,321 | 207,375 | 0 | 0 | 0 | 16,182,696 |
| Transfers out | (14,283,595) | 0 | 0 | (95,634) | 0 | (14,379,229) |
| Transfers out - Component unit | (844,505) | 0 | 0 | 0 | 0 | (844,505) |
| Total other financing sources and uses | <u>847,221</u> | <u>207,375</u> | <u>0</u> | <u>(95,634)</u> | <u>0</u> | <u>958,962</u> |
| Net change in fund balances | 128,074 | (144,429) | (1,345,027) | 180,574 | 3,849 | (1,176,959) |
| Fund balances-beginning | 2,864,785 | 575,517 | 3,534,395 | 2,519,487 | 20,099 | 9,514,283 |
| Fund balances-ending | <u>\$ 2,992,859</u> | <u>431,088</u> | <u>2,189,368</u> | <u>2,700,061</u> | <u>23,948</u> | <u>8,337,324</u> |

See accompanying notes to financial statements.

City of Moore, Oklahoma
 Reconciliation of the Statement of Revenues,
 Expenditures, and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Year Ended June 30, 2006

| | |
|---|----------------------------|
| Net change in fund balances - total governmental funds | \$ (1,176,959) |
| Amounts reported for governmental activities in the statement of activities are different because: | |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays \$9,471,257 exceeded depreciation (\$4,981,148) in the current period. | 4,490,109 |
| Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which repayments exceeded proceeds. | 1,470,000 |
| Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds. This includes the net increase in compensated absences of (\$201,874). | (201,874) |
| Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities. | <u>(307,411)</u> |
| Change in net assets of governmental activities. | <u><u>\$ 4,273,865</u></u> |

City of Moore, Oklahoma
Proprietary Funds
Statement of Net Assets
June 30, 2006

| | <u>Business-type Activities - Enterprise Funds</u> | | | Internal Service Fund |
|---|--|-------------------------|---------------------------------------|-----------------------------|
| | <u>MPWA</u> | <u>MPWA Sinking</u> | <u>Total Enterprise Funds</u> | |
| <u>ASSETS</u> | | | | |
| Current assets: | | | | |
| Pooled cash and investments | \$ 3,600,440 | 0 | 3,600,440 | 1,795,380 |
| Receivables, utilities | 1,365,872 | 0 | 1,365,872 | 0 |
| Receivables, other | 0 | 0 | 0 | 7,643 |
| Total current assets | <u>4,966,312</u> | <u>0</u> | <u>4,966,312</u> | <u>1,803,023</u> |
| Restricted assets: | | | | |
| Restricted cash and investments | 796,656 | 1,894,657 | 2,691,313 | 0 |
| Non-current assets: | | | | |
| Bond issue cost - net | 0 | 81,809 | 81,809 | 0 |
| Capital assets: | | | | |
| Land and construction in progress | 0 | 0 | 0 | 0 |
| Other capital assets, net | 36,372,305 | 0 | 36,372,305 | 20,368 |
| Total non-current assets | <u>36,372,305</u> | <u>81,809</u> | <u>36,454,114</u> | <u>20,368</u> |
| Total assets | <u><u>42,135,273</u></u> | <u><u>1,976,466</u></u> | <u><u>44,111,739</u></u> | <u><u>1,823,391</u></u> |
| <u>LIABILITIES</u> | | | | |
| Current liabilities: | | | | |
| Accounts payable | 739,644 | 0 | 739,644 | 141,877 |
| Accrued compensated absences | 7,743 | 0 | 7,743 | 4,958 |
| Other accrued liabilities | 5,855 | 0 | 5,855 | 1,939 |
| Debt payable - current | 399,735 | 0 | 399,735 | 2,509 |
| Total current liabilities | <u>1,152,977</u> | <u>0</u> | <u>1,152,977</u> | <u>151,283</u> |
| Liabilities payable from restricted assets: | | | | |
| Interest payable | 6,820 | 58,697 | 65,517 | 0 |
| Debt payable - current | 0 | 1,761,276 | 1,761,276 | 0 |
| Deposits | 727,845 | 0 | 727,845 | 0 |
| Total liabilities payable from restricted assets | <u>734,665</u> | <u>1,819,973</u> | <u>2,554,638</u> | <u>0</u> |
| Non-current liabilities: | | | | |
| Accrued compensated absences | 23,228 | 0 | 23,228 | 14,872 |
| Claims payable, non-current | 0 | 0 | 0 | 1,870,000 |
| Debt payable, non-current | 831,003 | 3,753,861 | 4,584,864 | 7,415 |
| Total non-current liabilities | <u>854,231</u> | <u>3,753,861</u> | <u>4,608,092</u> | <u>1,892,287</u> |
| Total liabilities | <u>2,741,873</u> | <u>5,573,834</u> | <u>8,315,707</u> | <u>2,043,570</u> |
| <u>NET ASSETS</u> | | | | |
| Invested in capital assets, net of related debt | 35,047,968 | (5,492,025) | 29,555,943 | 20,368 |
| Restricted | 0 | 1,894,657 | 1,894,657 | 0 |
| Unrestricted | 4,345,432 | 0 | 4,345,432 | (240,547) |
| Total net assets | <u>\$ 39,393,400</u> | <u>(3,597,368)</u> | <u>35,796,032</u> | <u>(220,179)</u> |

See accompanying notes to financial statements.

City of Moore, Oklahoma
Proprietary Funds
Statement of Revenues, Expenses and Changes in Fund Net Assets
For the Year Ended June 30, 2006

| | Business-type Activities - Enterprise Funds | | | Internal Service Fund |
|---|---|--------------------|------------------------------|-----------------------------|
| | MPWA | MPWA Sinking | Total Enterprise Funds | |
| <u>OPERATING REVENUES:</u> | | | | |
| Charges for services | \$ 13,085,833 | 0 | 13,085,833 | 2,062,103 |
| Miscellaneous | 0 | 0 | 0 | 154,779 |
| Total operating revenues | <u>13,085,833</u> | <u>0</u> | <u>13,085,833</u> | <u>2,216,882</u> |
| <u>OPERATING EXPENSES:</u> | | | | |
| Personal services | 528,372 | 0 | 528,372 | 170,558 |
| Maintenance, operations, and contractual services | 6,738,579 | 0 | 6,738,579 | 0 |
| Material and supplies | 99,189 | 0 | 99,189 | 1,388 |
| Insurance claims and expenses | 0 | 0 | 0 | 3,696,892 |
| Amortization of bond costs | 0 | 279,443 | 279,443 | 0 |
| Depreciation | 2,531,076 | 0 | 2,531,076 | 6,920 |
| Total operating expenses | <u>9,897,216</u> | <u>279,443</u> | <u>10,176,659</u> | <u>3,875,758</u> |
| Operating income (loss) | <u>3,188,617</u> | <u>(279,443)</u> | <u>2,909,174</u> | <u>(1,658,876)</u> |
| <u>NONOPERATING REVENUES (EXPENSES):</u> | | | | |
| Investment revenue | 142,729 | 73,949 | 216,678 | 48,344 |
| Other nonoperating revenue (expenses) | 414,642 | 0 | 414,642 | 0 |
| Interest expense | (37,301) | (386,272) | (423,573) | 0 |
| Total nonoperating revenues (expenses) | <u>520,070</u> | <u>(312,323)</u> | <u>207,747</u> | <u>48,344</u> |
| Net income before contributions and transfers | 3,708,687 | (591,766) | 3,116,921 | (1,610,532) |
| Interaccount transfers | (861,220) | 861,220 | 0 | 0 |
| Transfers from (to) other funds | (2,987,039) | 0 | (2,987,039) | 1,183,572 |
| Change in net assets | <u>(139,572)</u> | <u>269,454</u> | <u>129,882</u> | <u>(426,960)</u> |
| Net assets - beginning | 39,532,972 | (3,866,822) | 35,666,150 | 206,781 |
| Net assets - ending | <u>\$ 39,393,400</u> | <u>(3,597,368)</u> | <u>35,796,032</u> | <u>(220,179)</u> |

See accompanying notes to financial statements.

**City of Moore, Oklahoma
Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2006**

| | <u>MPWA</u> | <u>MPWA Sinking</u> | <u>Total Enterprise Funds</u> | <u>Internal Service Fund</u> |
|---|---------------------|-------------------------|---------------------------------------|--------------------------------------|
| <u>CASH FLOWS FROM OPERATING ACTIVITIES</u> | | | | |
| Receipts from customers | \$ 13,085,833 | 0 | 13,085,833 | 2,216,882 |
| Payments to suppliers | (6,768,160) | 0 | (6,768,160) | (3,446,446) |
| Payments to employees | (528,372) | 0 | (528,372) | (170,558) |
| Net cash provided (used) by operating activities | <u>5,789,301</u> | <u>0</u> | <u>5,789,301</u> | <u>(1,400,122)</u> |
| <u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u> | | | | |
| Proceeds from capital debt | 0 | 3,610,000 | 3,610,000 | 0 |
| Purchases of capital assets | 456,169 | 0 | 456,169 | 0 |
| Principal paid on capital debt | (389,580) | (4,158,897) | (4,548,477) | 0 |
| Interest paid on capital debt | (39,460) | (386,272) | (425,732) | 0 |
| Transfers from (to) other funds | (3,848,259) | 861,220 | (2,987,039) | 1,183,572 |
| Other receipts (payments) | 414,642 | 0 | 414,642 | 0 |
| Net cash provided (used) by capital and related financing activities | <u>(3,406,488)</u> | <u>(73,949)</u> | <u>(3,480,437)</u> | <u>1,183,572</u> |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES</u> | | | | |
| Interest received | 142,729 | 73,949 | 216,678 | 48,344 |
| Net cash provided (used) by investing activities | <u>142,729</u> | <u>73,949</u> | <u>216,678</u> | <u>48,344</u> |
| Net increase (decrease in cash and cash equivalents | 2,525,542 | 0 | 2,525,542 | (168,206) |
| Balances - beginning of the year | 1,074,898 | 0 | 5,412,884 | 1,963,586 |
| Balances - end of the year | <u>\$ 3,600,440</u> | <u>0</u> | <u>7,938,426</u> | <u>1,795,380</u> |
| <u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING</u> | | | | |
| Operating income (loss) | 3,188,617 | (279,443) | 2,909,174 | (1,658,876) |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | | |
| Cash flows reported in other categories: | | | | |
| Depreciation expense | 2,531,076 | 0 | 2,531,076 | 6,920 |
| Amortization of issuance costs | 0 | 279,443 | 279,443 | 0 |
| Change in assets and liabilities: | | | | |
| Receivable, net | (147,689) | 0 | (147,689) | 702 |
| Due from other funds | 0 | 0 | 0 | 300,212 |
| Accounts payable | 212,939 | 0 | 212,939 | (72,280) |
| Accrued compensated absences | 4,435 | 0 | 4,435 | 5,153 |
| Other current liabilities | (77) | 0 | (77) | 18,047 |
| Net cash provided by (used in) operating activities | <u>\$ 5,789,301</u> | <u>0</u> | <u>5,789,301</u> | <u>(1,400,122)</u> |

See accompanying notes to financial statements.

City of Moore, Oklahoma
Statement of Fiduciary Net Assets
Pension Funds
June 30, 2006

ASSETS

| | |
|--------------|------------------|
| Investments | \$ 4,565,281 |
| Total assets | <u>4,565,281</u> |

LIABILITIES

| | |
|-------------------|----------|
| Other liabilities | 0 |
| Total liabilities | <u>0</u> |

NET ASSETS

| | |
|---|---------------------|
| Held in trust for pension benefits and other purposes | <u>\$ 4,565,281</u> |
|---|---------------------|

See accompanying notes to financial statements.

CITY OF MOORE, OKLAHOMA

NOTES TO BASIC FINANCIAL STATEMENTS

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CITY OF MOORE, OKLAHOMA
Notes to Basic Financial Statements
June 30, 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City have been prepared in accordance with Generally Accepted Accounting Principles (GAAP). GAAP statements include all relevant Governmental Accounting Standards Board (GASB) pronouncements. The financial statements have incorporated all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on accounting procedures issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

A. REPORTING ENTITY

The City of Moore, Oklahoma is a municipal corporation, incorporated in 1893. The City operates under a Council-City Manager form of government. The governing body consists of six elected council members and a mayor. The mayor and council members are each elected to serve a four-year term. The City Manager administers policies and coordinates the activities of the City. The heads of the various departments, formed to provide various services, are under the direct supervision of the City Manager.

The accompanying financial statements present the City and its component unit (Moore Economic Development Authority), an entity for which the City is considered to be financially responsible.

B. BASIC FINANCIAL STATEMENTS

Basic financial statements are presented at both the government-wide and fund financial level. Both levels of statements categorize primary activities as either governmental or business-type. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

Government-wide financial statements display information about the reporting government as a whole. For the most part, the effect of interfund activity has been removed from these statements. These statements focus on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. These aggregated statements consist of the Statement of Net Assets and the Statement of Activities. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Fund financial statements display information at the individual fund level. Each fund is considered to be a separate accounting entity. Funds are classified and summarized as governmental, proprietary, or fiduciary. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Non-major funds are consolidated into a single column within each fund type in the financial section of the basic financial statements and are detailed in the supplemental information.

CITY OF MOORE, OKLAHOMA
Notes to Basic Financial Statements
June 30, 2006

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule include charges between the City's business-type activities/enterprise funds, as well as some special revenue funds, and the General Fund. The City allocates charges as reimbursement for services provided by the General Fund in support of those functions based on levels of service provided. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

C. Basis of Presentation

The financial transactions of the City are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

GASB 34 sets forth minimum criteria (percentage of the assets liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The City selectively added funds as major funds, which either had debt outstanding or specific community focus. Non-major fund are combined in a column in the fund financial statements and detailed in the combining section.

The City reports the following major governmental funds:

General Fund

This is the City's primary operating fund. It accounts for all the financial operations of the City except those required to be accounted for in another fund. Principal sources of revenue are sales tax, licenses and permits, state and county shared revenues and fines and forfeitures. Primary expenditures are for general government, public safety, public works and community development.

Special Revenue Fund

Accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Debt Service Fund

Accounts for the accumulation of resources and payment of principal and interest on general obligation bonds and judgments.

2003 Street Projects Fund - A Capital Projects Fund

Accounts for the construction or reconstruction of streets and sidewalks that are paid from issuance of debt and interest earnings.

Additionally, the City reports non-major funds within the governmental fund type.

Capital Projects Funds account for financial resources used for the acquisition or construction of major capital facilities (other than those financed by Business or Proprietary Funds).

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The City reports each of its two proprietary funds as major funds. These funds are used to account for the acquisition, operation, and maintenance of water, sewer and sanitation. These funds are entirely or predominantly self-supported through user charges to customers. The City reports the following proprietary funds:

Moore Public Works Authority Fund

Accounts for the operation, and maintenance of water, sewer and sanitation systems.

Moore Public Works Authority Sinking Fund

Accounts for the accumulation of resources and payment of principal and interest on proprietary debt.

The City also reports the following other fund type:

Internal Service Fund

They account for the financing of goods and services provided by one department to other departments within the City on a cost reimbursement basis. This includes risk management and self-insured health services.

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

The Government-wide Financial Statements and the Proprietary Funds Financial Statements are presented on a *full accrual* basis of accounting with an *economic resource* measurement focus. An economic resource focus concentrates on an entity or fund's net assets. All transactions and events that affect the total economic resources (net assets) during the period are reported. An economic resources measurement focus is inextricably connected with full accrual accounting. Under the full accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash inflows and outflows.

Governmental Funds and Permanent Fund Financial Statements are presented on a *modified accrual* basis of accounting with a *current financial resource* measurement focus. This measurement focus concentrates on the fund's resources available for spending in the near future. Only transactions and events affecting the fund's current financial resources during the period are reported. Similar to the connection between an economic resource measurement focus and full accrual accounting, a current financial resource measurement focus is inseparable from a modified accrual basis of accounting. Under modified accrual accounting, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

CITY OF MOORE, OKLAHOMA
Notes to Basic Financial Statements
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A deferred revenue liability arises in the Governmental Funds Balance Sheet when potential revenue does not meet both the *measurable* and *available* criteria for recognition in the current period. In the government-wide Statement of Net Assets, with a full accrual basis of accounting, revenue must be recognized as soon as it is earned regardless of its availability. Thus, the liability created on the Governmental Fund Balance Sheet for unavailable deferred revenue is eliminated. Note that deferred revenues also arise outside the scope of measurement focus and basis of accounting, such as when the City receives resources before it has a legal claim to them. For instance, when grant monies are received prior to the incurrance of qualifying expenditures.

Similar to the way its revenues are recorded, governmental funds only record those expenditures that affect current financial resources. Principal and interest on general long-term debt are recorded as fund liabilities only when due, or when amounts have been accumulated in the debt service fund for payments to be made early in the following year. Vested compensated absences are recorded as expenditures only to the extent that they are expected to be liquidated with expendable financial resources. In the government-wide financial statements, however, with a full accrual basis of accounting, all expenditures affecting the economic resource status of the government must be recognized. Thus, the expense and related accrued liability for long term portions of debt and compensated absences must be included.

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is necessary to explain the adjustments needed to transform the fund based financial statements into the governmental column of the government-wide presentation. This reconciliation is part of the financial statements.

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

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

E. ASSETS, LIABILITIES, AND EQUITY

Cash and Investments

Cash and cash equivalents include cash on hand, demand deposits, short-term investments with original or remaining maturities of three months or less when purchased, and cash and investments in the City-wide investment pool. Investments, including equity in pooled cash and investments, are stated at fair value.

Restricted Assets

Assets whose use is restricted for construction, debt service or by other agreement are segregated on the Government-wide Statement of Net Assets and the Proprietary Fund Statement of Net Assets.

CITY OF MOORE, OKLAHOMA
Notes to Basic Financial Statements
June 30, 2006

Receivables and Payables

Activity between funds that represent lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Uncollected property taxes receivable that are collected within 60 days after year-end are considered measurable and available and, therefore, are recognized as revenue. Property taxes are levied and become a lien on July 1. Collection dates are January 1 and March 1 following the lien date.

Taxes unpaid and outstanding on March 1 are considered delinquent.

Receivables of the enterprise funds are recognized as revenue when earned. Receivables in governmental and enterprise funds are stated net of an allowance for uncollectibles.

Inventories

Inventories of materials and supplies in the enterprise funds are stated at cost on a first-in, first-out basis and charged to expenses as used.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, pathways, street lights, etc.) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. In the governmental fund statements, capital assets are charged to expenditures as purchased, and capitalized in the proprietary fund statements. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at estimated fair market value as of the date of the donation.

Capital assets are defined by the City as assets with an initial, individual cost of \$1,000 or more, and an estimated useful life of greater than one year. Additions or improvements and other capital outlays that significantly extend the useful life of an asset, or that significantly increase the capacity of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on exhaustible assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Assets and is provided on the straight-line basis over the following estimated useful lives:

| <u>ASSET</u> | <u>YEARS</u> |
|----------------------------|--------------|
| Buildings and improvements | 25-60 |
| Furniture and fixtures | 5-10 |
| Machinery and equipment | 5-20 |
| Vehicles | 5-10 |
| Utility systems | 25-99 |
| Infrastructure | 25-99 |

CITY OF MOORE, OKLAHOMA
Notes to Basic Financial Statements
June 30, 2006

One-half year of depreciation is taken in the year the assets are acquired or retired. Gains or losses from sales or retirements of capital assets are included in operations of the current period.

Accrued Compensated Absences and Sick Pay

The City's policies regarding vacation, compensatory, holiday time and sick leave permit employees to accumulate varying amounts as determined by management and contracts with employee groups. Accumulated vested vacation pay is accrued as it is earned. For governmental funds, the non-current portion (the amount estimated to be used in subsequent fiscal years) is maintained separately and represents a reconciling item between the fund-level and government-wide presentations. Only the current portion is reported in the governmental funds, and is calculated based on historical trends. In business-type/enterprise funds, both the current and long-term liabilities are recorded. Sick pay, which does not vest, is recognized in all funds when leave is taken.

Long-Term Debt

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Assets. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are treated as period costs in the year of issue and are shown as other financing uses. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity

Tentative plans for utilization of fund balances in future periods are recorded as designations of fund balance in the fund-level financial statements. Planned expenditures include future capital projects, debt service, equipment reserves and other commitments for which fund balances have not been appropriated or specifically segregated.

Use of Estimates

In preparing the City of Moore's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CITY OF MOORE, OKLAHOMA
Notes to Basic Financial Statements
June 30, 2006

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

The City has adopted the provisions of the Municipal Budget Act of 1979 (the "Budget Act"). In accordance with the Budget Act, the following process is used to adopt the annual budget:

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

All funds (except those of the Public Trust component units) with revenues and expenditures are required to have annual budgets approved by the City Council. The legal level of control at which expenditures may not legally exceed appropriations is the total department level within a fund. The Budget Act recognizes the following object categories as a control level by department within a fund:

- | | |
|------------------------------|-----------------------|
| - Personal Services | - Capital Outlay |
| - Materials and Supplies | - Debt Service |
| - Other Services and Charges | - Interfund Transfers |

All transfers of appropriation between funds and supplemental appropriations require City Council approval. The City Manager may transfer appropriations between object categories within a fund without City Council approval. Supplemental appropriations must also be filed with the Office of State Auditor and Inspector.

In accordance with Title 60 of the Oklahoma State Statutes, the Moore Economic Development Authority (accounted for as a blended component unit in this report) is required to prepare an annual budget and submit a copy to the City as beneficiary. However, there are no further requirements such as form of budget, approval of the budget or definition of a legal level of control; and, therefore no budget and actual financial presentations for the public trusts are included in this report.

The City prepares its budgets for all funds on the modified accrual basis of accounting.

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

CITY OF MOORE, OKLAHOMA
Notes to Basic Financial Statements
June 30, 2006

B. BUDGET REQUIREMENTS

For the year ended June 30, 2006, the City complied, in all material respects, with the applicable budget laws as discussed in Note 1. Supplemental appropriations reflected in the budget amounts reported in the general-purpose financial statements were properly approved by the City Council. For the year ended June 30, 2006, the following supplemental appropriations were approved:

| <u>Fund Type</u> | <u>Original Appropriations</u> | <u>Increase In Appropriations</u> | <u>Revised Appropriations</u> |
|---------------------|------------------------------------|---------------------------------------|-----------------------------------|
| General Fund | \$19,504,067 | \$ 2,662,451 | \$ 22,166,518 |
| Moore PWA | 9,724,536 | 83,411 | 9,807,947 |
| Special Revenue | 1,913,600 | 1,268,451 | 3,182,051 |
| Cemetery | 29,500 | 0 | 29,500 |
| Debt Service | 2,061,250 | 1,000,000 | 3,061,250 |
| Risk Management | 3,591,065 | 342,060 | 3,933,125 |
| 2003 Street Project | 3,520,000 | 1,258,000 | 4,778,000 |

C. DEPOSITS AND INVESTMENTS LAWS AND REGULATIONS

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

Investments of the City (excluding Public Trusts) whose population exceeds 3,000 according to the latest census information are limited by State Law to the following:

- a. Direct obligations of the U.S. Government, its agencies and instrumentality's.
- b. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral.
- c. Negotiable certificates of deposit, prime bankers acceptances, prime commercial paper and repurchase agreements with certain limitations. Any investments in these instruments must be fully collateralized with investments mentioned in the previous paragraphs a. and b., where the collateral has been deposited with a trustee in an irrevocable trust or escrow account.
- d. County, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality or school district.
- e. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs a., b., c. and d.

CITY OF MOORE, OKLAHOMA
Notes to Basic Financial Statements
June 30, 2006

Public trusts created under OAS. Title 60, are not subject to the above noted investment limitations and are primarily governed by any restrictions in their trust or bond indentures. For the year ended June 30, 2006, the City and its included component unit complied, in all material respects, with the above noted investment restrictions.

D. REVENUE RESTRICTIONS

Certain restrictions are placed over certain revenue sources due to state or local requirements. The primary restricted revenue sources include:

| <u>Revenue Source</u> | <u>Legal Restrictions of Use</u> |
|--|---|
| Sales Tax | Debt service on Revenue Notes |
| Gasoline Excise & Commercial Vehicle Tax | Street and Alley Purposes |
| E-911 Revenue | E-911 Emergency Services Purposes |
| Cemetery Revenue (12.5%) | Cemetery Capital Improvements |
| Grant Revenues | Grant Agreement Specified Uses |
| Water and Sewer | Debt service on Revenue Notes and Bonds |

For the year ended June 30, 2006, the City complied, in all material respects, with these revenue restrictions.

Other Long-Term Debt

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

Enterprise Fund Debt

The bond indenture relating to debt issuance of the Moore Public Works Authority contain a number of restrictions or covenants that are financial related. These include covenants such as a required flow of funds through special accounts, a debt service coverage requirement and required reserve account balances. The following schedule presents a brief summary of the most significant requirements and the Authority's level of compliance thereon as of June 30, 2006.

CITY OF MOORE, OKLAHOMA
Notes to Basic Financial Statements
June 30, 2006

Requirement

a. Flow of Funds -

- | | |
|--|---|
| 1. 1999 MPWA Refunding Bonds - Gross Revenue Account, Bond Account, Sinking Fund, Sinking Fund Reserve and Construction Account. | The Authority maintained all required accounts and made all required payments into such accounts. |
| 2. 2000 OWRB Note Payable - Revenue Account, Bond Account, Project Account, Sinking Fund and Sinking Fund Reserve. | The Authority maintained all required accounts and made all required payments into such accounts. |
| 3. 2005 Refunding Revenue Note Payable-Revenue Account, Bond Account, Project Account, Sinking Fund. | The Authority maintained all required accounts and made all required payments into such accounts. |

b. Debt Service Coverage Requirements-

- | | |
|--|--|
| 1. 1999 MPWA Refunding Bonds - Net operating revenue plus pledged sales tax must equal 125% the maximum annual debt service. | Net revenues, including sales tax transferred, amounts to \$17,322,447. The maximum annual debt service amounted to \$2,958,068. Actual coverage was 586%. |
| 2. 2000 OWRB Note Payable - Net operating revenue plus pledged sales tax must equal 125% the maximum annual debt service on all obligations payable from the revenue. | Net revenues, including sales tax transferred, amounts to \$17,322,447. The maximum annual debt service amounted to \$2,958,068. Actual coverage was 586%. |
| 3. 2005 Refunding Revenue Note Payable - Net operating revenue plus pledged sales tax must equal 125% the maximum annual debt service on all obligations payable from the revenue. | Net revenues, including sales tax transferred, amounts to \$17,322,447. The maximum annual debt service amounted to \$2,958,068. Actual coverage was 586%. |

c. Reserve Accounts -

- | | |
|---|--|
| 1. 1999 MPWA Refunding Bonds - Reserve Account balance should be \$1,373,000. | Fair value of account deposits and investments at June 30, 2006 , was \$35,367. A portion of the reserve balance was transferred to the Bond Account to make the final debt service payments due July 1, 2006. |
|---|--|

CITY OF MOORE, OKLAHOMA
Notes to Basic Financial Statements
June 30, 2006

E. FUND EQUITY RESTRICTIONS

Title 11, Section 17-211 of the Oklahoma Statutes prohibits the creation of a deficit fund balance in any individual fund. For the year ended June 30, 2006, the City had not incurred any fund balance deficit.

Fund Balance Required Reserves

The only required reserves of fund equity relate to restricted revenue accounted for within the General Fund. The only significant restricted revenue of the General Fund is the restricted sales tax (as described in Note 1) And gasoline excise/commercial vehicle tax (as described in Note 2). As of June 30, 2006, all such restricted revenue had been used in accordance with their specified purposes, therefore, no such fund balance reserves are necessary.

Retained Earnings Required Reserves

The required reserves of retained earnings relate to net assets held to meet revenue bond and note indenture requirements (as described in Note 2). Details on these reserves at June 30, 2006, are at Note 3.

3. DETAILED NOTES ON ALL FUNDS

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

A. Cash and Investments

Deposits

The City of Moore's carrying amount of deposits was \$12,760,621 as of June 30, 2006, and the bank balances totaled \$13,139,365. Deposits held by trustee banks totaled \$1,894,657. Collateral for the City's deposits and investments is categorized to give an indication of the level of risk assumed by the City at year-end.

Moore Economic Development Authority's carrying amount of deposits was \$214,568 as of June 30, 2006, and the bank balances totaled \$214,568. Deposits held by trustee banks totaled \$1,267,622.

- Category 1 - Insured by FDIC or collateralized with securities held by the City (or public trust) or by its agent in the City's name
- Category 2 - Uninsured but collateralized with securities held by the pledging financial institution's trust department or agent in the City's name
- Category 3 - 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

CITY OF MOORE, OKLAHOMA
Notes to Basic Financial Statements
June 30, 2006

Primary Government:

| | Category | | | Bank Balances | Carrying Value |
|---------------------------|-------------------|-------------------|--------------|-------------------|-------------------|
| | 1 | 2 | 3 | 06/30/06 | 06/30/06 |
| Deposits: | | | | | |
| Cash & investments | \$ 100,000 | 13,038,165 | 1,200 | 13,139,365 | 12,760,621 |
| Deposits held by trustees | 0 | 1,894,657 | 0 | 1,894,657 | 1,894,657 |
| Total deposits | <u>\$ 100,000</u> | <u>14,932,822</u> | <u>1,200</u> | <u>15,034,022</u> | <u>14,655,278</u> |

Component Unit:

| | Category | | | Bank Balances | Carrying Value |
|---------------------------|-------------------|------------------|----------|------------------|-------------------|
| | 1 | 2 | 3 | 06/30/06 | 06/30/06 |
| Deposits: | | | | | |
| Cash & investments | \$ 214,568 | 0 | 0 | 214,568 | 214,568 |
| Deposits held by trustees | 0 | 1,267,622 | 0 | 1,267,622 | 1,267,622 |
| Total deposits | <u>\$ 214,568</u> | <u>1,267,622</u> | <u>0</u> | <u>1,482,190</u> | <u>1,482,190</u> |

Investments

The City's policies and applicable laws regarding investments are discussed in Note 1.E. and 2.C. The table presented below is designed to disclose the level of market risk and custody credit risk assumed by the City (or public trust) based upon whether the investments are insured or registered and who holds the security at June 30, 2006. The categories of credit risk are defined as follows:

- Category 1 - Insured or registered, with securities held by the entity or its agent in the City's name
- Category 2 - Uninsured and unregistered, with securities held by counterpart's trust department or agent in the City's name
- Category 3 - Uninsured and unregistered, with securities held by the counterpart or by its trust department or agent but not in the City's name

CITY OF MOORE, OKLAHOMA
Notes to Basic Financial Statements
June 30, 2006

B. RESTRICTED ASSETS

The amounts reported as restricted assets of the enterprise fund type on the combined balance sheet are comprised of amounts held by the Municipal Authority Utilities Enterprise Fund for utility deposits (refunded upon termination of service or applied to account for good payment history) and for construction funded through long-term debt.

The restricted assets as of June 30, 2006 were as follows:

| Type of Restricted Assets | Cash and Cash Equivalents | Investments | Accrued Interest Rec. | Total |
|------------------------------|------------------------------|-------------|-----------------------------|------------------|
| Utility Deposits | \$ 649,123 | 0 | - | 649,123 |
| Unspent construction funds | 230,746 | 0 | - | 230,746 |
| Debt service reserve fund | 575,070 | 0 | - | 575,070 |
| Debt service sinking fund | <u>1,236,374</u> | <u>0</u> | <u>-</u> | <u>1,236,374</u> |
| Total Restricted Assets | <u>\$ 2,691,313</u> | <u>0</u> | <u>-</u> | <u>2,691,313</u> |

C. ACCOUNTS RECEIVABLE

Accounts receivable of the Municipal Authority Utilities Enterprise Fund consist of utility revenue earned both billed and unbilled. The accounts receivable and the allowance for uncollectible accounts at June 30, 2006, are as follows:

| | |
|--------------------------------------|---------------------|
| Accounts Receivable - Billed | \$ 982,282 |
| Unbilled Accounts Receivable | 593,363 |
| Allowance for uncollectible accounts | <u>(209,773)</u> |
| Net Accounts Receivable | <u>\$ 1,365,872</u> |

D. CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended June 30, 2006 was as follows:

| Description | Beginning Balance | Additions | Decreases | Ending Balance |
|---|----------------------|------------------|------------------|-------------------|
| Land | \$ 1,259,149 | 464,997 | 0 | 1,724,146 |
| Construction in progress | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Total Non-depreciable | 1,259,149 | 464,997 | 0 | 1,724,146 |
| Buildings | 9,627,885 | 38,904 | 0 | 9,666,789 |
| Machinery and equipment | 5,394,402 | 639,026 | 0 | 6,033,428 |
| Vehicles | 5,048,210 | 613,201 | 0 | 5,661,411 |
| Infrastructure | 63,205,867 | 7,722,108 | 0 | 70,927,975 |
| Total depreciable | <u>84,535,513</u> | <u>9,013,239</u> | <u>0</u> | <u>92,289,603</u> |
| Less: Accumulated depreciation | <u>49,194,282</u> | <u>0</u> | <u>4,981,148</u> | <u>54,175,430</u> |
| Governmental activities capital assets, net | <u>\$ 35,341,231</u> | <u>9,478,236</u> | <u>4,981,148</u> | <u>39,838,319</u> |

CITY OF MOORE, OKLAHOMA
Notes to Basic Financial Statements
June 30, 2006

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

| | | |
|--|----|-------------------------|
| General government | \$ | 1,381,382 |
| Public safety | | 453,232 |
| Streets | | 2,182,048 |
| Public works administration | | 264,430 |
| Culture and recreation | | 248,295 |
| Community development | | <u>451,761</u> |
| Total depreciation for governmental activities | \$ | <u><u>4,981,148</u></u> |

Capital asset activity for business-type activities for the year ended June 30, 2006 was as follows:

| Description | Beginning Balance | Additions | Decreases | Ending Balance |
|--|-----------------------------|-------------------------|-------------------------|--------------------------|
| Land | \$ 0 | 0 | 0 | 0 |
| Construction in progress | 4,427,546 | 0 | 4,427,546 | 0 |
| Total Non-depreciable | <u>4,427,546</u> | <u>0</u> | <u>4,427,546</u> | <u>0</u> |
| Buildings | 1,782,000 | 0 | 0 | 1,782,000 |
| Machinery and equipment | 4,637,643 | 92,785 | 0 | 4,730,428 |
| Vehicles | 1,941,984 | 0 | 6,674 | 1,935,310 |
| Infrastructure | 61,791,335 | 4,427,546 | 0 | 66,218,881 |
| Total depreciable | <u>74,580,508</u> | <u>4,520,331</u> | <u>6,674</u> | <u>74,666,619</u> |
| Less: Accumulated depreciation | 35,763,238 | 0 | 2,531,076 | 38,294,314 |
| Business type activities capital assets, net | \$ <u><u>38,817,270</u></u> | <u><u>4,520,331</u></u> | <u><u>6,965,296</u></u> | <u><u>36,372,305</u></u> |

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

| | | |
|---|----|-------------------------|
| Water | \$ | 1,126,857 |
| Sewer | | 993,515 |
| Sanitation | | 367,081 |
| General government | | <u>43,623</u> |
| Total depreciation for business type activities | \$ | <u><u>2,531,076</u></u> |

E. LONG-TERM DEBT

The City's long-term debt is segregated between the amounts to be repaid from governmental activity funds and amounts to be repaid from business-type activity funds.

CITY OF MOORE, OKLAHOMA
Notes to Basic Financial Statements
June 30, 2006

Governmental Activities:

General Obligation Bonds

General obligation bonds are direct obligations and pledge the full faith and credit of the City. The City issues general obligation bonds to provide funds for the acquisition and construction of major capital projects. General obligation bonds were issued May 3, 1999 in the amount of \$7,800,000 for the purposes of refunding the outstanding portion of the General Obligation Bonds of 1992 and issued January 1, 2003 in the amount of \$7,870,000 for the construction and repair of streets.

| | | |
|---|----|--------------------------|
| \$7,800,000 General Obligation Bonds of 1999 due in annual principal installments through April 1, 2012, interest rate ranges from 4.00% to 6.25% | \$ | 3,600,000 |
| \$7,870,000 General Obligation Bonds of 2003 due in annual principal installments through July 1, 2012, interest rate ranges from 2.13% to 3.70% | | <u>7,000,000</u> |
| Total General Obligation Bonds | \$ | <u><u>10,600,000</u></u> |

Judgments Payable

| | | |
|--|----|-----------------------|
| Worker compensation and real property judgments payable in three annual installments including principal and interest; final payment due in fiscal year 2008-2009. | \$ | <u>383,365</u> |
| Total Judgments Payable | \$ | <u><u>383,365</u></u> |

Accrued Compensated Absences

| | | |
|------------------------------------|----|-------------------------|
| Current portion | \$ | 514,533 |
| Non-current portion | | <u>1,543,600</u> |
| Total Accrued Compensated Absences | \$ | <u><u>2,058,133</u></u> |

Business-Type Activities:

Revenue Bonds

The City also issues bonds where the City pledges income derived from the acquired or constructed assets to pay debt service. The City issued revenue bonds in the amount of \$13,725,000 for the purposes of refunding the outstanding portion of the Moore Public Works Authority's Refunding Revenue Bonds, Series 1989, fund a reserve fund and pay certain costs of issuing the bonds.

| | | |
|--|----|-------------------------|
| \$13,725,000 Utility System Revenue Refunding Bonds, Series 1999 due in annual principal installments of \$250,000 to \$2,270,000 through July 1, 2006, interest rate ranges from 3.25% to 4.25% | \$ | <u>1,055,000</u> |
| Total Revenue Bonds Payable | \$ | <u><u>1,055,000</u></u> |

CITY OF MOORE, OKLAHOMA
Notes to Basic Financial Statements
June 30, 2006

Notes Payable

| | |
|---|----------------------------|
| \$2,225,000 Note Payable to the Oklahoma Water Resource Board dated September 26, 2000, payable in annual principal installments of \$62,400 to \$158,300; final payment due August 1, 2010; interest rate subject to periodic adjustment | \$ 1,219,200 |
| \$3,610,000 Moore Public Works Authority Revenue Refunding Note, Series 2005 dated August 30, 2005, payable in monthly installments of \$51,370; final payment due August 1, 2012; interest rate of 3.58% | <u>3,240,937</u> |
| Total Notes Payable | \$ <u><u>4,460,137</u></u> |

Capital Lease Obligation

| | |
|---|----------------------------|
| \$2,000,000 capital lease obligation for sanitation trucks and waste carts, payable in ten semi-annual installments of \$214,520 including principal and interest; final payment due April 30, 2009 | \$ <u>1,230,738</u> |
| Total Capital Lease Obligation | \$ <u><u>1,230,738</u></u> |

Structured Settlement Payable

| | |
|--|------------------------|
| \$75,000 settlement in favor of Verona Deer, payable in \$5,000 installments every three years with a final payment due October, 2036; recorded at net present value of the remaining payments assuming a 9% interest rate | \$ <u><u>9,924</u></u> |
|--|------------------------|

Accrued Compensated Absences:

| | |
|------------------------------------|-------------------------|
| Current portion | \$ 7,743 |
| Non-current portion | <u>23,228</u> |
| Total Accrued Compensated Absences | \$ <u><u>30,971</u></u> |

CITY OF MOORE, OKLAHOMA
Notes to Basic Financial Statements
June 30, 2006

Component Unit Activities:

Revenue Notes

The Moore Economic Development Authority issued revenue and refunding revenue notes in 2005 for the purposes of municipal capital improvements, early payment of the Series 2001 Revenue Notes and pay certain costs of issuing the notes.

| | |
|---|--------------|
| \$3,300,000 Revenue Notes, Series 2005 due in monthly principal and interest installments of \$10,340 to \$48,302 through September 1, 2012, interest rate of 3.76% | \$ 1,076,280 |
| \$1,345,000 Revenue Refunding Notes, Series 2005 due in monthly principal and interest installments of \$33,154 through April 1, 2009, interest rate of 3.20% | 3,223,958 |
| | \$ 4,300,238 |

Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the year ended June 30, 2006:

Governmental Activities:

| <u>Type of Debt</u> | <u>Balance July 1, 2005</u> | <u>Amount Incurred</u> | <u>Amount Retired</u> | <u>Balance June 30, 2006</u> |
|------------------------------|-------------------------------------|----------------------------|---------------------------|--------------------------------------|
| General Long-term debt: | | | | |
| General Obligation Bonds | \$ 12,070,000 | 0 | 1,470,000 | 10,600,000 |
| Judgments payable | 248,105 | 374,580 | 239,320 | 383,365 |
| Capital Lease Obligation | 93,950 | 0 | 93,950 | 0 |
| Accrued Compensated Absences | 1,856,259 | 201,874 | 0 | 2,058,133 |
| Total General Long-Term Debt | \$ 14,268,314 | 576,454 | 1,803,270 | 13,041,498 |

Business-Type Activities:

| <u>Type of Debt</u> | <u>Balance July 1, 2005</u> | <u>Amount Incurred</u> | <u>Amount Retired</u> | <u>Balance June 30, 2006</u> |
|--------------------------------|---------------------------------|----------------------------|---------------------------|----------------------------------|
| Proprietary Fund Debt: | | | | |
| Revenue Bonds Payable | \$ 3,325,000 | 0 | 2,270,000 | 1,055,000 |
| Notes Payable | 5,032,500 | 3,610,000 | 4,182,363 | 4,460,137 |
| Capital Lease Obligation | 1,620,318 | 0 | 389,580 | 1,230,738 |
| Structured Settlements Payable | 9,924 | 0 | 0 | 9,924 |
| Accrued Compensated Absences | 26,536 | 4,435 | 0 | 30,971 |
| Total Proprietary Fund Debt | \$ 10,014,278 | 3,614,435 | 6,841,943 | 6,786,770 |

CITY OF MOORE, OKLAHOMA
Notes to Basic Financial Statements
June 30, 2006

Component Unit Activities:

| <u>Type of Debt</u> | | <u>Balance July 1, 2005</u> | <u>Amount Incurred</u> | <u>Amount Retired</u> | <u>Balance June 30, 2006</u> |
|---------------------------|----|---------------------------------|----------------------------|---------------------------|----------------------------------|
| Revenue Notes Payable | \$ | <u>1,445,000</u> | <u>4,645,000</u> | <u>1,789,762</u> | <u>4,300,238</u> |
| Total Component Unit Debt | \$ | <u>1,445,000</u> | <u>4,645,000</u> | <u>1,789,762</u> | <u>4,300,238</u> |

Annual Debt Service Requirements

The annual debt service requirements to maturity, including principal and interest, for long-term debt, excluding accrued compensated absences, with interest rates applicable at June 30, 2006 are as follows:

| <u>Year Ending June 30,</u> | <u>Governmental Activities</u> | <u>Business Type Activities</u> | <u>Component Unit Activities</u> | <u>Total</u> |
|--|------------------------------------|---|--|-------------------|
| 2007 | 2,133,878 | 2,439,979 | 977,469 | 5,551,326 |
| 2008 | 2,074,753 | 1,346,500 | 977,469 | 4,398,722 |
| 2009 | 2,007,110 | 1,354,515 | 911,162 | 4,272,787 |
| 2010 | 1,815,500 | 935,972 | 579,615 | 3,331,087 |
| 2011 | 1,748,500 | 778,659 | 579,615 | 3,106,774 |
| 2012-2014 | <u>2,097,750</u> | <u>519,177</u> | <u>724,519</u> | <u>3,341,446</u> |
| Total principal and interest | 11,877,491 | 7,374,802 | 4,749,849 | 24,002,142 |
| Less: Interest | <u>894,126</u> | <u>619,003</u> | <u>449,611</u> | <u>1,962,740</u> |
| Principal outstanding at June 30, 2006 | <u>10,983,365</u> | <u>6,755,799</u> | <u>4,300,238</u> | <u>22,039,402</u> |

Defeased Bonds

The City, through its public trust, has, in substance, defeased certain outstanding bond issues by placing deposits in an irrevocable trust escrow account for the purchase of U.S. Government securities to pay the principal and interest on the refunded bonds as they are due and payable. For financial reporting purposes both the defeased bonds outstanding and the escrowed securities have been excluded from the financial statements. At year-end, the remaining outstanding defeased bonds were as follows:

| | | |
|-----------------------------------|----|------------------|
| 1989 MPWA Refunding Revenue Bonds | \$ | 2,170,000 |
| 1992 General Obligation Bonds | | <u>3,600,000</u> |
| Total defeased bonds outstanding | \$ | <u>5,770,000</u> |

CITY OF MOORE, OKLAHOMA
Notes to Basic Financial Statements
June 30, 2006

F. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund operating transfers for the year ended June 30, 2006 were as follows:

| OPERATING TRANSFERS: | <u>TRANSFERS IN</u> | <u>TRANSFERS OUT</u> |
|-----------------------------------|-------------------------|--------------------------|
| GENERAL: | | |
| Special Revenue Fund | \$ 0 | 87,000 |
| Debt Service Fund | 95,634 | 0 |
| MPWA Utilities - Enterprise Fund | 15,904,006 | 14,196,594 |
| Risk Management Fund | <u>0</u> | <u>24,320</u> |
| Total General Fund | <u>15,999,640</u> | <u>14,307,914</u> |
| SPECIAL REVENUE FUNDS: | | |
| General Fund | 87,000 | 0 |
| MPWA Utilities - Enterprise Fund | <u>120,375</u> | <u>0</u> |
| Total Special Revenue Funds | <u>207,375</u> | <u>0</u> |
| DEBT SERVICE FUND: | | |
| General Fund | <u>0</u> | <u>95,634</u> |
| ENTERPRISE FUND: | | |
| MPWA Utilities - Enterprise Fund: | | |
| General Fund | 14,196,594 | 15,904,006 |
| Special Revenue Fund | 0 | 120,375 |
| Risk Management Fund | <u>0</u> | <u>1,159,252</u> |
| Total Enterprise Funds | <u>14,196,594</u> | <u>17,183,633</u> |
| INTERNAL SERVICE FUND: | | |
| MPWA Utilities - Enterprise Fund | 1,159,252 | 0 |
| General Fund | <u>24,320</u> | <u>0</u> |
| Total Internal Service Funds | <u>1,183,572</u> | <u>0</u> |
| GRAND TOTALS | \$ <u>31,587,181</u> | <u>31,587,181</u> |

CITY OF MOORE, OKLAHOMA
Notes to Basic Financial Statements
June 30, 2006

4. OTHER INFORMATION

A. RISK MANAGEMENT

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

| <u>Type of Loss</u> | <u>Method Managed</u> | <u>Risk of Loss Retained</u> |
|---|--|--|
| a. General Liability: - Torts - Errors and omissions - Police liability - Vehicle liability | Self-insured with limits of the Oklahoma Tort Liability Act. Claims reserves set by Moore Risk Management Program Manager. | City is self-insured except for excess public officials and employment practices liability and vehicle liability insurance. City retains risk of loss for first \$250,000 of damages per occurrence. Stop loss insurance carried up to a maximum aggregate of \$3,000,000 per occurrence and in the aggregate. |
| b. Physical Property: - Theft - Damage to assets - Natural disasters | Insured through the purchase of commercial insurance with deductible. | City retains risk up to \$50,000 per occurrence per deductible provision. |
| c. Workers Compensation: - Employee injuries | Self-insured with City administration of the claims process. | Self-insured up to \$250,000 per occurrence for non-union employees and up to \$350,000 per occurrence for police and fire union employees.. Stop-loss insurance carried up to a maximum of \$1,000,000 per occurrence. |
| d. Health and Life: - Medical - Dental | Self-insured with outside administration of the claims process. | Self-insured up to \$75,000 per individual. In addition, City has aggregate coverage. |

The City administers the claims process on all types of coverage with the Moore Risk Management Program Manager monitoring reserves. All settlements are approved by the Moore Risk Management Board and the MPWA Trustees. All activity is accounted for within the MPWA Risk Management Internal Service Fund.

Claims Liability Analysis

The claims liabilities related to the above noted risks of loss that are retained are to be determined in accordance with the requirements of GASB Statement #10 and #30 and Statement of Financial Accounting Standards No. 5, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is possible that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. For the Internal Service MPWA Risk

CITY OF MOORE, OKLAHOMA
Notes to Basic Financial Statements
June 30, 2006

Management Fund, changes in the claims liability for the City from July 1, 2001 to June 30, 2006, are as follows:

| | <u>Workers'</u> <u>Compensation</u> | <u>Health</u> <u>Care</u> | <u>General</u> <u>Liability</u> | <u>Total</u> |
|---|--|------------------------------|------------------------------------|------------------|
| Claim liability, June 30, 2001 | \$ 1,214,000 | \$ 342,000 | \$ 933,000 | \$ 2,489,000 |
| Claims incurred and change in loss estimate | 367,373 | 1,723,442 | (346,803) | 1,744,012 |
| | <u>346,373</u> | <u>1,776,442</u> | <u>83,197</u> | <u>2,206,012</u> |
| Claims payments | 1,235,000 | 289,000 | 503,000 | 2,027,000 |
| Claim liability, June 30, 2002 | 257,330 | 2,128,138 | 239,596 | 2,625,064 |
| Claims incurred and change in loss estimate | 303,330 | 2,144,138 | 47,596 | 2,495,064 |
| | <u>1,189,000</u> | <u>273,000</u> | <u>695,000</u> | <u>2,157,000</u> |
| Claims payments | (79,956) | 2,615,711 | (166,209) | 2,369,546 |
| Claim liability, June 30, 2003 | 117,044 | 2,343,711 | 102,791 | 2,563,546 |
| Claims incurred and change in loss estimate | 992,000 | 545,000 | 426,000 | 1,963,000 |
| | 181,645 | 2,545,088 | (35,108) | 2,691,625 |
| Claims payments | 129,645 | 2,622,088 | 50,892 | 2,802,625 |
| Claim liability, June 30, 2004 | <u>1,044,000</u> | <u>468,000</u> | <u>340,000</u> | <u>1,852,000</u> |
| Claims incurred and change in loss estimate | 85,671 | 2,098,153 | (65,971) | 2,117,853 |
| Claims payments | 72,671 | 2,000,153 | 27,029 | 2,099,853 |
| Claim liability, June 30, 2005 | \$ <u>1,057,000</u> | <u>566,000</u> | <u>247,000</u> | <u>1,870,000</u> |
| Claims incurred and change in loss estimate | | | | |
| Claims payments | | | | |
| Claim liability, June 30, 2006 | | | | |

An amount has been recorded for the liability for incurred but not reported claims at June 30, 2006. These amounts were obtained from actuarial calculations performed by an outside actuarial service.

Assets available to pay all claims at June 30, 2006 were \$1,803,023. (See Note 4.B. regarding pending litigation related to the Risk management Program.)

B. CONTINGENCIES AND COMMITMENTS

Contingencies

Grant Program Involvement

In the normal course of operations, the City participates in various federal and state grant/loan programs from year to year. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. Any liability of reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

General Litigation

The City and Public Works Authority are parties to various legal proceedings which normally occur in the course of governmental operations. The financial statements do not include accruals or provisions for loss contingencies that may result from these proceedings. State statutes provide for the levy of an ad valorem tax

CITY OF MOORE, OKLAHOMA
Notes to Basic Financial Statements
June 30, 2006

over a three-year period by a City "Sinking Fund" for the payment of any court assessed judgment rendered against the City.

While the outcome of the above noted proceedings cannot be predicted, due to the self-insurance reserves maintained by the City and the State statute relating to judgments, the City feels that any settlement or judgment not covered by insurance reserves would not have a material adverse effect on the financial condition of the City.

Moore Risk Management Program - Health Provider Credit

The Risk Management Program contracts with a third party through Integris Health to price health claims on behalf of the program. The third party fee for service is not included in the financial statements of the Moore Risk Management Fund. Due to changes in the program several years ago, the City has a credit with Integris Health from which the annual fee is deducted. The balance of the credit at June 30, 2006, is uncertain but estimated to be approximately \$1,173,575. The City is also uncertain as to the amount of time Integris will honor the credit. Sufficient information is presently unavailable from Integris as to the actual amount and use of the credit. As a result, this credit and transactions related to its use are not reflected in the financial statements.

Commitments

Privatization of Public Works Authority Services

On December 10, 1993, the City entered into an agreement with Veolia Water to manage, operate and maintain the wastewater treatment plant, water facilities, sanitation services and other Public Works services as directed by the City. All facilities managed by Veolia Water remain the property of the City of Moore. On September 2, 1997, the City amended the contract to include the maintenance, operation and management of the waste water treatment plant and water facilities only.

The City pays an annual contract fee for all Veolia Water services. This fee includes maintenance and repairs of \$87,535. Any maintenance and repairs incurred over this amount are reimbursed by the City. The annual fee is paid in monthly installments and is adjusted each contract year based upon the consumer price index for urban consumers. For the year ended June 30, 2006, the City paid \$2,070,277 for the annual fee and \$713,295 in maintenance and repair costs.

C. PENSION PLANS

The City participates in three employee pension systems as follows :

| <u>Name of Plan/System</u> | <u>Type of Plan</u> |
|---|---|
| City of Moore 457 Defined Benefit Plan | Single Employer-Defined Benefit Plan |
| Oklahoma Police Pension and Retirement Fund | Cost Sharing Multiple Employer - Defined Benefit Plan |
| Oklahoma Firefighters Pension and Retirement Fund | Cost Sharing Multiple Employer - Defined Benefit Plan |

CITY OF MOORE, OKLAHOMA
Notes to Basic Financial Statements
June 30, 2006

Deferred Compensation Plan

City employees may participate in a deferred compensation plan created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not available to employees until termination, retirement, death or in case of an unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income that is attributable to those amounts, property or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the City (without being restricted to the provisions of benefits under the plan), subject only to the claims of the City's general creditors. Participants' rights under the plan are equal to those of general creditors of the City in an amount equal to the fair market value of the deferred account for each participant.

It is the City's opinion that it has no liability for losses under the plan but does have the duty of due care that would be required on an ordinary prudent investor. The City believes that it is unlikely that it will use the assets of the plan to satisfy the claims of general creditors in the future.

An agency fund is established to account for these deferred amounts as prescribed by GASB Statement No. 2 "Financial Reporting of Deferred Compensation Plans Adopted under the Provisions of Internal Revenue Code Section 457". As of June 30, 2006, the market value of the amount on deposit with the plan was \$4,565,281.

Oklahoma Police and Firefighter's Pension and Retirement Systems

The City of Moore, as the employer, participates in two statewide cost-sharing multiple employer defined benefit plans on behalf of the police officers and firefighters. The systems are funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary. The following is a summary of eligibility factors, contribution methods, and benefit provisions.

A. Eligibility Factors, Contribution Methods, and Benefit Provisions

| | 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 | Firefighter's Pension & Retirement 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 hired before age 45. |
| Authority establishing contribution obligations and benefits | State Statute | State Statute |

CITY OF MOORE, OKLAHOMA
Notes to Basic Financial Statements
June 30, 2006

| | | |
|---|---|---|
| Employee's contribution rate (percent of covered Payroll) | 8% | 8% |
| 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 distribution (full time) | 20 years credited service, 2 1/2% 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 1/2% 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 \$5.46 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. | Yes, 20 years credited service with continued service for a maximum of 30 or more years. |
| Provisions for: | Yes | Yes, if vested by 5/83 |
| Cost of living adjustments (normal retirement) | | Yes |
| Death (duty, non-duty, post retirement) | Yes | |
| Disability (duty, non-duty) | Yes | Yes |
| Cost of living allowances | Yes | Yes |

CITY OF MOORE, OKLAHOMA
Notes to Basic Financial Statements
June 30, 2006

B. Trend Information

Contributions required by State statute and made:

| Fiscal Year | Oklahoma Police Pension and Retirement System | | Oklahoma Firefighter's Pension and Retirement System | |
|----------------|---|---------------------------|--|---------------------------|
| | Required Contribution | Percentage Contributed | Required Contribution | Percentage Contributed |
| 2002 | \$ 348,619 | 100% | \$ 376,185 | 100% |
| 2003 | 368,240 | 100% | 399,877 | 100% |
| 2004 | 406,665 | 100% | 404,819 | 100% |
| 2005 | 409,135 | 100% | 418,729 | 100% |
| 2006 | | 100% | | 100% |

Trend information showing the progress of the Systems in accumulating sufficient assets to pay benefits when due is presented in their respective separate annual financial reports.

C. Related Party Investments

As of June 30, 2006, the Systems held no related-party investments of the City or of its related entities.

REQUIRED SUPPLEMENTARY INFORMATION

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

Budgetary Comparison Schedules

- General Fund
- Special Revenue Fund
- 2003 Street Project Fund
- Debt Service Fund
- Cemetery Fund
- Moore Public Works Authority
- Risk Management Fund

City of Moore, Oklahoma
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2006

| | <u>Budgeted Amounts</u> | | Actual | Variance With |
|--|-------------------------|-------------------|-------------------------------|---------------------------------|
| | <u>Original</u> | <u>Final</u> | Amounts Budgetary Basis | Final Budget Over (Under) |
| REVENUES | | | | |
| Taxes | \$ | | | |
| Sales tax | 13,850,000 | 14,196,500 | 14,196,595 | 95 |
| Use tax | 255,000 | 457,000 | 457,330 | 330 |
| Franchise tax | 1,535,000 | 1,686,000 | 1,687,104 | 1,104 |
| Other tax | 90,000 | 208,000 | 208,227 | 227 |
| Intergovernmental | 590,000 | 590,000 | 628,936 | 38,936 |
| Licenses and permits | 353,000 | 511,000 | 533,909 | 22,909 |
| Charge for services | 101,500 | 107,000 | 111,214 | 4,214 |
| Fines and forfeitures | 915,000 | 1,157,000 | 1,173,344 | 16,344 |
| Investment revenue | 35,500 | 40,000 | 127,294 | 87,294 |
| Miscellaneous | 330,425 | 320,425 | 498,043 | 177,618 |
| Total revenues | <u>18,055,425</u> | <u>19,272,925</u> | <u>19,621,996</u> | <u>349,071</u> |
| EXPENDITURES | | | | |
| General government | 1,622,820 | 1,459,316 | 1,434,986 | 24,330 |
| Managerial | 429,950 | 430,267 | 430,266 | 1 |
| City attorney | 239,319 | 257,319 | 255,229 | 2,090 |
| Central purchasing | 0 | 1,300 | 700 | 600 |
| Finance | 867,737 | 916,337 | 916,289 | 48 |
| Information services | 61,458 | 72,192 | 72,192 | 0 |
| Municipal court | 298,368 | 316,468 | 316,433 | 35 |
| Police | 5,684,062 | 6,032,402 | 5,970,301 | 62,101 |
| Communications | 571,725 | 528,767 | 494,957 | 33,810 |
| Emergency management | 114,373 | 154,801 | 117,227 | 37,574 |
| Fire | 4,707,051 | 4,790,892 | 4,788,474 | 2,418 |
| Public works administration | 335,270 | 366,122 | 228,318 | 137,804 |
| Streets and drainage | 1,504,589 | 3,481,289 | 2,999,836 | 481,453 |
| Animal adoption center | 239,887 | 228,187 | 227,964 | 223 |
| Fleet maintenance | 327,732 | 388,600 | 377,787 | 10,813 |
| Building maintenance | 233,240 | 261,224 | 258,923 | 2,301 |
| Planning | 220,180 | 338,240 | 312,202 | 26,038 |
| Inspections | 346,929 | 346,929 | 334,289 | 12,640 |
| Code enforcement | 184,367 | 218,367 | 216,722 | 1,645 |
| Moore Beautiful program | 228,065 | 231,197 | 230,196 | 1,001 |
| Parks and recreation | 355,011 | 381,468 | 377,972 | 3,496 |
| Brand senior citizens center | 103,547 | 113,547 | 105,280 | 8,267 |
| Swimming pool | 163,595 | 163,595 | 151,170 | 12,425 |
| Parks and recreation activities | 88,497 | 88,497 | 76,730 | 11,767 |
| Park maintenance | 331,456 | 359,656 | 356,392 | 3,264 |
| Library | 194,839 | 196,839 | 140,409 | 56,430 |
| Moore/Smith cemetery | 50,000 | 42,700 | 687 | 42,013 |
| Total expenditures | <u>19,504,067</u> | <u>22,166,518</u> | <u>21,191,931</u> | <u>974,587</u> |
| Excess (deficiency) of revenues over (under) expenditures | (1,448,642) | (2,893,593) | (1,569,935) | (625,516) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers | 1,448,642 | 1,326,642 | 1,382,956 | 56,314 |
| Net change in fund balances | 0 | (1,566,951) | (186,979) | (569,202) |
| Fund balances - beginning | 0 | 1,566,951 | 2,864,783 | (80,563) |
| Fund balances - ending | <u>\$ 0</u> | <u>0</u> | <u>2,677,804</u> | <u>(649,765)</u> |

See accompanying notes to financial statements.

City of Moore, Oklahoma
Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2006

| | <u>Budgeted Amounts</u> | | Actual | Variance With |
|--|-------------------------|------------------|--------------------------------------|--|
| | <u>Original</u> | <u>Final</u> | Amounts Budgetary <u>Basis</u> | Final Budget Over <u>(Under)</u> |
| REVENUES | | | | |
| Taxes | \$ 548,000 | 548,000 | 714,711 | 166,711 |
| Intergovernmental | 618,000 | 618,000 | 560,936 | (57,064) |
| Licenses and permits | 18,000 | 18,000 | 16,938 | (1,062) |
| Fines and forfeitures | 5,000 | 5,000 | 4,714 | (286) |
| Investment revenue | 300 | 300 | 37,257 | 36,957 |
| Miscellaneous | 4,800 | 4,800 | 49,612 | 44,812 |
| Total revenues | <u>1,194,100</u> | <u>1,194,100</u> | <u>1,384,168</u> | <u>190,068</u> |
| EXPENDITURES | | | | |
| General government | 0 | 0 | 0 | 0 |
| Public Safety | 1,289,100 | 704,731 | 234,034 | 470,697 |
| Streets | 400,000 | 917,311 | 420,302 | 497,009 |
| Cultural and recreation | 500 | 477,780 | 411,673 | 66,107 |
| Community development | 224,000 | 1,082,229 | 669,963 | 412,266 |
| Total expenditures | <u>1,913,600</u> | <u>3,182,051</u> | <u>1,735,972</u> | <u>1,446,079</u> |
| Excess (deficiency) of revenues over (under) expenditures | (719,500) | (1,987,951) | (351,804) | (1,256,011) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers | <u>719,500</u> | <u>719,500</u> | <u>207,375</u> | <u>(512,125)</u> |
| Net change in fund balances | 0 | (1,268,451) | (144,429) | (1,768,136) |
| Fund balances - beginning | 1,268,451 | 1,268,451 | 575,517 | (692,934) |
| Fund balances - ending | <u>\$ 1,268,451</u> | <u>0</u> | <u>431,088</u> | <u>(2,461,070)</u> |

See accompanying notes to financial statements.

City of Moore, Oklahoma
2003 Street Project Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2006

| | <u>Budgeted Amounts</u> | | Actual Amounts Budgetary Basis | Variance With Final Budget Over (Under) |
|--|-------------------------|------------------|---|--|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Investment revenue | \$ 20,000 | 20,000 | 111,143 | 91,143 |
| Miscellaneous | 3,500,000 | 3,500,000 | 665 | (3,499,335) |
| Total revenues | <u>3,520,000</u> | <u>3,520,000</u> | <u>111,808</u> | <u>(3,408,192)</u> |
| EXPENDITURES | | | | |
| Streets and drainage | 3,520,000 | 4,778,000 | 1,456,835 | 3,321,165 |
| Total expenditures | <u>3,520,000</u> | <u>4,778,000</u> | <u>1,456,835</u> | <u>3,321,165</u> |
| Excess (deficiency) of revenues over (under) expenditures | 0 | (1,258,000) | (1,345,027) | (6,729,357) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Net change in fund balances | 0 | (1,258,000) | (1,345,027) | (6,729,357) |
| Fund balances - beginning | 1,258,000 | 1,258,000 | 3,534,395 | 2,276,395 |
| Fund balances - ending | <u>\$ 1,258,000</u> | <u>0</u> | <u>2,189,368</u> | <u>(4,452,962)</u> |

See accompanying notes to financial statements.

City of Moore, Oklahoma
Debt Service Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2006

| | <u>Budgeted Amounts</u> | | Actual Amounts Budgetary Basis | Variance With Final Budget Over (Under) |
|--|-------------------------|------------------|---|--|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Taxes | \$ 2,046,250 | 2,085,570 | 2,152,179 | 66,609 |
| Investment revenue | 15,000 | 15,000 | 71,314 | 56,314 |
| Total revenues | <u>2,061,250</u> | <u>2,100,570</u> | <u>2,223,493</u> | <u>122,923</u> |
| EXPENDITURES | | | | |
| Debt service | 2,061,250 | 3,061,250 | 1,947,285 | 1,113,965 |
| Total expenditures | <u>2,061,250</u> | <u>3,061,250</u> | <u>1,947,285</u> | <u>1,113,965</u> |
| Excess (deficiency) of revenues over (under) expenditures | 0 | (960,680) | 276,208 | (991,042) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers | <u>0</u> | <u>(39,320)</u> | <u>(95,634)</u> | <u>(56,314)</u> |
| Net change in fund balances | 0 | (1,000,000) | 180,574 | (1,047,356) |
| Fund balances - beginning | 1,000,000 | 1,000,000 | 3,290,928 | 2,290,928 |
| Fund balances - ending | <u>\$ 1,000,000</u> | <u>0</u> | <u>3,471,502</u> | <u>1,243,572</u> |

See accompanying notes to financial statements.

City of Moore, Oklahoma
 Cemetery Perpetual Care Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balances
 Budget and Actual
 For the Year Ended June 30, 2006

| | <u>Budgeted Amounts</u> | | Actual Amounts Budgetary Basis | Variance With Final Budget Over (Under) |
|--|-------------------------|---------------|---|--|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Charge for services | \$ 29,500 | 29,500 | 6,845 | (22,655) |
| Miscellaneous | 0 | 0 | 0 | 0 |
| Total revenues | <u>29,500</u> | <u>29,500</u> | <u>6,845</u> | <u>(22,655)</u> |
| EXPENDITURES | | | | |
| Cemetery maintenance | 29,500 | 29,500 | 2,996 | 26,504 |
| Total expenditures | <u>29,500</u> | <u>29,500</u> | <u>2,996</u> | <u>26,504</u> |
| Excess (deficiency) of revenues over (under) expenditures | 0 | 0 | 3,849 | (49,159) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers | 0 | 0 | 0 | 0 |
| Net change in fund balances | 0 | 0 | 3,849 | (49,159) |
| Fund balances - beginning | 0 | 0 | 20,099 | 20,099 |
| Fund balances - ending | <u>\$ 0</u> | <u>0</u> | <u>23,948</u> | <u>(29,060)</u> |

See accompanying notes to financial statements.

City of Moore, Oklahoma
Moore Public Works Authority
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2006

| | <u>Budgeted Amounts</u> | | Actual Amounts Budgetary Basis | Variance With Final Budget Over (Under) |
|--|-------------------------|--------------------|---|--|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Charge for services | \$ 12,536,000 | 12,543,000 | 13,085,833 | 542,833 |
| Investment revenue | 22,000 | 7,000 | 142,729 | 135,729 |
| Miscellaneous | 33,200 | 41,200 | 414,642 | 373,442 |
| Total revenues | <u>12,591,200</u> | <u>12,591,200</u> | <u>13,643,204</u> | <u>1,052,004</u> |
| EXPENDITURES | | | | |
| Personal services | 646,254 | 526,725 | 521,573 | 5,152 |
| Maintenance, operations, and contractual services | 4,795,859 | 5,109,988 | 6,429,698 | (1,319,710) |
| Material and supplies | 80,350 | 77,750 | 99,056 | (21,306) |
| Capital Outlay | 2,974,721 | 2,866,132 | 287,207 | (2,578,925) |
| Debt Services | 1,227,352 | 1,227,352 | 1,290,260 | 62,908 |
| Total expenditures | <u>9,724,536</u> | <u>9,807,947</u> | <u>8,627,794</u> | <u>(3,851,881)</u> |
| Excess (deficiency) of revenues over (under) expenditures | 2,866,664 | 2,783,253 | 5,015,410 | 4,903,885 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers | <u>(2,866,664)</u> | <u>(2,866,664)</u> | <u>(2,987,039)</u> | <u>(120,375)</u> |
| Net change in fund balances | 0 | (83,411) | 2,028,371 | 4,783,510 |
| Fund balances - beginning | 1,936,956 | 1,853,545 | 1,196,532 | (657,013) |
| Fund balances - ending | <u>\$ 1,936,956</u> | <u>1,770,134</u> | <u>3,224,903</u> | <u>4,126,497</u> |

See accompanying notes to financial statements.

City of Moore, Oklahoma
Risk Management
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2006

| | <u>Budgeted Amounts</u> | | Actual Amounts Budgetary Basis | Variance With Final Budget Over (Under) |
|--|-------------------------|------------------|---|--|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Charge for services | \$ 1,845,000 | 1,845,000 | 2,062,103 | 217,103 |
| Investment revenue | 6,000 | 6,000 | 48,344 | 42,344 |
| Miscellaneous | 11,546 | 11,546 | 154,779 | 143,233 |
| Total revenues | <u>1,862,546</u> | <u>1,862,546</u> | <u>2,265,226</u> | <u>402,680</u> |
| EXPENDITURES | | | | |
| Personal services | 154,529 | 154,529 | 170,558 | (16,029) |
| Maintenance, operations, and contractual services | 0 | 0 | 0 | 0 |
| Material and supplies | 2,600 | 2,600 | 1,388 | 1,212 |
| Insurance claims and expenses | 3,433,936 | 3,775,996 | 3,678,892 | 97,104 |
| Capital Outlay | | 0 | 0 | 0 |
| Total expenditures | <u>3,591,065</u> | <u>3,933,125</u> | <u>3,850,838</u> | <u>82,287</u> |
| Excess (deficiency) of revenues over (under) expenditures | (1,728,519) | (2,070,579) | (1,585,612) | 320,393 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers | 1,728,519 | 1,183,572 | 1,183,572 | 0 |
| Net change in fund balances | 0 | (887,007) | (402,040) | 320,393 |
| Fund balances - beginning | 1,936,956 | 1,049,949 | 206,781 | (843,168) |
| Fund balances - ending | <u>\$ 1,936,956</u> | <u>162,942</u> | <u>(195,259)</u> | <u>(522,775)</u> |

See accompanying notes to financial statements.

CITY OF MOORE, OKLAHOMA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
ON BUDGETARY ACCOUNTING AND CONTROL
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

BUDGETARY ACCOUNTING AND CONTROL

Budget Law

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

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

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

- Personal Services
- Materials and Supplies
- Other Services and Charges
- Capital Outlay
- Debt Service
- Interfund Transfers

All supplemental appropriations require the approval of the City Council. All transfers of appropriation between department and object categories require the approval of the City Manager.

The City prepared and adopted a legal annual budget for all governmental funds.

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

CITY OF MOORE, OKLAHOMA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
ON BUDGETARY ACCOUNTING AND CONTROL
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

Budgetary Accounting

The annual operating budgets of the General and Moore Public Works Authority funds are prepared and presented on the modified accrual basis of accounting.

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

STATISTICAL SECTION

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

| Fiscal Year | General Government | Public Safety | Streets | Public Works | Culture & Recreation | Community Development | Debt Service | Total |
|-------------|--------------------|---------------|-----------|--------------|----------------------|-----------------------|--------------|---------------|
| 2005-06 | \$ 2,573,927 | 12,149,390 | 4,876,973 | 865,028 | 1,853,505 | 1,533,176 | 1,947,285 | \$ 25,799,284 |
| 2004-05 | 2,459,258 | 11,609,134 | 4,800,439 | 697,088 | 1,972,973 | 1,074,762 | 1,459,693 | 24,073,347 |
| 2003-04 | 2,448,271 | 10,636,141 | 4,569,997 | 1,210,915 | 907,751 | 1,795,604 | 1,064,618 | 22,633,297 |
| 2002-03 | 2,713,306 | 10,481,507 | 1,594,154 | 1,140,710 | 956,224 | 1,317,845 | 1,706,555 | 19,910,301 |
| 2001-02 | 3,128,959 | 8,666,943 | 2,353,560 | 1,424,857 | 618,299 | 511,069 | 1,211,762 | 17,915,449 |
| 2000-01 | 4,419,068 | 8,218,416 | 1,403,596 | 1,220,577 | 538,731 | 496,011 | 1,346,872 | 17,643,271 |
| 1999-00 | 5,171,434 | 7,420,703 | 2,225,760 | 1,522,691 | 540,487 | 420,863 | 1,344,260 | 18,646,198 |
| 1998-99 | 7,172,858 | 6,971,111 | 1,088,495 | 2,445,401 | 500,995 | 436,595 | 1,645,135 | 20,260,590 |
| 1997-98 | 2,252,577 | 6,487,543 | 748,029 | 3,691,628 | 411,152 | 447,679 | 1,737,857 | 15,776,465 |
| 1996-97 | 1,747,829 | 5,859,999 | 227,121 | 1,672,008 | 205,095 | 426,833 | 1,699,143 | 11,838,028 |

City of Moore, Oklahoma
 General Governmental Revenues by Source
Last Ten Fiscal Years

| Fiscal Year | Taxes | Intergovernmental | Licenses & Permits | Charges for Services | Fines & Forfeitures | Investment Income | Misc. Revenues | Total |
|-------------|---------------|-------------------|--------------------|----------------------|---------------------|-------------------|----------------|---------------|
| 2005-06 | \$ 19,731,199 | 1,189,872 | 550,847 | 118,059 | 1,178,058 | 347,008 | 548,320 | \$ 23,663,363 |
| 2004-05 | 17,711,771 | 1,558,992 | 476,166 | 139,667 | 1,049,775 | 235,539 | 400,375 | 21,572,285 |
| 2003-04 | 17,568,982 | 1,360,140 | 471,379 | 124,695 | 1,069,497 | 98,383 | 451,620 | 21,144,696 |
| 2002-03 | 14,435,218 | 1,909,100 | 388,318 | 103,798 | 1,145,879 | 89,182 | 452,533 | 18,524,028 |
| 2001-02 | 14,046,543 | 1,095,182 | 346,741 | 132,057 | 1,088,506 | 67,624 | 233,169 | 17,009,822 |
| 2000-01 | 12,801,069 | 2,106,362 | 299,719 | 113,189 | 1,203,203 | 161,710 | 392,482 | 17,077,734 |
| 1999-00 | 12,847,971 | 2,791,232 | 291,195 | 143,382 | 1,071,024 | 190,925 | 977,488 | 18,313,217 |
| 1998-99 | 12,317,500 | 5,700,647 | 239,997 | 396,799 | 1,108,174 | 148,863 | 450,560 | 20,362,540 |
| 1997-98 | 11,273,155 | 557,349 | 203,511 | 170,867 | 1,104,761 | 205,876 | 228,678 | 13,744,197 |
| 1996-97 | 10,664,339 | 461,577 | 190,415 | 76,729 | 849,328 | 299,971 | 139,393 | 12,681,752 |

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

| Fiscal Year | Total Tax Levy | Current Tax Collections and Adjustments | Percent of Current Taxes Collected |
|----------------|-------------------|---|---|
| 2005-06 | \$ 2,187,819 | 2,135,679 | 97.62% |
| 2004-05 | 2,254,618 | 2,229,734 | 98.90% |
| 2003-04 | 2,509,857 | 2,597,836 | 103.51% |
| 2002-03 | 929,659 | 926,972 | 99.71% |
| 2001-02 | 1,069,037 | 1,078,331 | 100.87% |
| 2000-01 | 1,215,891 | 1,212,446 | 99.72% |
| 1999-00 | 1,378,818 | 1,432,810 | 103.92% |
| 1998-99 | 1,651,498 | 1,729,717 | 104.74% |
| 1997-98 | 1,419,750 | 1,409,046 | 99.25% |
| 1996-97 | 1,497,330 | 1,574,055 | 105.12% |

City of Moore, Oklahoma
Assessed Value of Taxable Property
Last Ten Fiscal Years

| Fiscal Year | Real Property | Personal Property | Public Service Property | Homestead Exemption | Total Actual | | Ratio of Total Assessed Value to Total Estimated Actual Value |
|-------------|---------------|-------------------|-------------------------|---------------------|----------------|------------------------|---|
| | | | | | Assessed Value | Estimated Actual Value | |
| 2006 | 212,143,838 | 13,335,903 | 10,578,813 | 10,691,600 | 225,366,954 | 1,878,057,950 | 12% |
| 2005 | 188,190,985 | 11,349,974 | 10,676,621 | 9,266,766 | 200,950,814 | 1,674,590,117 | 12% |
| 2004 | 163,962,969 | 10,580,435 | 9,416,252 | 8,975,632 | 174,984,024 | 1,458,200,200 | 12% |
| 2003 | 130,688,641 | 9,377,804 | 8,593,015 | 8,693,517 | 139,965,943 | 1,166,382,858 | 12% |
| 2002 | 123,087,259 | 8,351,001 | 8,149,649 | 8,648,532 | 130,939,377 | 1,091,161,475 | 12% |
| 2001 | 111,811,901 | 7,421,146 | 5,190,340 | 8,418,932 | 116,004,455 | 966,703,792 | 12% |
| 2000 | 99,461,587 | 8,164,133 | 6,724,860 | 8,623,211 | 105,727,369 | 881,061,408 | 12% |
| 1999 | 107,517,439 | 7,114,436 | 5,748,044 | 8,679,468 | 111,700,451 | 930,837,092 | 12% |
| 1998 | 100,082,415 | 6,016,845 | 5,966,282 | 8,636,205 | 103,429,337 | 861,911,142 | 12% |
| 1997 | 94,962,645 | 5,201,290 | 5,582,646 | 8,497,265 | 97,249,316 | 810,410,967 | 12% |

City of Moore, Oklahoma
Property Tax Rates- All Overlapping Governments
(Per \$1,000 of Assessed Value)
Last Ten Years

| Year | City Sinking Fund | Cleveland County | Moore Schools | Total Moore Resident |
|------|-------------------------|---------------------|------------------|----------------------------|
| 2006 | 8.55 | | | 8.55 |
| 2005 | 10.89 | 16.96 | 76.21 | 104.06 |
| 2004 | 16.85 | 16.97 | 76.55 | 110.37 |
| 2003 | 6.25 | 21.17 | 72.74 | 100.16 |
| 2002 | 7.66 | 21.21 | 71.07 | 99.94 |
| 2001 | 9.77 | 21.28 | 72.40 | 103.45 |
| 2000 | 12.06 | 21.11 | 74.12 | 107.29 |
| 1999 | 15.52 | 21.31 | 74.80 | 111.63 |
| 1998 | 13.73 | 21.35 | 69.76 | 104.84 |
| 1997 | 15.40 | 21.55 | 69.58 | 106.53 |

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

City of Moore, Oklahoma
Computation of Legal Debt Margin
June 30, 2006

| | |
|------------------------------|----------------|
| Net assessed valuation | \$ 225,366,954 |
| Debt limit (a) | 22,536,695 |
| Applicable bonds outstanding | 10,600,000 |
| Legal debt margin | \$ 11,936,695 |

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

| Fiscal Year | Population (1) | Assessed Value* (2) | Net Bonded Debt | Ratio of Net Bonded Debt to Assessed Value | Net Bonded Debt Per Capita |
|----------------|----------------|------------------------|-----------------------|--|--|
| 2005-06 | 46,852 | 225,366,954 | 10,600,000 | 4.70% | 226 |
| 2004-05 | 46,852 | 200,950,814 | 12,070,000 | 6.01% | 258 |
| 2003-04 | 45,000 | 174,984,024 | 12,670,000 | 7.24% | 282 |
| 2002-03 | 43,500 | 139,965,943 | 13,270,000 | 9.48% | 305 |
| 2001-02 | 43,000 | 130,939,377 | 6,000,000 | 4.58% | 140 |
| 2000-01 | 42,000 | 116,004,455 | 6,600,000 | 5.69% | 157 |
| 1999-00 | 41,138 * | 105,727,369 | 7,350,000 | 6.95% | 179 |
| 1998-99 | 45,000 | 111,700,451 | 8,100,000 | 7.25% | 180 |
| 1997-98 | 44,500 | 103,429,337 | 8,975,000 | 8.68% | 202 |
| 1996-97 | 44,100 | 97,249,316 | 9,850,000 | 10.13% | 223 |

(1) From table Demographics

(2) From table Assessed Value of Property

* As a result of the May 3, 1999 F5 tornado, several thousand people were not present during the 2000 census.

City of Moore, Oklahoma
Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt
to Total General Governmental Expenditures
Last Ten Fiscal Years

| Fiscal Year | Principal | Interest (1) | Total Debt Service | Total General Governmental Expenditures (2) | Ratio of Debt Service to Government Expenditures |
|----------------|-----------|--------------|--------------------------|--|--|
| 2005-06 | 1,470,000 | 476,345 | 1,946,345 | 25,799,284 | 7.54% |
| 2004-05 | 600,000 | 286,500 | 886,500 | 24,073,347 | 3.68% |
| 2003-04 | 600,000 | 322,500 | 922,500 | 22,633,297 | 4.08% |
| 2002-03 | 600,000 | 358,500 | 958,500 | 19,910,301 | 4.81% |
| 2001-02 | 600,000 | 394,500 | 994,500 | 17,915,449 | 5.55% |
| 2000-01 | 750,000 | 435,750 | 1,185,750 | 17,643,271 | 6.72% |
| 1999-00 | 750,000 | 432,375 | 1,182,375 | 18,646,198 | 6.34% |
| 1998-99 | 875,000 | 568,900 | 1,443,900 | 20,260,590 | 7.13% |
| 1997-98 | 980,378 | 663,004 | 1,643,382 | 15,776,465 | 10.42% |
| 1996-97 | 875,000 | 715,014 | 1,590,014 | 11,838,028 | 13.43% |

(1) Excludes bond issuance and other costs

(2) Totals from General Governmental Expenditures by Function table

City of Moore, Oklahoma
Revenue Bond and Note Coverage-Last Ten Fiscal Years
June 30, 2006

| Fiscal Year | Gross Revenues | Direct Operating Expenses | Net Revenue Available for Debt Service | Maximum Annual Debt Service | Debt Service Coverage |
|----------------|-------------------|---------------------------------|--|-----------------------------------|-----------------------------|
| 2006 | 27,282,428 | 7,366,007 | 19,916,421 | 3,672,626 | 5.42 |
| 2005 | 25,515,709 | 7,642,879 | 17,872,830 | 3,427,595 | 5.21 |
| 2004 | 23,583,245 | 6,191,004 | 17,392,241 | 3,427,595 | 5.07 |
| 2003 | 22,671,040 | 4,540,415 | 18,130,625 | 9,005,416 | 2.01 |
| 2002 | 21,579,987 | 7,722,617 | 13,857,370 | 4,465,149 | 3.10 |
| 2001 | 19,555,452 | 6,416,693 | 13,138,759 | 4,340,232 | 3.03 |
| 2000 | 18,725,546 | 4,700,306 | 14,025,240 | 1,952,042 | 7.18 |
| 1999 | 18,351,211 | 7,707,462 | 10,643,749 | 4,194,320 | 2.54 |
| 1998 | 17,230,728 | 7,998,869 | 9,231,859 | 5,115,655 | 1.80 |
| 1997 | 16,267,052 | 9,769,714 | 6,497,338 | 5,030,433 | 1.29 |

**City of Moore, Oklahoma
Demographic Statistics**

| <u>Year</u> | <u>Estimated Population</u> | <u>Per Capita Income (1)</u> | <u>Moore Public School District Enrollment</u> | <u>Unemployment Rate as a Percentage(2)</u> |
|-------------|---------------------------------|----------------------------------|--|---|
| 2006 | 46,852 | | | |
| 2005 | 46,852 | 28,985 | 19,140 | 3.5 |
| 2004 | 45,000 | 26,800 | 18,221 | 2.9 |
| 2003 | 43,500 | 25,911 | 18,452 | 2.6 |
| 2002 | 43,000 | 25,670 | 18,500 | 2.6 |
| 2001 | 42,000 | 25,436 | 17,996 | 1.5 |
| 2000 | 41,138 | 23,269 | 18,010 | 1.7 |
| 1999 | 45,000 | 23,226 | 18,208 | 2.6 |
| 1998 | 44,500 | 21,870 | 18,259 | 2.1 |
| 1997 | 44,100 | 21,299 | 18,243 | 2.1 |

Source : City of Moore Community Development Department.

- (1) Per capita income is Cleveland County portion of Oklahoma City Metro area.
- (2) Unemployment rate provided by Cleveland County.

**City of Moore, Oklahoma
New Construction
Last Ten Fiscal Years**

| Calendar Year | Commercial Construction | | Residential Construction | | Total New Construction |
|------------------|----------------------------|------------|-----------------------------|------------|---------------------------|
| | Number of Units | Value | Number of Units | Value | |
| 2005 | | | | | 0 |
| 2004 | 25 | 16,574,096 | 817 | 99,031,227 | 115,605,323 |
| 2003 | 20 | 41,271,500 | 744 | 82,039,103 | 123,310,603 |
| 2002 | 36 | 45,873,799 | 464 | 45,382,694 | 91,256,493 |
| 2001 | 57 | 32,344,016 | 390 | 28,905,300 | 61,249,316 |
| 2000 | 28 | 30,930,938 | 345 | 11,812,280 | 42,743,218 |
| 1999 | 51 | 42,586,542 | 770 | 14,535,916 | 57,122,458 |
| 1998 | 48 | 21,974,327 | 347 | 9,275,128 | 31,249,455 |
| 1997 | 57 | 13,195,942 | 272 | 11,922,683 | 25,118,625 |
| 1996 | 59 | 17,254,888 | 342 | 6,128,549 | 23,383,437 |

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

City of Moore, Oklahoma
Miscellaneous Statistics
June 30, 2006

| | |
|--|-------------------|
| Date of Incorporation | 1893 |
| Form of government | Council-manager |
| Square miles in city limits | 22 |
| Miles of streets | 461.46 Lane miles |
| Education | |
| Number of primary schools | 21 |
| Number of secondary schools | 5 |
| Number of high schools | 2 |
| Number of colleges | 2 |
| Police Protection | |
| Number of officers | 63 |
| Fire Protection | |
| Number of stations | 3 |
| Number of personnel per shift | 17 |
| Public Works | |
| Water storage capacity (millions of gallons) | 4 |
| Miles of water lines | 195 |
| Miles of sanitary sewer lines | 185 |

Information obtained from various departments of the City of Moore.

City of Moore, Oklahoma
Miscellaneous Statistics, Continued
June 30, 2006

City Employees

| <u>Fiscal Year</u> | <u>Full Time Equivalents (2)</u> |
|------------------------|--------------------------------------|
| 2005-06 | |
| 2004-05 | 288 |
| 2003-04 | 286 |
| 2002-03 | 285 |
| 2001-02 | 285 |
| 2000-01 | 281 |
| 1999-00 | 274 |
| 1998-99 | (1) 267 |
| 1997-98 | 197 |
| 1996-97 | 180 |

(1) City assumed operation of Public Works and Parks & Recreation departments.

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

City of Moore, Oklahoma
Miscellaneous Statistics, Continued
June 30, 2006

City Water Usage (Gallons)

| Fiscal Year | Billed Annual Usage | Average Daily Usage |
|----------------|---------------------------|---------------------------|
| 2005-06 | 1,722,634,209 | 4,719,546 |
| 2004-05 | 1,487,011,954 | 4,074,005 |
| 2003-04 | 1,577,667,000 | 4,322,375 |
| 2002-03 | 1,724,490,000 | 4,724,630 |
| 2001-02 | 1,423,612,000 | 3,900,307 |
| 2000-01 | 1,517,934,000 | 4,158,723 |
| 1999-00 | 1,244,767,000 | 3,410,321 |
| 1998-99 | 1,338,616,000 | 3,667,441 |
| 1997-98 | 1,289,308,000 | 3,532,351 |
| 1996-97 | 1,231,187,000 | 3,373,115 |