

**CITY OF STILLWATER, OKLAHOMA**

Comprehensive Annual Financial Report

And Accompanying

Independent Accountants' Report

For the Fiscal Year Ended June 30, 2007

Prepared by:

Department of Finance

Marcy Alexander

Director of Finance

**CITY OF STILLWATER, OKLAHOMA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
TABLE OF CONTENTS**

<b>INTRODUCTORY SECTION</b>	<u>Page No.</u>
Table of Contents	1-2
Letter of Transmittal	3-7
GFOA Certificate of Achievement	8
City Officials and Audit Committee	9
City Organization Chart	10
 <b>FINANCIAL SECTION</b>	
Independent Accountants' Report on Financial Statements and Supplementary Information	11-12
Management's Discussion and Analysis	13-22
Basic Financial Statements:	
Government-wide Financial Statements	
Statement of Net Assets	23
Statement of Activities	24
Fund Financial Statements:	
Balance Sheet-Governmental Funds	25-26
Statement of Revenues, Expenditures and Changes In Fund Balances-Governmental Funds	27-28
Statement of Net Assets-Proprietary Funds	29
Statement of Revenues, Expenses and Changes in Fund Net Assets-Proprietary Funds	30
Statement of Cash Flows-Proprietary Funds	31
Statement of Fiduciary Net Assets-Fiduciary Fund	32
Notes to Financial Statements	33-62
Required Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual (Budget Basis)-General Fund	63-65
Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual (Budget Basis)-Transportation Fund	66
Notes to Required Supplementary Information-Budgetary Comparison Schedule	67-68
Other Supplementary Information:	
Combining Balance Sheet-Nonmajor Governmental Funds	69-70
Combining Statement of Revenues, Expenditures and Changes in Fund Balances-Nonmajor Governmental Funds	71-72
Budgetary Comparison Schedule-Nonmajor Governmental Funds	73-75
Statement of Net Assets-Nonmajor Proprietary Funds	76

Statement of Revenues, Expenses and Changes in Fund Net Assets- Nonmajor Proprietary Funds	77
Statement of Cash Flows-Nonmajor Proprietary Funds	78
Statement of Changes in Fiduciary Net Assets	79
<b>STATISTICAL SECTION</b>	
Net Assets by Component	80
Changes in Net Assets	81-82
Fund Balances, Governmental Funds	83
Changes in Fund Balances, Governmental Funds	84
Tax Revenues by Source, Governmental Funds	85
Assessed Value and Actual Value of Taxable Property	86
Direct and Overlapping Property Tax Rates	87
Principal Property Tax Payers	88
Property Tax Levies and Collections	89
Taxable Sales by Category	90
Direct and Overlapping Sales Tax Rates	91
Electric Customers by Category	92
Legal Debt Margin Information	93
Direct and Overlapping Governmental Activities Debt	94
Ratios of Total Outstanding Debt	95
Ratios of General Bonded Debt	96
Pledged Revenue Coverage	97
Full-time Equivalent City Government Employees by Function/Program	98
Capital Asset Statistics by Function/Program	99
Operating Indicators by Function/Program	100
Principal Employers	101
Demographic and Economic Statistics	102



December 21, 2007

To the Honorable Mayor Roger McMillian, members of the City Council and the Citizens of the City of Stillwater, Oklahoma:

The comprehensive annual financial report of the City of Stillwater, for the fiscal year ended June 30, 2007, is submitted herewith. This report was prepared by the City's Department of Finance. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City in accordance with accounting principles generally accepted in the United States of America; and, accordingly, all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our Management's Discussion and Analysis.

## **OVERVIEW**

### **Report Format**

This report conforms to the standards prescribed in Statement No. 34 of the Governmental Accounting Standards Board (GASB). GASB Statement No. 34 implements a model of financial reporting for state and local governments designed to enhance the usefulness of the City's annual report.

For fiscal year 2007, the independent accountants' report on the internal control and compliance with applicable laws, is presented in a separate document which is available upon request.

### **Governmental Structure, Local Economic Conditions and Outlook**

The City of Stillwater, located in north central Oklahoma is a municipal corporation organized in 1891 under the applicable laws of the State of Oklahoma. The City currently has a land area of 28 square miles and a population of over 40,000. Located in Payne County, the City serves as a regional center for shopping, entertainment, health care, and education. Stillwater is home to Oklahoma State University.

The City is governed under the council-manager form of government according to its charter adopted in 1960. Policymaking and legislative authority are vested in the governing body, which consists of a five-member council. The five councilors, including the mayor, are elected at-large on a non-partisan basis for staggered three-year terms. The mayor is elected at large by the citizenry while the vice-mayor is elected by the council from its membership. The council holds regular meetings on the first and third Monday evenings each month. The council schedules work session meetings on the fourth Monday of each month.

The economic outlook for the City of Stillwater and its residents is positive. The City has a diverse economy with a high degree of stability. Stillwater is the county seat for Payne County and houses other governmental entities and educational centers that provide a stable labor force. Oklahoma State University is the City's largest employer and the City is also the headquarters for the Oklahoma Department of Career and Technology Education and the Meridian Technology Center. Employment in the state and local government sectors account for approximately 45% of local wage and salary jobs. In addition manufacturing and advanced technology companies cover a large share of the local economic

base. A study by the Oklahoma Cooperative Extension Service at Oklahoma State University has concluded that Stillwater manufacturing and advanced technology companies account for one quarter of the total economic activity in Payne County. The study found that local manufacturers provided jobs for 2,787 residents and an annual payroll of \$71.9 million, while technology companies accounted for an additional 1,550 jobs and \$40.4 million in income to individuals. The health care sector has been a contributor to local job growth in the past decade. In 2006 and 2007, Stillwater saw the beginning of a new period of retail growth. The addition of several national retailers is expected to have a positive effect on Stillwater's economy by helping to retain local dollars and adding to the sales tax collections. The retail additions are also expected to broaden the city's regional trade influence.

Stillwater business and community leaders began a five-year strategic plan titled "Forward Stillwater" in 2004. The campaign, which was joined by more than 260 area businesses and public sector partners, has raised more than \$2.5 million for economic development. The plan addresses new initiatives for business retention and expansion, industry attraction, entrepreneurial development, and visitor promotion for Stillwater and north central Oklahoma. The Forward Stillwater Investor Council endorsed the development of a new industrial park to be located in Northeast Stillwater.

Stillwater's cost of living remains well below the U.S. average. Unemployment is consistently among the lowest in the U.S. for Stillwater and the surrounding county.

### **The Reporting Entity and Its Services**

The City's financial reporting entity includes all the funds of the primary government (i.e., the City of Stillwater as legally defined), as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable. The City provides the full range of municipal services contemplated by the City Charter. These include public safety (police, fire and civil defense), general government functions, recreation and culture, streets and sewers, human services, sanitation, airport and public improvement.

Blended component units, although legally separate entities, are in substance part of the primary government's operations and are included as part of the primary government. Accordingly, the Stillwater Utilities Authority (SUA), Stillwater Public Golf Authority (SPGA), Stillwater Industrial and Redevelopment Authority (SIRA) and the Stillwater Public Works Authority (SPWA) are reported as three enterprise funds and an internal service fund, respectively, of the primary government. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position, results of operations and cash flows from those of the primary government. The Stillwater Medical Center Authority is reported as a discretely presented proprietary component unit. The Stillwater Convention and Visitors Bureau is reported as a discretely presented governmental component unit. The reporting entity is described in Note 1 to the combined financial statements in the financial section of this report.

## **FINANCIAL INFORMATION**

### **Internal Controls**

The responsibility for establishing and maintaining the internal control structure rests with the City. In developing and evaluating the City's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition and (2) the evaluation of costs and benefits requiring estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

### **Budgetary Control**

The administrative level of budgetary control is maintained at the character classification level by the encumbrance of estimated purchase amounts prior to the release of purchase orders to vendors. The legal level of control at which expenditures and encumbrances may not exceed appropriations is at the category levels for personal services, materials and supplies, other services and charges, capital outlay and debt service for each department within each fund. The method of budget adoption and amendment process is described in Note 1 to the financial statements in the financial section of this report.

### **Accounting System**

The diverse nature of governmental operations and the necessity of complying with legal provisions require an accounting system unlike those used by commercial enterprises. Rather than establishing a single unified set of accounts for recording and summarizing all financial transactions, the accounts of the City are organized on the basis of funds, each of which constitutes a separate accounting entity. The funds used by the City are grouped into the following broad fund types:

**Governmental Funds:** These funds are used to account for the programs and activities of the governmental functions of the City and are comprised of the following:

*General Fund:* This fund serves as the main operating fund of the City. It is used for recording all financial resources except those required to be accounted for in another fund.

*Special Revenue Funds:* These funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

*Capital Project Funds:* These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

*Debt Service Fund:* This fund is used to account for the accumulation of financial resources for payment of interest and principle debt and court-assessed judgments.

**Proprietary Funds:** These funds are used to account for ongoing organizations and activities that are similar to those found in the private sector and are comprised of the following:

*Enterprise Funds:* These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs of providing goods or services on a continuing basis be financed or recovered primarily through user charges.

*Internal Service Fund:* This fund is used to account for services and/or commodities furnished by a designated program to other programs within the City, on a cost reimbursement basis.

**Fiduciary Fund:** This fund is used to administer resources received and held by a governmental unit as the trustee or as the agent for others. Use of this fund facilitates the discharge of responsibilities placed upon the governmental unit by virtue of law or other similar authority.

### **General Fund Operations**

The General Fund accounts for all revenues and expenditures, which are not accounted for in other funds. It finances the traditional governmental functions and is the principal operating fund of the City. Police, Fire, Parks, Events and Recreation, Library, Community Center, Administration, and Development Services are all activities reported in the general fund.

### **Enterprise Fund Operations & Similar Component Units**

The SUA, the Airport Fund, the SPGA, and the SIRA are classified as Enterprise Funds for reporting purposes. Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprise where the intent of the governing body is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges and/or a determination of net income is desirable. Services accounted for in Enterprise Funds are tangible, and it is possible to determine the extent to which they benefit individual service consumers.

### **Risk Management**

In 1986, the City Council directed that the City initiate a self-insurance program for the vehicle liability, general liability, and City property damage coverage. This action was initiated due to the City's low loss experience compared to high premiums and lower coverage offered by conventional and pooled insurance plans. The first full year of operation for the City's self-insurance program was fiscal year 1987-88.

The City had been self-insured for workers compensation and unemployment compensation coverage prior to the decision to implement a self-insurance program. To create a self-insurance fund for the City, the workers compensation and unemployment compensation funds were combined with the funds budgeted in the 1987 fiscal year for insurance premiums. Within this fund, accounts were created for the different types of losses the City could anticipate. Expenditures from the fund are determined by claims filed with the City during the year and approved for payment. Payment of claims \$10,000 and over require City Council approval. Payments of claims under \$10,000 require City Manager approval.

The health benefit program for employees is self-funded using a third party administrator with the city maintaining stop loss coverage. Traditional property insurance is maintained on the city hall and library. Excess property coverage is maintained on the water utility as required by the bond indenture. Coverage for airport liability and hangar keeper's liability was added in 1995. In 1997, an excess liability program was established with the city continuing to administer claims. Coverage includes general liability, employee benefits liability, law enforcement liability, public entity management, EMT, and commercial auto.

The City has several policies and procedures regarding safety training of employees, hazardous material communications, accident reporting and investigation, and medical assistance. The City intends to limit their risk exposure through stringent enforcement of these policies.

### **Cash Management**

The Finance Director is responsible for maintaining the City's investment portfolio and providing oversight for bond proceeds held by trustees. The City generally combines unrestricted cash for investment purposes. Cash temporarily idle during the year was invested in time deposits and U.S. Treasury Bills. The City, SUA and SPWA use interest bearing NOW checking accounts and higher yielding money market accounts as provided under Public Law 97-320 (sec.327). The City's cash is deposited daily. Deposits are insured by federal depository insurance or collateralized.

### **Independent Audit**

The Oklahoma State Statutes and City Charter require an annual audit by certified public accountants or qualified independent public accountants. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the federal Single Audit Act of 1984, as amended in 1996, and related OMB circular A-133 and "Government Auditing Standards" issued by the Comptroller General of the United States. The independent certified public accountants that performed the audit were selected by the City Council.

The City's Audit Committee is a five-member advisory committee provided for under City Ordinance #1929. Under the provisions of the ordinance, the City Council appoints the committee. The purpose of the Audit Committee is to maintain independence between the outside auditors and city management. The primary responsibilities of the Audit Committee are to review and evaluate the year-end financial statements and independent accountants' report, review and report deficiencies in internal control, oversee the audit function and to report to the City Council as required. The independent accountants' report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The independent accountants' reports related specifically to the Single Audit are included in a separately bound Single Audit supplement.

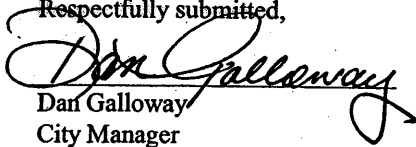
**Awards.** The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Stillwater for its comprehensive annual financial report for the fiscal year ended June 30, 2006. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements.

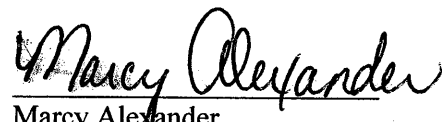
A Certificate of Achievement is valid for a period of one year only. The City of Stillwater has received a Certificate of Achievement for the last twenty-five consecutive years. We believe that our current report continues to meet the Certificate of Achievement Program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

**Acknowledgments.** The preparation of this report could not be accomplished without the dedicated services of the entire Department of Finance staff, with special thanks to Tammy Brown, Christy Cluck and Terri Gibbs and the professional assistance of the City's independent accountants, BKD, LLP. In addition, thanks are extended to the members of the Audit Committee for their review and oversight of the audit process and to the members of the City Council for their interest and support in strengthening and improving the fiscal policies of the City of Stillwater.

The City will strive to continue to provide its citizens with quality services, management and financial reporting.

Respectfully submitted,

  
Dan Galloway  
City Manager

  
Marcy Alexander  
Director of Finance



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Stillwater  
Oklahoma

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Charles S. Cox*

President

*Jeffrey R. Enner*

Executive Director

**CITY OF STILLWATER, OKLAHOMA**  
**CITY OFFICIALS AND AUDIT COMMITTEE**

**JUNE 30, 2007**

**Mayor and City Commission**

Roger McMillian	Mayor
Ruth Anne Kennedy	Vice Mayor
Tom Dugger	Commissioner
Tom Williams	Commissioner
Hank Moore	Commissioner

**Audit Committee**

K. Cohlma	Chairman
Carl Weinaug	Vice-Chairman
John Mowen	Member
Rex Horning	Member

**Administration**

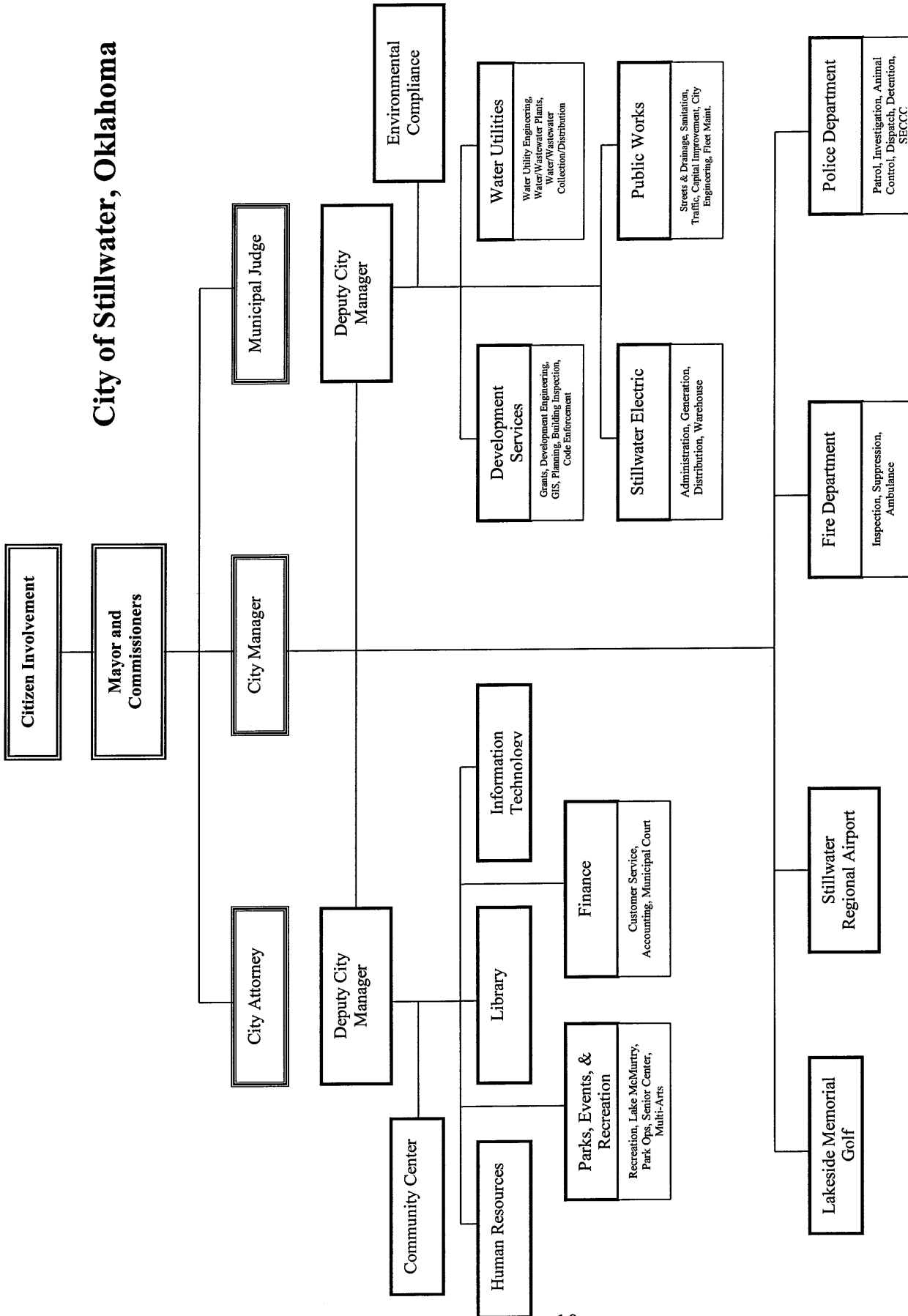
Dan Galloway	City Manager
Mary Rupp	Deputy City Manager
Dan Blankenship	Deputy City Manager
Marcy Alexander	Director of Finance
Lynda Reynolds	Director of Library
Roy Lavicky	Director of Information Services
Jeff Tullis	Director of Electric Utility
Paula Dennison	Director of Development Services
Ralph Kinder	Director of Public Works
Anthony Daniel	Director of Water/Wastewater Utility
Gary Johnson	Director of Airport
John Dorman	City Attorney
Norman McNickle	Police Chief
John McClenny	Director of Parks and Recreation
Robert Barker	Director of Personnel
Marion Blackwell, Jr.	Fire Chief
Fred Forbes	Director of Lakeside Golf Course

**Department Of Finance-Accounting Division**

Tamara Brown	Accounting Supervisor
Christy Cluck	Authority Accountant
Terri Gibbs	Internal Auditor

City Phone Number: (405) 372-0025

# City of Stillwater, Oklahoma





## Independent Accountants' Report on Financial Statements and Supplementary Information

The Honorable Mayor and  
Members of the City Commission  
City of Stillwater, Oklahoma  
Stillwater, 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 the City of Stillwater, Oklahoma as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Stillwater Convention and Visitors Bureau or the Stillwater Medical Center Authority, component units of the City, which statements reflect total assets and program revenues of \$86,219,481 and \$71,767,767, respectively, and represent 100% of the aggregate discretely presented component units' total assets and program revenues at June 30, 2007 and for the year then ended. The financial statements of these entities were audited by other accountants whose reports have been furnished to us and our opinion, insofar as it relates to the amounts included for the Stillwater Convention and Visitors Bureau and Stillwater Medical Center Authority, is based solely on the reports of the other accountants.

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. The financial statements of Stillwater Convention and Visitors Bureau, a component unit included in the financial statements of the aggregate discretely presented component units, were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Stillwater, Oklahoma as of June 30, 2007, 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.

The Honorable Mayor and  
Members of the City Commission  
City of Stillwater, Oklahoma  
Page 2

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2007 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 accompanying management's discussion and analysis and budgetary information as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. 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's basic financial statements. The accompanying supplementary information, as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

BKD, LLP

December 21, 2007

## **Management's Discussion and Analysis Fiscal Year Ended June 30, 2007**

As management of the City of Stillwater, we offer readers this narrative overview and analysis of the financial activities of the City of Stillwater for the fiscal year ended June 30, 2007. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

### **Using the Financial Statement in this Annual Report**

This annual report consists of a series of financial statements. The financial statements presented herein include all of the activities of the City of Stillwater (the "City"), the Stillwater Utilities Authority (the "SUA") and other component units. The Statement of Net Assets and the Statement of Activities provide information about the activities of the City as a whole, including the SUA and component units, and present a longer-term view of the City's finances. Included in this report are government-wide statements for each of two categories of activities – governmental and business-type, along with two discretely-presented component units.

The government-wide financial statements present the complete financial picture of the City from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business-type activities separately and combined. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. These statements include all assets of the City, including infrastructure, as well as all liabilities, including long-term debt.

### **Reporting the City as a Whole – Statements of Net Assets and Activities**

This discussion and analysis is intended to serve as an introduction to the City of Stillwater's basic financial statements. The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer questions. These statements include all assets and liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the City's net assets and changes in them from the prior year. The City's net assets – the difference between assets and liabilities – is one way to measure the City's financial condition or position. Over time, increases or decreases in the City's net assets are

indicators of whether its financial health is improving or deteriorating. However, other non-financial factors must be considered, such as changes in the City's property tax base and the condition of the City's roads, to assess the overall health of the City.

As mentioned above, in the Statement of Net Assets and the Statement of Activities, we divide the City into three kinds of activities:

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

Business-type activities – The City charges a fee to customers to help cover all or most of the cost of certain services it provides. The City's water, sewer and sanitation utilities are reported here, along with the golf course and airport.

Discretely-presented component units – The City's report has two discretely presented component units, the Stillwater Medical Authority and the Stillwater Convention and Visitors Bureau. Although they are legally separate entities, these "component units" are important because the City is financially accountable for them in some way. The Stillwater Medical Authority is a public trust of the City and the City is the beneficiary of the trust. The Stillwater Convention and Visitors Bureau receive the proceeds of the City's Hotel/Motel tax to provide economic development by encouraging tourists and conventions to select Stillwater as a destination.

### **Reporting the City's Most Significant Funds – 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 Stillwater, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money. All of the funds of the City of Stillwater can be divided into two categories: governmental funds and proprietary funds.

*Governmental funds* – Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic service it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences of results in the Governmental Fund financial statements to

those in the Government-Wide financial statements are explained in a reconciliation following each Governmental Fund financial statement.

The General Fund fund balance decreased by \$1.4 million mainly as a result of increased operating expenditures, increased capital expenditures and a decrease in the transfer in from Stillwater Utilities Authority.

The Transportation Fund receives a transfer from the general fund of a ½ percent sales tax dedicated for transportation improvements. The Transportation Fund increased by \$462,341 due to an increase in sales tax revenues. In addition, several projects were in the final phases of design or awaiting approval for construction which caused a delay in the expenditure of project funds.

*Proprietary fund* – When the City charges customers for the services it provides- whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Fund Net Assets. In fact, the City’s enterprise funds, along with certain capital project funds, are the same as the business-type activities reported in the government-wide statements but provide more detail and additional information, such as cash flows. Net assets of the Stillwater Utilities Authority (SUA) have increased by \$2.9 million or 3.25% mainly due to a full year of an implemented rate increase for Electric and an increase in the overall customer base of water and wastewater services. The SUA transfers to other funds decreased by \$0.9 million.

### **The City as Trustee**

The City is the trustee, or fiduciary for other assets that – because of a trust arrangement – can be used only for the trust beneficiaries. All of the City’s fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets. These activities are excluded from the City’s other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in this fund are used for their intended purposes.

### **The City as a Whole**

For the year ended June 30, 2007, net assets for the governmental activities and business-type activities changed as follows:



**The City of Stillwater's Net Assets**  
(expressed in \$ 000's)

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Beginning net assets	87,035	103,429	190,464
Increase/(Decrease)	3,771	909	4,680
Ending net assets	<u>90,806</u>	<u>104,338</u>	<u>195,144</u>

The above numbers reflect an increase of 4.33% in net assets for governmental activities and an increase of .87% in net assets for business-type activities. Overall, the net assets for both governmental and business type activities increased 2.46% for this fiscal year.

The following is a summary comparison of the change in net assets from last year for the City of Stillwater.

**The City of Stillwater's Net Assets**  
(expressed in \$ 000's)

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
<b>Assets:</b>						
Current and other assets	20,252	20,151	29,621	32,339	49,873	52,490
Capital assets	86,495	82,275	112,060	111,680	198,555	193,955
<b>Total assets</b>	<u>106,747</u>	<u>102,426</u>	<u>141,681</u>	<u>144,019</u>	<u>248,428</u>	<u>246,445</u>
<b>Liabilities:</b>						
Long-term liabilities	12,792	13,505	33,458	35,360	46,250	48,865
Other liabilities	3,149	1,886	3,885	5,230	7,034	7,116
<b>Total liabilities</b>	<u>15,941</u>	<u>15,391</u>	<u>37,343</u>	<u>40,590</u>	<u>53,284</u>	<u>55,981</u>
<b>Net assets:</b>						
Invested in capital assets	75,875	70,865	80,898	77,375	156,773	148,240
Restricted	10,856	10,550	1,913	1,582	12,769	12,132
Unrestricted	4,075	5,620	21,527	24,472	25,602	30,092
<b>Total net assets</b>	<u>90,806</u>	<u>87,035</u>	<u>104,338</u>	<u>103,429</u>	<u>195,144</u>	<u>190,464</u>

At the end of the current fiscal year, the City of Stillwater is able to report positive balances in net assets for the governmental activities and business-type activities as well as for the city as a whole.

The largest portion of the City's net assets, 80.33 percent, reflects its investment in capital assets, less any related debt used to acquire those assets to provide services to citizens. Capital assets are items such as land, buildings, machinery and equipment, and infrastructure. Consequently, these assets are not available for future spending. Although the City's investment in 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.

An additional portion of the City's net assets, 6.5 percent, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets may be used to meet the City's ongoing obligations to citizens and creditors.

### **Governmental Activities**

Governmental activities increased the City of Stillwater's net assets by \$3,770,801 which contributed a 1.98% increase of the net assets of the City of Stillwater. The following provides details of the increase:

**The City of Stillwater's Statement of Activities**  
(expressed in \$ 000's)

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
Revenues:						
Program revenues:						
Charges for services	\$ 4,180	\$ 3,441	\$53,163	\$50,384	\$57,343	\$53,825
Operating Grants & contributions	120	178	-	101	120	279
Capital grants & contributions	2,167	823	2,185	1,276	4,352	2,099
General revenues:						
Sales taxes	22,857	21,825			22,857	21,825
Other taxes	3,137	3,269			3,137	3,269
Other general revenues	1,149	897	1,542	1,146	2,691	2,043
<b>Total Revenues</b>	<b>33,610</b>	<b>30,433</b>	<b>56,890</b>	<b>52,907</b>	<b>90,500</b>	<b>83,340</b>
Program Expenses:						
General Government	3,467	2,523			3,467	2,523
Financial Administration	635	752			635	752
Public Safety	15,590	14,092			15,590	14,092
Streets & Sewers	6,454	5,727			6,454	5,727
Engineering and Public Works Administration	767	915			767	915
Tourism	-	370			-	370
Recreation and Culture	5,428	4,777			5,428	4,777
Economic Development	1,005	602			1,005	602
Health and Welfare	1,594	1,442			1,594	1,442
Interest on Long-term Debt	579	628			579	628
Stillwater Utilities Authority			46,993	43,453	46,993	43,453
Stillwater Public Golf Authority			1,194	1,102	1,194	1,102
Airport Operations			2,114	2,161	2,114	2,161
<b>Total Expenses</b>	<b>35,519</b>	<b>31,828</b>	<b>50,301</b>	<b>46,716</b>	<b>85,820</b>	<b>78,544</b>
Increase/(Decrease) in Net Assets Before Transfers	(1,909)	(1,395)	6,589	6,191	4,680	4,796
Net Transfers	5,680	4,758	(5,680)	(4,758)	-	-
<b>Increase/(Decrease) in Net Assets</b>	<b>\$ 3,771</b>	<b>\$ 3,363</b>	<b>\$ 909</b>	<b>\$ 1,433</b>	<b>\$ 4,680</b>	<b>\$ 4,796</b>

## **Governmental Activities**

Sales and use tax received in fiscal year 2007 resulted in an increase over the prior year of \$1,032,531. This increase was due to increased sales and not as a result of a tax increase. Transfers from the SUA to the general fund were decreased by \$1,076,128. Property taxes decreased \$83,159 due to a reduction in the levies to support the repayment of the outstanding general obligation bonds. Investment income increased by \$234,503 due to increased principal invested and higher interest rates.

## **Business-type Activities**

Business-type activities increased the City of Stillwater's net assets by \$908,749 which contributed to a .48% increase in the net assets of the City of Stillwater. A full year of rate increases enacted in the prior year for electric service contributed to a \$2.7 million increase in charges for services in the business-type activities.

## **General Fund Budgetary Highlights**

The general fund budget for fiscal year 2006-07 was conservative, designed to preserve current service levels, while meeting the City Council's financial goals for community priorities. Sales tax revenues continued to stabilize in 2004-05 and 2005-06 and the budget for 2006-07 was estimated to grow at 5.00% which closes the gap to only 1% behind historical levels. The expenditure budget was prepared decreasing operating expenditures by 2% from the previous year's original budget. The expenditure budget included funds to provide for additional staffing in the Fire Department to meet increasing demands for Emergency Medical Services (Ambulance). The actual hire for these positions was dependent on an assessment study of the needs and these positions have not yet been authorized to be filled. A 3% COLA was budgeted across all positions. Significant budgeted capital expenditures for the general fund were a new roof for Fire Station #1, one new ambulance, replacement of eight police vehicles, and a storage facility for Parks, Events and Recreation. Transfers are budgeted based on the anticipated needs of the recipient funds at the time of budget preparation; however actual transfers are made only as needed.

Significant budget amendments were made in Sales Tax Revenue to adjust for increased revenue during the year. Expenditure amendments were made in Fire Department Personal Services to reduce the appropriation for additional firefighters that were not authorized to be hired. Contract Services for Parks, Events and Recreation and the Library were increased to appropriate for a tree planting grant and a "Big Read" grant. General Government Contract Services were reduced due to a lease for computers not being realized.

The budget was prepared with the goal of a reserve in the general fund of \$2,000,000 and \$11,000,000 in SUA.

## Capital Asset & Debt Administration

The following is a summary of changes in capital assets and debt administration for FY2007. More detailed information on capital asset activity and long-term debt activity is contained in the accompanying notes to the financial statements on pages 48 and 49 and pages 51 to 56, respectively.

### Capital Assets

At the end of June 30, 2007, the City had \$198.5 million invested in capital assets including police and fire equipment, buildings, park facilities, water and sewer lines, electric systems and roads.

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Land	\$ 5,219	\$ 5,218	\$ 1,689	\$ 1,668	\$ 6,908	\$ 6,886
Buildings	23,669	23,309	4,902	4,469	28,571	27,778
Other Improvements	-	-	22,047	22,987	22,047	22,987
Equipment	18,565	17,255	19,906	19,026	38,471	36,281
Infrastructure	119,801	114,374	162,049	156,585	281,850	270,959
Intangible Assets			74	74	74	74
Construction-in-progress	7,545	4,083	4,421	4,624	11,966	8,707
	174,799	164,239	215,088	209,433	389,887	373,672
Less Depreciation	88,305	81,964	103,028	97,754	191,333	179,718
<b>Totals</b>	<b>\$ 86,494</b>	<b>\$ 82,275</b>	<b>\$ 112,060</b>	<b>\$ 111,679</b>	<b>\$ 198,554</b>	<b>193,954</b>

### Debt Administration

At year-end, the City had \$42,552,678 in long term debt. These debts are further detailed below as follows:

**The City of Stillwater's Long-term Debt**  
(expressed in \$000's)

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
General Obligation Bonds	\$ 10,620	\$ 11,410	\$ -	\$ -	\$ 10,620	\$ 11,410
Capital Lease Obligations	-	-	1,664	1,563	1,664	1,563
Notes Payable	-	-	13,307	14,009	13,307	14,009
Revenue Bonds	-	-	16,557	19,185	16,557	19,185
Refundable Grant Obligations	404	446			404	446
<b>Totals</b>	<b>\$ 11,024</b>	<b>\$ 11,856</b>	<b>\$31,528</b>	<b>\$ 34,757</b>	<b>\$ 42,552</b>	<b>\$ 46,613</b>

Decreases in debt resulted from maturities.

### **Economic Factors and Next Year's Budget**

Stillwater has not experienced many of the extreme economic situations that have faced many other Oklahoma cities. While Stillwater has been experiencing significant growth, sales tax and other revenues have only grown at a moderate pace but are expected to return to historical levels. In addition, several new retail developments are underway or have been recently completed in 2006-07. Regular utility rate increases in the past few years have also added to revenues.

A 206,000 square foot shopping center was completed in Fall 2006 with anchor and specialty tenants such as Belk Department Stores, Linens and Things, Rack Room Shoes, Pier I Imports and Petco. Construction was completed on a second Wal-Mart Supercenter which opened in January. There are approximately a dozen restaurants completed or underway. These projects represent approximately a half million square feet of retail space. These new commercial developments are expected to contribute more than \$50 million in construction and 1,600 new jobs, and an annual payroll of \$35 million.

Stillwater employers have remained stable and there have been no significant reductions in workforce or closings of major employers. Oklahoma State University has announced expansion projects representing over \$800 million dollars over the next six years, generating a \$1.2 billion economic impact on the Stillwater area. MerCruiser announced plans for a \$13.5 million expansion of its die casting operations at the Stillwater plant, beating out Mexico and China and providing up to 100 new skilled jobs.

From January through June 2007, there were 103 new single family residential permits issued totaling \$17,166,573 and 38 commercial permits issued totaling \$20,273,846. Enrollment at Oklahoma State University showed a decrease for the Fall 2007 semester

with a headcount of 23,005. However, the 2007 new freshmen class enrollment stayed relatively level, and showed increases in academic achievement. These included an average ACT score of 24.8, and increase in National Merit Scholars for the third year, 15 National Hispanic Scholars, and over 500 (16%) new freshmen entering OSU with a perfect 4.0 GPA from their high school.

The budget for the fiscal year 2007-08 was adopted by the Stillwater City Council on June 4, 2007, and went into effect on July 1, 2007. A basic set of capital projects have been approved in the budget. Emphasis has been placed on completing works in progress and priority projects before additional projects are added in future year capital plans or budgets.

The budget includes increases in utility fees of 3% for Electric, Water and Wastewater. Sanitation fees will increase from \$13.67 for curbside collection and \$19.32 for house-side collection to \$16.40 and \$23.75 respectively. These rates are subject to an additional increase in January based on the CPI index of up to 3%. The budget has been designed to reflect a commission policy to increase the reserves held of \$2,000,000 in the general fund and \$11,000,000 in the Stillwater Utilities Authority by 3% to \$2,060,000 and \$11,330,000 respectively.

### **Contacting the City's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department at 723 S. Lewis, P.O. Box 1449, Stillwater, Oklahoma or phone at (405) 372-0025.

CITY OF STILLWATER, OKLAHOMA  
STATEMENT OF NET ASSETS  
JUNE 30, 2007

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Stillwater Medical Center Authority	Stillwater Convention and Visitors Bureau
<b>ASSETS</b>					
Cash and cash equivalents	\$ 14,028,441	\$ 18,295,106	\$ 32,323,547	\$ 12,405,661	\$ 94,851
Investments	-	-	-	17,203,171	-
Accounts receivable, net of allowance for uncollectible accounts of \$669,055	1,415,664	7,033,891	8,449,555	9,392,248	78,619
Internal balances	846,228	(846,228)	-	-	-
Leasehold receivable	-	404,304	404,304	-	-
Inventories	178,914	1,102,219	1,281,133	1,936,075	-
Due from other governments	3,782,865	-	3,782,865	-	-
Other assets	-	-	-	1,730,326	-
Restricted cash and cash equivalents	-	3,265,378	3,265,378	675,062	-
Restricted investments	-	-	-	2,034,915	-
Capital assets:					
Land and construction in progress	12,764,332	6,109,974	18,874,306	7,320,858	-
Other capital assets, net of accumulated depreciation	73,730,206	105,949,940	179,680,145	31,397,898	6,796
Other assets	-	-	-	1,943,001	-
Unamortized debt issuance costs	-	366,571	366,571	-	-
Total assets	<u>106,746,650</u>	<u>141,681,155</u>	<u>248,427,805</u>	<u>86,039,215</u>	<u>180,266</u>
<b>LIABILITIES</b>					
Accounts payable	1,363,960	3,355,868	4,719,828	2,106,512	268
Accrued liabilities	1,740,294	247,181	1,987,475	3,608,737	6,592
Accrued interest payable	44,344	218,417	262,761	103,917	-
Unearned revenue	-	64,049	64,049	-	-
Long-term liabilities:					
Due within one year	941,645	4,701,726	5,643,371	1,748,585	-
Due in more than one year	<u>11,850,525</u>	<u>28,756,230</u>	<u>40,606,755</u>	<u>19,121,357</u>	<u>-</u>
Total liabilities	<u>15,940,768</u>	<u>37,343,471</u>	<u>53,284,239</u>	<u>26,689,108</u>	<u>6,860</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	75,874,538	80,898,110	156,772,648	17,848,814	6,796
Restricted for:					
Capital projects	156,719	-	156,719	-	-
Debt service	96,746	1,912,627	2,009,373	-	-
Street improvements	10,044,476	-	10,044,476	-	-
Specific operating activities	558,210	-	558,210	127,682	-
Nonexpendable operating activities	-	-	-	442,749	-
Unrestricted	<u>4,075,193</u>	<u>21,526,947</u>	<u>25,602,140</u>	<u>40,930,862</u>	<u>166,610</u>
Total net assets	<u>\$ 90,805,882</u>	<u>\$ 104,337,684</u>	<u>\$ 195,143,566</u>	<u>\$ 59,350,107</u>	<u>\$ 173,406</u>

The accompanying notes are an integral part of this statement.



CITY OF STILLWATER, OKLAHOMA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2007

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Units	
					Governmental Activities	Business-type Activities	Stillwater Medical Center Authority	Stillwater Convention & Visitors Bureau
Primary Government								
Government activities								
Public safety	\$ 15,590,805	\$ 164,246	\$ 32,118	\$ 69,901	\$ (15,324,540)	\$ -	\$ (15,324,540)	
Recreation and culture	5,428,234	757,084	83,727	53,774	(4,533,649)	-	(4,533,649)	
General government	3,466,609	277,421			(3,189,188)	-	(3,189,188)	
Financial administration	635,329	1,116,601			481,272	-	481,272	
Street and sewers	6,454,425	449,124		1,978,039	(4,027,262)	-	(4,027,262)	
Engineering and public works administration	767,258				(767,258)	-	(767,258)	
Economic development	1,004,617	3,261			(1,001,356)	-	(1,001,356)	
Health and welfare	1,593,649	1,412,587	4,000	65,028	(112,034)	-	(112,034)	
Interest on long-term debt	578,703	-	-	-	(578,703)	-	(578,703)	
Total governmental activities	<u>35,519,629</u>	<u>4,180,324</u>	<u>119,845</u>	<u>2,166,742</u>	<u>(29,052,718)</u>	<u>-</u>	<u>(29,052,718)</u>	
Business-type activities								
Electric, water, wastewater and sanitation operations	46,993,426	51,315,037	-	2,040,242	-	6,361,853	6,361,853	
Stillwater Public Golf Authority	1,194,269	697,495	-	-	-	(496,774)	(496,774)	
Airport operations	2,113,932	1,150,365		145,042	-	(818,525)	(818,525)	
Total business-type activities	<u>50,301,627</u>	<u>53,162,897</u>	<u>-</u>	<u>2,185,284</u>	<u>-</u>	<u>5,046,554</u>	<u>5,046,554</u>	
Total primary government	<u>\$ 85,821,256</u>	<u>\$ 57,343,221</u>	<u>\$ 119,845</u>	<u>\$ 4,352,026</u>	<u>(29,052,718)</u>	<u>5,046,554</u>	<u>(24,006,164)</u>	
Component Units								
Medical Center	\$ 66,650,043	\$ 70,364,726	\$ 863,819	\$ 65,417			\$ 4,643,919	\$ -
Economic Development	382,174	473,805	-	-			-	91,631
Total component units	<u>\$ 67,032,217</u>	<u>\$ 70,838,531</u>	<u>\$ 863,819</u>	<u>\$ 65,417</u>			<u>\$ 4,643,919</u>	<u>\$ 91,631</u>
General revenues								
Taxes:								
Sales and use taxes					22,857,240	-	22,857,240	
Property taxes					1,315,487	-	1,315,487	
Franchise and public service taxes					1,330,835	-	1,330,835	
E911 taxes					84,444	-	84,444	
Hotel/motel taxes					406,552	-	406,552	
Investment income					616,842	1,212,709	1,829,551	616
Miscellaneous					532,498	329,107	861,605	
Transfers-internal activity					5,679,621	(5,679,621)	-	
Total general revenues and transfers					<u>32,823,519</u>	<u>(4,137,805)</u>	<u>3,832,658</u>	<u>616</u>
Change in net assets					<u>3,770,801</u>	<u>908,749</u>	<u>8,476,577</u>	<u>92,247</u>
Net assets - beginning					<u>87,035,081</u>	<u>103,428,935</u>	<u>50,873,530</u>	<u>81,159</u>
Net assets-ending					<u>\$ 90,805,882</u>	<u>\$ 104,337,684</u>	<u>\$ 59,350,107</u>	<u>\$ 173,406</u>

The accompanying notes are an integral part of this statement.

CITY OF STILLWATER, OKLAHOMA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2007

	General	Transportation Improvement	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,219,829	\$ 10,347,824	\$ 1,331,631	\$ 13,899,284
Due from other governments	3,674,325	-	108,540	3,782,865
Accounts receivable, net of uncollectable accounts of \$563,573	1,378,283	-	34,167	1,412,450
Due from other funds	469,728	-	2,971	472,699
Inventories	178,914	-	-	178,914
Total assets	<u>\$ 7,921,079</u>	<u>\$ 10,347,824</u>	<u>\$ 1,477,309</u>	<u>\$ 19,746,212</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 941,320	\$ 297,199	\$ 125,441	\$ 1,363,960
Accrued liabilities	1,104,820	3,422	3,176	1,111,418
Due to other funds	69,537	2,727	3,177	75,441
Deferred revenue	825,130	-	59,099	884,229
Total liabilities	<u>2,940,807</u>	<u>303,348</u>	<u>190,893</u>	<u>3,435,048</u>
<b>FUND BALANCES</b>				
Reserved for inventories	178,914	-	-	178,914
Reserved for debt service	-	-	96,746	96,746
Reserved for police activities	102,174	-	-	102,174
Reserved for fire activities	230,006	-	-	230,006
Reserved for capital improvements	-	-	156,719	156,719
Reserved for hotel/motel	47,115	-	-	47,115
Reserved for sales tax transfer	1,543,166	-	-	1,543,166
Unreserved:				
Designated for self insurance	1,484,580	-	-	1,484,580
Designated for recreation and culture	76,976	-	-	76,976
Special revenue funds undesignated	-	10,044,476	1,032,951	11,077,427
General Fund undesignated	1,317,341	-	-	1,317,341
Total fund balances	<u>4,980,272</u>	<u>10,044,476</u>	<u>1,286,416</u>	<u>16,311,164</u>
Total liabilities and fund balances	<u>\$ 7,921,079</u>	<u>\$ 10,347,824</u>	<u>\$ 1,477,309</u>	

Amounts reported for governmental activities in the Statement of Net Assets are different because:  
Capital assets used in governmental activities are not financial resources and, therefore, are not  
report in the funds, net of accumulated depreciation of \$88,305,906

86,494,538

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

884,227  
continued

Internal Service fund assets and liabilities are reported in the proprietary fund in the fund financial statements but are included in government activities in the Statement of Net Assets	177,039
---	---------

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

Accrued workers' compensation claims	(628,876)
Accrued interest payable	(44,344)
General obligation bonds payable	(10,620,000)
Accrued compensated absences	(1,767,866)

Net assets of governmental activities

<u>\$ 90,805,882</u>
----------------------

The accompanying notes are an integral part of this statement.

CITY OF STILLWATER, OKLAHOMA  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2007

	General	Transportation Improvement	Other Governmental Funds	Totals Governmental Funds
REVENUES				
Taxes	\$ 24,592,690	\$ -	\$ 1,300,612	\$ 25,893,302
Intergovernmental	243,520	-	65,028	308,548
Charges for services	1,197,340	-	271,556	1,468,896
Fines and forfeits	807,431	-	-	807,431
Fees and rentals	802,179	-	-	802,179
Investment income	122,020	436,474	51,068	609,562
Licenses and permits	303,354	-	-	303,354
Other miscellaneous revenues	1,046,101	-	45,941	1,092,042
Total revenues	29,114,635	436,474	1,734,205	31,285,314
EXPENDITURES				
Current				
Public safety	15,147,760	-	-	15,147,760
Recreation and culture	4,783,707	-	7,394	4,791,101
General government	2,624,051	-	-	2,624,051
Financial administration	612,413	-	-	612,413
Streets and sewers	2,030,150	136,863	208,062	2,375,075
Operations	741,181	-	-	741,181
Economic development	1,004,617	-	-	1,004,617
Human services	1,503,778	-	143,607	1,647,385
Debt service:				
Principal retirements	-	-	790,000	790,000
Interest and fiscal charges	-	-	582,865	582,865
Capital outlay	3,423,686	2,872,000	106,446	6,402,132
Total expenditures	31,871,343	3,008,863	1,838,374	36,718,580
Deficiency of revenues under expenditures	(2,756,708)	(2,572,389)	(104,169)	(5,433,266)
OTHER FINANCING SOURCES (USES)				
Transfers in	10,500,105	3,034,730	-	13,534,835
Transfers out	(9,165,164)	-	-	(9,165,164)
Total other financing sources (uses)	1,334,941	3,034,730	-	4,369,671
Net change in fund balances	(1,421,767)	462,341	(104,169)	(1,063,595)
FUND BALANCES, beginning	6,402,039	9,582,135	1,390,585	17,374,759
FUND BALANCES, ending	\$ 4,980,272	\$ 10,044,476	\$ 1,286,416	\$ 16,311,164

Reconciliation to Statement of Activities:

Net change in fund balances	\$ (1,063,595)
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets.	
Capital asset purchases	6,246,811
Donated capital assets	1,978,039
Assets transferred from proprietary funds	1,310,050
Depreciation expense	(5,324,574)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Deferred revenue	344,622
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets:	790,000
Internal Service Fund revenue	7,290
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds	
Accrued interest payable	4,162
Accrued compensated absences	(109,978)
Accrued workers' compensation claims	(412,026)
Change in net assets-governmental activities	<u>\$ 3,770,801</u>

The accompanying notes are an integral part of this statement.

CITY OF STILLWATER, OKLAHOMA  
STATEMENT OF NET ASSETS- PROPRIETARY FUNDS  
JUNE 30, 2007

	Business-type Activities			Governmental Activities- Internal Service Funds
	Stillwater Utilities Authority	Non Major Enterprise Funds	Totals	
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 14,508,305	\$ 104,151	\$ 14,612,456	\$ 129,157
Cash and cash equivalents - internally designated	3,682,650	-	3,682,650	
Restricted cash and cash equivalents	2,488,237	-	2,488,237	-
Accounts receivable, net of allowance for uncollectible accounts of \$105,482	7,026,898	6,993	7,033,891	3,216
Due from other funds	24,194	-	24,194	45,343
Advances to other funds	-	4,000	4,000	41,667
Leasehold receivable	-	41,667	41,667	-
Inventories	1,010,772	91,447	1,102,219	-
Total current assets	28,741,056	248,258	28,989,314	219,383
NONCURRENT ASSETS				
Advances to other funds	-	12,000	12,000	362,637
Leasehold receivable	-	362,637	362,637	
Restricted assets:				
Cash and equivalents	777,141	-	777,141	-
Capital assets, non depreciable	5,090,348	1,019,626	6,109,974	-
Capital assets, net of accumulated depreciation	94,641,510	11,308,430	105,949,940	-
Unamortized debt issuance costs	366,571	-	366,571	-
Total noncurrent assets	100,875,570	12,702,693	113,578,263	362,637
Total assets	129,616,626	12,950,951	142,567,577	582,020
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	3,273,928	81,940	3,355,868	-
Accrued expenses	222,049	25,132	247,181	-
Accrued compensated absences	34,533	15,460	49,993	-
Accrued interest payable	218,417	-	218,417	-
Current portion of customer deposits	575,610	-	575,610	-
Current portion of long-term obligations, net	4,076,123	-	4,076,123	41,667
Due to other funds	2,971	463,147	466,118	677
Advances from other funds	-	45,667	45,667	
Unearned revenue	-	64,049	64,049	-
Total current liabilities	8,403,631	695,395	9,099,026	42,344
NONCURRENT LIABILITIES				
Customer deposits	722,385	-	722,385	-
Compensated absences	546,134	35,459	581,593	-
Refundable grant obligations	-	-	-	362,637
Advances from other funds	-	374,637	374,637	
Long-term obligations, net	27,452,252	-	27,452,252	-
Total noncurrent liabilities	28,720,771	410,096	29,130,867	362,637
Total liabilities	37,124,402	1,105,491	38,229,893	404,981
NET ASSETS				
Invested in capital assets, net of related debt	68,570,054	12,328,056	80,898,110	-
Restricted for debt service	1,912,627	-	1,912,627	-
Unrestricted (deficit)	22,009,543	(482,596)	21,526,947	177,039
Total net assets	\$ 92,492,224	\$ 11,845,460	\$ 104,337,684	\$ 177,039

The accompanying notes are an integral part of this statement.

CITY OF STILLWATER, OKLAHOMA  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2007

	Business-type Activities Enterprise Funds			Governmental Activities Internal Service Funds
	Stillwater Utilities Authority	Non Major Enterprise Funds	Totals	
OPERATING REVENUES				
Charges for services	\$ 50,118,396	\$ 1,445,738	\$ 51,564,134	\$ 10
Other	1,196,641	402,122	1,598,763	-
Total operating revenues	51,315,037	1,847,860	53,162,897	10
OPERATING EXPENSES				
Operating and maintenance	40,426,601	2,386,477	42,813,078	-
Depreciation	5,480,111	920,582	6,400,693	-
Amortization	-	1,142	1,142	-
Total operating expenses	45,906,712	3,308,201	49,214,913	-
Operating income (loss)	5,408,325	(1,460,341)	3,947,984	10
NONOPERATING REVENUES (EXPENSES)				
Investment income	1,210,936	1,773	1,212,709	7,280
Interest expense	(1,000,219)	-	(1,000,219)	-
Debt issuance costs	(86,495)	-	(86,495)	-
Other income	329,107	-	329,107	-
Net nonoperating revenues	453,329	1,773	455,102	7,280
Income (loss) before capital contributions and transfers	5,861,654	(1,458,568)	4,403,086	7,290
CAPITAL CONTRIBUTIONS AND TRANSFERS				
Capital contributions	2,040,242	145,042	2,185,284	-
Transfers in	6,069,461	386,454	6,455,915	-
Transfers out	(11,061,217)	(1,074,319)	(12,135,536)	-
Net capital contributions and transfers	(2,951,514)	(542,823)	(3,494,337)	-
Change in net assets	2,910,140	(2,001,391)	908,749	7,290
NET ASSETS, beginning	89,582,084	13,846,851	103,428,935	169,749
NET ASSETS, ending	\$ 92,492,224	\$ 11,845,460	\$ 104,337,684	\$ 177,039

The accompanying notes are an integral part of this statement.

CITY OF STILLWATER, OKLAHOMA  
STATEMENT OF CASH FLOWS-PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2007

	Business-type Activities Enterprise Funds			Governmental Activities Internal Service Funds
	Stillwater Utilities Authority	Non Major Enterprise Funds	Totals	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 50,789,535	\$ 1,440,964	\$ 52,230,499	\$ 4,292
Payments to suppliers	(30,161,310)	(1,552,533)	(31,713,843)	-
Payments to employees	(9,090,005)	(939,699)	(10,029,704)	-
Inter fund activity-payments to other funds	(1,102,491)	(416,061)	(1,518,552)	(67,010)
Other receipts (payments)	1,180,236	379,083	1,559,319	10
Net cash provided by (used for) operating activities	11,615,965	(1,088,246)	10,527,719	(62,708)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers to other funds	(13,926,550)	(685,599)	(14,612,149)	-
Net cash provided by (used for) noncapital financing activities	(13,926,550)	(685,599)	(14,612,149)	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Capital contributions	6,069,461	1,977,706	8,047,167	-
Purchases of assets	(5,014,673)	(227,083)	(5,241,756)	-
Proceeds from sale of capital assets	16,405	-	16,405	-
Principal paid on capital debt	(3,471,675)	-	(3,471,675)	-
Interest paid on debt	(1,014,954)	-	(1,014,954)	-
Net cash provided by (used for) capital activities	(3,415,436)	1,750,623	(1,664,813)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest income	1,210,936	1,773	1,212,709	7,280
Net cash provided by investing activities	1,210,936	1,773	1,212,709	7,280
<b>Net decrease in cash and cash equivalents</b>	(4,515,085)	(21,449)	(4,536,534)	(55,428)
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	25,971,418	125,600	26,097,018	184,585
<b>CASH AND CASH EQUIVALENTS, end of year</b>	21,456,333	104,151	21,560,484	129,157
<b>Reconciliation of operating income (loss) to net cash provided (used for) operating activities</b>				
Operating income (loss)	\$ 5,408,325	\$ (1,460,341)	\$ 3,947,984	\$ 10
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	5,480,111	920,582	6,400,693	-
Amortization expense	-	1,142	1,142	-
Gain on disposal of assets	(16,405)	-	(16,405)	-
Changes in assets and liabilities				
Receivables, net	611,899	43,073	654,972	4,292
Inventories	(23,983)	9,818	(14,165)	-
Accounts and other payables	117,531	(598,302)	(480,771)	(67,010)
Unearned revenue	-	(6,181)	(6,181)	-
Accrued expenses	38,487	1,963	40,450	-
Net cash provided by (used for) operating activities	11,615,965	(1,088,246)	10,527,719	(62,708)
<b>Non cash activities</b>				
Capital assets acquired by capital leases	\$ 574,005	-	\$ 574,005	\$ -
Capital assets donated by developers	\$ 2,040,242	-	\$ 2,040,242	\$ -

The accompanying notes are an integral part of this statement.



CITY OF STILLWATER, OKLAHOMA  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
JUNE 30, 2007

	<u>Agency Fund</u>
ASSETS	
Cash and cash equivalents	\$ 415,263
Investments	190,000
Assessment receivables	<u>7,949</u>
Total assets	<u><u>\$ 613,212</u></u>
LIABILITIES	
Accounts payable	\$ 7,379
Amounts held in escrow	<u>605,833</u>
Total liabilities	<u><u>\$ 613,212</u></u>

The accompanying notes are an integral part of this statement.

CITY OF STILLWATER, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**REPORTING ENTITY**

The City of Stillwater, Oklahoma (the City) is a municipal corporation operating under the authority of Oklahoma State Statute. The City operates under a city manager form of government. Four elected members of the City Council and the Mayor set policy. The City Council employs the City Manager. The general purpose financial statements of the funds and fiduciary funds of the City include those of separately administered organizations that are controlled by or dependent on the legislative or executive branches, the City Council and the City Manager, respectively. In accordance with the Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units," the City has presented the entities which comprise the primary government along with its discretely presented component units in the general purpose financial statements. As required by accounting principles generally accepted in the United States of America, the general purpose financial statements present the reporting entity which consists of the primary government and organizations for which the primary government is financially accountable.

Based on the foregoing criteria, the accounts of the following organizations are included in the City's reporting entity:

**Blended Component Units**

The following component units have been presented as blended component units because the governing body is substantially the same as the governing body of the City.

**Stillwater Utilities Authority**

The Stillwater Utilities Authority (the "SUA") was created by a trust indenture dated April 1, 1979, pursuant to Title 60, Oklahoma Statutes 1971, Section 176 to 180.4 and the Oklahoma Trust Act, designating the City Council as trustee for the benefit of the City in respect to water, sewer and electric service. The SUA leases, operates and maintains the water, sewer, electrical and sanitation utilities pursuant to a renewable lease agreement and an operation and maintenance contract with the City. The operations, maintenance and debt of the SUA are funded from service charges and a one cent sales tax levied by the City and transferred to the SUA as the SUA has no taxing authority. The operations of SUA are reported in the accompanying general purpose financial statements as an enterprise fund.

**The Stillwater Public Works Authority**

The Stillwater Public Works Authority (the "SPWA") was created by a Declaration of Trust dated January 21, 1963, pursuant to Title 60, Oklahoma Statutes 1961 and the Oklahoma Trust Act, designating the City Council as trustee to enter into contractual arrangements to provide services and physical facilities to departments of the City and, on behalf of the City, to other governments and residential and commercial residents within the corporate boundaries of the City. There are both formal and informal leasing arrangements between the SPWA and the City. The SPWA operations are reported in the accompanying general purpose financial statements as the internal service fund.

### **Stillwater Industrial and Redevelopment Authority**

The Stillwater Industrial and Redevelopment Authority (the "SIRA") was established by resolution of the City Council on February 19, 1990 pursuant to Title 60, Oklahoma Statutes 1981, Sections 176-180.4, inclusive as amended and supplemented (The "Public Trust Act"), Title 11, Oklahoma Statutes 1981, Sections 40-101 through 40-115, inclusive, as amended and supplemented (the "Central Business District Redevelopment Act"). The SIRA is a public trust with the City as beneficiary and the City Councilors designated as trustees. The main purpose is the improvement of the economic climate of the trust beneficiary. Methods of improving the economic climate may include but are not limited to, assisting in acquisition of financial resources to improve availability of housing, redevelopment of blighted areas and other economic activities. The operations of the SIRA are reported in the accompanying general purpose financial statements as an enterprise fund.

### **Stillwater Public Golf Authority**

The Stillwater Golf Authority (the "SPGA") was created by a trust indenture dated July 1, 1997 pursuant to Title 60, Oklahoma Statutes 1991, Section 176-180.3, designating the City Council as trustee for the benefit of the City for the purpose of the operation of an 18 hole golf course, Lakeside Golf Course. The operations, maintenance and debt of the SPGA are funded by fees collected from participants at the golf course. The SPGA operations are reported in the accompanying general purpose financial statements as an enterprise fund.

## **Discretely Presented Component Units**

### **Stillwater Medical Center Authority**

The Stillwater Medical Center Authority (the "Hospital") was created by a trust indenture dated December 14, 1971, pursuant to Title 60, Oklahoma Statutes 1961, Sections 176 to 180.4, and the Oklahoma Trust Act, to construct, maintain and operate facilities for various types of health care delivery, for use by the State or any political subdivision or municipality of the State and to lease properties from the City. The Hospital is administered by a seven member Board of Trustees consisting of the Mayor, or one other City Councilor, and six other individuals appointed by the City Council. The City cannot, under the trust indenture, control or direct the actions of the Trustees; however the City may remove the Trustees at will. The Board of Trustees designates management, oversees operations and establishes and collects charges. The Hospital's operating and capital expenditures, including debt service, are financed entirely by operating income. Approval from the City is required for debt issues in excess of 5% of the then outstanding debt. All indebtedness of the Hospital is the obligation of the Trustees, payable solely from the Hospital's assets. The City leases land to the Hospital and is the beneficiary of the trust estate but has no responsibility to fund deficits or subsidize operations. The City has no right to the Hospital's assets or its income, nor can the City legally transact any business for the Trustees. The Hospital has a December 31 year-end. To obtain separate financial statements for the Hospital, contact the Chief Financial Officer, Stillwater Medical Center, 1323 West Sixth Street, Stillwater, Oklahoma 74074.

### **Stillwater Convention And Visitors Bureau**

The Stillwater Convention and Visitors Bureau was created by an ordinance dated March 25, 1985. The ordinance created a 4% excise tax from the gross proceeds derived from the receipts received from occupancy of hotel rooms. These funds are to be used by the Bureau for the development of Stillwater as a visitor destination. The Bureau is administrated by an eleven member board which is appointed by the City Council. The board consists of a majority from the private sector and not less than two from the hotel industry. The city manager or his designated representative serves as ex-officio, non-voting member. The City approves the budget of the Bureau; however the Stillwater Chamber of Commerce provides daily oversight of the Bureau.

To obtain separate financial statements for the Convention and Visitors Bureau contact the Executive Director, Stillwater Convention and Visitors Bureau, P.O. Box 1687, Stillwater, OK 74076.

## BASIS OF PRESENTATION

### Government-wide Financial Statements:

The statement of net assets and statement of activities display information about the City as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

### Fund Financial Statements:

The reporting entity is organized into funds, each of which is considered a separate accounting entity. Separate financial statements are provided for the three fund categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds with the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, liabilities, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10 % of the corresponding fund category total, and
- b. Total assets, liabilities, revenues or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 % of the corresponding total for all governmental funds and enterprise funds combined.

The funds of the City are described below:

### General Fund

The general fund is the primary operating fund of the City government and will always be classified as a major fund. It is used to account for all financial resources except those required to be accounted for in another fund.

### Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources, other than capital projects, that are legally restricted to expenditures for specified purposes or otherwise segregated for accounting purposes and include the following:

Transportation Improvement Fund  
Community Development Block Grant Fund  
Library Materials Enhancement Fund  
Storm Water Management Fund

### Debt Service Fund

The debt service fund is used to account for the accumulation of ad-valorem taxes levied by the City for the payment of general long-term debt principal, interest and related costs.

### Capital Projects Fund

The capital projects fund is used to account for the resources restricted for the acquisition or construction of specific capital projects or items. The remaining balance of the proceeds from the bonds issued for the construction of the Police Building and the remodeling of the Municipal Building remain in this fund.

### Enterprise Funds

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises (a) where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, management control, accountability or other purpose. The reporting entity includes the following enterprise funds:

Stillwater Utilities Authority  
Airport  
Stillwater Public Golf Authority  
Stillwater Industrial Redevelopment Authority

### Internal Service fund

The internal service fund is the SPWA and accounts for acquisition and financing of physical facilities. Debt service requirements are provided from charges billed to the benefited fund.

### Fiduciary Fund

The Fiduciary fund is used to account for assets held in a trustee or agency capacity for others and cannot be used to support the City's programs. The City has the following agency accounts:

Property Rehabilitation Escrow	Sanitary Sewer Assessments
Detention Pond Escrow	Public Library Donations
Sidewalk Escrow	Bond Escheatment Escrow
Right Of Way Escrow	Airport Grant Escrow
Street Assessments	Performance Guarantee Escrow

### Discretely Presented Component Units

Discretely presented component units are separate legal entities whose governing body (in majority) is appointed by the Mayor or City Council, but whose governing body is not substantially the same as the City Council nor is an entity established to provide services primarily to the primary government. Since these component units are not as closely associated with the City as are the blended component units, they are reported in discretely presented columns on the government-wide financial statements labeled "Component Units." The reporting entity includes the following discretely presented component units:

Stillwater Medical Center Authority  
Stillwater Convention and Visitors Bureau

### **Major Governmental Funds:**

### Description

General Fund

See previous description

Transportation Improvement Fund

Accounts for the expenditures for street projects as approved by the voters in 2001 and other transportation projects. Financing is provided by the ½ cent sales tax also approved by the voters.

**Major Enterprise Fund:**  
Stillwater Utility Authority (SUA)

Description

Accounts for the operations of the electric, water, sewer and sanitation system under the Stillwater Utilities Authority, a public trust existing under a Trust Indenture dated April 1, 1979, which was created by an ordinance of the City.

**Non-Major funds:**  
Special Revenue Funds:

Community Development Block Grants      Accounts for funds used for the improvements in low-income portions of the community. Funding is provided by the Community Development Block Grant Small Cities Set Aside program and local matching funds.

Storm Water Management      Accounts for the expenditures for storm water management funded primarily by a storm water fee.

Library Materials Enhancement      Accounts for the expenditures of the proceeds from the sale of the old library building.

Debt Service Fund      See previous description

Capital Project Fund

Police/Municipal Building      See previous description

Enterprise Funds:

Airport      Accounts for the operation of the Stillwater Municipal Airport including capital additions and improvements financed through federal and state grant proceeds and City contributions.

Stillwater Industrial Redevelopment Authority      Accounts for expenditures for industrial redevelopment. Financing is provided from federal grants, federal loans, city contributions and citizen participation.

Stillwater Public Golf Authority      Accounts for the operations of Lakeside Golf Course, an 18 hole public golf course.

Community Center      Accounts for rental of the Community Center and programs presented at the Community Center.

**Internal Service Fund:**

Stillwater Public Works Authority      Accounts for acquisition and financing of physical facilities. Debt service requirements are provided from charges billed to the benefited fund.

**MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

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

The government-wide statement of net assets and statement of activities are presented using the *economic measurement focus* and the *accrual basis of accounting* as are the proprietary and fiduciary fund financial statements. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets

and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

The governmental funds financial statements are presented on the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when “measurable and available”. Measurable means knowing or being able to reasonably estimate the amount. Available means revenues are collectible within the current period or within 60 days of the end of the fiscal year. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest and accrued compensated absences which are recorded when due.

The City has elected to apply all applicable 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 the government-wide and proprietary fund financial statements.

## ASSETS, LIABILITIES AND NET ASSETS OR EQUITY

Cash and Cash Equivalents - Cash in bank, cash on hand, and short-term investments with original maturities of ninety days or less are reported as cash and cash equivalents. The resources of the individual funds are general purpose and combined to form a pool of investments which is managed by the Director of Finance. These pooled assets (comprised of Treasury repurchase agreements) are stated at amortized cost if the investment had a maturity of one year or less at the time of purchase and all long-term investments are recorded at fair value. All investments held are authorized under Oklahoma State Statutes. Permissible investments include direct obligations of the U. S. government and agency securities, certificates of deposit, and savings accounts or savings certificates of savings and loan associations. Each fund's equity in the pooled investments account is reported in the general purpose financial statements as cash and cash equivalents.

Earnings on investments are allocated to the individual funds by a formula based on each fund's month-end equity in the pooled investments account (See Note 2).

Assets Internally Designated - Assets internally designated consist of cash and cash equivalents set aside by the Stillwater Utilities Authority Board of Trustees in anticipation of future potential operating cost increases and/or future substantial capital expenditure requirements (rate stabilization assets) and at the Board's discretion may subsequently be used for other purposes. As of June 30, 2007, cash and cash equivalents in the amount of \$3,682,650 have been internally designated by the SUA trustees for this purpose.

Investments - Investments with an original maturity of one year or less are recorded at amortized cost. Long term investments are recorded at fair value.

Accounts Receivable/Due from Other Governments – In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include sales and use taxes, franchise taxes, grants, court fines and ambulance fees.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise tax and grants and other similar intergovernmental revenues, since they are usually both measurable and available. Non-exchange revenues collectible but not available are deferred in the fund financial statements in accordance with the modified accrual basis of accounting, but not deferred in the government-wide financial statements in accordance with the accrual basis of accounting. Proprietary fund receivables consist of all revenues earned at year-end and not yet received. Utility accounts

receivable comprise the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

Receivables of the Stillwater Medical Center Authority consists of patient accounts receivable for service rendered. The Hospital provides an allowance for uncollectible accounts receivable based upon historical trends and the existing economic conditions.

Restricted Assets - Proceeds from debt and related sinking fund accounts and contributions from governmental grantors to the Enterprise Funds are classified as restricted assets, since their use is restricted by applicable bond indentures and grant agreements. Customer utilities deposits held by the City are classified as restricted assets.

Inventories - Inventories, consisting primarily of materials and supplies, are stated at weighted average cost. The consumption method of accounting is used by the governmental funds; therefore, inventory purchases are recorded in these funds as expenditures as they are used. Inventories are adjusted to annual physical count and, since inventories are not available spendable resources, are equally offset by a reservation of fund balance in the governmental funds. Inventories of proprietary funds consist primarily of materials, supplies and fuel oil, and are reported at the lower of average cost or market.

Bond Discounts and Issuance Costs - Bond discounts and issuance costs are deferred and amortized over the term of the bonds using the straight-line method.

Capital Assets - The accounting treatment for property, plant and equipment (capital assets) depends on whether the assets are used in governmental fund operations and similar discretely presented component unit operations or proprietary fund operations and similar discretely presented component unit operations and whether they are reported in the government-wide or fund financial statements. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred by business-type activities was \$1,000,219. There was no interest capitalized for the fiscal year ended June 30, 2007.

#### Government-Wide Statements

In the government-wide financial statements, property, plant and equipment are accounted for as capital assets. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. The threshold for capitalization of assets is \$5,000. All land acquired by the city is capitalized.

Prior to July 1, 2002, governmental activities' infrastructure assets were not capitalized. These assets (dating back to July 1, 1980) have been valued at estimated historical cost.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method. The range of estimated useful lives by type of asset is as follows:

<u>Class of Asset</u>	<u>Estimated Useful Life</u>
Buildings	10-70 Years
Other Improvements	2-70 Years
Equipment and vehicles	1-58 Years
Infrastructure	25-50 Years

#### Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.



### Long-term Debt

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

All long-term debt to be repaid from governmental and similar discretely presented component unit resources and business-type and similar discretely presented component unit resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of accrued compensated absences, general obligation bonds payable, capital leases payable, notes payable and revenue bonds payable.

Long-term debt of governmental funds is not reported as liabilities in the fund financial statements. Payment of principal and interest is reported as expenditures. The accounting for proprietary funds is the same in the fund statements as it is in the government-wide statements.

### Compensated Absences

**Sick Pay** - Employees may accrue a maximum of 1,000 hours of sick leave. An employee with five or more years of service who retires or resigns shall receive a bonus credit of 10% of the accumulated unused sick leave to be computed at the rate of pay being received by the employee at retirement or resignation date. Employees with ten to thirty-five years of service receive a bonus credit ranging from 12.5% to 35%.

**Vacation Pay** - Employees are credited with vacation at various rates depending on length of employment. Nonuniformed employees may accumulate and carry over to subsequent years up to 200.16 hours of vacation. Police officers can carry over to subsequent years up to 275 hours of vacation. Firefighters can carry over to subsequent years up to 381.96 hours of vacation. Upon termination, employees are paid for unused vacation.

The liability for these compensated absences is recorded as long-term debt in the government-wide statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absences to the extent they have matured. The proprietary funds report the liability as it is incurred. As of year-end, there is no liability reported in the fund financial statements. Compensated absences are paid as they are incurred by the applicable fund charged with the employee's compensation. All governmental funds participated in the pooled cash account and thus the payments are funded by this account.

### Deferred Revenue

Deferred revenue primarily consists of unavailable property taxes, municipal court fines, and ambulance charges.

### Equity Classifications

#### Government-wide Financial Statements:

Equity is classified as net assets and displayed in three components:

1. Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, leases or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted net assets - Consists of net assets with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
3. Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

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

#### Fund Financial Statements:

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved. The reservations include reserves for inventories, debt service, police and fire activities, capital improvements, hotel/motel, and sales tax transfer. Proprietary fund equity is classified the same as in the government-wide statements.

### REVENUES, EXPENDITURES AND EXPENSES

#### Sales tax

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

1. 2 cents retained by the General Fund for operations.
2. 1 cent transferred to the Stillwater Utilities Authority as required by revenue bond indentures. The proceeds are used in accordance with the trust indenture and current bond indentures.
3. ½ cent transferred to the Transportation Fund to be used for the projects approved by the voters in September 2001 and other transportation projects.

#### Property tax

Under State law, municipalities are limited in their ability to levy a property tax. Such tax may only be levied to repay principal and interest on general obligation bonds and court-assessed judgments. Property taxes attach an enforceable lien on property as of January 1. Taxes are levied annually on November 1 and are due one-half by December 31 and one-half by March 31. The Tax Assessor's office bills and collects the property taxes and remits to the City its portion. Property taxes not paid prior to April are considered delinquent.

At the present time the City levies a property tax to fund the annual debt service requirements of the following general obligation bonds:

- 2000 Police/ Municipal Building
- 2001 Police/ Municipal Building

#### Program Revenues

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

##### Public safety

Fire and police fines assessed for training, fire run fees, operating and capital grants from the Department of Homeland Security, U.S. Department of Justice, Oklahoma Highway Safety Grants and the Department of Juvenile Affairs and donations from outside contributors.

Recreation and culture	Park and recreation fees; capital and operating grants from the Oklahoma Department of Transportation, Department of Wildlife, and donations
General government	Property rentals and donations
Financial administration	Licenses and municipal court fines collected
Streets and sewers	Capital grants, motor fuel tax and commercial vehicle tax revenues
Health and welfare	Ambulance fees, permits, grants from the Oklahoma Department of Commerce and the Oklahoma Department of Forestry.
Economic Development	Donations

All other governmental revenues are reported as general. It is important to note that all taxes are classified as general revenue even if restricted for a specific purpose.

#### Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds and similar discretely presented component units are those that result from providing services and producing and delivering goods and/or services. It also includes all revenues and expenses not related to capital and related financing, noncapital financing, or investing activities.

#### Expenditures/Expenses

In the government-wide financial statements, expenses are reported on the accrual basis and are classified by function for both governmental and business-type activities.

In the governmental fund financial statements, expenditures/expenses are classified as follows:

Governmental Funds-By Character:	Current (further classified by function)
	Capital outlay
	Debt service

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

### INTERNAL AND INTERFUND BALANCES AND ACTIVITIES

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

#### Fund Financial Statements:

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

1. Interfund loans - amounts provided with a requirement for repayment are reported as interfund receivables and payables.

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

**Government-Wide Financial Statements:**

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

1. Internal balances - amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the governmental and business-type activities columns of the statement of net assets, except for the net residual amounts due between governmental and business-type activities, which are reported as Internal Balances.
2. Internal activities - amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide statement of activities except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers-Internal Activities.
3. Primary government and component unit activity and balances - resource flows between the primary government (the City) and the discretely presented component unit (the Stillwater Convention and Visitors Bureau) are reported as if they were external transactions.

**USE OF ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**(2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

By its nature as a local government unit, the City and its component units are subject to various federal, state and local laws and contractual regulations. An analysis of the City's compliance with significant laws and regulations and demonstration of its stewardship over City resources follows:

**FUND ACCOUNTING REQUIREMENTS**

The City complies, in all material respects, with all state and local laws and regulations requiring the use of separate funds. The legally required funds used by the City include the following:

<u>Fund</u>	<u>Required by</u>
Debt Service Fund	State Law
Stillwater Utilities Authority	Trust Indenture
<u>Fund</u>	<u>Required by</u>
Stillwater Public Golf Authority	Trust Indenture
Stillwater Industrial Redevelopment Authority	Trust Indenture
Stillwater Public Works Authority	Trust Indenture

## DEPOSITS AND INVESTMENTS LAWS AND REGULATIONS

The City maintains a cash pool that is available for use by most funds, as discussed in Note 1. In addition, cash and investments are separately held by several of the City's funds.

It is the City's policy to use state statutes (as they relate to municipal deposits and investments) as the City's deposit and investment guide. Therefore, the City collateralizes 100% of all deposit amounts, including interest, not covered by federal deposit insurance. Obligations that may be pledged as collateral include U.S. government issues, U.S. government insured securities, State of Oklahoma bonds, and bonds of any Oklahoma county or school district. The City prefers and requests U.S. governmental securities as collateral.

Public trusts created under O.S. Title 60, are not subject to the statutory investment limitations and are primarily governed by any restrictions in their trust or bond indentures. For the year ended June 30, 2007, the City and its public trusts complied, in all material respects, with these investment restrictions.

## REVENUE RESTRICTIONS

The City has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources include:

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
Sales Tax	See note 1
Gasoline Excise & Commercial Vehicle Tax	Street and Alley Purposes
E-911 Revenue	E-911 Emergency Services Purposes
Ad-valorem Tax	Debt Service on Bonds and Judgments
Grants Revenue	Based upon Individual Grant Agreements
Hotel/Motel Tax	Economic Development
Storm Water Fee	Storm Water Management Purposes
Fire and Police Training Fee	Training of the fire and police departments

For the year ended June 30, 2007, the City complied, in all material respects, with these revenue restrictions.

## DEBT RESTRICTIONS AND COVENANTS

### General Obligation Debt

Article 10, Sections 26 and 27 of the Oklahoma Constitution limits the amount of outstanding general obligation bonded debt of the municipality for non-utility or non-street purposes to no more than 10% of net assessed valuation. For the year ended June 30, 2007, the City complied with this restriction.

### 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 obtaining voter approval. For the year ended June 30, 2007, no such debt was incurred by the City.

### Revenue Bond Debt

The bond indenture relating to the revenue bond issue of the SUA contains a number of restrictions or covenants that are financial related. These include covenants such as a required flow of funds through special accounts, required reserve account balances, and revenue bond debt service coverage

requirements. The following schedule presents a brief summary of the most significant requirements and the SUA's level of compliance thereon as of June 30, 2007.

<u>Requirement</u>	<u>Level of Compliance</u>
a. Flow of funds: Sales Tax Account Bond Account	All required accounts have been established and are used per Bond Indenture requirements.
b. Reserve Account Requirement:	The Bonds are secured by a Surety Policy issued by Ambac Assurance Corporation in lieu of capitalizing a Bond Fund Reserve.
c. Revenue Bond Coverage:	For the year ended June 30, 2007, available revenues plus sales tax transfer, was \$58,924,540; bond requirement is operating and maintenance excluding depreciation or \$40,426,601 plus 125% of next years principal and interest or \$4,185,756. Excess coverage was \$14,312,184 or 342%

#### FUND EQUITY/NET ASSET RESTRICTIONS

##### Deficit Prohibition

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, 2007 the City had not incurred a fund balance deficit in any individual fund.

##### Special Assessments

In accordance with Statement No. 6 of the Governmental Accounting Standards Board, the capital assets pertaining to the special assessments of 1981 and 1984, for sanitary sewer improvements, have been included in the sewer plant assets. The debt that is associated with special assessments in the City is secured by liens on assessed properties, but is not backed by the full faith and credit of the City and is not backed by any other type of general government commitment. Therefore, the City is not liable under any circumstances for the repayment of this debt should the property owners default. The City is only acting as an agent for the property owners in collecting the assessment and forwarding the collections to the bondholders. At June 30, 2007 the property owners owed the bondholders \$21,250 for the outstanding bonds.

### (3) DETAILED NOTES-TRANSACTION CLASSES/ACCOUNTS

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

#### DEPOSITS AND INVESTMENTS

##### Deposits

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The City's deposit policy for custodial credit risk requires compliance with the provisions of state law.

State law requires collateralization of all deposits with federal depository insurance; U.S. government issues; U.S. government insured securities; State of Oklahoma bonds; or bonds of any county or school district of the State of Oklahoma.

At June 30, 2007, the City's bank balance of \$6,080,452 was not exposed to custodial credit risk. At December 31, 2006, the Hospital's bank balance of \$12,090,000 included \$183,946 which was exposed to custodial credit risk because it was uninsured and collateralized with securities held by pledging financial institution and \$20,951 which was uninsured and uncollateralized.

#### Investments

The City may legally invest in direct obligations of the U.S. government and agency securities, certificates of deposit and savings accounts or savings certificates of savings and loan associations.

The Hospital may legally invest in direct obligations of and other obligations guaranteed as to principal by the U.S. Treasury and U.S. agencies and instrumentalities and in bank repurchase agreements. It may also invest to a limited extent in corporate bonds, equity securities and guaranteed investment contracts.

#### Interest Rate Risk

At June 30, 2007, the City had \$30,857,029 invested in money market mutual funds which invest in U.S. government securities. The money market mutual funds are redeemable in full immediately. The City's investment policy does not address interest rate risk. The Hospital's investment policy generally limits its investment portfolio to maturities of three to five years.

At December 31, 2006, the Hospital's investments had the following investments and maturities:

Type	Maturities in Years				
	Fair Value	Less than 1	1-5	6-10	More than 10
Repurchase agreements	\$ 3,049,721	\$ 2,004,993	\$ 1,044,728	\$ -	\$ -
Guaranteed investment contracts	1,245,000	-	-	-	1,245,000
U.S. government securities	4,892,707	1,128,543	3,366,909	397,255	-
Corporate bonds	846,541	452,719	393,822	-	-
Money market mutual funds	3,660,512	3,660,512	-	-	-
	13,694,481	\$ 7,246,767	\$ 4,805,459	\$ 397,255	\$ 1,245,000
Corporate stocks	6,568,723				
Accrued investment income	68,348				
	<u>\$ 20,331,552</u>				

Credit Risk - Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The City's mutual funds are rated AAA by Standard & Poor's. The City's investment policy does not address credit risk. The Hospital's policy is to limit its investments in fixed-income securities to no less than A or better by Standard and Poor's or an equivalent rating by another reputable institution. The investments of the Hospital have ratings ranging from A+ to AA by Standard and Poor's and certain investments, which include guaranteed investment contracts, repurchase agreements and certain money market mutual funds were not rated by an agency. At December 31, 2006, all investments complied with this policy.

Concentration of Credit Risk - The City places no limit on the amount that may be invested in any one issuer. The Hospital's investment policy limits equity investments in any one company to 5% of the total market value of its portfolio and fixed-income investments, except U.S. government and agency securities, in any one issuer to 10%. At December 31, 2006, BancFirst repurchase agreements comprised 37.4%, Stillwater National Bank repurchase agreements comprised 6.55%, and guaranteed investment contracts comprised 6.1% of the total fair value of all Hospital investments.

Custodial Risk - Custodial risk is the risk that, in the event of the failure of the counterparty, the Government will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The City's investment policy does not address custodial risk. However, the City's investments are in the City's name, thus the City has no custodial risk at June 30, 2006

At December 31, 2006, the Hospital's \$846,541 of corporate bonds, \$6,568,723 of corporate stocks and \$4,892,707 of U.S. government securities were held by counterparties in other than the Hospital's name. The Hospital's investment policy does not address how these securities are to be held.

#### Summary of Carrying Values

##### Reconciliation to Government-wide Statement of Net Assets

Carrying Amounts	
Deposits	\$ 46,442,569
Investments	22,208,613
	<u>\$ 68,651,182</u>
Included in the following balance sheet captions	
Cash and cash equivalents	\$ 44,867,393
Investments	17,203,171
Restricted cash and cash equivalents	3,940,440
Restricted investments	2,034,915
Fiduciary funds	605,263
Total	<u>\$ 68,651,182</u>

#### ACCOUNTS RECEIVABLE

The accounts receivable of the governmental activities consist of franchise taxes, use tax, police fines, E-911, ambulance fees and hotel/motel tax receivables. The ambulance fees are 39 percent of the total and use taxes and police fines are each 18 percent of the total. The remaining receivables are intergovernmental and due from various customers. The accounts receivable of the business-type activities are amounts due from utility customers. All receivables are expected to be collected within one year.

#### ACCOUNTS PAYABLE

Payable balances in each fund are 88 percent payables to vendors and 12 percent accrued salaries and benefits.

#### RESTRICTED ASSETS

Certain assets of the SUA are restricted in their use by bond and note indentures. Cash and cash equivalents in the amount of \$1,912,627 at June 30, 2007 was restricted in use to the service of debt.

Certain cash and cash equivalents of the SUA are restricted by agreement for the purpose of acquiring necessary easements related to water line upgrades for an area of service purchased from a rural water district. As of June 30, 2007, cash and cash equivalents of \$54,756 was restricted for this purpose.

Customer deposits received for water or electric service are restricted in their use toward the customer's final bill. Cash and cash equivalents in the amount of \$1,297,995 at June 30, 2007 was restricted for customer deposits.



## CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2007, was as follows:

	Balance June 30, 2006	Additions	Disposals	Balance June 30, 2007
<b>PRIMARY GOVERNMENT:</b>				
<i>Governmental Activities:</i>				
Capital assets not being depreciated:				
Land	\$ 5,218,489	\$ 1,000	\$ -	\$ 5,219,489
Construction-in-progress	4,212,092	5,022,543	1,689,792	7,544,843
Total capital assets not being depreciated	9,430,581	5,023,543	1,689,792	12,764,332
Other capital assets:				
Buildings	23,660,164	9,216		23,669,380
Other improvements	115,823,401	3,978,029		119,801,430
Machinery and equipment	17,502,910	1,343,382	280,990	18,565,302
Total other capital assets at historical cost	156,986,475	5,330,627	280,990	162,036,112
Less accumulated depreciation for:				
Buildings	5,059,908	499,254	-	5,559,162
Other improvements	63,890,333	4,094,135	-	67,984,468
Machinery and equipment	14,024,109	1,019,153	280,986	14,762,276
Total accumulated depreciation	82,974,350	5,612,542	280,986	88,305,906
Other capital assets, net	74,012,125	(281,915)	4	73,730,206
Governmental activities capital assets, net	\$ 83,442,706	\$ 4,741,628	\$ 1,689,796	\$ 86,494,538
<i>Business-type activities:</i>				
Capital assets not being depreciated:				
Land	\$ 1,668,445	\$ 20,350	\$ -	\$ 1,688,795
Construction-in-progress	4,494,904	3,364,232	3,437,957	4,421,179
Total capital assets not being depreciated	6,163,349	3,384,582	3,437,957	6,109,974
Other capital assets:				
Buildings	4,117,866	784,964	-	4,902,830
Other improvements	21,537,499	509,266	-	22,046,765
Machinery and equipment	18,778,192	1,799,642	671,972	19,905,862
Intangible assets	74,054	-	-	74,054
Utility plant in service	156,584,665	5,464,132	-	162,048,797
Total other capital assets at historical cost	201,092,276	8,558,004	671,972	208,978,308
Less accumulated depreciation for:				
Buildings	2,441,264	198,805	-	2,640,069
Other improvements	10,911,755	773,281	-	11,685,036
Machinery and equipment	13,125,014	1,099,843	331,310	13,893,547
Utility plant in service	70,196,692	4,543,000	-	74,739,692
Less amortization for intangible assets:	68,882	1,142	-	70,024
Total accumulated depreciation/amortization	96,743,607	6,616,071	331,310	103,028,368
Other capital assets, net	104,348,669	1,941,933	340,662	105,949,940
Business-type activities capital assets, net	\$ 110,512,018	\$ 5,326,515	\$ 3,778,619	\$ 112,059,914

**COMPONENT UNITS:**

	Balance December 31, 2005	Additions	Disposals	Balance December 31, 2006
Stillwater Medical Center Authority:				
Capital assets not being depreciated				
Land and land improvements	\$ 2,895,062	\$ 13,800	\$ 5,695	\$ 2,903,167
Construction-in-progress	5,342,984	3,015,181	3,940,474	4,417,691
Total capital assets not being depreciated	8,238,046	3,028,981	3,946,169	7,320,858
Other capital assets:				
Building, improvements and fixed equip.	34,350,369	5,051,500	26,355	39,375,514
Major moveable equipment	34,711,266	3,649,735	2,839,880	35,521,121
Total other at capital assets	69,061,635	8,701,235	2,866,235	74,896,635
Less accumulated depreciation:	39,742,419	4,283,376	527,058	43,498,737
Other capital assets, net	29,319,216	4,417,859	2,339,177	31,397,898
Capital assets, net	<u>\$ 37,557,262</u>	<u>\$ 7,446,840</u>	<u>\$ 6,285,346</u>	<u>\$ 38,718,756</u>
	Balance June 30, 2006	Additions	Disposals	Balance June 30, 2007
Convention and Visitors Bureau:				
Property, plant and equipment	\$ 53,208	\$ 4,583	\$ -	\$ 57,791
Less accumulated depreciation	48,634	2,361	-	50,995
Capital assets, net	<u>\$ 4,574</u>	<u>\$ 2,222</u>	<u>\$ -</u>	<u>\$ 6,796</u>

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

Primary Government:

Governmental Activities:

General Government

Public Safety	\$ 424,461
Recreation and Culture	590,807
General Government	4,092,988
Financial Administration	76,719
Street	72,785
Operations	9,217
Human Services	57,598
Total depreciation expense for governmental activities	<u>\$ 5,324,574</u>

Business-type Activities:

Stillwater Utilities Authority	\$ 5,480,111
Airport	807,423
Stillwater Public Golf Authority	113,159
Total depreciation expense for business-type activities	<u>\$ 6,400,693</u>

Component Units:

Stillwater Medical Center Authority	\$ 4,283,376
Convention and Visitors Bureau	2,361
Total depreciation expense for component units	<u>\$ 4,285,737</u>

## INTERFUND RECEIVABLES AND PAYABLES

Individual interfund receivable and payable balances at June 30, 2007 were as follows:

Advances from	Advances to
	Non Major Enterprise funds
Non Major Enterprise funds	\$ 16,000
Stillwater Public Works Authority	404,304
	<u>\$ 420,304</u>

Stillwater Public Works Authority advanced funds to Stillwater Industrial Redevelopment Authority as a grant/loan requirement from the Oklahoma Department of Commerce. This advance will not be paid within one year.

Due from	Due to				
			Stillwater Utilities Authority	Stillwater Public Works Authority	
General Fund	\$ -	Non Major Governmental	\$ 24,194	\$ 45,343	\$ 69,537
Non Major Governmental funds	3,177	-	-	-	3,177
Transportation Improvement fund	2,727	-	-	-	2,727
Non Major Enterprise funds	463,147	-	-	-	463,147
Stillwater Utilities Authority	-	2,971	-	-	2,971
Stillwater Public Works Authority	677	-	-	-	677
	<u>\$ 469,728</u>	<u>\$ 2,971</u>	<u>\$ 24,194</u>	<u>\$ 45,343</u>	<u>\$ 542,236</u>

The interfund balances result from the normal operations of the various funds. All customer utility accounts are collected and deposited into the Stillwater Utilities Authority. The other funds routinely make payments to the City to cover payroll, vendor payments, health insurance costs, workers' compensation costs and other operating costs. Generally these charges are paid within a month of their incurrence.

## INTERFUND TRANSFERS

Interfund transfers were made to fund cash shortages in the various funds as needed. These shortages occurred due to operating expenditures exceeding fund revenues. Of the transfer from SUA to the General fund, \$235,731 consisted of capital assets that were transferred during the year. In addition, \$1,074,319 of capital assets was transferred from the Community Center to the General Fund during the year. Interfund transfers reported in the fund financial statements for the year ended June 30, 2007 consisted of the following:

Transfers Out	Transfers In				
	General Fund	Governmental Activities Capital Assets	Transportation Improvement Fund	Stillwater Utilities Authority	Non Major Enterprise Funds
General Fund	\$ -	\$ -	\$ 3,034,730	\$6,069,461	\$ 60,973
Non Major Enterprise		1,074,319	-	-	-
SUA	10,500,105	235,731	-	-	325,381
	<u>\$10,500,105</u>	<u>\$ 1,310,050</u>	<u>\$ 3,034,730</u>	<u>\$6,069,461</u>	<u>\$ 386,354</u>
					<u>\$ 21,300,700</u>

## LONG-TERM LIABILITIES

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

### Governmental Activities:

At June 30, 2007, the governmental activities long-term debt consisted of the following:

#### General Obligation Bonds:

\$8,500,000 Police/ Municipal Building Bonds of 2000, due in annual installments of \$450,000, final payment due June 1, 2020, interest rates range from 4.00% to 8.00%. \$ 5,850,000

\$6,470,000 Police/ Municipal Building Bonds of 2001, due in annual installments of \$340,000 until the final payment of \$350,000 due June 1, 2021, interest rates range from 4.00% to 8.00% 4,770,000

Total general obligation Bonds \$10,620,000

Current portion \$ 790,000

Non-current portion 9,830,000

Total general obligation Bonds \$10,620,000

#### Accrued Compensated Absences-Governmental Activities:

Current portion \$ 109,978

Non-current portion 1,657,888

Total accrued compensated absences \$1,767,866

### Stillwater Public Works Authority

#### Refundable Grant Obligations,

Grant from Oklahoma Department of Commerce in the original amount of \$325,000 with 0% interest per annum. The final installment will be December 2011. This obligation is collateralized by a lease between SIRA and Esker US, Inc. \$ 99,304

Grant from Oklahoma Department of Commerce in the original amount of \$400,000 with 0% per annum. The final installment will be October 31, 2023. This obligation is collateralized by a lease between SIRA and Nomadics, Inc. 305,000

Total refundable grant obligations \$ 404,304

Current portion \$ 41,667

Non-current portion 362,637

Total refundable grant obligations \$ 404,304

*Business-type Activities:*

As of June 30, 2007, the long-term liabilities payable from business-type activities consisted of the following:

Stillwater Utilities Authority:

Notes Payable:

2002 Oklahoma Water Resources Board (OWRB) SRF Note Payable dated February 28, 2002, original amount of \$3,413,483 with no interest plus an administrative fee of 0.5%, semiannual installments of principal commencing March 15, 2002 through September 2021. \$2,474,775

2002 OWRB SRF Note Payable dated December 19, 2002, original amount of \$4,876,086 with no interest plus an administrative fee of 0.5%, semiannual installments of principal commencing March 15, 2003 through September 15, 2023 3,778,967

2005 OWRB fixed interest rate Note Payable dated June 29, 2005, original amount of \$7,620,000 with interest at 2.6% plus an administrative fee of 0.5%, semiannual installments of principal and interest commencing September 15, 2005 through March 15, 2025. 7,053,425

Total notes payable \$13,307,167

Current portion \$ 710,702

Non-current portion 12,596,465

Total notes payable \$13,307,167

Revenue Bonds:

2002 Refunding series bonds dated September 16, 2002, original issue amount of \$11,825,000, secured by utility revenues, interest rates range from 2.1% to 3.2%, semiannual interest installments commencing December 1, 2002 through December 1, 2009, annual principal installments commencing December 1, 2002 through December 1, 2009. \$ 4,765,000

Less Unamortized discount (403)

Unamortized loss on defeasance (191,945)

Net 2002 revenue bonds payable 4,572,652

2005 Refunding series bonds dated May 11, 2005, original issue amount of \$12,965,000, secured by utility revenues, interest rates range from 3.25% to 5.0%, semiannual interest installments commencing October 1, 2005 through October 1, 2012, annual principal installments commencing October 1, 2005 through October 1, 2012. 11,555,000

Plus Unamortized premium 513,072

Less Unamortized loss on defeasance (83,227)

Net 2005 revenue bonds 11,984,845

Total revenue bonds \$16,557,497

Revenue Bonds	
Current portion	\$2,732,522
Non-current portion	<u>13,824,975</u>
Total revenue bonds payable	<u>\$16,557,497</u>
Capital Lease Obligations:	
Total machinery and equipment financed by capital lease obligations	\$2,748,409
Less accumulated depreciation	<u>(848,284)</u>
Net assets financed by leases	<u>\$1,900,125</u>
\$711,000 capital lease with Bank of America for equipment; fixed interest rate of 3.244%, semiannual installments commencing April 4, 2003 through October 4, 2007.	\$ 82,801
\$400,880 capital lease with Bank of America for equipment; fixed interest rate of 2.804%, semiannual installments commencing September 8, 2004 through March 8, 2009.	167,078
\$102,148 capital lease with Bank of America for equipment; fixed interest rate of 3.116%, semiannual installments commencing June 10, 2005 through December 10, 2009.	53,047
\$212,061 capital lease with Bank of America for equipment; fixed interest rate of 3.454%, semiannual installments commencing March 9, 2006 through September 9, 2010.	152,210
\$184,633 capital lease with Bank of America for equipment; fixed interest rate of 4.0%, semiannual installments commencing November 12, 2006 through May 12, 2011.	150,572
\$553,307 capital lease with Bank of America for equipment; fixed interest rate of 4.09%, semiannual installments commencing December 15, 2006 through June 15, 2014.	493,539
\$104,420 capital lease with Bank of America for equipment; fixed interest rate of 4.09%, semiannual installments commencing December 15, 2006 through August 24, 2011.	94,879
\$57,950 capital lease with Bank of America for equipment; fixed interest rate of 3.9535%, semiannual installments commencing September 2, 2007 through March 2, 2011.	57,950
\$411,635 capital lease with Dell Governmental Leasing for equipment; fixed interest rate of 7.522%, annual installments commencing July 1, 2007 through June 1, 2009.	<u>411,635</u>
Total capital leases	<u>\$1,663,711</u>

Current portion	\$ 632,899
Non-current portion	<u>1,030,812</u>
Total capital leases	<u>\$1,663,711</u>

Accrued Compensated Absences – Business-type activities:

Current portion	\$ 49,993
Non-current portion	<u>581,594</u>
Total accrued compensated absences	<u>\$ 631,587</u>

Component Unit

Stillwater Medical Center Authority

Revenue Bonds

2005 Series A Revenue bonds original issue amount of \$12,715,000, dated May 2005, secured by gross revenues and trustee-held assets, interest rates from 4.50% to 5.25%, principal payable annually and interest semiannually, due May 2019.

	\$12,035,000
Less loss on bond defeasance	(724,003)
Plus original issue premium	<u>251,532</u>
Net bond issue	<u>\$11,562,529</u>

2003 series Revenue bonds original issue amount of \$7,000,000 dated May 2003 secured by gross revenues and trustee held assets, interest at 5.625%, principal paid annually and interest paid semiannually, due May 2023.

\$ 7,000,000

Total revenue bonds	<u>\$18,562,529</u>
Current portion	\$ 671,692
Non-current portion	<u>17,890,837</u>
Total revenue bonds	<u>\$18,562,529</u>

Notes Payable

Notes payable of the Hospital consists of a note issued August 2003, in the original amount of \$3,000,000 with an annual interest of 2.75% payable monthly. The note is secured by equipment with the final payment due August 2008.

	<u>\$ 1,046,847</u>
Current portion	\$ 622,281
Noncurrent portion	<u>424,566</u>
Total notes payable	<u>\$ 1,046,847</u>

Capital lease obligations

Total capital assets financed by capital lease obligations	\$ 2,729,156
Less accumulated depreciation	(1,191,838)
Net assets financed by capital lease obligations	<u>\$ 1,537,318</u>

Capital lease issued for equipment, interest rates vary from 2.17% to 8.46%, due 2010.

	\$ <u>1,260,567</u>
Current portion	\$ 454,612
Non-current portion	<u>805,955</u>
Total capital lease obligations	\$ <u>1,260,567</u>

Applicability of Federal Arbitrage – Debt issuances of the City and Authority issued after the Tax Reform Act of 1986 are subject to the federal arbitrage regulations. The arbitrage rebate regulations require that all earnings from the investment of gross proceeds of a bond issue in excess of the amount that could have been earned had the yield on the investment been equal to the yield on the bonds be remitted to the federal government. These carry strict penalties for non-compliance including taxability of interest retroactive to the date of the issue. The City's management believes the City is in compliance with these rules and regulations.

Changes in Long-term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2007:

	Balance June 30, 2006	Additions	Reductions	Balance June 30, 2007	Amounts Due Within One Year
<u>Type of Debt</u>					
Primary Government					
Governmental Activities					
General obligation Bonds	\$ 11,410,000	\$ -	\$ 790,000	\$ 10,620,000	\$ 790,000
Refundable grant obligations	445,970	-	41,667	404,303	41,667
Accrued compensated absences	<u>1,648,721</u>	<u>1,704,712</u>	<u>1,585,567</u>	<u>1,767,866</u>	<u>109,978</u>
Total governmental activities	<u>\$ 13,504,691</u>	<u>\$ 1,704,712</u>	<u>\$ 2,417,234</u>	<u>\$ 12,792,169</u>	<u>\$ 941,645</u>
Business-type Activities					
Capital lease obligations	\$ 1,563,305	\$ 574,005	\$ 473,598	\$ 1,663,712	\$ 632,899
Notes payable	14,009,350	-	702,183	13,307,167	710,702
Revenue bonds payable; net	19,185,018	-	2,627,522	16,557,496	2,732,522
Customer deposits	1,250,145	634,850	587,000	1,297,995	575,610
Accrued compensated absences	<u>602,874</u>	<u>131,175</u>	<u>102,463</u>	<u>631,586</u>	<u>49,993</u>
Total business-type activities	<u>\$ 36,610,692</u>	<u>\$ 1,340,030</u>	<u>\$ 4,492,766</u>	<u>\$ 33,457,956</u>	<u>\$ 4,701,726</u>
Component Unit:					
Stillwater Medical Center Authority					
Revenue bonds payable; net	\$ 19,144,495	\$ -	\$ 581,966	\$ 18,562,529	\$ 671,692
Notes payable	1,652,035	-	605,188	1,046,847	622,281
Capital lease obligations	<u>2,735,671</u>	-	<u>1,475,104</u>	<u>1,260,567</u>	<u>454,612</u>
	<u>\$ 23,532,201</u>	<u>\$ -</u>	<u>\$ 2,662,258</u>	<u>\$ 20,869,943</u>	<u>\$ 1,748,585</u>



### Annual Debt Service Requirements-Primary Government

The annual debt service requirements to maturity, including principal and interest, for long-term liabilities as of June 30, 2007 are as follows:

Year Ending June 30,	Governmental Activities			
	General Obligation		Refundable Grant Obligations	
	Principal	Interest	Principal	Interest
2008	790,000	532,124	41,667	-
2009	790,000	481,845	41,667	-
2010	790,000	431,225	41,667	-
2011	790,000	380,265	41,667	-
2012	790,000	342,635	32,636	-
2013-2017	3,950,000	1,145,895	100,000	-
2018-2022	2,720,000	280,000	100,000	-
2023	-	-	5,000	-
<b>Total</b>	<b>\$10,620,000</b>	<b>\$3,593,989</b>	<b>\$ 404,304</b>	<b>-</b>

Year Ending June 30,	Business-Type Activities					
	Revenue Bonds		Capital leases		Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2008	2,730,000	618,604	632,899	64,342	710,702	251,273
2009	2,855,000	534,658	422,752	42,396	720,681	239,109
2010	2,930,000	440,250	197,406	22,194	730,380	227,308
2011	3,030,000	314,500	170,531	14,687	740,387	215,200
2012	3,190,000	159,000	84,571	8,841	750,225	203,322
2013-2017	1,585,000	39,625	155,552	8,033	3,919,776	816,175
2018-2022	-	-	-	-	4,146,312	451,749
2023-2025	-	-	-	-	1,588,704	82,203
<b>Total</b>	<b>\$ 16,320,000</b>	<b>\$ 2,106,637</b>	<b>\$ 1,663,711</b>	<b>\$ 160,493</b>	<b>\$13,307,167</b>	<b>\$ 2,486,339</b>

Year Ending December 31,	Component Unit					
	Revenue Bonds		Capital Leases		Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2007	710,000	990,587	463,830	45,303	622,281	21,262
2008	740,000	956,113	302,795	24,987	424,566	4,463
2009	780,000	918,113	314,315	13,467	-	-
2010	815,000	878,237	179,627	2,362	-	-
2011	855,000	835,419	-	-	-	-
2012-2016	4,990,000	3,291,170	-	-	-	-
2017-2021	6,350,000	1,971,609	-	-	-	-
2022-2023	3,795,000	774,315	-	-	-	-
<b>Total</b>	<b>\$ 19,035,000</b>	<b>\$ 10,615,563</b>	<b>\$ 1,260,567</b>	<b>\$ 86,119</b>	<b>\$ 1,046,847</b>	<b>\$ 25,725</b>

#### **(4) EMPLOYEE PENSION AND OTHER BENEFIT PLANS**

##### **Nonuniformed Employees**

All full-time nonuniformed City employees are provided pension benefits through a defined contribution plan created in accordance with Internal Revenue Code Section 401(A). The employee begins participation on the date of employment. Employees are required to contribute a minimum of 3% of their salary with an optional maximum of up to 100% of their salary, limited to \$15,000 annually. The City's contribution is determined by the City Council each year, based on a minimum of 6% of employee salaries. The City's contribution for each employee begins vesting after 5 years and is fully vested after 10 years. If an employee terminates before becoming fully vested, the employer's contributions that are forfeited may be used to reduce the City's current-period contributions requirement.

Salary deferred under the plan is not available to employees until termination, death, retirement or unforeseeable emergency. All amounts of compensation deferred under the plan, all property, and rights purchased with these amounts and all income attributable to these amounts remain the property of the City without being restricted to the provisions of benefits under the plan until such amounts are paid or made available to the employees, subject only to the claims of the City's general creditors.

The plan is administered by the Oklahoma Municipal Retirement Fund. Neither the Oklahoma Municipal Retirement Fund nor the City have a liability for losses under the plan, but have the duty of due care that would be required of an ordinary prudent investor.

The total contribution, net of forfeitures, for the year ended June 30, 2007, was \$1,750,272 which consisted of \$839,050 (net of \$125,536 in forfeitures) from the City and \$911,222 from employees.

The Hospital also participates in the Oklahoma Municipal Retirement Defined Contribution Plan. All full-time employees of the Hospital are covered. The Hospital and employees contribute 6% and 3%, respectively of eligible salaries into the plan. Contributions, net of forfeitures, were \$1,149,995 from the Hospital and \$572,002 from employees for the year ended December 31, 2006. Forfeitures of approximately \$163,508 were applied to the Hospital's required 6% contribution.

##### **Oklahoma Police And Firefighter's Pension And Retirement Systems**

The City of Stillwater, 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.

	<u>Oklahoma Police Pension and Retirement System</u>	<u>Oklahoma Firefighter's Pension and Retirement System</u>
Obtaining separately issued financial statements	Police Pension and Retirement 1001 N.W. 63 <sup>rd</sup> St. Suite 605 Oklahoma City Ok 73116-7335	Firefighters 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 participants municipality hired before age 45

	Oklahoma Police Pension and <u>Retirement System</u>	Oklahoma Firefighter's Pension and <u>Retirement System</u>
Authority establishing contribution obligations and benefits	State Statute	State Statute
Employee's required contribution rate (percent of covered payroll)	8%	8%
City's required contribution rate (percent of covered payroll)	13%	13%
State obligation	State appropriation to fund the unfunded actuarial accrued liability	State appropriation to fund the unfunded actuarial accrued liability
Periods required to vest	10 years	10 years
Eligibility and benefits for distribution (full-time)	20 years credited service, 2.5% 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, 2.5% 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
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 years
Provisions for:		
Cost of living adjustments (normal retirement)	Yes	Yes
Death (duty, non-duty, post retirement)	Yes	Yes
Disability (duty, non-duty)	Yes	Yes
Cost of living allowances	Yes	Yes

## Retirement System

### Trend Information:

Contributions required by State statute:

Fiscal Year	Oklahoma Police Pension and <u>Retirement System</u>	Percentage Contributed	Oklahoma Firefighter's Pension and <u>Retirement System</u>	Percentage Contributed
	City's Required Contribution		City's Required Contribution	
2005	437,498	100%	466,201	100%
2006	455,621	100%	495,884	100%
2007	499,023	100%	505,122	100%

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

The total amount contributed to the Oklahoma Police Pension and Retirement System and the Oklahoma Firefighter's Pension and Retirement System by the State of Oklahoma on behalf of the City was approximately \$1,428,000 and \$499,000, respectively.

### C. Related Party Investments

As of June 30, 2007, the Systems held no related-party investments of the City or of its related entities.

## **(5) RISK MANAGEMENT**

As of June 30, 2007, claims outstanding against the City and its public authorities were \$1,164,669 and is accrued under the heading "Accrued Liabilities" in the accompanying financial statements. Liabilities were accrued for tort claims, general liability claims and employee health insurance claims. The City is self-insured for group medical, general liability, workers compensation, unemployment, and property damage. The City has a reinsurance policy which limits the City's liability for major medical to \$100,000 per individual. The City also maintains an aggregate reimbursement policy which limits the total liability of the City for major medical to \$5,100,000. The City purchases conventional insurance for excess losses for general liability and property damage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years. The claims liability for health claims incurred but not reported is estimated by management using a three-month claims lag analysis. The claims liability for workers compensation claims and judgments is estimated using legal counsel's opinion of probable outcome of litigation. The balance of the claim liability is expected to be paid within the next year and is included in accrued liabilities on the statement of net assets. All claims are paid from the consolidated cash account, funded by the General Fund. Changes in the balances of claims liabilities during fiscal years 2006-2007 and 2005-2006 were as follows:

	Beginning Liability Balance	Current Year Claims and Changes in Estimates	Claim Payments	Ending Liability Balance
2006-2007	\$ 601,323	\$ 6,171,300	\$ 5,607,954	\$ 1,164,669
2005-2006	699,392	5,412,627	5,510,696	601,323

The Hospital is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; employee disability and employee health, dental, and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters other than those related to employee health care benefits. Settled claims have not exceeded any commercial insurance coverage in any three preceding years.

The Hospital partially self-insures the cost of employee health care benefits as it purchases annual stop-loss insurance coverage for specific claims in excess of \$100,000. The Medical Center also purchases annual stop-loss insurance coverage for total claims in the aggregate in excess of 125% of projected annual claims. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, frequency of claims, and other economic and social factors. Changes in the balances of claims liabilities for the period ended December 31, 2006 and December 31, 2005 were as follows:

	Beginning Liability Balance	Current Year Claims and Changes in Estimates	Claim Payments	Ending Liability Balance
2006	\$ 800,000	\$ 2,917,734	\$ 3,117,734	\$ 600,000
2005	1,200,000	2,918,522	3,318,522	800,000

## (6) CONTINGENT LIABILITIES AND COMMITMENTS

Various claims and lawsuits are pending against the City. In the opinion of management, some of these may result in monetary judgments against the City. The claims result from a sewer backup, police activities and perceived encroachment. Although the outcome of these claims and lawsuits is not presently determinable, the amount of judgments could range from \$25,000 to in excess of \$100,000. The City has not recorded any accrual for these claims.

Under the terms of federal and state grants, periodic audits are required, and certain costs and revenues may be questioned as to how they have been reported to the grantor agency. Such audits could lead to reimbursement to the grantor agency. The City's management believes disallowances, if any, will be immaterial to the accompanying general purpose financial statements.

Included in the purchase of Rural Water Corporation No. 3, SUA has agreed to consolidate the two water distribution systems over the next five years. This will include making improvements and upgrades to pump stations and adding additional water lines to specific areas.

## **(7) POST-RETIREMENT BENEFITS**

In addition to the pension benefits described in Note 4, the City offers postretirement health care benefits to all employees who retire from the City on or after attaining age 55 with at least 10 years of service. The election to participate must be made at the time of separation from service. At June 30, 2007, 34 retiree-related participants (retirees, and/or spouses, and/or families) were participating in the City health care plan. There were no retirees who met the eligibility requirements at June 30 who did not choose to participate. The City requires a monthly premium based on City-wide claim trends of the previous fiscal year. The premium rate for retirees is adjusted each July 1<sup>st</sup>. Upon monthly payment of this premium, the City covers all medical expenses just as for active employees on a pay-as-you-go basis. Coverage is available until the first day of the month in which the retiree reaches his or her Medicare eligibility age (currently 65). If the spouse of a retiree is covered at the time the retiree comes off of the plan at age 65, that spouse is COBRA-eligible until age 65 or for 36 months, whichever is less. During the fiscal year ended June 30, 2007, expenditures of approximately \$350,000 were attributable to postretirement health care (excluding prescription coverage).

## **(8) RECENTLY ISSUED ACCOUNTING STANDARDS**

The following accounting standards have been recently issued and will be adopted as applicable by the City in future years.

Statement No. 45, "Accounting and Financial Reporting by Employers for Post Employment Benefits Other than Pensions" – This statement establishes accounting and financial reporting for post employment health care and other benefits if provided separately from a pension plan. This statement will become effective for the City in the fiscal year ending June 30, 2009.

Statement No. 48, "Sales and Pledges of Receivables and Future Revenues and Intra-Equity Transfers of Assets and Future Revenues" This statement establishes accounting and financial reporting standards for transactions in which a government receives, or is entitled to, resources in exchange for future cash flows generated by collecting specific receivables or specific future revenues. It also contains provisions that apply to certain situations in which a government does not receive resources but, nevertheless, pledges or commits future cash flows generated by collecting specific future revenues. In addition, this statement establishes accounting and financial reporting standards that apply to all intra-entity transfers of assets and future revenues. This statement will become effective for the City in fiscal year ending June 30, 2008.

Statement No. 49: "Accounting and Financial Reporting for Pollution Remediation Obligations" - This Statement addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The scope of the document excludes pollution prevention or control obligations with respect to current operations, and future pollution remediation activities that are required upon retirement of an asset, such as landfill closure and postclosure care and nuclear power plant decommissioning. This statement will become effective for the City in the fiscal year ending June 30, 2009.

Statement No. 50: "Pension Disclosures - An Amendment of GASB Statements No. 25 and No. 27" - This Statement more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits (OPEB) and, in doing so, enhances information disclosed in notes to financial statements or presented as required supplementary information (RSI) by pension plans and by employers that provide pension benefits. The reporting changes required by this Statement amend applicable note disclosure and RSI requirements of Statements No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, and No. 27, Accounting for Pensions by State and Local Governmental Employers, to conform with requirements of Statements No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, and No. 45, Accounting and

Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. This statement will become effective for the City in the fiscal year ending June 30, 2008.

Statement No. 51: "Accounting and Financial Reporting for Intangible Assets" - The objective of this Statement is to establish accounting and financial reporting requirements for intangible assets to reduce inconsistencies, thereby enhancing the comparability of the accounting and financial reporting of such assets among state and local governments. This statement will become effective for the City in the fiscal year ending June 30, 2010.

Management has not yet determined the impact of these statements on the City's financial statements.

## **(9) SUBSEQUENT EVENT**

On October 15, 2007, the SUA trustees approved the issuance of up to \$6,500,000 in private placement notes for the purpose of financing street and road and other transportation and infrastructure improvements throughout the City. These notes are to be repaid via a transfer of one-half of the one-half cent transportation sales tax to the SUA. On November 19, 2007, bids were received. The notes, with a principal of \$6,010,000, were awarded November 19, 2007 to JP Morgan Chase Bank of Oklahoma City with an annual effective interest rate of 3.68%. The transaction is scheduled to close on December 5, 2007.

REQUIRED  
SUPPLEMENTARY  
INFORMATION



CITY OF STILLWATER, OKLAHOMA  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES -- BUDGET AND ACTUAL (BUDGET BASIS) -- GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2007

	Original Budget	Final Budget	Actual	Variance from Final Budget
<b>REVENUES</b>				
Sales tax	\$ 22,404,573	\$ 22,839,573	\$ 22,783,047	\$ (56,526)
Other taxes	1,751,000	1,717,163	1,732,734	15,571
Intergovernmental	151,038	191,136	374,424	183,288
Charges for Services	1,368,904	1,370,832	1,407,269	36,437
Fines and forfeits	894,200	887,800	796,331	(91,469)
Fees and rentals	645,465	746,465	796,402	49,937
Investment income	330,000	475,000	122,020	(352,980)
Licenses and permits	244,781	264,781	303,354	38,573
Other miscellaneous revenue	336,820	412,960	487,435	74,475
Total revenues	<u>28,126,781</u>	<u>28,905,710</u>	<u>28,803,016</u>	<u>(102,694)</u>
<b>EXPENDITURES</b>				
Current				
Public Safety:				
Police:				
Personal services	7,956,498	7,999,315	7,876,438	122,877
Materials and supplies	470,492	479,779	401,891	77,888
Contract services	435,233	491,852	403,956	87,896
Fire:				
Personal services	6,497,951	6,291,083	5,978,606	312,477
Materials and supplies	266,920	297,071	236,322	60,749
Contract services	415,231	408,687	250,547	158,140
Total public safety	<u>16,042,325</u>	<u>15,967,787</u>	<u>15,147,760</u>	<u>820,027</u>
Recreation and culture:				
Parks and recreation:				
Personal services	2,931,294	2,900,704	2,646,614	254,090
Materials and supplies	467,739	464,814	443,922	20,892
Contract services	498,730	526,003	417,560	108,443
Library:				
Personal services	1,002,765	1,008,594	944,503	64,091
Materials and supplies	211,638	195,358	175,791	19,567
Contract services	152,650	181,980	155,317	26,663
Total recreation and culture	<u>5,264,816</u>	<u>5,277,453</u>	<u>4,783,707</u>	<u>493,746</u>
				continued

CITY OF STILLWATER, OKLAHOMA  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES -- BUDGET AND ACTUAL (BUDGET BASIS) -- GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2007  
(continued)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
General Government:				
Personal services	2,083,147	2,038,045	1,472,861	565,184
Materials and supplies	110,750	113,275	87,888	25,387
Contract services	<u>1,501,457</u>	<u>1,259,791</u>	<u>1,063,302</u>	<u>196,489</u>
Total General government	<u>3,695,354</u>	<u>3,411,111</u>	<u>2,624,051</u>	<u>787,060</u>
Financial administration:				
Personal services	750,750	758,810	486,667	272,143
Materials and supplies	64,725	62,540	29,391	33,149
Contract services	<u>157,040</u>	<u>154,749</u>	<u>96,355</u>	<u>58,394</u>
Total financial administration	<u>972,515</u>	<u>976,099</u>	<u>612,413</u>	<u>363,686</u>
Public works administration:				
Personal services	743,022	714,475	693,737	20,738
Materials and supplies	25,650	27,098	23,036	4,062
Contract services	<u>38,400</u>	<u>24,481</u>	<u>24,408</u>	<u>73</u>
Total public works administration	<u>807,072</u>	<u>766,054</u>	<u>741,181</u>	<u>24,873</u>
Street and sewers:				
Personal services	1,290,020	1,351,583	1,309,677	41,906
Materials and supplies	534,738	536,390	475,996	60,394
Contract services	<u>127,218</u>	<u>248,555</u>	<u>244,477</u>	<u>4,078</u>
Total street and sewers	<u>1,951,976</u>	<u>2,136,528</u>	<u>2,030,150</u>	<u>106,378</u>
Human services:				
Health:				
Personal services	125,086	127,599	125,232	2,367
Materials and supplies	146,602	143,502	5,853	137,649
Contract services	<u>176,537</u>	<u>174,216</u>	<u>61,262</u>	<u>112,954</u>
Community Development:				
Personal services	1,382,077	1,331,653	1,095,777	235,876
Materials and supplies	31,722	167,173	140,462	26,711
Contract services	<u>95,350</u>	<u>200,042</u>	<u>75,192</u>	<u>124,850</u>
Total human services	<u>1,957,374</u>	<u>2,144,185</u>	<u>1,503,778</u>	<u>640,407</u>
				continued

CITY OF STILLWATER, OKLAHOMA  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES -- BUDGET AND ACTUAL (BUDGET BASIS) -- GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2007  
(continued)

	Original Budget	Final Budget	Actual	Variance from Final Budget
Economic development:				
Materials and supplies	1,800	3,489	3,317	172
Contract services	968,750	1,001,386	1,001,300	86
Total economic developoment	970,550	1,004,875	1,004,617	258
Capital Outlay:				
Police	409,500	313,960	307,397	6,563
Fire	58,000	93,675	76,427	17,248
Recreation and culture:	404,000	366,279	329,001	37,278
General Government	522,500	137,088	107,511	29,577
Public works operation	33,250	26,300	25,488	812
Human Services	175,000	188,600	166,317	22,283
Street and sewers	1,945,500	3,215,953	2,411,545	804,408
	3,547,750	4,341,855	3,423,686	918,169
Total expenditures	35,209,732	36,025,947	31,871,343	4,154,434
Excess (deficiency) of revenues over (under) expenditures	(7,082,951)	(7,120,237)	(3,068,327)	4,051,910
OTHER FINANCING SOURCES(USES):				
Transfers in	14,887,106	17,495,698	10,500,105	(6,995,593)
Transfers out	(13,780,990)	(14,961,625)	(9,165,164)	5,796,461
Total other financing sources (uses)	1,106,116	2,534,073	1,334,941	(1,199,132)
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(5,976,835)	(4,586,164)	(1,733,386)	2,852,778
FUND BALANCES, beginning	4,130,401	4,130,401	4,130,401	-
FUND BALANCES, ending	\$ (1,846,434)	\$ (455,763)	\$ 2,397,015	\$ 2,852,778

CITY OF STILLWATER, OKLAHOMA  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES -- BUDGET AND ACTUAL (BUDGET BASIS) -- TRANSPORTATION FUND  
FOR THE YEAR ENDED JUNE 30, 2007

	Original Budget	Final Budget	Actual	Variance from Final Budget
REVENUES				
Investment income	\$ -	\$ -	\$ 436,474	\$ 436,474
Total revenues	-	-	436,474	436,474
EXPENDITURES				
Street and sewers:				
Personal services	71,173	144,755	102,948	41,807
Materials and supplies	44,346	44,346	33,915	10,431
Contract services	-	-	-	-
Total street and sewers	115,519	189,101	136,863	52,238
Capital outlay				
Street and sewers	21,750	3,337,514	2,872,000	465,514
Total expenditures	137,269	3,526,615	3,008,863	517,752
Excess (deficiency) of revenues over (under) expenditures	(137,269)	(3,526,615)	(2,572,389)	954,226
OTHER FINANCING SOURCES(USES):				
Transfers in	1,003,130	3,027,796	3,034,730	6,934
Transfers out	-	-	-	-
Total other financing sources (uses)	1,003,130	3,027,796	3,034,730	6,934
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	865,861	(498,819)	462,341	961,160
FUND BALANCES, beginning	7,347,581	7,347,581	7,347,581	-
FUND BALANCES, ending	\$ 8,213,442	\$ 6,848,762	\$ 7,809,922	\$ 961,160

CITY OF STILLWATER, OKLAHOMA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
JUNE 30, 2007

BUDGETARY COMPLIANCE

Budget Law

The City operates under the Oklahoma Municipal Budget Act of 1979 (the "Budget Act"). The budget, as adopted by the City Commission, is filed with the State of Oklahoma Office of the Auditor and Inspector. Budget amendments or supplements made during the year are recommended by the City Manager and must be approved by the City Commission. An amended budget is filed before year-end with the agency mentioned above. Current year amendments are not material in relation to the original appropriated amounts. The budget and actual comparisons presented in the financial statements include the legally amended budgets for the respective funds.

The City uses the following procedures to establish the budgetary data reflected in the accompanying general purpose financial statements:

Prior to June 1, the City Manager submits to the City Commission 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.

Public hearings are conducted at regular commission meetings to obtain taxpayer comments. Public hearings are held no later than 15 days prior to the beginning of the budget year.

Prior to July 1, the budget is legally enacted through the passage of a motion by the City Commission.

The Budget Act specifies that the governing body may grant authorization to the City Manager to transfer budgeted amounts between departments within any fund; however, any revision that alters the total expenditures of any fund must be approved by the City Commission.

Formal budgetary integration is employed as a management control device during the year for the General Fund, special revenue funds, Debt Service Fund and the capital projects funds. Budgets are legally adopted for General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Fund, Internal Service Funds and Enterprise Funds.

Budgets as adopted by the City Commission are prepared on a cash basis except for accrued expenses (other than vacation and sick pay) which are treated as expenditures.

Budgetary control is maintained by department and by the following category of expenditures: personnel services, materials and supplies, other services and charges, capital outlay and debt service. Expenditures and encumbrances may not legally exceed appropriations at the department level. All transfers of appropriations between funds and supplemental appropriations require City Commission approval. The City Manager may transfer appropriations between object categories within a fund with City Commission approval. Supplemental appropriations must also be filed with the Office of State Auditor and Inspector.

All encumbered appropriations lapse at year end and are rebudgeted in the following budget year where appropriate. Unencumbered appropriations also lapse at year end.

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

In accordance with Title 60 of the Oklahoma State Statutes, the Stillwater Medical Center 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 level of control.

The Stillwater Convention and Visitors Bureau presents a budget to the commission in conjunction with the Stillwater Chamber of Commerce. The Chamber of Commerce presents a budget in order to satisfy the requirements of the agreement with the City to receive economic development funds. However, there are not further requirements such as form of budget, approval of the budget or definition of legal level of control.

#### Budgetary Compliance

For the year ended June 30, 2007, the City complied, in all material respects, with the applicable budget laws.

#### Reconciliation of budgetary basis and GAAP basis amounts

The City Commission adopts annual operating budgets for the General Fund, special revenue funds, Debt Service Fund and capital projects funds. The City budgets revenues on the basis of cash receipts. For financial reporting purposes, revenues are recognized when measurable and available. For budgetary and financial purposes, expenditures are recognized as incurred.

The following summary reconciles revenues for the year from the budgetary basis to the GAAP basis of reporting:

	General Fund	Transportation Improvement
Revenues on budget basis	\$ 28,803,016	\$ 436,474
Revenues received during fiscal year and measurable and available at June 30, 2006	(4,740,988)	-
Revenues received during fiscal year and measurable and available at June 30, 2007	5,052,607	-
Revenues on GAAP basis	<u>\$ 29,114,635</u>	<u>\$ 436,474</u>

OTHER  
SUPPLEMENTARY  
INFORMATION

## **NONMAJOR GOVERNMENTAL FUNDS**

**COMMUNITY DEVELOPMENT BLOCK GRANT** - to account for funds used for the improvements in low-income portions of the community. Funding is provided by the Community Development Block Grant Small Cities Set Aside program and local matching funds.

**LIBRARY MATERIALS ENHANCEMENT** - to account for the proceeds from the sale of the old library building.

**STORM WATER MANAGEMENT** - to account for the fees collected for the development of a storm water management system.

**DEBT SERVICE** - to account for the accumulation of ad-valorem taxes levied by the City for the payment of general long-term principal, interest and related costs.

**POLICE/MUNICIPAL BUILDING BONDS** - to account for the construction and purchase of furnishing for a new police building and renovation of the municipal building financed through general obligation bonds issue.



CITY OF STILLWATER, OKLAHOMA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2007

	Special Revenue Funds		
	Community Development Block Grant	Library Materials Enhancement	Storm Water Management
<b>ASSETS</b>			
Cash and cash equivalents	\$ 46,348	\$ 229,206	\$ 795,138
Due from other governments	41,528	-	-
Accounts receivable	-	-	34,167
Due from other funds	-	-	2,971
Total assets	<u>\$ 87,876</u>	<u>\$ 229,206</u>	<u>\$ 832,276</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 86,214	\$ -	\$ 23,840
Accrued liabilities	-	-	3,176
Due to other funds	-	-	3,177
Deferred revenue	-	-	-
Total liabilities	<u>86,214</u>	<u>-</u>	<u>30,193</u>
<b>FUND BALANCES</b>			
Reserved for			
Debt Service	-	-	-
Capital Improvements	-	-	-
Unreserved reported in			
Special Revenues	1,662	229,206	802,083
Total fund balances	<u>1,662</u>	<u>229,206</u>	<u>802,083</u>
Total liabilities and fund balances	<u>\$ 87,876</u>	<u>\$ 229,206</u>	<u>\$ 832,276</u>

continued

CITY OF STILLWATER, OKLAHOMA  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2007  
 (continued)

	Debt Service	Capital Projects Fund	Total Nonmajor Governmental Funds
ASSETS	Sinking Fund	Police/Municipal Building	
ASSETS			
Cash and cash equivalents	\$ 88,833	\$ 172,106	\$ 1,331,631
Due from other governments	67,012	-	108,540
Accounts receivable	-	-	34,167
Due from other funds	-	-	2,971
Total assets	<u>\$ 155,845</u>	<u>\$ 172,106</u>	<u>\$ 1,477,309</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	\$ 15,387	\$ 125,441
Accrued liabilities	-	-	3,176
Due to other funds	-	-	3,177
Deferred revenue	59,099	-	59,099
Total liabilities	<u>59,099</u>	<u>15,387</u>	<u>190,893</u>
FUND BALANCES:			
Reserved for			
Debt Service	96,746	-	96,746
Capital Improvements	-	156,719	156,719
Unreserved reported in			
Special Revenues	-	-	1,032,951
Total fund balances	<u>96,746</u>	<u>156,719</u>	<u>1,286,416</u>
Total liabilities and fund balances	<u>\$ 155,845</u>	<u>\$ 172,106</u>	<u>\$ 1,477,309</u>

CITY OF STILLWATER, OKLAHOMA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES -- NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2007

	Special Revenue Funds		
	Community Development Block Grant	Library Materials Enhancement	Storm Water Management
REVENUES			
Taxes	\$ -	\$ -	\$ -
Charges for services	-	-	271,556
Intergovernmental	65,028	-	-
Other Miscellaneous Revenues	45,941	-	-
Investment income	-	9,870	33,467
Total revenues	<u>110,969</u>	<u>9,870</u>	<u>305,023</u>
EXPENDITURES			
Current operating			
Recreation and culture	-	7,394	-
Streets and sewers	-	-	208,062
Human services	143,607	-	-
Debt service			
Principal retirements	-	-	-
Interest and fiscal charges	-	-	-
Capital outlay	-	-	72,575
Total expenditures	<u>143,607</u>	<u>7,394</u>	<u>280,637</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(32,638)</u>	<u>2,476</u>	<u>24,386</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in Fund Balances	(32,638)	2,476	24,386
FUND BALANCES, beginning	<u>34,300</u>	<u>226,730</u>	<u>777,697</u>
FUND BALANCES, ending	<u>\$ 1,662</u>	<u>\$ 229,206</u>	<u>\$ 802,083</u>

continued

CITY OF STILLWATER, OKLAHOMA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES -- NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2007  
 (continued)

	Debt Service	Capital Projects Fund	Total Nonmajor Governmental Funds
	Sinking Fund	Police/Municipal Building	
REVENUES			
Taxes	\$ 1,300,612	\$ -	\$ 1,300,612
Charges for services	-	-	271,556
Intergovernmental	-	-	65,028
Other Miscellaneous Revenues	-	-	45,941
Investment income	-	7,731	51,068
Total revenues	<u>1,300,612</u>	<u>7,731</u>	<u>1,734,205</u>
EXPENDITURES			
Current operating			
Recreation and culture	-	-	7,394
Streets and sewers	-	-	208,062
Human services	-	-	143,607
Debt service			
Principal retirements	790,000	-	790,000
Interest and fiscal charges	582,865	-	582,865
Capital outlay	-	33,871	106,446
Total expenditures	<u>1,372,865</u>	<u>33,871</u>	<u>1,838,374</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(72,253)</u>	<u>(26,140)</u>	<u>(104,169)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in Fund Balances	(72,253)	(26,140)	(104,169)
FUND BALANCES, beginning	<u>168,999</u>	<u>182,859</u>	<u>1,390,585</u>
FUND BALANCES, ending	<u>\$ 96,746</u>	<u>\$ 156,719</u>	<u>\$ 1,286,416</u>

CITY OF STILLWATER, OKLAHOMA  
BUDGETARY COMPARISON SCHEDULE  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2007

	SPECIAL REVENUE					SPECIAL REVENUE				
	COMMUNITY DEVELOPMENT					LIBRARY MATERIALS ENHANCEMENT				
	BUDGETED AMOUNT		BLOCK GRANT		Variance From Final Budget	BUDGETED AMOUNTS		Actual		Variance From Final Budget
	Original	Final		Actual		Original	Final			
<b>REVENUES</b>										
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	135,130	23,500	23,500	23,500	-	-	-	-	-	-
Miscellaneous	-	53,983	45,941	45,941	(8,042)	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-	-
Investment income	-	-	-	-	-	4,000	4,000	9,870	9,870	5,870
Total revenues	<u>135,130</u>	<u>77,483</u>	<u>69,441</u>	<u>69,441</u>	<u>(8,042)</u>	<u>4,000</u>	<u>4,000</u>	<u>9,870</u>	<u>9,870</u>	<u>5,870</u>
<b>EXPENDITURES</b>										
Current operating	-	-	-	-	-	4,000	7,394	7,394	7,394	-
Recreation and culture	-	-	-	-	-	-	-	-	-	-
Streets and sewers	-	-	-	-	-	-	-	-	-	-
Human services	270,260	143,610	143,607	143,607	3	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Principal retirements	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>270,260</u>	<u>143,610</u>	<u>143,607</u>	<u>143,607</u>	<u>3</u>	<u>4,000</u>	<u>7,394</u>	<u>7,394</u>	<u>7,394</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(135,130)</u>	<u>(66,127)</u>	<u>(74,166)</u>	<u>(74,166)</u>	<u>(8,039)</u>	<u>-</u>	<u>(3,394)</u>	<u>2,476</u>	<u>2,476</u>	<u>5,870</u>
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers in	135,130	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses),	<u>135,130</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in Fund Balances	-	(66,127)	(74,166)	(74,166)	(8,039)	-	(3,394)	2,476	2,476	5,870
<b>FUND BALANCES, beginning</b>	<u>200,610</u>	<u>200,610</u>	<u>200,610</u>	<u>200,610</u>	<u>-</u>	<u>226,730</u>	<u>226,730</u>	<u>226,730</u>	<u>226,730</u>	<u>-</u>
<b>FUND BALANCES, ending</b>	<u>\$ 200,610</u>	<u>\$ 134,483</u>	<u>\$ 126,444</u>	<u>\$ 126,444</u>	<u>\$ (8,039)</u>	<u>\$ 226,730</u>	<u>\$ 223,336</u>	<u>\$ 229,206</u>	<u>\$ 229,206</u>	<u>\$ 5,870</u>
Reconciliation of budget to GAAP:										
Revenues on budget basis			\$ 69,441	\$ 69,441				\$ 9,870	\$ 9,870	
Revenues received during fiscal year and measurable and available at June 30, 2006			-	-				-	-	
Revenues received during fiscal year and measurable and available at June 30, 2007			41,528	41,528				-	-	
Revenues on GAAP basis			<u>\$ 110,969</u>	<u>\$ 110,969</u>				<u>\$ 9,870</u>	<u>\$ 9,870</u>	

continued

CITY OF STILLWATER, OKLAHOMA  
BUDGETARY COMPARISON SCHEDULE  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2007  
(continued)

	SPECIAL REVENUE				STORM WATER MANAGEMENT				DEBT SERVICE			
	Budgeted Amounts		Actual	Variance From Final Budget	Budgeted Amounts		Actual	Variance From Final Budget	Budgeted Amounts		Actual	Variance From Final Budget
	Original	Final			Original	Final			Original	Final		
REVENUES:												
Taxes	\$ -	\$ -	\$ -	\$ -					\$ 1,372,865	\$ 1,372,865	\$ 1,294,864	\$ (78,001)
Intergovernmental	-	-	-	-					-	-	-	-
Miscellaneous	-	-	-	-					-	-	-	-
Charges for services	256,000	256,000	271,536	15,536					-	-	-	-
Investment income	-	-	33,467	33,467					-	-	-	-
Total revenues	256,000	256,000	305,002	49,002					1,372,865	1,372,865	1,294,864	(78,001)
EXPENDITURES:												
Current operating												
Recreation and culture	-	-	-	-					-	-	-	-
Streets and sewers	237,483	213,983	208,062	5,921					-	-	-	-
Human services	-	-	-	-					-	-	-	-
Debt service	-	-	-	-					-	-	-	-
Principal retirements	-	-	-	-					790,000	790,000	790,000	-
Interest and fiscal charges	-	-	-	-					582,865	582,865	582,865	-
Capital outlay	-	84,945	72,575	12,370					-	-	-	-
Total expenditures	237,483	298,928	280,637	18,291					1,372,865	1,372,865	1,372,865	-
Excess (deficiency) of revenues over (under) expenditures	18,517	(42,928)	24,365	67,293					-	-	(78,001)	(78,001)
OTHER FINANCING SOURCES (USES)												
Transfers in	90,000	-	-	-					-	-	-	-
Transfers out	-	-	-	-					-	-	-	-
Total other financing sources (uses)	90,000	-	-	-					-	-	-	-
Net change in Fund Balances	108,517	(42,928)	24,365	67,293					-	-	(78,001)	(78,001)
FUND BALANCES, beginning	777,540	777,540	77,540	-					256,017	256,017	256,017	-
FUND BALANCES, ending	\$ 886,057	\$ 734,612	\$ 101,905	\$ 67,293					\$ 256,017	\$ 256,017	\$ 178,016	\$ (78,001)
Reconciliation of budget to GAAP												
Revenues on budget basis			\$ 305,002								\$ 1,294,864	
Revenues received during fiscal year and measurable and available at June 30, 2006			(34,146)								(61,264)	
Revenues received during fiscal year and measurable and available at June 30, 2007			34,167								67,012	
Revenues on GAAP basis			\$ 305,023								\$ 1,300,612	

continued

CITY OF STILLWATER, OKLAHOMA  
BUDGETARY COMPARISON SCHEDULE  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2007  
(continued)

	CAPITAL PROJECTS FUND			
	Budgeted Amounts		Actual	Variance From Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Miscellaneous	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	7,731	7,731
Total revenues	-	-	7,731	7,731
<b>EXPENDITURES</b>				
Current operating				
Recreation and culture	-	-	-	-
Streets and sewers	-	-	-	-
Human services	-	-	-	-
Debt service				
Principal retirements	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	33,872	33,871	1
Total expenditures	-	33,872	33,871	1
Excess (deficiency) of revenues over (under) expenditures	-	(33,872)	(26,140)	7,732
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in Fund Balances	-	(33,872)	(26,140)	7,732
FUND BALANCES, beginning	182,859	182,859	182,859	-
FUND BALANCES, ending	\$ 182,859	\$ 148,987	\$ 156,719	\$ 7,732
Reconciliation of budget to GAAP:				
Revenues on budget basis			\$ 7,731	
Revenues received during fiscal year and measurable and available at June 30, 2006			-	
Revenues received during fiscal year and measurable and available at June 30, 2007			-	
Revenues on GAAP basis			\$ 7,731	

## **NONMAJOR PROPRIETARY FUNDS**

**AIRPORT** - to account for the operation of the Stillwater Municipal Airport including capital additions and improvements financed through federal and state grant proceeds and City contributions.

**STILLWATER PUBLIC GOLF AUTHORITY** - to account for the operation of an 18-hole public golf course, Lakeside Golf Course.

**STILLWATER INDUSTRIAL REDEVELOPMENT AUTHORITY** - to account for expenditures for industrial redevelopment. Financing is provided from federal grants, federal loans, city contributions and citizen participation.

**COMMUNITY CENTER** – to account for rental of the Community Center.



CITY OF STILLWATER, OKLAHOMA  
STATEMENT OF NET ASSETS--NONMAJOR PROPRIETARY FUNDS  
JUNE 30, 2007

ASSETS	Airport	Stillwater Public Golf Authority	Stillwater Industrial Redevelopment Authority	Community Center	Total
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	\$ -	\$ 30,051	\$ 74,100	\$ -	\$ 104,151
Accounts receivable, net of allowance	4,071	2,922	-	-	6,993
Advances to other funds	-	-	4,000	-	4,000
Leasehold receivable	-	-	41,667	-	41,667
Inventories	22,654	68,793	-	-	91,447
Total current assets	26,725	101,766	119,767	-	248,258
<b>NONCURRENT ASSETS</b>					
Advances to other funds	-	-	12,000	-	12,000
Leasehold receivable	-	-	362,637	-	362,637
Restricted assets					
Capital assets, nondepreciable	1,003,626	16,000	-	-	1,019,626
Capital assets, depreciable, net	9,544,008	1,764,422	-	-	11,308,430
Total noncurrent assets	10,547,634	1,780,422	374,637	-	12,702,693
Total assets	10,574,359	1,882,188	494,404	-	12,950,951
<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES</b>					
Accounts payable	32,522	49,418	-	-	81,940
Accrued expenses	6,881	18,251	-	-	25,132
Accrued compensated absences	13,700	1,760	-	-	15,460
Due to other funds	295,716	167,431	-	-	463,147
Advances from other funds	4,000	-	41,667	-	45,667
Unearned revenue	1,680	62,369	-	-	64,049
Total current liabilities	354,499	299,229	41,667	-	695,395
<b>NONCURRENT LIABILITIES</b>					
Advances from other funds	12,000	-	362,637	-	374,637
Compensated absences	8,236	27,223	-	-	35,459
Total noncurrent liabilities	20,236	27,223	362,637	-	410,096
Total liabilities	374,735	326,452	404,304	-	1,105,491
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	10,547,634	1,780,422	-	-	12,328,056
Unrestricted (deficit)	(348,010)	(224,686)	90,100	-	(482,596)
Total net assets	\$ 10,199,624	\$ 1,555,736	\$ 90,100	\$ -	\$ 11,845,460

CITY OF STILLWATER, OKLAHOMA  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET ASSETS -NONMAJOR PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2007

	Airport	Stillwater Public Golf Authority	Stillwater Industrial Redevelopment Authority	Community Center	Total
<b>OPERATING REVENUES</b>					
Charges for services	\$ 928,250	\$ 517,488	\$ -	\$ -	\$ 1,445,738
Other	222,115	180,007	-	-	402,122
Total operating revenues	<u>1,150,365</u>	<u>697,495</u>	<u>-</u>	<u>-</u>	<u>1,847,860</u>
<b>OPERATING EXPENSES</b>					
Operating and maintenance	1,305,367	1,081,110	-	-	2,386,477
Depreciation	807,423	113,159	-	-	920,582
Amortization	1,142	-	-	-	1,142
Total operating expenses	<u>2,113,932</u>	<u>1,194,269</u>	<u>-</u>	<u>-</u>	<u>3,308,201</u>
Operating income (loss)	<u>(963,567)</u>	<u>(496,774)</u>	<u>-</u>	<u>-</u>	<u>(1,460,341)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment income	181	67	1,525	-	1,773
Net nonoperating revenues	<u>181</u>	<u>67</u>	<u>1,525</u>	<u>-</u>	<u>1,773</u>
Income (loss) before capital contributions and transfers	<u>(963,386)</u>	<u>(496,707)</u>	<u>1,525</u>	<u>-</u>	<u>(1,458,568)</u>
<b>CAPITAL CONTRIBUTIONS AND TRANSFERS</b>					
Capital contributions	145,042	-	-	-	145,042
Transfers in	-	325,381	25,000	36,073	386,454
Transfers out	-	-	-	(1,074,319)	(1,074,319)
Net capital contributions and transfers	<u>145,042</u>	<u>325,381</u>	<u>25,000</u>	<u>(1,038,246)</u>	<u>(542,823)</u>
Change in net assets	<u>(818,344)</u>	<u>(171,326)</u>	<u>26,525</u>	<u>(1,038,246)</u>	<u>(2,001,391)</u>
NET ASSETS, beginning	<u>11,017,968</u>	<u>1,727,062</u>	<u>63,575</u>	<u>1,038,246</u>	<u>13,846,851</u>
NET ASSETS, ending	<u>\$ 10,199,624</u>	<u>\$ 1,555,736</u>	<u>\$ 90,100</u>	<u>\$ -</u>	<u>\$ 11,845,460</u>

CITY OF STILLWATER, OKLAHOMA  
STATEMENT OF CASH FLOWS --NONMAJOR PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2007

	Airport	Stillwater Public Golf Authority	Stillwater Industrial Redevelopment Authority	Community Center	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers	\$ 929,035	\$ 511,929	\$ -	\$ -	\$ 1,440,964
Payments to suppliers	(1,087,375)	(465,158)	-	-	(1,552,533)
Payments to employees	(306,181)	(633,518)	-	-	(939,699)
Inter activity-payments to other funds	(473,801)	-	21,667	36,073	(416,061)
Other receipts (payments)	220,743	180,007	(21,667)	-	379,083
Net cash provided by (used for) operating activities:	<u>(717,579)</u>	<u>(406,740)</u>	<u>-</u>	<u>36,073</u>	<u>(1,088,246)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>					
Transfers from (to) other funds	-	363,720	25,000	(1,074,319)	(685,599)
Net cash provided by (used for) noncapital financing activity	<u>-</u>	<u>363,720</u>	<u>25,000</u>	<u>(1,074,319)</u>	<u>(685,599)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Capital contributions	939,460	-	-	1,038,246	1,977,706
Purchases of assets	(218,062)	(9,021)	-	-	(227,083)
Principal (paid) received on capital debt	(4,000)	-	4,000	-	-
Net cash provided by (used for) capital activities:	<u>717,398</u>	<u>(9,021)</u>	<u>4,000</u>	<u>1,038,246</u>	<u>1,750,623</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest	181	67	1,525	-	1,773
Net cash provided by (used for) investing activities:	<u>181</u>	<u>67</u>	<u>1,525</u>	<u>-</u>	<u>1,773</u>
Net increase (decrease) in cash and cash equivalents	-	(51,974)	30,525	-	(21,449)
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	-	82,025	43,575	-	125,600
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u>-</u>	<u>30,051</u>	<u>74,100</u>	<u>-</u>	<u>104,151</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used by) operating activities</b>					
Operating income (loss)	\$ (963,567)	\$ (496,774)	\$ -	\$ -	\$ (1,460,341)
Adjustments to reconcile operating income to net cash provided by operating activities					
Depreciation expense	807,423	113,159	-	-	920,582
Amortization expense	1,142	-	-	-	1,142
Changes in assets and liabilities:					
Receivables, net	784	622	41,667	-	43,073
Inventories	16,886	(7,068)	-	-	9,818
Accounts and other payables	(582,210)	(10,498)	(41,667)	36,073	(598,302)
Change in deferred operating revenues	-	(6,181)	-	-	(6,181)
Accrued expenses	1,963	-	-	-	1,963
Net cash provided by (used for) operating activities:	<u>(717,579)</u>	<u>(406,740)</u>	<u>-</u>	<u>36,073</u>	<u>(1,088,246)</u>

CITY OF STILLWATER, OKLAHOMA  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2007

	Balance June 30, 2006	Additions	Reductions	Balance June 30, 2007
<b>ASSETS</b>				
Cash and cash equivalents	\$ 80,407	\$ 222,859	\$ 271,784	\$ 31,482
Pooled investments	383,781	-	-	383,781
Other investments	-	190,000	-	190,000
Assessment receivable	6,591	15,917	14,559	7,949
	<u>6,591</u>	<u>15,917</u>	<u>14,559</u>	<u>7,949</u>
Total assets	<u>\$ 470,779</u>	<u>\$ 428,776</u>	<u>\$ 286,343</u>	<u>\$ 613,212</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 6,650	\$ 729	\$ -	\$ 7,379
Amounts held in escrow	464,129	428,047	286,343	605,833
	<u>464,129</u>	<u>428,047</u>	<u>286,343</u>	<u>605,833</u>
Total liabilities	<u>\$ 470,779</u>	<u>\$ 428,776</u>	<u>\$ 286,343</u>	<u>\$ 613,212</u>

## **STATISTICAL SECTION OVERVIEW**

**FINANCIAL TRENDS** – These schedules contain trend information showing how the City's financial performance and position have changed over time.

- Net Assets by Component – Last five fiscal years
- Changes in Net Assets – Last five fiscal years
- Fund Balances, Governmental Funds – Last five fiscal years
- Changes in Fund Balances, Governmental Funds – Last five fiscal years

**REVENUE CAPACITY** – These schedules contain information on the City's significant revenue sources – property tax and sales tax.

- Tax Revenues by Source, Governmental Funds – Last ten fiscal years
- Assessed Value and Actual Value of Taxable Property – Last ten fiscal years
- Direct and Overlapping Property Tax Rates – Last ten fiscal years
- Principal Property Tax Payers – Current year and Nine years ago
- Property Tax Levies and Collections – Last ten fiscal years
- Taxable Sales by Category – Last five fiscal years
- Direct and Overlapping Sales Tax Rates – Last ten calendar years

**DEBT CAPACITY** – These schedules show the City's current debt position and also the City's ability to issue additional debt in the future.

- Legal Debt Margin Information – Last ten fiscal years
- Direct and Overlapping Governmental Activities Debt – As of June 30, 2007
- Electric Utility Customers and Sales by Type – Last ten fiscal years
- Ratios of Outstanding Debt by Type – Last ten fiscal years
- Ratios of General Bonded Debt to Assessed Values – Last ten fiscal years
- Pledged Revenue Coverage – Last ten fiscal years

**OPERATING INFORMATION** – These schedules show service and infrastructure information to help show how the financial information contained in the City's financial report relates to the activities performed and services provided by the City

- Full-time Equivalent City Government Employees by Function/Program – Last five fiscal years
- Capital Asset Statistics by Function/Program – Last eight fiscal years
- Operating Indicators by Function/Program – Last eight fiscal years

**DEMOGRAPHIC AND ECONOMIC INFORMATION** – These schedules show demographic and economic indicators surrounding the City's financial environment

- Principal Employers – Current year and nine years ago
- Demographic and Economic Statistics – Last ten fiscal years

CITY OF STILLWATER, OKLAHOMA  
NET ASSETS BY COMPONENT  
LAST FIVE FISCAL YEARS \*

	As of June 30,				
	2003	2004	2005	2006	2007
<b>Governmental activities</b>					
Invested in capital assets, net of related debt	\$ 72,220,782	\$ 70,989,399	\$ 71,724,485	\$ 70,865,043	\$ 75,874,538
Restricted for capital projects	553,894	311,827	227,641	182,859	156,719
Restricted for debt service	613,449	761,585	696,375	168,999	96,746
Restricted for street improvements	-	-	7,158,849	9,582,135	10,044,476
Restricted for specific operating activities	-	-	536,641	615,844	558,210
Unrestricted	11,813,537	12,374,202	3,327,269	5,620,201	4,075,193
Total governmental activities net assets	\$ 85,201,662	\$ 84,437,013	\$ 83,671,260	\$ 87,035,081	\$ 90,805,882
<b>Business-type activities</b>					
Invested in capital assets, net of related debt	\$ 65,423,858	\$ 70,512,395	\$ 74,539,974	\$ 77,374,975	\$ 80,898,110
Restricted for debt service	2,266,493	2,275,899	1,376,664	1,582,124	1,912,627
Unrestricted	25,627,707	25,425,194	26,489,143	24,471,836	21,526,947
Total business-type activities net assets	\$ 93,318,058	\$ 98,213,488	\$ 102,405,781	\$ 103,428,935	\$ 104,337,684
<b>Primary government</b>					
Invested in capital assets, net of related debt	\$ 137,644,640	\$ 141,501,794	\$ 146,264,459	\$ 148,240,018	\$ 156,772,648
Restricted for capital projects	553,894	311,827	227,641	182,859	156,719
Restricted for debt service	2,879,942	3,037,484	2,073,039	1,751,123	2,009,373
Restricted for street improvements	-	-	7,158,849	9,582,135	10,044,476
Restricted for specific operating activities	-	-	536,641	615,844	558,210
Unrestricted	37,441,244	37,799,396	29,816,412	30,092,037	25,602,140
Total primary government net assets	\$ 178,519,720	\$ 182,650,501	\$ 186,077,041	\$ 190,464,016	\$ 195,143,566

\* Data for years prior to 2003 is not readily available.

CITY OF STILLWATER, OKLAHOMA  
CHANGES IN NET ASSETS  
LAST FIVE FISCAL YEARS \*

	Fiscal Year Ended June 30,				
	2003	2004	2005	2006	2007
<b>Expenses</b>					
Governmental activities:					
Public Safety	\$ 12,030,274	\$ 12,681,613	\$ 13,485,558	\$ 14,091,743	\$ 15,590,805
Recreation and culture	4,766,960	4,652,366	5,176,504	5,185,248	5,428,234
General government	2,109,441	2,274,740	2,475,642	2,522,896	3,466,609
Financial administration	616,804	569,047	604,803	751,577	635,329
Street and sewers	5,161,605	5,401,003	5,520,360	5,726,635	6,454,425
Engineering and public works administration	1,141,343	832,998	1,008,922	914,956	767,258
Tourism	269,786	280,485	331,483	370,356	-
Economic development	386,524	509,066	605,611	602,346	1,004,617
Health and welfare	1,339,060	1,227,161	1,613,431	1,441,499	1,593,649
Interest on long-term debt	803,198	740,282	681,061	628,333	578,703
Total governmental activities expenses	28,624,995	29,168,761	31,503,375	32,235,589	35,519,629
Business-type activities:					
Electric, water, wastewater and sanitation operations	34,171,680	35,062,143	37,756,145	43,453,117	46,993,426
Stillwater Public Golf Authority	1,173,163	1,180,919	1,161,042	1,101,923	1,194,269
Stillwater Industrial Redevelopment Authority	71,315	49,797	101,129	-	-
Airport operations	1,283,965	1,374,786	1,959,733	2,161,111	2,113,932
Total business-type activities expenses	36,700,123	37,667,645	40,978,049	46,716,151	50,301,627
Total primary government expenses	\$ 65,325,118	\$ 66,836,406	\$ 72,481,424	\$ 78,951,740	\$ 85,821,256
<b>Program Revenues</b>					
Governmental activities					
Charges for services:					
Public safety	\$ 211,099	\$ 112,999	\$ 118,593	\$ 171,172	\$ 164,246
Recreation and culture	556,394	584,684	632,614	831,725	757,084
General government	12,820	15,219	5,908	30,738	277,421
Financial administration	785,127	768,888	923,756	834,381	1,116,601
Streets and sewers	256,111	413,023	413,023	523,616	449,124
Engineering and public works administration	-	-	5,405	-	-
Economic Development	-	-	-	-	3,261
Health and welfare	903,458	888,583	956,444	1,257,203	1,412,587
Operating grants and contributions	467,172	321,587	725,092	178,129	119,845
Capital grants and contributions	176,310	214,198	102,907	822,889	2,166,742
Total governmental activities program revenues	3,368,491	3,319,181	3,883,742	4,649,853	6,466,911

\* Data for years prior to 2003 is not readily available.

continued

CITY OF STILLWATER, OKLAHOMA  
CHANGES IN NET ASSETS  
LAST FIVE FISCAL YEARS \*  
(continued)

	Fiscal Year Ended June 30,				
	2003	2004	2005	2006	2007
<b>Business-type activities:</b>					
Charges for services:					
Electric, water, wastewater, and sanitation operations	39,021,354	41,065,887	43,595,811	48,197,848	51,315,037
Stillwater Public Golf Authority	811,516	796,669	775,913	820,232	697,495
Stillwater Industrial Redevelopment Authority	1,571	1,181	932	751	-
Airport operations	486,935	586,264	787,127	1,156,881	1,150,365
Operating grants and contributions	17,050	22,138	255,892	100,640	-
Capital grants and contributions	2,194,428	1,619,051	3,926,570	1,276,045	2,185,284
Total business-type activities program revenues	42,532,854	44,091,190	49,342,245	51,552,397	55,348,181
Total primary government program revenues	\$ 45,901,345	\$ 47,410,371	\$ 53,225,987	\$ 56,202,250	\$ 61,815,092
<b>Net (Expense)/Revenue</b>					
Governmental activities	\$ (25,256,504)	\$ (25,849,580)	\$ (27,619,633)	\$ (27,585,736)	\$ (29,052,718)
Business-type activities	5,832,731	6,423,545	8,364,196	4,836,246	5,046,554
Total primary government net expense	\$ (19,423,773)	\$ (19,426,035)	\$ (19,255,437)	\$ (22,749,490)	\$ (24,006,164)
<b>General Revenues and Other Changes in Net Assets</b>					
Governmental activities:					
Taxes:					
Sales and use taxes	\$ 17,443,260	\$ 18,598,176	\$ 19,822,637	\$ 21,824,709	\$ 22,857,240
Property taxes	2,224,535	2,130,193	1,979,773	1,368,897	1,315,487
Franchise and public service taxes	1,249,009	1,322,018	1,380,775	1,437,986	1,330,835
E911 taxes	113,610	117,167	98,792	93,739	84,444
Hotel/motel taxes	277,307	294,015	332,727	368,826	406,552
Investment income	93,243	75,000	284,037	382,339	616,842
Miscellaneous	277,565	212,258	139,247	514,193	532,498
Transfers-internal activity	6,982,099	2,178,317	2,299,435	4,758,359	5,679,621
Total governmental activities	28,660,628	24,927,144	26,337,423	30,749,048	32,823,519
Business-type activities:					
Investment income	330,530	166,447	461,770	908,708	1,212,709
Miscellaneous	608,826	743,816	202,682	237,068	329,107
Transfers-internal activity	(6,982,100)	(2,178,317)	(2,299,435)	(4,758,359)	(5,679,621)
Total business-type activities	(6,042,744)	(1,268,054)	(1,634,983)	(3,612,583)	(4,137,805)
Total primary government	\$ 22,617,884	\$ 23,659,090	\$ 24,702,440	\$ 27,136,465	\$ 28,685,714
<b>Change in Net Assets</b>					
Governmental activities	\$ 3,404,124	\$ (922,436)	\$ (1,282,210)	\$ 3,163,312	\$ 3,770,801
Business-type activities	(210,013)	5,155,491	6,729,213	1,223,663	908,749
Total primary government	\$ 3,194,111	\$ 4,233,055	\$ 5,447,003	\$ 4,386,975	\$ 4,679,550

\* Data for years prior to 2003 is not readily available.



CITY OF STILLWATER, OKLAHOMA  
FUND BALANCES, GOVERNMENTAL FUNDS

LAST FIVE FISCAL YEARS \*  
(modified accrual basis of accounting)

	As of June 30,				
	2003	2004	2005	2006	2007
General fund					
Reserved for inventories	\$ 144,293	\$ 179,414	\$ 171,519	\$ 196,965	\$ 178,914
Reserved for police activities	110,863	109,045	110,373	111,150	102,174
Reserved for fire activities	167,177	207,097	228,212	236,210	230,006
Reserved for sales tax transfer	1,188,233	1,235,969	1,334,010	1,496,905	1,543,166
Reserved for hotel/motel	-	43,034	40,930	28,797	47,115
Unreserved:					
Designated for self insurance	951,031	855,704	855,704	1,072,554	1,484,580
Designated for recreation and culture	528,444	165,246	169,065	99,291	76,976
Undesignated	6,130,987	4,953,732	1,342,491	3,160,167	1,317,341
Total general fund	\$ 9,221,028	\$ 7,749,241	\$ 4,252,304	\$ 6,402,039	\$ 4,980,272
All other Governmental Funds					
Reserved for debt service	\$ 613,449	\$ 761,585	\$ 696,375	\$ 168,999	\$ 96,746
Reserved for capital improvements	553,894	311,827	227,641	182,859	156,719
Unreserved, reported in:					
Special revenue funds	3,243,615	5,773,881	7,979,196	10,620,862	11,077,427
Total all other governmental funds	\$ 4,410,958	\$ 6,847,293	\$ 8,903,212	\$ 10,972,720	\$ 11,330,892

\* Data for years prior to 2003 is not readily available.

CITY OF STILLWATER, OKLAHOMA  
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS  
LAST FIVE FISCAL YEARS \*  
(modified accrual basis of accounting)

	Fiscal Year Ended June 30,				
	2003	2004	2005	2006	2007
<b>Revenues</b>					
Taxes	\$ 21,057,097	\$ 22,445,024	\$ 23,460,061	\$ 24,995,004	\$ 25,893,302
Intergovernmental	495,483	292,990	742,105	245,939	308,548
Charges for service	449,299	1,373,709	1,428,079	1,653,785	1,468,896
Fines and forfeits	756,362	845,093	889,850	877,165	807,431
Fees and rentals	429,325	498,198	526,700	642,259	802,179
Investment income	90,865	73,414	192,169	377,479	609,562
Licenses and permits	88,583	113,460	182,293	222,355	303,354
Other miscellaneous revenues	1,346,061	381,880	397,285	686,876	1,092,042
Total revenues	24,713,075	26,023,768	27,818,542	29,700,862	31,285,314
<b>Expenditures</b>					
Current:					
Public safety	11,212,713	12,238,250	12,919,050	13,663,801	15,147,760
Recreation and culture	3,725,646	3,779,171	4,050,919	4,256,098	4,791,101
General government	1,549,115	1,723,360	2,156,559	2,172,095	2,624,051
Financial administration	523,328	488,920	525,900	614,774	612,413
Streets and sewers	1,826,022	1,879,794	1,889,400	2,025,858	2,375,075
Operations	731,566	807,442	902,206	882,005	741,181
Economic development	386,524	509,066	937,095	972,702	1,004,617
Human services	1,236,491	1,191,431	1,527,309	1,365,664	1,647,385
Debt service:					
Principal retirements	790,000	790,000	790,000	790,000	790,000
Interest and fiscal charges	808,465	745,265	685,465	632,465	582,865
Capital outlay	5,617,633	2,878,591	5,175,092	2,864,516	6,402,132
Total expenditures	28,407,503	27,031,290	31,558,995	30,239,978	36,718,580
Excess of revenues over (under) expenditures	(3,694,428)	(1,007,522)	(3,740,453)	(539,116)	(5,433,266)
<b>Other Financing Sources (Uses)</b>					
Transfers in	15,654,554	11,683,976	11,755,379	14,541,601	13,534,835
Transfers out	(8,672,455)	(9,431,421)	(9,455,944)	(9,783,242)	(9,165,164)
Transfer out to component unit	(269,786)	(280,485)	-	-	-
Total other financing sources (uses)	6,712,313	1,972,070	2,299,435	4,758,359	4,369,671
Net change in fund balances	\$ 3,017,885	\$ 964,548	\$ (1,441,018)	\$ 4,219,243	\$ (1,063,595)
Debt service as a percentage of noncapital expenditures	7.01%	6.36%	5.59%	5.20%	4.53%

\* Data for years prior to 2003 is not readily available.

CITY OF STILLWATER, OKLAHOMA  
TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS (A)  
LAST TEN FISCAL YEARS  
(*accrual basis of accounting*)

Fiscal Year	Sales & Use Taxes			Franchise and Public		E911 Taxes	Hotel/Motel Taxes	Other Taxes	Total Taxes	Sales Tax as Percentage of Total Taxes
				Property Taxes	Service Taxes					
1998	\$	12,073,013	\$	802,371				\$ 1,275,087	\$ 14,150,471	85.32%
1999		11,336,863		1,194,087				1,274,403	13,805,353	82.12%
2000		14,328,401		1,235,635		\$	243,418	993,507	16,924,991	84.66%
2001		14,916,853		1,239,927			232,799	1,264,432	17,789,338	83.85%
2002		16,654,826		1,795,054			236,755	1,024,380	19,838,662	83.95%
2003		17,058,712	\$	2,087,520	1,519,948		277,307		21,057,097	81.01%
2004		18,598,176		2,130,193	1,322,018		294,015		22,461,569	82.80%
2005		19,822,637		1,979,773	1,380,775		332,727		23,614,704	83.94%
2006		21,824,709		1,368,897	1,437,986		368,826		25,094,157	86.97%
2007		22,857,240		1,315,487	1,330,835		406,552		25,994,558	87.93%

(A) For fiscal years 1997 thru 2002 (pre-GASB 34) includes all taxes of General, Special Revenue, and Debt Service Funds.

Note: For fiscal years 1997 thru 2002, taxes are classified to the extent the information is readily available.

CITY OF STILLWATER, OKLAHOMA  
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY  
 LAST TEN FISCAL YEARS  
*(in thousands)*

Fiscal Year	Real Property	Personal Property	Public Service Property	Total Valuation	Homestead Exemption	Net Total Valuation	Total Direct Tax Rate	Total Estimated Actual Value	Ratio of Total Assessed to Actual Value
1998	\$ 93,100	\$ 23,796	\$ 5,198	\$ 122,094	\$ 5,011	\$ 117,083	6.91	\$ 1,071,000	11.40%
1999	99,268	25,514	4,882	129,664	5,294	124,370	10.08	1,137,404	11.40%
2000	107,228	26,108	5,648	138,984	5,304	133,680	9.28	1,219,158	11.40%
2001	114,714	29,564	5,817	150,095	5,306	144,789	8.54	1,316,623	11.40%
2002	122,299	30,969	6,833	160,101	5,303	154,798	11.54	1,404,395	11.40%
2003	127,396	30,420	9,096	166,912	5,326	161,586	13.70	1,464,140	11.40%
2004	138,265	31,250	10,610	180,125	5,227	174,898	12.29	1,580,044	11.40%
2005	147,535	30,862	10,956	189,353	5,096	184,257	10.76	1,660,991	11.40%
2006	157,236	32,721	12,360	202,317	5,091	197,226	7.19	1,774,711	11.40%
2007	173,283	35,512	11,516	220,311	5,198	215,113	6.17	1,932,553	11.40%

Source: Payne County Assessor

The assessed value of the taxable property as certified by the Payne County Assessor to be used for the 2007-2008 fiscal year is as follows:

	Real Property	Personal Property	Public Service Property	Total Valuation	Homestead Exemption	Net Total Valuation	Total Direct Tax Rate	Total Estimated Actual Value
2008	\$ 190,637	\$ 38,567	\$ 9,904	\$ 239,108	\$ 5,300	\$ 233,808	6.17	\$ 2,097,439

CITY OF STILLWATER, OKLAHOMA  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN FISCAL YEARS  
(rate per \$1,000 of assessed value)

Fiscal Year	City of Stillwater Debt Service Fund	Independent School District No. 16	Meridian Technology Center	Payne County	Total
1998	\$ 6.91 \$	55.26 \$	15.00 \$	16.00 \$	93.17
1999	10.08	53.63	15.00	16.00	94.71
2000	9.28	52.20	15.00	16.00	92.48
2001	8.54	54.91	15.00	16.00	94.45
2002	11.54	57.37	15.00	16.00	99.91
2003	13.70	64.34	15.00	16.00	109.04
2004	12.29	62.55	15.00	16.00	105.84
2005	10.76	62.96	15.00	16.00	104.72
2006	7.19	63.71	15.00	16.00	101.90
2007	6.17	62.93	15.00	16.00	100.10

Source: Payne County Assessor

The direct and overlapping tax rates for FY 2006-2007 are as follows:

Fiscal Year	City of Stillwater Debt Service Fund	Independent School District No. 16	Meridian Technology Center	Payne County	Total
2008	\$ 5.72 \$	64.17 \$	15.00 \$	16.00 \$	100.89

CITY OF STILLWATER, OKLAHOMA  
PRINCIPAL PROPERTY TAX PAYERS  
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	Type of Business	2007			1998		
		2007 Assessed		Percentage of	1998 Assessed		Percentage of
		Valuation	Total	Valuation	Valuation	Total	Valuation
							Rank
Armstrong World Industries, Inc.	Manufacturer of floor coverings	6,126,384	2.62%	1	2,837,849	2.28%	3
Brunswick Corporation	Manufacturer of stern-drive boat motors	5,011,327	2.14%	2	5,121,673	4.12%	1
Links at Stillwater	Apartments/golf/fitness development	3,415,290	1.46%	3			
Wal-Mart Stores, Inc. #137	Discount supercenter	3,314,290	1.42%	4	1,572,158	1.26%	8
Southwestern Bell	Telephone utility	2,809,475	1.20%	5	2,983,046	2.40%	2
Quebecor World Inc.	Printer of magazines and advertising inserts	2,692,571	1.15%	6	2,424,034	1.95%	4
National Standard Co.	Manufacturer of steel cord for radial tires	2,518,491	1.08%	7	1,525,310	1.23%	5
Chickasaw Telecom Services, Inc.	Telephone utility	2,252,538	0.96%	8			
Lakeview Pointe	Shopping Center	1,856,702	0.79%	9			
Oklahoma Natural Gas	Gas Utility	1,644,041	0.70%	10	1,342,916	1.08%	7
Lowes Home Center, Inc.	Home improvement store	1,354,751	0.58%		1,446,604	1.16%	9
Moore Business Forms, Inc.	Business forms printer				1,394,237	1.12%	6
Frank C. & Ludmila Robson, Co-trustees	Real estate developer				805,870	0.65%	10
		<u>\$32,995,860</u>	<u>14.11%</u>		<u>\$21,453,697</u>	<u>17.25%</u>	

Source: Payne County Assessor

CITY OF STILLWATER, OKLAHOMA  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
(in thousands of dollars)

Fiscal Year	Taxes Levied for the year	Collected within the Fiscal Year of the Levy		Collected on Prior Years' Levies (A)
		Amount	Percentage of Levy	Amount
1998	\$ 809	\$ 814	101%	\$ 7
1999	1,254	1,238	99%	5
2000	1,241	1,233	99%	3
2001	1,237	1,243	100%	4
2002	1,786	1,727	97%	3
2003	2,214	2,087	94%	3
2004	2,149	2,084	97%	78
2005	1,982	1,942	98%	15
2006	1,417	1,433	101%	18
2007	1,320	1,286	97%	19

(A) Collections of property taxes in Oklahoma are made at the County level. Information received from Payne County with collected delinquent amounts does not include the original levy year.

Note: Total collections for July through November, 2007 are \$25 thousand in current taxes and \$1 thousand in delinquent taxes.

CITY OF STILLWATER, OKLAHOMA  
TAXABLE SALES BY CATEGORY  
LAST FIVE FISCAL YEARS  
*(in thousands of dollars)*

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General merchandise stores	\$119,431	\$123,633	\$128,097	\$ 141,576	\$144,281
Eating and drinking places	57,980	60,824	68,314	79,720	84,125
Miscellaneous retail	46,129	49,969	52,776	53,655	59,973
Building material, hardware, garden supply	34,248	41,593	48,395	52,357	51,659
Food stores	49,366	49,339	42,733	38,049	35,924
Electric, gas, and sanitary services	30,008	30,326	31,763	36,563	39,310
Wholesale trade - durable goods	17,784	20,511	23,857	28,128	25,108
Apparel & accessory stores	25,924	26,172	26,549	25,996	35,824
Furniture, home furnishings & equipment	18,406	19,749	21,611	24,266	24,478
Communications	24,067	24,607	24,831	22,357	23,368
Automotive dealers & gasoline service	13,119	13,509	14,544	13,862	15,227
Education services	8,832	12,582	10,580	10,947	12,768
Business services	9,984	9,445	9,237	10,125	14,276
All other outlets	37,426	39,326	40,427	47,200	14,811
Total	<u>\$492,704</u>	<u>\$521,585</u>	<u>\$543,714</u>	<u>\$584,801</u>	<u>\$581,132</u>
City general sales tax rate	2.0%	2.0%	2.0%	2.0%	2.0%
Transferable to SUA	1.0%	1.0%	1.0%	1.0%	1.0%
Dedicated sales tax (transportation projects) *	0.5%	0.5%	0.5%	0.5%	0.5%
Total tax rate	<u>3.5%</u>	<u>3.5%</u>	<u>3.5%</u>	<u>3.5%</u>	<u>3.5%</u>

\* Dedicated sales tax of 0.5% was effective October 1, 2001. This additional tax was to expire September 30, 2006 but was extended until September 30, 2016 by a vote of the citizens of Stillwater on April 4, 2006.

Source: Oklahoma Tax Commission

Information for fiscal years before 2002/2003 is not readily available.

Note: The State of Oklahoma retains 1% of the sales tax collected as an administrative fee.



CITY OF STILLWATER, OKLAHOMA  
DIRECT AND OVERLAPPING SALES TAX RATES  
LAST TEN CALENDAR YEARS

Fiscal Year	City of Stillwater	State of Oklahoma	Payne County
1998	2.00%	4.50%	0.50%
1999	2.00%	4.50%	0.50%/0.0375%
2000	2.00%	4.50%	0.0375%/0.50%
2001	2.00%	4.50%	0.50%
2002 *	2.00%/2.50%	4.50%	0.50%
2003	2.50%	4.50%	0.50%
2004	2.50%	4.50%	0.50%
2005	2.50%	4.50%	0.50%
2006	2.50%	4.50%	0.50%/0.75%
2007	2.50%	4.50%	0.75%

Note: Sales Tax is a major revenue source of the General Fund of the City of Stillwater.

Sales tax is collected by local merchants and remitted to the State of Oklahoma Tax Commission by the 15th of the month following its receipt. The Tax Commission returns the City's portion of the sales tax to the city by the 15th of the following month. Beginning in 1979, an additional 1% sales tax was levied by the city for the debt service of Stillwater Utilities Authority ("SUA"), i.e., a Public Trust which operates the water, sewer and electric utilities of the City. The sales tax dedicated for the SUA is received by the City's General Fund and is immediately transferred to SUA.

Stillwater is located in Payne County which initiated a .5% sales tax effective January 1, 1994.

The .5% sales tax expired and was replaced with a .375% sales tax effective January 1, 1999.

The Payne County sales tax was increased to .5% effective April 1, 2000.

The Payne County sales tax was increased to 0.75% effective April 1, 2006.

\* The City portion of sales tax increases to 2.50% effective October 1, 2001. The additional .50% is dedicated to fund transportation (street) projects. This additional tax will expire September 30, 2016.

CITY OF STILLWATER, OKLAHOMA  
ELECTRIC UTILITY CUSTOMERS AND SALES BY TYPE  
LAST TEN FISCAL YEARS \*

Commercial	Ave monthly customers	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
	Annual Sales	1,368	1,372	1,426	1,488	1,495	1,527	1,544	1,665	1,740	1,801
	Percentage of Total Annual Sales	3,211,569 13%	3,517,734 13%	3,384,792 13%	3,669,320 13%	3,770,360 13%	3,737,569 13%	3,877,638 13%	4,115,871 14%	4,704,547 14%	5,097,084 13%
Residential	Ave monthly customers	14,322	14,471	14,819	15,246	15,307	15,708	16,056	16,182	16,760	16,690
	Annual Sales	10,268,064	11,403,892	10,679,089	12,003,543	12,069,428	12,232,987	12,877,862	13,100,486	15,647,337	16,803,705
	Percentage of Total Annual Sales	43%	44%	42%	43%	43%	44%	44%	43%	45%	44%
Industrial/Institutional	Ave monthly customers	170	184	193	202	208	209	205	206	212	220
	Annual Sales	10,559,414	11,166,637	11,354,496	12,172,030	12,246,100	12,130,641	12,683,716	13,204,681	14,428,839	16,256,336
	Percentage of Total Annual Sales	44%	43%	45%	44%	44%	43%	43%	43%	41%	43%

CITY OF STILLWATER, OKLAHOMA  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS  
(in thousands)

**Legal Debt Margin Calculation for Fiscal Year 2007:**

Net assessed valuation	\$ 233,814
Allowable debt of nonpublic utility bonds, limited by State Constitution, Article 10, Section 26, to 10% of net assessed valuation	\$ 23,381
Less- Debt applicable to debt limit: Municipal/police building general obligation bonds	(10,620)
Legal debt margin	<u>\$ 12,761</u>

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Debt limit										
\$	12,437	\$ 13,368	\$ 14,479	\$ 15,480	\$ 16,159	\$ 17,490	18,426	19,723	21,511	23,381
Less - Total net debt applicable to limit	(1,100)	(550)	(8,500)	(14,970)	(14,570)	(13,780)	(12,990)	(12,200)	(11,410)	(10,620)
Legal debt margin	\$ 11,337	\$ 12,818	\$ 5,979	\$ 510	\$ 1,589	\$ 3,710	\$ 5,436	\$ 7,523	\$ 10,101	\$ 12,761
Total net debt applicable to the limit as a percentage of debt limit	8.8%	4.1%	58.7%	96.7%	90.2%	78.8%	70.5%	61.9%	53.0%	45.4%

CITY OF STILLWATER, OKLAHOMA  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF JUNE 30, 2007  
(in thousands of dollars)

Governmental Unit:	Bonds Outstanding		Debt Service Cash Available (A)		Net Bonds Outstanding		Percentage Applicable to City of Stillwater Property Owners / Patrons		Estimated Share of Overlapping Debt
Debt repaid with property taxes									
Stillwater Independent School District #16	\$	20,085	\$	6,549	\$	13,536	84.37%	\$	11,420
Debt repaid with sales taxes									
Payne County Facilities Authority	\$	21,210	\$	2,835	\$	18,375	50.49%		9,278
Subtotal - overlapping debt								\$	20,698
City of Stillwater direct debt	\$	10,620	\$	89	\$	10,531	100.00%		10,531
Total direct and overlapping debt								\$	31,229

(A) - Restricted in use by bond indentures and/or trustee agreements.

Note: Stillwater School District and Payne County include all of the City of Stillwater and extend beyond the physical boundaries of the City. This schedule estimates the portion of governmental debt that is borne by the property owners (via property taxes) and patrons (via sales tax) of the City of Stillwater.

Computation assumptions: For debt repaid with property taxes, the percentage of assessed property within the City of Stillwater in relation to the assessed value of the school district (which extends beyond the city limits) was used. For the County debt repaid with sales taxes, the percentage of taxable sales for the City of Stillwater in relation to the taxable sales for the entire county was used.

Sources: Assessed value data, School and County amounts - Payne County Assessor's office

CITY OF STILLWATER, OKLAHOMA  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS

Governmental Activities		Business-type Activities												
Fiscal Year	General Obligation Bonds	General			General Obligation			Notes Payable	Capital Leases	Total Primary Government	Personal Income (in thousands of dollars)	Debt as Percentage of Personal Income	Population	Total Debt Per Capita
		Revenue Bonds	Bonds		Bonds									
1998	\$ 1,100,000	\$ 18,170,000	\$ 3,905,000	\$ 1,830,139	\$ -	\$ 25,005,139	\$ 1,229,949	2.0%	38,770	\$ 644.96				
1999	550,000	17,145,000	3,420,000	2,213,369	-	23,328,369	1,309,326	1.8%	38,880	600.01				
2000	8,500,000	16,030,000	2,940,000	2,213,369	-	29,683,369	1,434,174	2.1%	41,000	723.98				
2001	14,970,000	14,830,000	2,440,000	9,095,262	622,000	41,957,262	1,483,556	2.8%	39,065	1,074.04				
2002	14,570,000	11,825,000	1,940,000	26,641,747	1,336,402	56,313,150	1,516,716	3.7%	40,409	1,393.58				
2003	13,780,000	11,490,000	1,485,000	30,178,762	1,253,010	58,186,773	1,564,678	3.7%	40,735	1,428.42				
2004	12,990,000	9,900,000	1,010,000	29,253,384	1,349,741	54,503,125	1,623,651	3.4%	41,320	1,319.05				
2005	12,200,000	21,250,000	505,000	14,702,699	1,018,953	49,676,652	1,759,533	2.8%	41,940	1,184.47				
2006	11,410,000	18,945,000	-	14,009,350	1,563,305	45,927,655	**	**	45,674	1,005.55				
2007	10,620,000	16,320,000	-	13,307,167	1,663,711	41,910,878	**	**	46,383	903.58				

\*\* Data not available at time of publication

CITY OF STILLWATER, OKLAHOMA  
RATIO OF GENERAL BONDED DEBT TO ASSESSED VALUES  
AND PER CAPITA BONDED DEBT  
LAST TEN FISCAL YEARS

General Obligation Bonds

Fiscal Year	Governmental Activities	Business -Type Activities	Total Primary Government	Population	Total Bonded Debt Per Capita	Total Estimated Actual Value (in thousands)	Bonded Debt per \$1,000 of assessed value
1998	\$ 1,100,000	\$ 3,905,000	\$ 5,005,000	38,770	\$ 129.09	\$ 1,071,000	\$ 4.67
1999	550,000	3,420,000	3,970,000	38,880	102.11	1,137,404	3.49
2000	8,500,000	2,940,000	11,440,000	41,000	279.02	1,219,158	9.38
2001	14,970,000	2,440,000	17,410,000	39,065	445.67	1,316,623	13.22
2002	14,570,000	1,940,000	16,510,000	40,409	408.57	1,404,395	11.76
2003	13,780,000	1,485,000	15,265,000	40,735	374.74	1,464,140	10.43
2004	12,990,000	1,010,000	14,000,000	41,320	338.82	1,580,044	8.86
2005	12,200,000	505,000	12,705,000	41,940	302.93	1,660,991	7.65
2006	11,410,000	-	11,410,000	45,674	249.81	1,774,711	6.43
2007	10,620,000	-	10,620,000	46,383	228.96	1,932,553	5.50

CITY OF STILLWATER, OKLAHOMA  
 PLEDGED REVENUE COVERAGE  
 LAST TEN FISCAL YEARS  
*(dollars in thousands)*

Revenue Bonds Payable									
Fiscal Year	Debt Service					Interest	Coverage	Sales Tax Transfer	Coverage with sales tax transfer
	Operating Revenues	Less: Operating Expenses	Principal						
1998	\$ 30,187	\$ 21,989	\$ 945	\$	2,119	2.68	times	\$ 3,950	3.96
1999	31,689	23,405	1,025		1,124	3.85		4,234	5.83
2000	32,460	24,820	1,115		1,090	3.46		4,515	5.51
2001	38,160	28,411	1,210		1,120	4.18		4,817	6.25
2002	36,113	26,633	1,410		1,021	3.90		4,838	5.89
2003	36,506	26,855	916		819	5.56		4,865	8.37
2004	38,117	27,292	2,515		823	3.24		5,172	4.79
2005	43,596	37,498	2,305		709	2.02		5,379	3.81
2006	48,198	42,396	2,625		693	1.75		5,751	3.48
2007	51,315	45,907	2,730		619	1.61		6,069	3.43

Note: A one-cent sales tax is collected which is available for debt coverage and operational needs.

CITY OF STILLWATER, OKLAHOMA  
 FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM  
 LAST FIVE FISCAL YEARS \*

<u>Function/Program</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Governmental activities:					
Public safety	178	182	189.5	189.5	188
Recreation and culture	92.5	93.5	96.5	86.8	97
General government	23	28	24.5	27.8	25
Financial administration	12.5	12.5	13	13	13.5
Street and sewers	28	25	28	28	22
Engineering and public works administration	21	22	25.5	22.5	28
Health and welfare	19	19.5	18	19	18
Business-type activities:					
Electric, water and wastewater operations	127	132	136	137.8	130
Sanitation operations	35.5	36	35	35	30
Community Center operations	4.5	4.5	4.5	4.8	5
Stillwater Public Golf Authority	21	25	22	21	19.5
Airport Operations	4.5	5	5	5	5
Total	566.5	585	597.5	590.1	581.0

\*data for years prior to 2003 not readily available



CITY OF STILLWATER, OKLAHOMA  
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM  
LAST EIGHT FISCAL YEARS \*

<u>Function/Program</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Governmental activities:								
Public safety								
Police stations	1	1	1	1	1	1	1	1
Fire stations	4	4	4	4	4	4	4	4
Recreation and culture								
Athletic fields	21	21	21	21	21	21	24	24
Tennis Courts	14	14	14	14	14	14	14	14
Neighborhood/community parks	22	22	22	22	22	22	24	24
Street and sewers								
Streets (miles)	246	295	255	255	295	295	297	230
Traffic signals	48	48	50	50	51	51	53	61
Business-type activities:								
Electric, water, wastewater								
Power plants	1	1	1	1	1	1	1	1
Substations	8	8	8	8	8	8	8	8
Miles of 69KV line	19.5	19.5	19.5	19.5	19.5	19.5	20.9	20.9
Water								
Water Plant	1	1	1	1	1	1	1	1
Water storage towers (away from plant)	4	4	4	4	4	4	4	5
Wastewater								
Wastewater Plant	1	1	1	1	1	1	1	1
Lift Stations	7	8	8	9	11	13	15	15
Stillwater Public Golf Authority								
Acreage	160	160	160	160	160	160	160	160

\* Date for years prior to 2000 is not readily available

CITY OF STILLWATER, OKLAHOMA  
OPERATING INDICATORS BY FUNCTION/PROGRAM  
LAST EIGHT FISCAL YEARS \*

Function/Program	2000	2001	2002	2003	2004	2005	2006	2007
Governmental activities:								
Public safety								
Traffic citations	5,879	6,409	5,999	5,769	6,252	5,621	5,700	5,075
Parking tickets	9,952	9,744	6,914	10,161	10,645	12,967	14,000	13,662
Police calls for service	41,407	43,978	42,104	39,691	41,924	42,721	44,697	39,841
Animals handled by Animal Control	3,008	3,288	2,959	2,607	2,951	2,411	4,034	738
Fire calls for service	1,307	1,438	1,704	1,682	1,463	1,390	1,517	1,632
Ambulance calls for service	3,105	3,264	3,470	3,501	3,502	3,486	3,512	3,971
Recreation and culture								
Acres mowed (1)	935	935	935	950	950	12,229	8,532	11,552
Program participants	7,035	5,797	6,073	5,734	5,638	6,154	6,303	7,490
Senior Center daily average attendance	64	62	68	57	62	73	67	60
Multi Arts participants	832	663	694	886	1,100	1,341	2,978	2,236
Swimming pool admissions	17,350	17,850	22,018	20,071	22,000	29,148	17,342	18,094
Mini bus rides	14,125	13,808	20,923	20,123	20,500	17,284	15,554	9,699
Volumes in library	100,947	97,341	95,840	95,179	95,286	89,059		
Total circulation of library materials (2)				348,121	363,696	352,258	372,998	349,502
General government								
Supported micro-computers by IT	342	365	396	415	403	418	411	407
Helpdesk/trouble calls by IT	**	868	2,016	2,323	2,067	1,624	2,122	1,858
Ordinances drafted	34	32	29	37	42	71	**	35
Financial administration								
Computer generated accounts payable checks	11,464	13,753	10,801	10,198	10,387	5,995	4,262	4,123
Budget revisions/amendments processed	458	462	437	448	464	478	430	325
Requisitions reviewed	7,830	9,590	10,801	9,207	8,444	3,427	1,902	1,608
Municipal court cases	2,796	9,541	10,113	10,213	10,826	11,000	11,000	10,008
Street and sewers								
Blocks of striping	185	165	238	70	144	150	89	96
Signs made	**	**	**	458	439	450	270	305
Crack sealant (blocks)***	6,735	2,024	8,723	71	59	62	68	252
Slurry sealant (blocks)	139	155	138	200	107	175	74	72
Concrete replacement (cu. yds.)	**	**	**	636	914	900	900	758
Engineering and public works administration								
Developments reviewed	52	106	121	127	149	166	201	140
Permits issued	**	**	742	1,856	2,217	3,730	3,494	3,478
Vehicles maintained	274	274	278	280	283	285	293	323
Fleet job orders completed	3,463	3,592	3,406	3,070	3,272	3,686	3,085	3,388
Health and welfare								
Code enforcement inspections	3,667	4,721	4,736	5,045	3,636	4,400	7,584	8,595
High grass and weed cases	335	525	602	600	604	592	593	490
Trees and shrubs planted	157	269	203	217	210	210	197	54
Business-type activities:								
Electric, water and wastewater operations								
Electric connections	17,084	17,429	17,592	18,480	18,754	19,113	19,800	18,338
Water connections	12,641	12,712	12,943	13,337	13,709	14,067	14,932	15,274
Water line repairs	83	103	138	189	144	126	292	281
Water treated (million gallons)	3,111	2,585	2,263	2,886	2,951	2,768	3,079	
Sewage treated (million gallons)	2,135	2,186	2,337	2,173	2,027	2,098	2,277	1,940
Sanitation operations								
Landfill usage (tons)	21,021	20,326	19,131	17,775	17,822	18,513	20,002	22,884
Yard waste hauled (tons)	N/A	N/A	N/A	1,329	1,050	960	961	1,198
Community Center operations								
Admissions	60,000	92,800	102,789	90,386	71,328	77,404	107,228	104,129
Stillwater Public Golf Authority								
Rounds of golf	34,867	33,236	33,665	31,268	28,339	28,735	31,218	25,717
Airport Operations								
Operations (avg month)	**	**	4,500	4,897	4,945	5,267	5,912	6,292

\*data for years prior to 2000 is not readily available

\*\*unavailable

\*\*\*measured in lbs. through 2002

(1) - Changed measure of acres mowed in fiscal year 2005 to acres mowed times number of mowed

(2) - Changed measure of library activity to total circulation to better represent activity

CITY OF STILLWATER, OKLAHOMA  
PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO

Employer	Current Year			Nine Years Ago		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Oklahoma State University	5,589	1	30%	6,094	1	40%
Mercury MerCruiser	901	2	5%	1,004	2	7%
Stillwater Medical Center	815	3	4%	620	3	4%
Stillwater Public Schools	700	4	4%	725	4	5%
City of Stillwater	547	5	3%	459	5	3%
Wal-Mart	500	6	3%	*		
Stan Clark Companies	426	7	2%	*		
Quebecor World	400	8	2%	308	7	2%
OK State Dept. of Career Tech	275	9	1%	390	6	3%
National Standard	250	10	1%	275	8	2%
Meridian Technology Center	117		1%	280	9	2%
Creative Labs	200		1%	250	10	2%
Others:						
Stillwater National Bank	240					
Stillwater Designs/Kicker Audio	228					
Wittwer Construction	221					
Armstrong World Industries	194					
Lowes	160					
Oncue Marketing	117					
Stillwater Milling	100					

\* - Although these employers were in business nine years ago, employee counts for that time period is not readily available.

CITY OF STILLWATER, OKLAHOMA  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS

Fiscal Year	Education Level in Years of Schooling (3)							Unemployment Rate (5)	
	Population (1)	Personal Income (in thousands of dollars) (2)	Per Capita Personal Income	Median Age (3)	Percentage high-school graduate or higher	Percentage bachelor's degree or higher	K-12 School Enrollment (4)		Post-secondary Enrollment (4)
1998	38,770	\$ 1,229,949	\$ 18,402				5,341	20,344	1.9%
1999	38,880	1,309,326	19,244				5,613	20,584	1.0%
2000	41,000	1,434,174	21,042				5,292	20,694	1.0%
2001	39,065	1,483,556	21,735	23.9	91.6%	48.0%	5,414	21,042	1.2%
2002	40,409	1,516,716	21,858				5,513	21,963	1.8%
2003	40,735	1,564,678	22,168				5,356	22,292	2.6%
2004	41,320	1,623,651	23,399				5,440	22,376	2.3%
2005	41,940	1,759,533	23,966				5,479	21,596	3.9%
2006	45,674	**	**				5,560	23,748	5.0%
2007	46,383	**	**		91.6%	48.0%	5,460	23,486	4.8%

\*\* Data not available at time of publication

(1) Population estimates provided by the City of Stillwater Department of Community Development and the U.S. Census Bureau. 2007 population estimate challenge has been filed with the U.S. Census Bureau but not answered.

2005 population estimate reflects the acceptance of the City's decennial estimate challenge by the U.S. Census Bureau.

(2) Personal income estimates provided by Oklahoma Department of Commerce. "Total Personal Income for Counties and MSAs: 2000 - 200

(3) Median Age and educational attainment provided by U.S. Census Bureau  
Education attainment refers to those persons 25 years or older

(4) Enrollment figures are for the Fall Semester immediately following the fiscal year indicated and include Pre-k full-time students beginning in 2004. Post-secondary enrollment includes enrollment at Oklahoma State University-Stillwater, Northern Oklahoma College-Stillwater, and Full/half-time students at Meridian Technology Center

(5) Unemployment rate provided by Oklahoma Employment Commission and is for Payne County