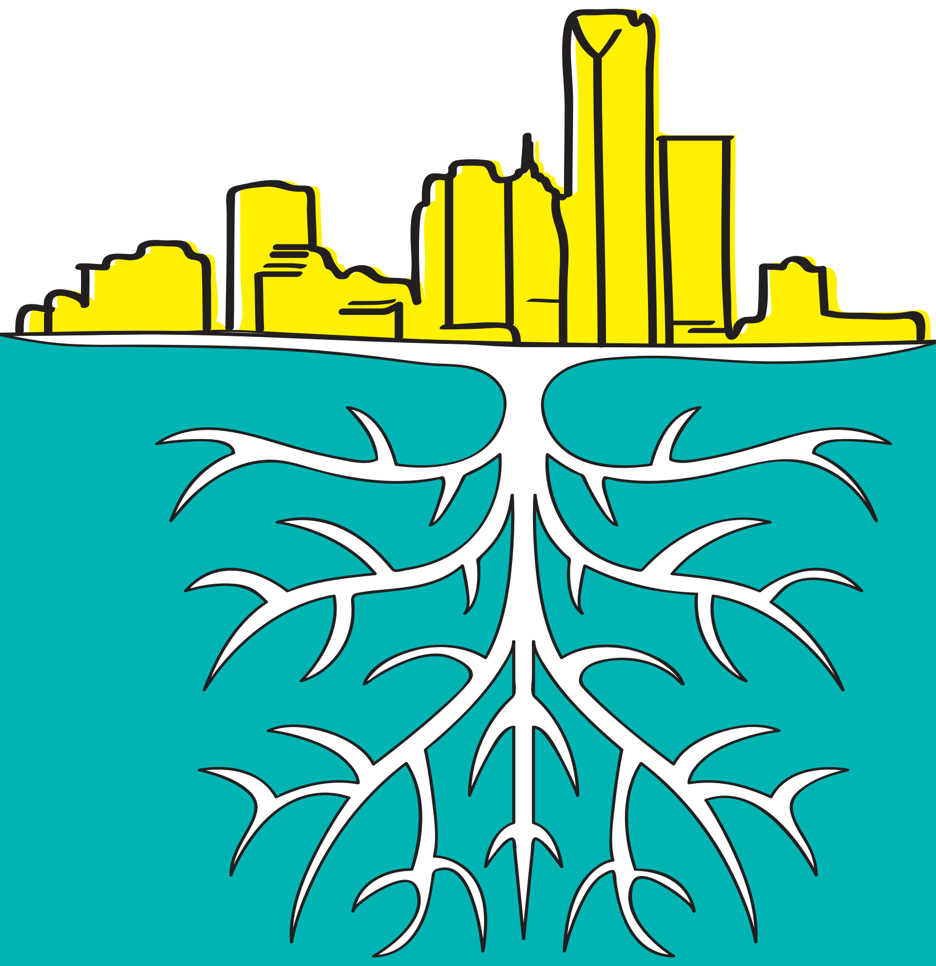
ROOTED IN STABILITY



OKLAHOMA CITY ENVIRONMENTAL ASSISTANCE TRUST

A blended component unit enterprise fund of the City of Oklahoma City, Oklahoma

Annual Financial Report | for the Fiscal Year ended June 30, 2011

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OKLAHOMA CITY ENVIRONMENTAL ASSISTANCE TRUST

A Blended Component Unit Enterprise Fund of
Oklahoma City, Oklahoma

Annual Financial Report for the Fiscal Year Ended June 30, 2011

Prepared by The Oklahoma City Finance Department, Accounting Services Division
Glen D. Earley, Controller

Introductory Section

OKLAHOMA CITY ENVIRONMENTAL ASSISTANCE TRUST

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For the Fiscal Years Ended June 30, 2011 and 2010

The City of
OKLAHOMA CITY

December 2, 2011

The Board of Trustees
Oklahoma City Environmental Assistance Trust

The Oklahoma City Environmental Assistance Trust (Trust) annual financial report (annual report) provides a comprehensive overview of the Trust's financial position and the results of operations during the fiscal year ended June 30, 2011. It complies with reporting requirements specified by Oklahoma State Statutes and the dictates of effective financial management practices. The Oklahoma City Finance Department, Accounting Services Division, prepared this report in compliance with accounting principles generally accepted in the United States of America. It is fairly stated in all material respects. Responsibility for the accuracy of the reported information and the completeness and fairness of the presentation, including disclosures, rests with the Trust.

The Trust's annual report includes the reports of independent accountants, management's discussion and analysis (MD&A), financial statements, and related notes. Management's narrative on the financial activities of the Trust for the fiscal year ended June 30, 2011, is in the MD&A section of this report, immediately following the independent accountants' report on financial statements and supplementary information. The Trust's reporting entity is comprised of financial and operating activities conducted within the legal framework of the Trust. The Trust is a blended component unit of the City of Oklahoma City (City) and, as such, is included within the funds of the City's Comprehensive Annual Financial Report (CAFR).

The Trust was established January 23, 1979 to provide services and activities on behalf of the City that include financing and operation of the City's solid waste activities relating to pollution control and waste disposal, and certain cultural, educational, economic development, and housing activities. The Trust contracts with a private entity to collect approximately sixty percent of the City's residential solid waste with the remainder collected by City crews. The Trust also contracts for the collection of recycling and bulky wastes. Neither the Trust nor the City own or operate landfills. The Trust is an enterprise fund and does not receive tax funding. The Trust is funded by solid waste fees and charges. The City's Mayor and Council serve as Trustees for the Trust, and the City Manager is General Manager.

The Trust participates in the City's comprehensive accounting and budgetary system. Interim financial statements provide Trust management and other interested readers with regular financial analyses. Additionally, the Trust's management maintains budgetary controls to ensure effective financial oversight.

The economic environment and outlook for Oklahoma City are positive. Although the City experienced the economic downturn other cities faced over the last few years, the current year demonstrates a solid economy and recovery trend. Dr. Russell R. Evans, Director and Research Economist for the Center for Applied Economic Research at Oklahoma State University, reviewed the economic condition of the City and State in January 2011 and projected a modest national recovery in 2011. For Oklahoma, he projected employment and personal incomes to grow, unemployment to rise slightly then fall, and retail sales to continue their growth.

An unemployment rate of 5.7% in June 2011, annual personal income increase of 3.5%, significant gains in oil and natural gas rotary rig count from the same period last year, increased sales in motor vehicles, an additional 28,300 nonfarm jobs, and significant increases in sales tax revenues are strong indicators of economic growth. In fact, August 2011 sales tax collections were up 18 percent compared to the same month the previous year.

100 North Walker • Oklahoma City, OK 73102 • 405/297-2702 • FAX 405/297-2729

Several large commercial construction projects including a significant upgrade for airport retail shops and the opening of a new outlet mall with full occupancy of 82 new businesses contribute to the City's current economic condition. According to the June 21, 2011 Business Journal, these and other factors put Oklahoma City on the radar of every national retailer.

The City is also developing infrastructure for this growth through a major quality of life program funded by a temporary one-cent sales tax. This seven-year plan with improvements estimated to cost $777 million, includes a 70-acre downtown park, a modern streetcar system, a new convention center, sidewalks, trails, improvements to the Oklahoma River, senior health and wellness centers, and expansion of the Oklahoma City Fairgrounds public event buildings.

The diversity of Oklahoma City's economy is reflected in the OKC Thunder, the City's NBA team, being ranked 6th-Best Pro Sports Franchise and 2nd Best in the NBA by ESPN.

Oklahoma City's continued high rankings among metropolitan cities in the United States promises an immediate and sustainable economic growth outlook for the next few years. The City was ranked number 1 in America's Most Affordable City by Forbes Magazine (October 28, 2010); #1 in Tech Job Growth by Tech-America Foundation (December 2, 2010), 1st in Real GDP Gains among the Top 50 Markets by The Bureau of Economic Analysis (February 23, 2011), 2nd-Best Place to Start a Small Business by The Fiscal Times (July 1, 2011), and # 3 Best Cities for Recent Grads by Newsweek (June 1, 2011).

Oklahoma City's central location at the intersection of Interstate highways I-35, I-44 and I-40, its regional transportation hub at Will Rogers World Airport, ample water supplies, numerous performing arts, entertainment, and recreational facilities all contribute to a positive economic outlook for the near future.

By City Council resolution, public trusts of which the City is the beneficiary are encouraged to use the independent accountants competitively selected by the City. In compliance with that resolution, the Trust engaged BKD LLP to conduct its annual audit. The Trust acknowledges the professional and competent services of its independent accountants.

Respectfully submitted,

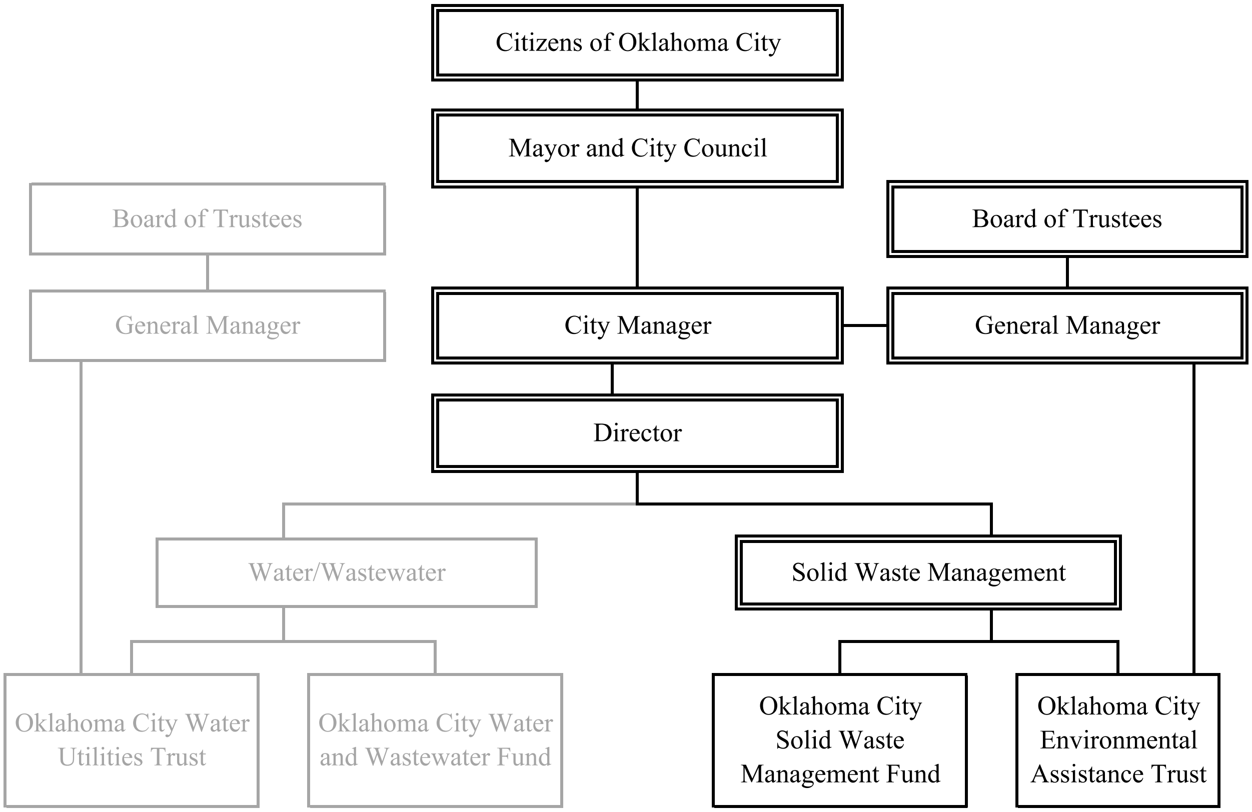
Marsha Slaughter
City of Oklahoma City Director Utilities Department

Bret Weingart
City of Oklahoma City Assistant Director Utilities Department

Craig Freeman
City of Oklahoma City Finance Director

Glen D. Earley
City of Oklahoma City Controller

Oklahoma City Environmental Assistance Trust
Organization Chart



Financial Section

BKD LLP
CPAs & Advisors

Leadership Square South Tower
211 N. Robinson, Suite 600
Oklahoma City, OK 73102-9421
405.842.7977 Fax 405.600.9799 www.bkd.com

Independent Accountants' Report on Financial Statements and Supplementary Information

Board of Trustees
Oklahoma City Environmental Assistance Trust
Oklahoma City, Oklahoma

We have audited the accompanying financial statements of the Oklahoma City Environmental Assistance Trust (the Trust), a component unit of the City of Oklahoma City, Oklahoma, as of and for the years ended June 30, 2011 and 2010, as listed in the table of contents. These financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the 2011 and 2010 financial statements referred to above present fairly, in all material respects, the financial position of the Trust as of June 30, 2011 and 2010, and its changes in financial position and cash flows for the years 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 December 2, 2011, on our consideration of the Trust's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

The accompanying management's discussion and analysis, as listed in the table of contents, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We and the other accountants 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.

BKD, LLP

December 2, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the Oklahoma City Environmental Assistance Trust (Trust) annual financial report, the Trust's management provides narrative discussion and analysis of the financial activities of the Trust for the fiscal years ended June 30, 2011 and 2010. The Trust's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosure following this section. Introductory information is available in the transmittal letter which precedes this discussion and analysis. The Trust reports services for which the Trust charges customers a fee. Services are provided to customers external to the Trust for solid waste management services. The Trust is a blended component unit of the City of Oklahoma City (City).

Financial Summary

- Trust assets exceeded liabilities by $18,868,294 (net assets) for 2011. This compares to the previous year when assets exceeded liabilities by $14,617,709.

- Total net assets are comprised of the following:
  (1) Investment in capital assets net of related debt of $4,162,558 and $3,191,071 for 2011 and 2010, respectively, includes property and equipment, net of accumulated depreciation and related debt.
  (2) Net assets at June 30, 2011 and 2010 of $334,992 and $1,027,110, respectively, are restricted for debt service by constraints imposed by debt covenants.
  (3) Unrestricted net assets are $14,370,744 for 2011 and $10,399,528 for 2010.

Overview of the Financial Statements

This discussion and analysis introduces the Trust's basic financial statements. The basic financial statements include: (1) statement of net assets, (2) statement of revenues, expenses, and changes in net assets, (3) statement of cash flows, and (4) notes to the financial statements.

Financial Statements

The Trust's annual report includes three financial statements. These statements provide both long-term and short-term information about the overall status of the Trust and are presented to demonstrate the extent the Trust has met its operating objectives efficiently and effectively using all the resources available and whether the Trust can continue to meet its objectives in the foreseeable future. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting.

The first of these statements is the statement of net assets. This is the statement of position presenting information that includes all of the Trust's assets and liabilities, with the difference reported as net assets. Increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Trust as a whole is improving or deteriorating and identify financial strengths and weaknesses and assess liquidity.

The second statement is the statement of revenues, expenses, and changes in net assets which reports how the Trust's net assets changed during the current fiscal year and can be used to assess the Trust's operating results in its entirety and analyze how the Trust's programs are financed. All current year revenues and expenses are included regardless of when cash is received or paid.

The statement of cash flows reports the inflows and outflows of Trust cash.

Notes to the Financial Statements

The accompanying notes to the financial statements provide information essential to gain a full understanding of the Trust's financial statements. The notes to the financial statements begin immediately following the basic financial statements.

Financial Analysis

The Trust's net assets at 2011 and 2010 are $18,868,294 and $14,617,709, respectively. The overall financial condition improved in fiscal year 2011 and 2010. A reclass in 2010 and 2009 net assets has been made to properly report bond issuance costs as part of invested in capital assets net of related debt instead of unrestricted net assets and bond interest receivable as part of restricted for debt service instead of unrestricted net assets.

Summary of Net Assets

	2011	2010	2011-2010 Amount of Change	2011-2010 % Change	2009	2010-2009 Amount of Change	2010-2009 % Change
Assets							
Current assets	$25,114,806	$20,323,475	$4,791,331	23.6%	$20,340,488	($17,013)	(0.1%)
Capital assets, net	9,819,257	10,856,076	(1,036,819)	(9.6)	8,405,173	2,450,903	29.2
Other non-current assets	100,932	129,402	(28,470)	(22.0)	167,252	(37,850)	(22.6)
Total assets	**35,034,995**	**31,308,953**	**3,726,042**	11.9	**28,912,913**	**2,396,040**	8.3
Liabilities							
Current liabilities	11,982,339	10,980,407	1,001,932	9.1	10,519,390	461,017	4.4
Non-current liabilities	4,184,362	5,710,837	(1,526,475)	(26.7)	7,893,807	(2,182,970)	(27.7)
Total liabilities	**16,166,701**	**16,691,244**	**(524,543)**	(3.1)	**18,413,197**	**(1,721,953)**	(9.4)
Net assets							
Invested in capital assets, net of related debt	4,162,558	3,191,071	971,487	30.4	2,192,330	998,741	45.6
Restricted for capital projects	-	-	-	0.0	6,622	(6,622)	(100.0)
Restricted for debt service	334,992	1,027,110	(692,118)	(67.4)	997,895	29,215	2.9
Unrestricted	14,370,744	10,399,528	3,971,216	38.2	7,302,869	3,096,659	42.4
Total net assets	**$18,868,294**	**$14,617,709**	**$4,250,585**	29.1	**$10,499,716**	**$4,117,993**	39.2

The $4.79 million increase in current assets for 2011 is due primarily to a $5.59 million increase in investments, offset by a decrease of $509 thousand in due from the City Water and Wastewater Fund for cash collections from customers not yet transferred to the Trust. Inventory decreased $195 thousand due to a large purchase of waste containers at the end of fiscal year 2010 that have since been distributed to customers. The $1.04 million decrease in capital assets is due to a disposal of surplus equipment of $3.47 million, net of accumulated depreciation of $2.86 million and scheduled depreciation of $1.72 million offset by capital outlay of $1.29 million. The $2.45 million increase in capital assets for 2010 is due primarily to a $4.00 million increase in equipment, net of depreciation expense of $1.64 million. The increase in current liabilities of $1.00 million is due to an increase in accounts payable of $1.68 million offset by a decrease in the scheduled bond payment of $695 thousand. For fiscal years 2011 and 2010, the non-current liabilities decrease of $1.53 million and $2.18 million, respectively, is due to the regularly scheduled capital lease and bond principal payments.

Summary of Changes in Net Assets

	2011	2010	2011-2010 Amount of Change	2011-2010 % Change	2009	2010-2009 Amount of Change	2010-2009 % Change
Operating revenues							
Charges for services	$39,900,420	$38,247,451	$1,652,969	4.3%	$36,938,934	$1,308,517	3.5%
Operating expenses							
Solid waste management	25,175,802	24,624,074	551,728	2.2	24,683,555	(59,481)	(0.2)
Operating income	**14,724,618**	**13,623,377**	**1,101,241**	8.1	**12,255,379**	**1,367,998**	11.2
Non-operating expenses	**(175,949)**	**(103,089)**	**(72,860)**	70.7	**(106,297)**	**3,208**	(3.0)
Transfers	**(10,298,084)**	**(9,402,295)**	**(895,789)**	9.5	**(10,207,034)**	**804,739**	(7.9)
Changes in net assets	**4,250,585**	**4,117,993**	**132,592**	3.2	**1,942,048**	**2,175,945**	112.0
Beginning net assets	14,617,709	10,499,716	4,117,993	39.2	8,557,668	1,942,048	22.7
Ending net assets	**$18,868,294**	**$14,617,709**	**$4,250,585**	29.1	**$10,499,716**	**$4,117,993**	39.2

The 2011 increase of $1.65 million in charges for services is primarily due to a full year at an increased rate rather than only the nine months it was in effect in 2010, as well as planned revenue increases based on expected customer growth. The $1.31 million increase in 2010 for charges for services is primarily due to a rate increase of 6% that was implemented on October 1, 2009. The 2011 increase of $557 thousand in operating expenses is partially due to an overall increase of $311 thousand in solid waste charges related to an increase in rates per unit effective December 2010.

Transfers in 2011 and 2010 were primarily due to the City General Fund for transfers in lieu of franchise fees and transfers to the City Solid Waste Management Fund for administrative and internal service charges.

Capital Assets and Debt Administration

Capital Assets

The Trust's capital assets, net of accumulated depreciation, as of 2011 and 2010 were $9,819,257 and $10,856,076, respectively.

Capital Assets, Net of Accumulated Depreciation

	2011	2010	2011-2010 Amount of Change	2011-2010 % Change	2009	2010-2009 Amount of Change	2010-2009 % Change
Non-Depreciable Assets							
Construction in progress	$ -	$ -	$ -	0.0%	$ -	$ -	0.0%
Depreciable Assets							
Buildings	2,230,113	2,012,997	217,116	10.8	1,967,781	45,216	2.3
Infrastructure	1,037,402	1,138,125	(100,723)	(8.8)	1,242,833	(104,708)	(8.4)
Equipment	6,551,742	7,704,954	(1,153,212)	(15.0)	5,194,559	2,510,395	48.3
Total depreciable assets	9,819,257	10,856,076	(1,036,819)	(9.6)	8,405,173	2,450,903	29.2
	$9,819,257	**$10,856,076**	**($1,036,819)**	(9.6)	**$8,405,173**	**$2,450,903**	29.2

The decrease in capital assets of $1.04 million for 2011 is due to the disposal of $2.87 million of equipment, net of depreciation of $2.86 million and the scheduled depreciation of $1.72 million offset by the capital outlay of $695 thousand. The equipment was retired because of new equipment purchased in 2010. The increase in capital assets of $2.45 million for 2010 is primarily for the purchase of fourteen waste collection side loaders for $3.58 million and other equipment purchases of $428 thousand, offset by annual depreciation of $1.64 million. See Note II. A. 3. for more information regarding capital assets.

Long-term debt

At the end of 2011 and 2010, the Trust had total long-term debt outstanding of $5,709,090 and $7,891,736, respectively.

Capital Lease

On March 4, 2008 the Trust entered into an agreement with Chase Equipment Leasing, Inc. for the purpose of financing equipment of $5.60 million plus interest of $470 thousand at a rate of 3.31% with monthly lease payments of $103 thousand beginning April 1, 2008 and ending February 1, 2013. At the end of fiscal years 2011 and 2010, the Trust had outstanding capital lease debt of $2.00 million and $3.15 million, respectively. See Note II. B. 1. for more information regarding capital leases.

Revenue Bonds

On September 8, 2005, the Trust issued Series 2005 Revenue Bonds for $8.41 million, including the cost of issuance, bearing interest at 3% to 4.25%, to finance the cost of construction and acquisition of certain solid waste management collection and disposal facilities. At the end of fiscal years 2011 and 2010, the Trust had outstanding bond debt of $3.71 million and $4.75 million, respectively. The bonds are payable solely from the Trust. See Note II. B. 2. for more information regarding revenue bonds.

Outstanding Long-term Debt

	2011	2010	2011 - 2010 Amount of Change	2011 - 2010 % Change	2009	2010 - 2009 Amount of Change	2010 - 2009 % Change
Capital lease	$1,999,090	$3,146,736	($1,147,646)	(36.5%)	$4,257,067	($1,110,331)	(26.1%)
Revenue bonds	3,710,000	4,745,000	(1,035,000)	(21.8)	5,750,000	(1,005,000)	(17.5)
	$5,709,090	**$7,891,736**	**($2,182,646)**	(27.7)	**$10,007,067**	**($2,115,331)**	(21.1)

The change in outstanding debt for both 2011 and 2010 is the result of scheduled debt service payments. See note II. B. 3. for more information regarding changes in long-term debt.

Bond Ratings

Standard and Poor’s rating agency rates the Trust bonds AA+.

Economic Factors and Rates

Economic Factors
While the last few years have shown a downturn in the national economy, 2011 was steadily headed for recovery resulting in a higher return on investments.

Utility Rates
The Trust increased solid waste disposal volume charges 6% effective October 1, 2009. There was no rate increase in fiscal year 2011.

Contacting the Trust's Financial Management

This financial report is designed to provide a general overview of the Trust's finances, comply with finance-related laws and regulations and demonstrate the Trust’s commitment to public accountability. If you have questions about this report or would like to request additional information, contact the City’s Finance Department, Accounting Services Division, at 100 North Walker, Suite 300, Oklahoma City, Oklahoma 73102.

Basic Financial Statements

Proprietary Fund Financial Statements

Provide both long-term and short-term information about the Trust's overall status using full accrual accounting.

Generally report services for which the Trust charges customers a fee using full accrual accounting and provide both long-term financial information.

	2011	2010
ASSETS		
CURRENT ASSETS		
Non-pooled cash	$10,142,070	$10,066,581
Investments	11,103,928	5,511,761
Accounts receivable, net	3,304,901	3,488,366
Interest receivable	48,822	413
Due from other funds	240,072	786,320
Inventories	275,013	470,034
Total current assets	25,114,806	20,323,475
NON-CURRENT ASSETS		
Deferred debt expense, net	100,932	129,402
Capital assets:		
Other capital assets, net of accumulated depreciation	9,819,257	10,856,076
Total non-current assets	9,920,189	10,985,478
Total assets	**35,034,995**	**31,308,953**
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	2,785,927	2,272,082
Due to other funds	1,209,283	127,760
Interest payable	5,514	8,680
Lease obligations payable	1,186,215	1,147,646
Deferred revenue	6,383,750	6,299,476
Bond interest payable	71,650	89,763
Bonds payable	340,000	1,035,000
Total current liabilities	11,982,339	10,980,407
NON-CURRENT LIABILITIES		
Lease obligations payable	812,875	1,999,090
Bonds payable:		
Bonds payable	3,370,000	3,710,000
Unamortized bond discount/premium	1,487	1,747
Bonds payable, net	3,371,487	3,711,747
Total non-current liabilities	4,184,362	5,710,837
Total liabilities	**16,166,701**	**16,691,244**
NET ASSETS		
Invested in capital assets, net of related debt	4,162,558	3,191,071
Restricted for:		
Debt service	334,992	1,027,110
Unrestricted	14,370,744	10,399,528
Total net assets	**$18,868,294**	**$14,617,709**

See accompanying notes to financial statements.

	2011	2010
OPERATING REVENUES		
Solid waste charges	$39,900,420	$38,247,451
OPERATING EXPENSES		
Maintenance, operations, and contractual services	21,780,354	21,275,107
Materials and supplies	1,682,260	1,704,816
Depreciation	1,713,188	1,644,151
Total operating expenses	**25,175,802**	**24,624,074**
Operating income	**14,724,618**	**13,623,377**
NON-OPERATING REVENUE (EXPENSES)		
Investment income	47,714	24,431
Interest on bonds	(226,724)	(300,305)
Amortization	(28,470)	(37,850)
Other revenue	31,531	210,635
Net non-operating expenses	**(175,949)**	**(103,089)**
Income before transfers	**14,548,669**	**13,520,288**
TRANSFERS		
Transfers to other funds	(10,298,084)	(9,402,295)
Total transfers	**(10,298,084)**	**(9,402,295)**
Changes in net assets	**4,250,585**	**4,117,993**
Total net assets, beginning	14,617,709	10,499,716
Total net assets, ending	**$18,868,294**	**$14,617,709**

See accompanying notes to financial statements.

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	$40,714,406	$37,145,847
Cash payments to suppliers for goods and services	(22,928,347)	(22,936,498)
Other operating cash receipts	2,386	1,772
Net cash provided by operating activities	**17,788,445**	**$14,211,121**
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfers received from (paid to) other funds	(9,216,559)	(9,325,957)
Net cash used by non-capital financing activities	**(9,216,559)**	**(9,325,957)**
CASH FLOWS FROM CAPITAL AND CAPITAL RELATED FINANCING ACTIVITIES		
Payments for acquisition and construction of capital assets	(520,162)	(4,095,056)
Principal paid on long-term debt	(2,182,906)	(2,115,331)
Interest paid on long-term debt	(248,003)	(320,649)
Proceeds from sale of assets	47,536	208,863
Net cash used by capital and capital related financing activities	**(2,903,535)**	**(6,322,173)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(45,438,279)	(59,875,936)
Proceeds from sale of investments	39,846,113	71,351,273
Investment income received	33,796	28,253
Purchased interest	(34,492)	-
Net cash provided (used) by investing activities	**(5,592,862)**	**11,503,590**
Net increase in cash	**75,489**	**10,066,581**
Cash, beginning	10,066,581	-
Cash, ending	**$10,142,070**	**$10,066,581**
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	$14,724,618	$13,623,377
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Depreciation	1,713,188	1,644,151
Non-operating revenue (expense)	2,386	1,772
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	183,463	(997,062)
(Increase) decrease in due from other funds	546,244	(500,633)
(Increase) decrease in inventories	195,021	102,300
Increase (decrease) in accounts payable	339,248	(58,875)
Increase (decrease) in deferred revenue	84,277	396,091
Total adjustments	3,063,827	587,744
Net cash provided by operating activities	**$17,788,445**	**$14,211,121**
NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES		
Net increase (decrease) in fair value of investments	$11,867	$ -
Total non-cash investing, capital, and financing activities	**$11,867**	**$ -**

See accompanying notes to financial statements

Notes to Financial Statements

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

I. A. INTRODUCTION

The accounting and reporting framework and the more significant accounting principles and practices are discussed in subsequent sections of this note. The remainder of the notes is organized to provide explanations, including required disclosures, of the Oklahoma City Environmental Assistance Trust (Trust) financial activities for the fiscal years ended 2011 and 2010. A reclass in 2010 net assets has been made to properly report bond issuance costs as part of invested in capital assets net of related debt instead of unrestricted net assets.

I. B. BASIS OF PRESENTATION

I. B. 1. REPORTING ENTITY AND RELATIONSHIP TO THE CITY OF OKLAHOMA CITY, OKLAHOMA

Due to restrictions of the state constitution relating to the issuance of municipal debt, Oklahoma City (City) created public trusts to finance City services with revenue bonds or other non-general obligation financing, and to provide for multi-year contracting. Financing services provided by these public trusts are solely for the benefit of the City. Public trusts created to provide financing services are blended into the City’s primary government although retaining separate legal identity.

The Trust is a public trust created pursuant to Title 60 of the Oklahoma Statutes, section 176, et seq. on January 23, 1979, with the City named as the beneficiary. The purposes of the Trust are to encourage, promote, and finance pollution control, waste disposal and pretreatment, as well as cultural, educational, and housing activities. The Trust was financially inactive until fiscal year 1988. During fiscal year 1989, the Trust entered into significant agreements with several independent contractors to provide services such as refuse collection, street sweeping, and landfill disposal for certain sectors of the City. City employees had previously provided these services. Bids were solicited in an effort by the Trustees to foster competition in the performance of these vital services and, ultimately, to lower the cost of providing these services to the ratepayers.

The Mayor and members of the City Council serve as the Trustees for the Trust. The City Manager serves as the General Manager. The Trust does not have the power to levy taxes. The City has no obligation for debt issued by the Trust.

Method of Reporting in the City’s Comprehensive Annual Financial Report (CAFR)

The Trust is a component unit of the City and is included in the City’s financial reporting entity. The financial activity of the Trust is presented as a blended component unit in the City’s CAFR. CAFR financial statements may be obtained from Finance Department, Accounting Services Division, 100 N. Walker, Suite 300, Oklahoma City, OK 73102.

Trust Administration

The Trust has no employees. Trust activities are performed by City employees. The Trust reimburses the City for costs incurred to manage the Trust's activities through transfers to the City Solid Waste Management Fund.

I. B. 2. BASIC FINANCIAL STATEMENTS

The basic financial statements include the statement of net assets; the statement of revenues, expenses, and changes in net assets; and the statement of cash flows. These statements report financial information for the Trust as a whole.

I. B. 3. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The financial statements of the Trust are prepared in accordance with accounting principles generally accepted in the United States (U.S. GAAP). The Trust applies all relevant Governmental Accounting Standards Board (GASB) pronouncements as well as Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The Trust does not apply FASB pronouncements or APB opinions issued after November 30, 1989.

The Trust reports using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Operating income includes revenues and expenses related to the continuing operations of the fund. Principal operating revenues are charges to customers for solid waste disposal. Principal operating expenses are the costs of providing services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

I. C. BUDGET LAW AND PRACTICE

Oklahoma Statutes require the submission of financial information for public trusts. However, legal budgetary control levels are not specified. Accordingly, the Trust's budget is submitted to its governing body for approval. Appropriations are recorded and available to pay expenses as revenue is received in cash. Budgetary control is exercised on a project-length basis. Therefore, appropriations are carried forward each year until projects are completed. Management's policy prohibits expenditures/expenses to exceed appropriations at the detail, line-item level for capital projects. Management may transfer appropriations without governing body approval.

I. D. POLICIES RELATED TO ASSETS AND LIABILITIES

I. D. 1. CASH AND INVESTMENTS

The Trust participates in the investment policy approved by the City Council. The Trust's governing board formally adopted the updated City's deposit and investment policy in March 2011. Where applicable, deposit and investment policies for restricted funds are specified in the respective bond indentures.

Investments are carried at fair value determined by quoted market prices. The management of the restricted investments is performed in accordance with applicable bond indentures and at the direction of the trustee bank. Cash deposits are reported at carrying amount which approximates fair value.

I. D. 2. INVENTORIES

Inventories are recorded at the lower of cost or market on a daily weighted average basis and consist primarily of waste containers provided to citizens.

I. D. 3. RECEIVABLES AND UNCOLLECTIBLE ACCOUNTS

Significant receivables include amounts due from customers for solid waste disposal services. Accounts receivable are reported net of an allowance for uncollectible accounts, and revenues are reported net of estimated uncollectibles. The allowance amount is estimated using accounts receivable past due more than 90 days.

Deferred revenue is reported for accounts billed in advance of services. Related revenue is recognized in the period the services are provided.

I. D. 4. RESTRICTED ASSETS

Certain assets are restricted for capital projects funded through long-term debt and debt service reserves. Restricted deposits and investments are legally restricted for the payment of currently maturing debt service.

When both restricted and unrestricted resources are available for use, it is the Trust's policy to use restricted resources first, then unrestricted resources as needed.

I. D. 5. INTERFUND BALANCES

Generally, outstanding balances between funds reported as due to/from other funds include outstanding charges by one fund to another for services or goods, subsidy commitments outstanding at year-end, or other miscellaneous receivables/payables between funds. Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are described as 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).

Certain outstanding balances (due to/from and advances from) have not been eliminated in the financial statements because they include amounts due to/from the City.

Net transfers reported on the statement of changes in net assets do not net to zero. The amounts reported include transfers to/from the City.

I. D. 6. CAPITAL ASSETS AND DEPRECIATION

Capital assets are reported at historical cost. The Trust generally capitalizes assets with cost of $7,500 or more as purchase and construction outlays occur. Depreciation is computed on the straight-line method over the estimated useful life of the assets as follows in years:

Buildings	10 - 50
Infrastructure and improvements other than buildings	10 - 50
Mobile equipment, furniture, machinery, and equipment	5 - 20

Maintenance and repairs are charged to operations, while renewals and betterments are capitalized. When the Trust disposes of assets, the cost and applicable accumulated depreciation are removed from the respective accounts and the resulting gain or loss is recorded in operations.

I. D. 7. DEFERRED DEBT EXPENSE AND BOND PREMIUM

The costs of issuing revenue bonds and the related bond premium were capitalized and are amortized over the term of the respective bonds using a method that approximates the effective interest method.

I. D. 8. FUND EQUITY

Net Assets

Net assets invested in capital assets, net of related debt and legally restricted amounts are separated from unrestricted net assets.

Net Assets Invested in Capital Assets, Net of Related Debt

The amount reported is calculated as total capital assets less accumulated depreciation and outstanding debt used to purchase the assets net of unspent portions. Unspent portions of debt, along with any amounts used to fund debt reserves, are included with restricted net assets.

Restricted Net Assets

Amounts reported as restricted for debt service include those amounts held in restricted accounts as required by the debt instrument. Restricted amounts held to pay bond interest are reduced by accrued interest payable. Net assets restricted for capital projects include unspent debt proceeds legally restricted for capital outlays. Restricted net assets also include purpose restrictions from enabling legislation and other external sources.

I. D. 9. USE OF ESTIMATES

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

I. E. MAJOR REVENUES

The Trust has only one primary revenue source which is charges to customers for solid waste disposal.

I. F. TAX STATUS

The Trust is exempt from Federal and state income taxes under Section 115 of the Internal Revenue Code for any trade or business related to the Trust's tax exempt purpose or function.

I. G. RETAINAGES

It is the policy of the Trust to retain a percentage of construction contracts until a completed project has been accepted by the Trustees. Contractors may request to opt out of this retainage by providing a certificate of deposit with the City. The City holds the certificate of deposit and the Trust retains the risk of incurring costs related to a contractor's failure to perform. However, in the event of non-performance, the City calls the certificate and pays the proceeds to the Trust to cover any costs incurred. The City does not record the effect of holding the certificates of deposit.

II. ASSETS AND LIABILITIES

II. A. ASSETS

II. A. 1. DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Trust's deposits may not be returned or the Trust will not be able to recover collateral securities in the possession of an outside party. The Trust's policy requires deposits to be 110 percent secured by collateral valued at market less the amount of the Federal depository insurance. Deposited funds may be invested in certificates of deposit in institutions with an established record of fiscal health, as determined by the bank's institutional rating on each of the performance evaluations conducted pursuant to the Federal Community Reinvestment Act, 12 United States Code, Section 2901. Collateral agreements must be approved prior to deposit of funds as provided by law. The City Council approves and designates a list of authorized depository institutions based on evaluation of solicited responses and certifications provided by financial institutions and recommendations of the City Treasurer.

The general bond indenture and capital lease agreement requires the use of trust accounts. The principal, interest, and debt service accounts are used to segregate resources accumulated for debt service payments over the next twelve months.

At June 30, 2011 and 2010, the Trust's cash is collateralized with securities held by the pledging financial institution in the name of the Trust, less the Federal depository insurance.

Investments

The Trust invests in various investment securities. Investment securities are exposed to various risks such as interest rate risk and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the Trust's financial position. However, because the values of individual investments fluctuate with market conditions, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined.

	2011			
	Fair Value/ Carrying Amount	Cost	Average Credit Quality/ Ratings (1)	Weighted Average Months to Maturity (2)
Federal obligations	$4,076,276	$4,076,276	AAA/Aaa	17.83
Fannie Mae	2,003,260	2,003,260	AAA/Aaa	16.27
Money market funds	932,440	932,440	AAA/Aaa	1.45
U.S. Treasury notes	4,091,952	4,091,952	N/A	14.77
	$11,103,928	**$11,103,928**		

	2010			
	Fair Value/ Carrying Amount	Cost	Average Credit Quality/ Ratings (1)	Weighted Average Months to Maturity (2)
Money market funds	**$5,511,761**	**$5,511,761**	AAA/Aaa	1.39

(1) Ratings are provided where applicable to indicate associated credit risk.

(2) Interest rate risk is estimated using weighted average months to maturity.

Investment policy

The Trust's investment policy is maintained by the City Treasurer. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Trust funds may be invested in: (1) direct obligations of the U.S. government, its agencies or instrumentalities to the payment of which the full faith and credit of the U.S. government is pledged, or obligations to the payment of which the full faith and credit of the State of Oklahoma is pledged; (2) Federal agency or U.S. government-sponsored enterprise obligations, participations, or other instruments, including those insured by or fully guaranteed as principal and interest by Federal agencies or U.S. government-sponsored enterprises; (3) collateralized or insured certificates of deposit and other evidences of deposits at banks, savings and loan associations, and credit unions located in Oklahoma when secured by appropriate collateral or fully insured certificates of deposit and other evidences of deposits at banks, savings and loan associations, and credit unions located outside of Oklahoma; (4) repurchase agreements that have underlying collateral of direct obligations or obligations of the U.S. government, its agencies, and instrumentalities; (5) money market funds regulated by the Securities and Exchange Commission which consist of authorized domestic securities with restrictions as specified in state law; (6) Savings accounts or certificates of savings and loan associations, banks, and credit unions, to the extent the accounts are fully insured by Federal depository insurance; (7) State and Local Government Series (SLGS); (8) City direct debt obligations for which an ad valorem tax may be levied or bonds issued by a public trust of which the City is a beneficiary and judgments rendered against the City by a court of record, provided it is a prudent investment; (9) Prime commercial paper with a maturity date less than 180 days which represents less than 10% of the outstanding paper of an issuing corporation.

Under the policy, the Trust may not invest in reverse repurchase agreements, derivative instruments created from, whose value depends on, or is derived from, the value of one or more underlying assets or indices of asset values and/or has no call options prior to the desired maturity or is a variable rate instrument. Collateralization is further restricted to permitted investments shown previously as items (1) and (2).

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The policy provides that to the extent practicable, investments are matched with anticipated cash flows. Investments are diversified to minimize the risk of loss resulting from over-concentration of assets in a specific maturity period, a single issuer, or an individual class of securities. Unless matched to a specific cash flow, investments are not made in securities maturing more than five years from the date of purchase. Certificates of deposit may not be purchased with maturities greater than 365 days from date of purchase.

Concentration of Credit Risk is the risk of loss attributed to the magnitude of the Trust's investment in a single issuer. Cumulatively, portfolios of the Trust may not be invested in any given financial institution in excess of 5% of such institution's total assets. Additionally, no more than 5% of the total Trust portfolio may be placed with any single financial institution. U.S. government securities, SLGS, City judgments, repurchase agreements, and money market funds are excluded from these restrictions.

Portfolio Structure (1)

Investment Type Limitations Percentage of Total Invested Principal		Maturity Limitations Percentage of Total Invested Principal	
	Maximum % (2)		Maximum % (4)
Repurchase agreements	100.0%	0-1 year	100%
U.S. Treasury securities (3)	100.0	1-3 years	90
Certificates of deposit	50.0	3-5 years	90
Money market funds	100.0		
Savings accounts	100.0		
U.S. noncallable agencies securities	100.0		
U.S. Callable Agency Securities	20.0		
Prime Commercial Paper	7.5		
City judgments	5.0		

(1) Specifically matched cash flows are excluded.

(2) For investments listed, there is no minimum percentage specified under the policy.

(3) Includes SLGS.

(4) For maturities limited to 0-1 year, the minimum percentages allowed under the policy are 5-25%.

The policy also allows surplus cash, certificates of deposit, and repurchase agreements to be collateralized with securities with longer maturities if such maturity does not exceed ten years.

Bond Indenture Restrictions
The Trust's bond indenture restricts investments to the: (1) direct obligations of the Department of the Treasury of the U.S.; (2) obligations of any of the following Federal agencies which obligations represent full faith and credit of the U.S. including: (a) Export – Import Bank, (b) Farmers Home Administration, (c) General Services Administration, (d) U.S. Maritime Administration, (e) Small Business Administration, (f) Government National Mortgage Association (GNMA), (g) U.S. Department of Housing & Urban Development (PHA's), (h) Federal Housing Administration; (3) bonds, notes or other evidences or indebtedness rated "AAA" by Standard & Poor's Corporation and "Aaa" by Moody's Investors Service issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation with remaining maturities not exceeding three years; (4) U.S. dollar denominated deposit accounts, Federal funds and banker's acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of "A-1" or "A-1+" by Standard & Poor's Corporation and "P-1" by Moody's Investors Service and maturing no more than 360 days after the date of purchase; (5) commercial paper which is rated at the time of purchase in the single highest classification, "A-1+" by Standard & Poor's and "P-1" by Moody's Investors Service and which matures not more than 270 days after the date of purchase; (6) investments in a money market fund rated in the highest rating categories by Standard & Poor's Corporation and Moody's Investors Service; (7) certain pre-refunded municipal obligations; (8) investment agreements supported by appropriate opinions of counsel as to enforceability; and (9) certificates of deposit properly secured at all times by collateral security described in (1) or (2) above. Such certificates of deposit are only acceptable with commercial banks, savings and loan associations, and mutual savings banks.

Investments Held by Others
For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Trust will not be able to recover the value of its investments or collateral securities in the possession of an outside party. Policy provides that investment collateral is held by a third party custodian with whom the City has a current custodial agreement in the City's name or held in the name of both parties by the Federal Reserve Bank servicing Oklahoma. Investments of the Trust are insured or collateralized with securities held by the City, the Trust, or its agent in the Trust's or City's name.

Compliance with State Restrictions
Trust investment policy is more restrictive than the requirements of Oklahoma law found in Title 60 of the Oklahoma Statutes and the standards of the Oklahoma Uniform Prudent Investor Act. These statutes restrict public trust investing to the Prudent Investor Rule defined by Title 60 Oklahoma Statutes to consider the purposes, terms, distribution requirements, and other circumstances of the Trust and to exercise reasonable care, skill, and caution. Investment decisions must be evaluated not in isolation, but in the context of the trust portfolio as a whole and as a part of the overall investment strategy having risk and return objectives reasonably suited to the Trust.

Restricted Deposits and Investments

	2011	2010
Bond principal debt service accounts	$340,046	$1,035,267
Bond interest debt service account	71,662	89,792
Capital lease debt service account	445	445
	$412,153	**$1,125,504**

II. A. 2. RECEIVABLES, UNCOLLECTIBLE ACCOUNTS, AND DEFERRED REVENUE

	2011	2010
Accounts receivable	$7,553,431	$7,697,858
Less allowance for uncollectible accounts	(4,248,530)	(4,209,492)
Net accounts receivable	**$3,304,901**	**$3,488,366**
Affect on revenues for change in uncollectibles	**($39,038)**	**($1,303,352)**
Deferred revenue	**$6,383,750**	**$6,299,476**

II. A. 3. CAPITAL ASSETS

Changes in Capital Assets

	2011			
	Capital Assets, depreciated			
	Buildings	Infrastructure and Improvements Other Than Buildings	Furniture, Machinery, and Equipment	Total Capital Assets, net
CAPITAL ASSETS				
Balance, June 30, 2010,	$2,154,007	$1,581,541	$16,128,834	$19,864,382
Increases	264,600	-	430,161	694,761
Decreases	-	-	(2,873,168)	(2,873,168)
Balance, June 30, 2011,	2,418,607	1,581,541	13,685,827	17,685,975
ACCUMULATED DEPRECIATION				
Balance, June 30, 2010	141,010	443,416	8,423,880	9,008,306
Increases	47,484	100,723	1,564,981	1,713,188
Decreases	-	-	(2,854,776)	(2,854,776)
Balance, June 30, 2011	188,494	544,139	7,134,085	7,866,718
Capital Assets, Net	**$2,230,113**	**$1,037,402**	**$6,551,742**	**$9,819,257**
CAPITAL ASSETS				
Balance, June 30, 2009	$2,063,317	$1,581,541	$12,724,635	$16,369,493
Increases	90,690	-	4,004,364	4,095,054
Decreases	-	-	(600,165)	(600,165)
Balance, June 30, 2010	2,154,007	1,581,541	16,128,834	19,864,382
ACCUMULATED DEPRECIATION				
Balance, June 30, 2009	95,536	338,708	7,530,076	7,964,320
Increases	45,474	104,708	1,493,969	1,644,151
Decreases	-	-	(600,165)	(600,165)
Balance, June 30, 2010	141,010	443,416	8,423,880	9,008,306
Capital Assets, Net	**$2,012,997**	**$1,138,125**	**$7,704,954**	**$10,856,076**

Depreciation Expense

Depreciation expense was charged to the Trust in the amount of $1,713,188, for the year ending June 30, 2011, and $1,644,151 for the year ending June 30, 2010.

II. B. LIABILITIES

II. B. 1. CAPITAL LEASE

On March 4, 2008, the Trust entered into an agreement with Chase Equipment Leasing, Inc. for the purpose of financing $5,600,000 of equipment acquisitions. The Capital Lease agreement was entered pursuant to the Trust Indenture dated January 23, 1979, and as amended March 5, 2002, August 1, 2005 and February 1, 2008. The agreement sets forth that Chase Equipment Leasing, Inc. will finance and deposit funds into Trust accounts. Pursuant to the agreement the Trust will make monthly lease payments of $102,875 beginning April 1, 2008 and ending February 1, 2013. Total interest to be paid is $469,606 at a rate of 3.31%. Issuance cost was $68,450.

The lease payments are payable solely from the Trust. Trust income is comprised of revenue and receipts derived or to be derived from the Trust's leasehold interest in the Solid Waste Management Collection and Disposal System (System) of the City. The System is leased by the City to the Trust pursuant to a lease agreement dated August 1, 2005 for a term of 50 years or until all indebtedness of the Trust has been retired or provision for payment has been made.

Total mobile equipment acquired under the lease is $5,635,970, net of accumulated depreciation of $1,792,576 and $985,197 at June 30, 2011 and 2010 respectively.

Capital Lease Payment Requirements to Maturity

Fiscal Year	Principal	Interest	Total
2012	$1,186,215	$48,281	$1,234,496
2013	812,875	10,122	822,997
	$1,999,090	**$58,403**	**$2,057,493**

II. B. 2. REVENUE BONDS

Solid Waste Revenue Bonds

On September 8, 2005, the Trust sold Series 2005 Revenue Bonds for $8,410,000. Series 2005 bonds consist of bonds bearing interest at 3% to 4.25%. Bond proceeds financed the cost of construction and acquisition of certain solid waste management collection and disposal facilities and paid the cost of issuance.

The bonds are payable solely from the Trust. Trust income is comprised of revenue and receipts derived or to be derived from the Trust's leasehold interest in the System of the City. The System is leased by the City to the Trust pursuant to a lease agreement dated August 1, 2005 for a term of 50 years or until all indebtedness of the Trust has been retired or provision for payment has been made.

The bond indenture requires the use of construction, revenue, and bond funds. The bond fund consists of interest, principal, and bond reserve accounts. Revenue is deposited into the revenue fund as received. Subject to the terms of the indenture, not later than the 25th day of each calendar month, the Trust transfers from the revenue fund to the interest, principal, and bond fund reserve accounts amounts specified in the indenture to pay principal and interest on the bonds when due, and to maintain the reserve requirement. The reserve requirement means the lesser of (1) ten percent of the proceeds of a series of the bonds, (2) maximum annual principal and interest requirements on a series of the bonds, or (3) 125% of the average annual principal and interest on a series of the bonds.

Bonded Debt Service Requirements to Maturity

Fiscal Year	Principal	Interest	Total
2012	$340,000	$137,138	$477,138
2013	350,000	124,413	474,413
2014	360,000	111,550	471,550
2015	375,000	98,500	473,500
2016	390,000	84,535	474,535
2017-2021	855,000	304,894	1,159,894
2022-2026	1,040,000	112,694	1,152,694
	$3,710,000	**$973,724**	**$4,683,724**

Revenue Bonds Outstanding

	Amount Issued	Interest Rate %	Issue Date	Principal Maturity Date	2011 Principal Balance	2010 Principal Balance
Solid Waste Revenue Bonds, Series 2005	$8,410,000	3.00-4.25%	9/8/2005	7/1/2025	$3,710,000	$4,745,000

Bond Coverage

	2011	2010
Gross revenue, including investment income and transfers in	$39,948,134	$38,271,882
Direct operating expenses and transfers out, excluding depreciation and amortization	33,760,698	32,382,218
Net revenue available for debt service	**$6,187,436**	**$5,889,664**
Principal amounts	$1,035,000	$1,005,000
Interest amounts	161,413	196,484
Total debt service requirements	**$1,196,413**	**$1,201,484**
Revenue bond coverage	**5.17**	**4.90**

The bond indentures require the payment of principal and interest before any other expenditures may be made. In addition, depreciation and amortization expenses are excluded from the direct operating expenses as they do not affect funds available for debt service. The required revenue bond coverage is 1.2.

II. B. 3. CHANGES IN LONG-TERM DEBT

2011

	Balance July 1, 2010	Issued	Retired	Balance June 30, 2011	Due Within One Year	Due After One Year
Capital lease agreement	$3,146,736	$ -	$1,147,646	$1,999,090	$1,186,215	$812,875
Revenue bonds	4,745,000	-	1,035,000	3,710,000	340,000	3,370,000
	$7,891,736	**$ -**	**$2,182,646**	**$5,709,090**	**$1,526,215**	**$4,182,875**

2010

	Balance July 1, 2009	Issued	Retired	Balance June 30, 2010	Due Within One Year	Due After One Year
Capital lease agreement	$4,257,067	$ -	$1,110,331	$3,146,736	$1,147,646	$1,999,090
Revenue bonds	5,750,000	-	1,005,000	4,745,000	1,035,000	3,710,000
	$10,007,067	**$ -**	**$2,115,331**	**$7,891,736**	**$2,182,646**	**$5,709,090**

II. B. 4. SEGMENT INFORMATION AND PLEDGED REVENUES

The Trust issued revenue bonds to support its solid waste activities. The financial statements report revenue-supported debt. The Trust recognized $39,900,420 and $38,247,451 in solid waste charges in 2011 and 2010, respectively.

II. C. INTERFUND BALANCES

Due Within the City

The Trust had $1,209,283 and $127,760 due to the City General Fund at June 30, 2011 and 2010, respectively, related to the transfer in lieu of franchise fees due but not paid at year end.

The Trust had amounts due from the City Water and Wastewater Fund of $240,072 and $786,320 at June 30, 2011 and 2010 for customer billings for solid waste services collected by the City not yet remitted to the Trust.

III. NET ASSETS

Invested in Capital Assets, Net of Related Debt

	2011	2010
Capital assets, net	$9,819,257	$10,856,076
Retainages and accounts payable	(174,600)	-
Capital lease payable	(1,999,090)	(3,146,736)
Bonds payable, net	(3,711,487)	(4,746,747)
Bond issuance costs paid from bond proceeds	228,478	228,478
	$4,162,558	$3,191,071

Restricted for Debt Service

	2011	2010
Bond principal and interest accounts	$411,708	$1,125,059
Capital lease principal and interest accounts	445	445
Interest receivable on bond investments	3	49
Current capital lease interest payable	(5,514)	(8,680)
Current bond interest payable	(71,650)	(89,763)
	$334,992	$1,027,110

Unrestricted

	2011	2010
Unrestricted	$14,370,744	$10,399,528

IV. INTERFUND TRANSFERS

Administrative and Internal Service Chargebacks

City employees perform all administrative and management services for the Trust. Reimbursements for the costs of these services are included in the transfers to the City Solid Waste Managment Fund. During fiscal year 2011 and 2010, $9,545,000 and $8,698,900 was transferred to the City Solid Waste Management Fund for operations. Of this amount $447,339 and $406,085, respectively, was paid to the City General Fund from the City Solid Waste Fund for administrative charges. The transfers for 2011 and 2010 included $162,122 and $172,892 paid to the Information Technology Fund, $537,316 and $572,709 paid to the Risk Management Fund, $108,784 and $108,089 paid in banking charges, and $16,320 and $7,096 paid for postage, print shop and fuel, respectively.

Transfers in Lieu of Franchise Fees

During fiscal year 2011 and 2010, $753,084 and $703,395, respectively, were transferred to the City General Fund in lieu of fees paid for the exclusive right to provide solid waste services to the citizens of the City.

V. CONTRACT COMMITMENTS

The Trust contracts with several unrelated third party contractors to provide various services for the benefit of the residents of the City. These services include residential refuse collection, landfill disposal, recycling, and street sweeping. Funds to fulfill the Trust's obligations under these contracts are substantially comprised of user fees paid directly to the Trust.

2011

	Refuse Collection	Landfill Disposal	Recycling	Street Sweeping	Fleet Maintenance	Other	Total
2012	$10,510,097	$2,608,713	$2,818,391	$305,877	$1,226,319	$581,080	$18,050,477
2013	10,825,400	-	2,902,943	-	-	467,457	14,195,800
2014	11,150,162	-	2,990,031	-	-	119,906	14,260,099
2015	11,484,667	-	3,079,732	-	-	123,503	14,687,902
2016	11,829,207	-	3,172,124	-	-	-	15,001,331
2017	2,030,680	-	544,548	-	-	-	2,575,228
	$57,830,213	**$2,608,713**	**$15,507,769**	**$305,877**	**$1,226,319**	**$1,291,946**	**$78,770,837**

2010

	Refuse Collection	Landfill Disposal	Recycling	Street Sweeping	Fleet Maintenance	Other	Total
2011	$10,795,836	$2,550,533	$2,853,685	$151,439	$1,741,572	$936,688	$19,029,753
2012	11,119,711	-	2,939,296	-	1,161,048	782,459	16,002,514
2013	11,453,302	-	3,027,475	-	-	-	14,480,777
2014	11,796,901	-	3,118,299	-	-	-	14,915,200
2015	12,150,808	-	3,211,848	-	-	-	15,362,656
2016-2017	14,663,797	-	3,876,111	-	-	-	18,539,908
	$71,980,355	**$2,550,533**	**$19,026,714**	**$151,439**	**$2,902,620**	**$1,719,147**	**$98,330,808**

The future annual obligations are based on the current terms of the contracts. Some of these contracts include amounts that are reevaluated annually based on the terms of the contracts.

VI. RELATED PARTY TRANSACTIONS

Billing System Chargebacks

The Oklahoma City Water Utilities Trust (OCWUT) manages all billings and collections for the Trust. The Trust reimburses OCWUT for the cost of these services. In 2011 and 2010, respectively, the Trust paid $1,724,000 and $1,542,450 for this service. The payment is reported with operating expense, maintenance, operations and contractual services.

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Independent Accountants' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Directors
Oklahoma City Environmental Assistance Trust
Oklahoma City, Oklahoma

We have audited the financial statements of the Oklahoma City Environmental Assistance Trust (the Trust), a component unit of the City of Oklahoma City, Oklahoma (the City), as of and for the year ended June 30, 2011, and have issued our report thereon dated December 2, 2011. 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Trust's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Trust's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Trust's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Trust's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the Trust's management in a separate letter dated December 2, 2011.

The Independent Accountants' Report on Internal Control over Financial Reporting and Compliance and Others Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* of the City should be read in conjunction with this report.

This report is intended solely for the information and use of the Board of Trustees, management, the City and others within the Trust and is not intended to be and should not be used by anyone other than these specified parties.

BKD, LLP

December 2, 2011

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