

**CITY OF STILLWATER, OKLAHOMA**

Comprehensive Annual Financial Report

And Accompanying

Independent Accountants' Report

For the Fiscal Year ended June 30, 2006

Prepared by:

Department of Finance

Marcy Alexander

Director of Finance



**CITY OF STILLWATER, OKLAHOMA  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE YEAR ENDED JUNE 30, 2006  
 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
Legal Debt Margin Information	92
Direct and Overlapping Governmental Activities Debt	93
Ratios of Outstanding Debt by Type	94
Pledged Revenue Coverage	95
Full-time Equivalent City Government Employees by Function/Program	96
Capital Asset Statistics by Function/Program	97
Operating Indicators by Function/Program	98
Principal Employers	99
Demographic and Economic Statistics	100





October 6, 2006

To the Honorable Mayor Roger McMillian, members of the City Commission 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, 2006, 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 new model of financial reporting for state and local governments designed to enhance the usefulness of the City's annual report.

The comprehensive annual financial report is composed of the following three sections:

Introductory Section - Includes this transmittal letter, the City's organizational chart and a list of City officials including the audit committee.

Financial Section - Begins with the independent accountants' opinion and includes Management's Discussion and Analysis and the basic financial statements which provide an overview of the City's financial position and operating results, followed by required supplemental information and other supplemental disclosures that provide detailed information relative to the basic financial statements.

Statistical Section - Presents unaudited financial, economic and demographic data and other information relative to the community.

Results of the Single Audit for fiscal year 2006, including the independent accountants' reports on the internal control and compliance with applicable laws, are 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 commission-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 commission. The five commissioners, 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 vicemayor is elected by the commission from its membership. The commission holds regular meetings each Monday evening.

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. In addition manufacturing and advanced technology companies cover a large share of

the local economic base. A recent 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.

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.

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 and account groups 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, 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, the SIRA and the Community Center Fund 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.

Extensive upgrades have been made to the water and wastewater treatment plants in the last few years which should provide customers with quality service for many years to come. A major runway extension project was completed at the Stillwater Airport which will enable larger aircraft to use the airport. The Lakeside Golf Course has been operated by the SPGA for the last nine years after an extensive renovation to the course and clubhouse facilities. Several upgrades to cart paths and bridges have been made adding to the aesthetics and the functionality of the course. The Community Center opened the newly renovated west wing and the Lowry Activity Center. Funds made available for this renovation included approximately \$500,000 in donated funds. Additional renovations were added in accordance with the needs of a tenant who paid for the project.

## **Risk Management**

In 1986, the City Commission 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 by the City Commission.

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 who performed the audit were selected by the City Commission.

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 Commission 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 Commission 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, 2005. 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.

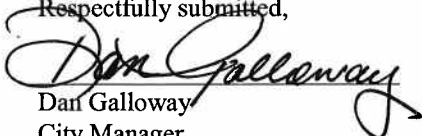
A Certificate of Achievement is valid for a period of one year only. The City of Stillwater has received a Certificate of Achievement for the last twenty-four consecutive years. We believe that our current report continues to meet the

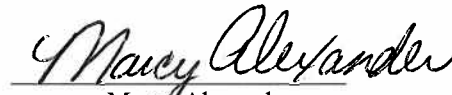
Certificate of Achievement Program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

**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 Nancy Franklin and Tammy Brown 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 Commission 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

  
Nancy Alexander  
Director of Finance

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# 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, 2005

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.



A handwritten signature in black ink, appearing to read "Ronald H. Hauer".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Enos".

Executive Director

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

**JUNE 30, 2006**

**Mayor and City Commission**

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

**Audit Committee**

Susie Presley	Chairman
Carl Weinaug	Member
Lanny Chasteen	Member
K. Cohlma	Member
Cindy Todd	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 Kinker	Director of Public Works
Wyatt Irving	Acting Director of Water/Wastewater Utility
Gary Johnson	Director of Airport
John Dorman	City Attorney
Norman McNickle	Police Chief
John McClenney	Director of Parks and Recreation
Robert Barker	Director of Personnel
Larry Mullikan	Fire Chief
Fred Forbes	Director of Lakeside Golf Course

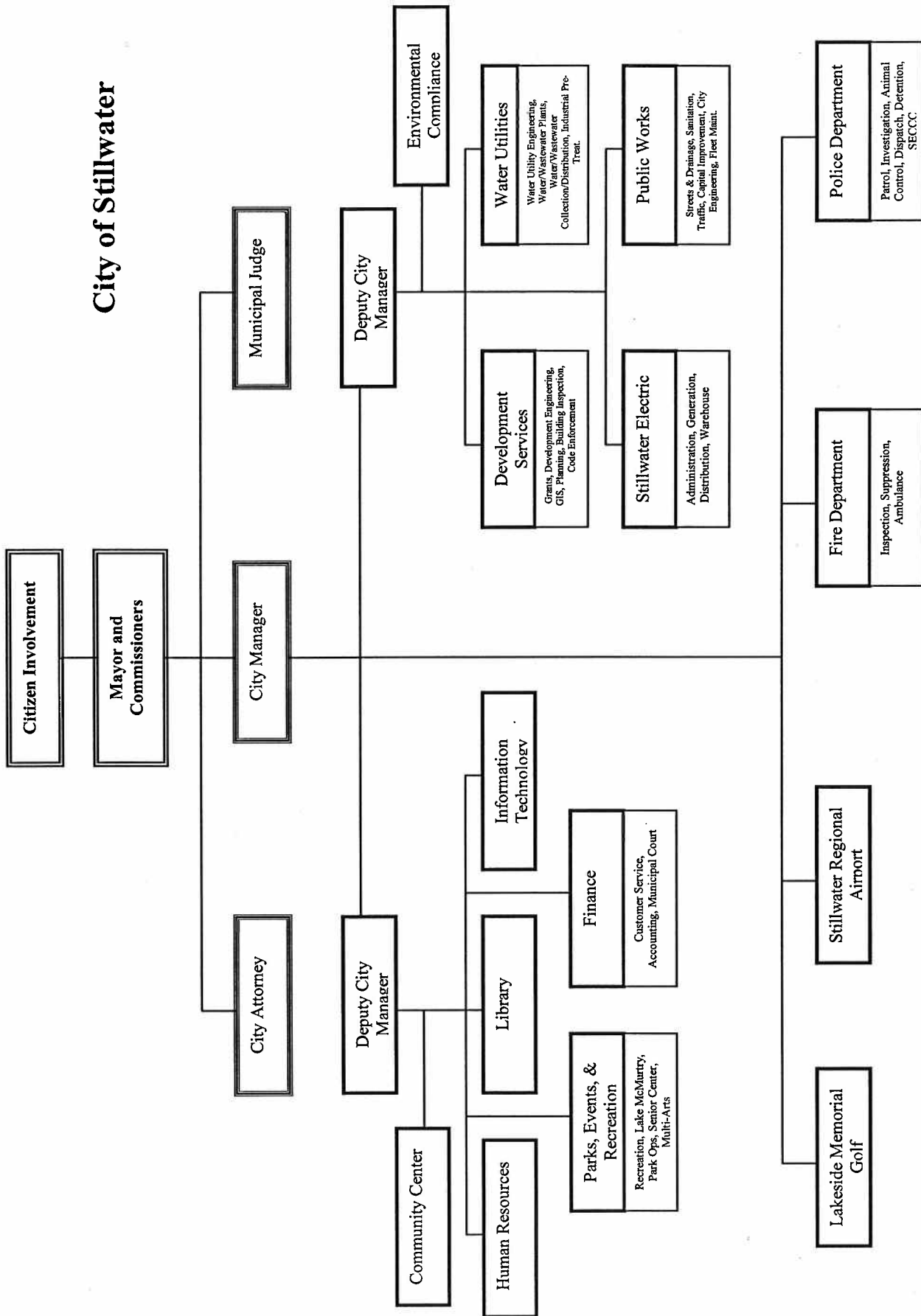
**Department Of Finance-Accounting Division**

Nancy Franklin	Accounting Supervisor
Tamara Brown	Authority Accountant
Terri Gibbs	Internal Auditor

City Phone Number: (405) 372-0025



# City of Stillwater







## 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, 2006, 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, a component unit of the City, which statements reflect total assets of \$100,149 as of June 30, 2006, and total revenues of \$545 for the year then ended. Those statements were audited by other accountants whose report has been furnished to us and our opinion, insofar as it relates to the amounts included for the Stillwater Convention and Visitors Bureau, is based solely on the report 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 the 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 and the report of the other accountants provide a reasonable basis for our opinions.

In our opinion based on our audit and the report of other accountants, 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, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

5000 Rogers Avenue, Suite 700  
Fort Smith, AR 72903-2079  
479 452-1040 Fax 479 452-5542

400 W. Capitol Avenue, Suite 2500  
P.O. Box 3667  
Little Rock, AR 72203-3667  
501 372-1040 Fax 501 372-1250

200 E. 11th Avenue  
P.O. Box 8306  
Pine Bluff, AR 71611-8306  
870 534-9172 Fax 870 534-2146

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 October 6, 2006, 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, including the schedule of expenditures of federal awards required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, 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

October 6, 2006



## **Management's Discussion and Analysis Fiscal Year Ended June 30, 2006**

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, 2006. 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 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 receives 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 increased by \$2.1 million mainly as a result of increased sales tax revenues, decreased capital expenditures and an increase 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 \$2.4 million 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 \$1 million or 1.1% mainly due to a mid year rate increase for Electric and an increase in the overall customer base. The SUA transfer to the Stillwater Public Golf Authority decreased by \$1.8 million. This was due to the payoff of a higher interest rate loan, of which SUA was the guarantor during 2005, using proceeds of the 2005 SUA revenue bond.

### **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, 2006, 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	83,671	102,406	186,077
Increase/(Decrease)	3,364	1,023	4,387
Ending net assets	<u>87,035</u>	<u>103,429</u>	<u>190,464</u>

The above numbers reflect an increase of 4.02% in net assets for governmental activities and an increase of 1.00% in net assets for business-type activities. Overall, the net assets for both governmental and business type activities increased 2.35% 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>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
<b>Assets:</b>						
Current and other assets	20,151	16,478	32,339	34,085	52,490	50,563
Capital assets	82,275	83,924	111,680	111,724	193,955	195,648
<b>Total assets</b>	<b><u>102,426</u></b>	<b><u>100,402</u></b>	<b><u>144,019</u></b>	<b><u>145,809</u></b>	<b><u>246,445</u></b>	<b><u>246,211</u></b>
<b>Liabilities:</b>						
Long-term liabilities	13,505	14,231	35,360	38,262	48,865	52,493
Other liabilities	1,886	2,500	5,230	5,141	7,116	7,641
<b>Total liabilities</b>	<b><u>15,391</u></b>	<b><u>16,731</u></b>	<b><u>40,590</u></b>	<b><u>43,403</u></b>	<b><u>55,981</u></b>	<b><u>60,134</u></b>
<b>Net assets:</b>						
Invested in capital assets	70,865	71,725	77,375	74,540	148,240	146,265
Restricted	10,550	8,619	1,582	1,377	12,132	9,996
Unrestricted	5,620	3,327	24,472	26,489	30,092	29,816
<b>Total net assets</b>	<b><u>87,035</u></b>	<b><u>83,671</u></b>	<b><u>103,429</u></b>	<b><u>102,406</u></b>	<b><u>190,464</u></b>	<b><u>186,077</u></b>

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, 78 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, 6.4 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 \$3,363,821 which contributed a 1.80% 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)

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Revenues:						
Program revenues:						
Charges for services	\$ 3,441	\$ 3,206	\$50,384	\$45,227	\$53,825	\$48,433
Operating Grants & contributions	178	786	101	256	279	1,042
Capital grants & contributions	823	20	1,276	3,927	2,099	3,947
General revenues:						
Sales taxes	21,825	19,823			21,825	19,823
Other taxes	3,269	3,792			3,269	3,792
Other general revenues	897	331	1,146	664	2,043	995
<b>Total Revenues</b>	<b>30,433</b>	<b>27,958</b>	<b>52,907</b>	<b>50,074</b>	<b>83,340</b>	<b>78,032</b>
Program Expenses:						
General Government	2,523	2,516			2,523	2,516
Financial Administration	752	605			752	605
Public Safety	14,092	13,486			14,092	13,486
Streets & Sewers	5,727	5,520			5,727	5,520
Engineering and Public Works Administration	915	1,009			915	1,009
Tourism	370	331			370	331
Recreation and Culture	4,777	4,656			4,777	4,656
Economic Development	602	606			602	606
Health and Welfare	1,442	1,613			1,442	1,613
Interest on Long-term Debt	628	681			628	681
Stillwater Utilities Authority			43,453	37,756	43,453	37,756
Community Center Operations			408	521	408	521
Stillwater Public Golf Authority			1,102	1,161	1,102	1,161
Stillwater Industrial & Redevelopment Authority			-	101	-	101
Airport Operations			2,161	1,960	2,161	1,960
<b>Total Expenses</b>	<b>31,828</b>	<b>31,023</b>	<b>47,124</b>	<b>41,499</b>	<b>78,952</b>	<b>72,522</b>
Increase/(Decrease) in Net Assets Before Transfers	(1,395)	(3,065)	5,783	8,575	4,388	5,510
Net Transfers	4,758	2,299	(4,758)	(2,299)	-	-
<b>Increase/(Decrease) in Net Assets</b>	<b>\$ 3,363</b>	<b>\$ (766)</b>	<b>\$ 1,025</b>	<b>\$ 6,276</b>	<b>\$4,388</b>	<b>\$ 5,510</b>

Sales and use tax received in fiscal year 2006 resulted in an increase over the prior year of \$2,002,072. 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 increased by \$2.8 million. Property taxes decreased \$610,876 due to a reduction in the levies to support the repayment of the outstanding general obligation bonds. Investment income increased by \$634,946 due to increased principal invested and higher interest rates.

### **Business-type Activities**

Business-type activities increased the City of Stillwater's net assets by \$1,023,154 which contributed to a .55% increase in the net assets of the City of Stillwater. Rate increases mid-year for electric service and increased revenues at the Airport due to completion of a runway renovation contributed to a \$5.1 million increase in charges for services in the business-type activities.

### **General Fund Budgetary Highlights**

The general fund budget for fiscal year 2005-06 was conservative, designed to preserve current service levels, while meeting the City Commission's financial goals for community priorities. Sales tax revenues continued to stabilize in 2004-05 however the budget for the 2005-06 was conservatively estimated to grow at 4.50% which is still approximately 2% behind historical levels. The expenditure budget was prepared to hold operating expenditure growth at only 3.19%. The expenditure budget included funds to provide for additional staffing to meet state mandates with the inclusion of four detention officers for the police department. Significant budgeted capital projects for the general fund were the Lakeview street reconstruction project, the completion of the Washington street reconstruction project and completion of the design of the 6<sup>th</sup> and Western intersection project. 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.

The budget for Sales Tax was amended to include a continuation of a ½ cent sales tax that was re-approved by the voters and to allow for an increase that was recognized in the mid-year actual amount. Significant budget amendments were made in Fire, Recreation and Culture, and Public Works Administration. Firefighter overtime was increased for standby calls. Recreation and Culture was increased to accept the responsibilities of the City's forestry program. Several reorganization efforts in the public works department required amendments to the budget to allow for restructuring and proper classification of budgeted items. Capital Outlay budgets were amended for Recreation and Culture, General Government and Streets and Sewers. The Kameoka trail system for parks project budget was carried forward from the prior year. General Government was amended to allow for the acquisition of a building in the City's downtown commercial area that is adjacent to other city-owned property. The Lakeview road project was decreased as it became apparent that the expenses of the project would be heavier in the 2006-07 budget year.

Public Safety, Recreation and Culture and General Government each had significant budget amounts remaining over actual expenditures. Each of these categories experienced less expenditure because actual health insurance costs were significantly less than expected from prior year's history. Public Safety and Recreation and Culture also had several vacancies in authorized positions which also contributed to the lower actual expenditure. In addition to the health insurance experience mentioned above, the budget for General Government also includes an amount for contingency that was not utilized.

### Capital Asset & Debt Administration

The following is a summary of changes in capital assets and debt administration for FY2006. More detailed information on capital asset activity and long-term debt activity is contained in the accompanying notes to the financial statements on pages 49 to 50 and pages 51 to 57, respectively.

#### Capital Assets

At the end of June 30, 2006, the City had \$193.9 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	
	2006	2005	2006	2005	2006	2005
Land	\$ 5,218	\$ 4,994	\$ 1,668	\$ 1,668	\$ 6,886	\$ 6,662
Buildings	23,309	23,309	4,469	4,438	27,778	27,747
Other Improvements	-	-	22,987	22,770	22,987	22,770
Equipment	17,255	17,219	19,026	17,881	36,281	35,100
Infrastructure	114,374	112,833	156,585	152,067	270,959	264,900
Intangible Assets			74	74	74	74
Construction-in-progress	4,083	2,766	4,624	4,493	8,707	7,259
	164,239	161,121	209,433	203,391	373,672	364,512
Less Depreciation	81,964	77,197	97,754	91,667	179,718	168,864
<b>Totals</b>	<b>\$ 82,275</b>	<b>\$ 83,924</b>	<b>\$ 111,679</b>	<b>\$ 111,724</b>	<b>\$ 193,954</b>	<b>195,648</b>

#### Debt Administration

At year-end, the City had \$46,613,646 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>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
General Obligation Bonds	\$ 11,410	\$ 12,200	\$ -	\$ 505	\$ 11,410	\$ 12,705
Capital Lease Obligations	-	-	1,563	1,019	1,563	1,019
Notes Payable	-	-	14,009	14,703	14,009	14,703
Revenue Bonds	-	-	19,185	21,493	19,185	21,493
Refundable Grant Obligations	446	487			446	487
<b>Totals</b>	<b>\$ 11,856</b>	<b>\$ 12,687</b>	<b>\$34,757</b>	<b>\$ 37,720</b>	<b>\$ 46,613</b>	<b>\$ 50,407</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 and are expected to open during the year. Regular utility rate increases in the past few years have also added to revenues.

Commercial development increased significantly over the prior year for the second year in a row. Fiscal year 06-07 will again see completion of several projects. The Links, a 500 plus unit golf course and multi-family development was completed in 2006 and represents the largest speculative housing development in Stillwater's history. A 206,000 square foot shopping center will be 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 will be completed on a second Wal-Mart Supercenter scheduled to open in late December 2006. There are approximately a dozen restaurants completed or underway. These projects represent approximately a half million square feet of retail space. The 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. Quebecor World completed installation and testing of a \$28 million retooling project and \$4 million in plant improvements. Oklahoma State University has announced expansion projects representing three quarters of a billion dollars over the next few years. MerCruiser announced plans for a 21,000 square foot, \$5.5 million expansion with 100 new skilled jobs. From January through

June 2006, there were 101 new single family residential permits issued totaling \$19,667,060 and 53 commercial permits issued totaling \$37,897,784. Enrollment projections for the Oklahoma State University Campus indicate an increase of several hundred students for the fall 2006 semester.

The budget for the fiscal year 2006-07 was adopted by the Stillwater City Commission on June 19, 2006, and went into effect on July 1, 2006. A basic set of capital projects have been approved in the budget after three years of minimal capital expenditures. 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 does not include any increases in taxes or utility fees, however program and service fees may be reviewed by staff during the year. The budget has been designed to meet the reserve policy of the city to keep a balance of \$2,000,000 in the general fund and \$11,000,000 in the Stillwater Utilities Authority. Additional personnel have been added to the budget of the fire department to meet increasing demands for Emergency Medical Services. These positions will not be filled until an assessment of the city-wide fire and ambulance services is done to determine present and projected service needs and how that relates to staffing, equipment and facilities.

### **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, 2006

	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	\$ 10,865,025	\$ 18,837,186	\$ 29,702,211	\$ 14,220,792	\$ 95,575
Investments	-	-	-	6,349,390	-
Accounts receivable, net of allowance for uncollectible accounts of \$436,493	1,089,034	7,649,864	8,738,898	7,554,474	-
Internal balances	4,183,425	(4,183,425)	-	-	-
Inventories	196,966	1,088,054	1,285,020	1,610,003	-
Due from other governments	3,816,370	789,097	4,605,467	-	-
Leasehold receivable	-	445,971	445,971	-	-
Other assets	-	-	-	1,615,887	-
Restricted cash and cash equivalents	-	7,259,832	7,259,832	644,889	-
Restricted investments	-	-	-	9,497,319	-
Capital assets:					
Land and construction in progress	9,301,177	6,292,755	15,593,932	8,238,046	-
Other capital assets, net of accumulated depreciation	72,973,866	105,386,990	178,360,856	29,319,216	4,574
Intangible assets	-	-	-	810,607	-
Unamortized bond issue expense	-	452,904	452,904	-	-
Total assets	<u>102,425,863</u>	<u>144,019,228</u>	<u>246,445,091</u>	<u>79,860,623</u>	<u>100,149</u>
<b>LIABILITIES</b>					
Accounts payable	694,032	3,425,007	4,119,039	2,327,388	15,383
Accrued liabilities	1,143,552	245,891	1,389,443	2,995,817	3,607
Accrued interest payable	48,507	233,152	281,659	131,667	-
Unearned revenue	-	75,551	75,551	-	-
Customer deposits	-	1,250,145	1,250,145	-	-
Long-term liabilities:					
Due within one year	956,191	3,853,956	4,810,147	1,843,254	-
Due in more than one year	12,548,500	31,506,591	44,055,091	21,688,947	-
Total liabilities	<u>15,390,782</u>	<u>40,590,293</u>	<u>55,981,075</u>	<u>28,987,073</u>	<u>18,990</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	70,865,043	77,374,975	148,240,018	18,124,300	4,574
Restricted for:					
Capital Projects	182,859	-	182,859	439,991	-
Debt service	168,999	1,582,124	1,751,123	513,222	-
Street Improvements	9,582,135	-	9,582,135	-	-
Specific operating activities	615,844	-	615,844	384,796	-
Nonexpendable operating activities	-	-	-	447,372	-
Unrestricted	5,620,201	24,471,836	30,092,037	30,963,869	76,585
Total net assets	<u>\$ 87,035,081</u>	<u>\$ 103,428,935</u>	<u>\$ 190,464,016</u>	<u>\$ 50,873,550</u>	<u>\$ 81,159</u>

The accompanying notes are an integral part of this statement.

CITY OF STILLWATER, OKLAHOMA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2006

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
<b>Primary Government</b>								
Government activities								
Public safety	\$ 14,091,743	\$ 171,172	\$ 52,659	\$ 217,622	\$ (13,650,290)	\$ -	\$ (13,650,290)	
Recreation and culture	4,777,162	624,148	125,320	145,815	(3,881,879)	-	(3,881,879)	
General government	2,522,896	30,738	150	-	(2,492,008)	-	(2,492,008)	
Financial administration	751,577	834,381	-	-	82,804	-	82,804	
Street and sewers	5,726,635	523,616	-	459,452	(4,743,567)	-	(4,743,567)	
Engineering and public works administration	914,956	-	-	-	(914,956)	-	(914,956)	
Tourism	370,356	-	-	-	(370,356)	-	(370,356)	
Economic development	602,346	-	-	-	(602,346)	-	(602,346)	
Health and welfare	1,441,499	1,257,203	-	-	(184,296)	-	(184,296)	
Interest on long-term debt	628,333	-	-	-	(628,333)	-	(628,333)	
Total governmental activities	31,827,503	3,441,258	178,129	822,889	(27,385,227)	-	(27,385,227)	
<b>Business-type activities</b>								
Electric, water, wastewater and sanitation operations	43,453,117	48,197,848	-	689,334	-	5,434,065	5,434,065	
Community Center operations	408,086	207,577	100,640	-	-	(99,869)	(99,869)	
Stillwater Public Golf Authority	1,101,923	820,232	-	-	-	(281,691)	(281,691)	
Stillwater Industrial Redevelopment Authority	-	751	-	-	-	751	751	
Airport operations	2,161,111	1,156,881	-	586,711	-	(417,519)	(417,519)	
Total business-type activity	47,124,237	50,383,289	100,640	1,276,045	-	4,635,737	4,635,737	
Total primary government	\$ 78,951,740	\$ 53,824,547	\$ 278,769	\$ 2,098,934	(27,385,227)	4,635,737	(22,749,490)	
<b>Component Units</b>								
Medical Center	\$ 58,932,866	\$ 62,319,196	\$ 336,593	\$ 127,884	-	\$ -	\$ -	
Economic Development	374,647	367,440	-	-	-	-	-	(7,207)
Total component units	\$ 59,307,513	\$ 62,686,636	\$ 336,593	\$ 127,884	-	\$ -	\$ (7,207)	
<b>General revenues</b>								
Taxes:								
Sales and use taxes					21,824,709	-	21,824,709	
Property taxes					1,368,897	-	1,368,897	
Franchise and public service taxes					1,437,986	-	1,437,986	
E911 taxes					93,739	-	93,739	
Hotel/motel taxes					368,826	-	368,826	
Investment income					382,339	908,708	1,291,047	545
Miscellaneous					514,193	237,068	751,261	
Transfers-internal activity					4,758,359	(4,758,359)	-	
Total general revenues and transfers					30,749,048	(3,612,583)	27,136,465	545
<b>Change in net assets</b>					3,363,821	1,023,154	4,386,975	(6,662)
Net assets -beginning ( as previously reported)					83,671,260	102,405,781	186,077,041	87,821
Net assets-ending					\$ 87,035,081	\$ 103,428,935	\$ 190,464,016	\$ 81,159

The accompanying notes are an integral part of this statement.



CITY OF STILLWATER, OKLAHOMA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2006

	General	Transportation Improvement	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 9,611,896	\$ 1,068,544	\$ 10,680,440
Due from other governments	3,755,105	-	61,265	3,816,370
Accounts receivable, net of uncollectable accounts of \$269,954	1,047,380	-	34,146	1,081,526
Due from other funds	3,761,960	-	277,266	4,039,226
Inventories	196,965	-	-	196,965
<b>Total assets</b>	<b><u>\$ 8,761,410</u></b>	<b><u>\$ 9,611,896</u></b>	<b><u>\$ 1,441,221</u></b>	<b><u>\$ 19,814,527</u></b>
<b>LIABILITIES</b>				
Accounts payable	\$ 665,701	\$ 26,664	\$ 1,666	\$ 694,031
Accrued liabilities	921,757	1,938	3,008	926,703
Due to other funds	276,530	1,159	1,738	279,427
Deferred Revenue	495,383	-	44,224	539,607
<b>Total liabilities</b>	<b><u>2,359,371</u></b>	<b><u>29,761</u></b>	<b><u>50,636</u></b>	<b><u>2,439,768</u></b>
<b>FUND BALANCES</b>				
Reserved for inventories	196,965	-	-	196,965
Reserved for debt service	-	-	168,999	168,999
Reserved for police activities	111,150	-	-	111,150
Reserved for fire activities	236,210	-	-	236,210
Reserved for capital improvements	-	-	182,859	182,859
Reserved for street and alley	42,722	-	-	42,722
Reserved for hotel/motel	28,797	-	-	28,797
Reserved for sales tax transfer	1,496,905	-	-	1,496,905
Unreserved:				
Designated for self insurance	1,072,554	-	-	1,072,554
Designated for recreation and culture	99,291	-	-	99,291
Special revenue funds undesignated	-	9,582,135	1,038,727	10,620,862
General Fund undesignated	3,117,445	-	-	3,117,445
<b>Total fund balances</b>	<b><u>6,402,039</u></b>	<b><u>9,582,135</u></b>	<b><u>1,390,585</u></b>	<b><u>17,374,759</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 8,761,410</u></b>	<b><u>\$ 9,611,896</u></b>	<b><u>\$ 1,441,221</u></b>	

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 \$81,964,284	82,275,043
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Certain long-term assets are not available to pay for current fund liabilities and, therefore, are deferred in the funds:

Court fines receivable, net of allowance of \$138,530	227,505
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continued

Ambulance receivable, net of allowance of \$143,890	215,152
Rental rehab receivable	52,726
Property tax receivable	44,224
Internal Service fund assets and liabilities are reported as a proprietary fund in the fund financial statements but are included in government activities in the Statement of Net Assets	169,749
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	(216,850)
Accrued interest payable	(48,507)
General obligation bonds payable	(11,410,000)
Accrued compensated absences	(1,648,720)
Net assets of governmental activities	<u>\$ 87,035,081</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, 2006

	General	Transportation Improvement	Other Governmental Funds	Totals Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 23,583,025	\$ -	\$ 1,411,979	\$ 24,995,004
Intergovernmental	245,939	-	-	245,939
Charges for services	1,341,713	-	312,072	1,653,785
Fines and forfeits	877,165	-	-	877,165
Fees and rentals	642,259	-	-	642,259
Investment income	73,220	271,730	32,529	377,479
Licenses and permits	222,355	-	-	222,355
Other miscellaneous revenues	672,398	-	14,478	686,876
<b>Total revenues</b>	<b>27,658,074</b>	<b>271,730</b>	<b>1,771,058</b>	<b>29,700,862</b>
<b>EXPENDITURES</b>				
<b>Current</b>				
Public safety	13,663,801	-	-	13,663,801
Recreation and culture	4,253,067	-	3,031	4,256,098
General government	2,172,095	-	-	2,172,095
Financial administration	614,774	-	-	614,774
Streets and sewers	1,787,643	103,249	134,966	2,025,858
Operations	882,005	-	-	882,005
Economic development	972,702	-	-	972,702
Human services	1,279,646	-	86,018	1,365,664
<b>Debt service:</b>				
Principal retirements	-	-	790,000	790,000
Interest and fiscal charges	-	-	632,465	632,465
Capital outlay	2,192,487	620,563	51,466	2,864,516
<b>Total expenditures</b>	<b>27,818,220</b>	<b>723,812</b>	<b>1,697,946</b>	<b>30,239,978</b>
Excess (deficiency) of revenues over (under) expenditures	(160,146)	(452,082)	73,112	(539,116)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	11,576,233	2,875,368	90,000	14,541,601
Transfers out	(9,266,352)	-	(516,890)	(9,783,242)
<b>Total other financing sources (uses)</b>	<b>2,309,881</b>	<b>2,875,368</b>	<b>(426,890)</b>	<b>4,758,359</b>
<b>Net change in fund balances</b>	<b>2,149,735</b>	<b>2,423,286</b>	<b>(353,778)</b>	<b>4,219,243</b>
<b>FUND BALANCES, beginning</b>	<b>4,252,304</b>	<b>7,158,849</b>	<b>1,744,363</b>	<b>13,155,516</b>
<b>FUND BALANCES, ending</b>	<b>\$ 6,402,039</b>	<b>\$ 9,582,135</b>	<b>\$ 1,390,585</b>	<b>\$ 17,374,759</b>

Reconciliation to Statement of Activities:	
Net change in fund balances	\$ 4,219,243
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets.	
Capital asset purchases capitalized	2,819,963
Donated capital assets	677,074
Depreciation expense	(5,138,879)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Deferred revenue	37,553
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	4,870
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 workers compensation claims	62,645
Accrued interest payable	(4,132)
Accrued compensated absences	(104,516)
Change in net assets-governmental activities	<u>\$ 3,363,821</u>

The accompanying notes are an integral part of this statement.

CITY OF STILLWATER, OKLAHOMA  
STATEMENT OF NET ASSETS- PROPRIETARY FUNDS  
June 30, 2006

	Business-type Activities			Governmental Activities- Internal Service Funds
	Enterprise Funds		Totals	
	Stillwater Utilities Authority	Non Major Enterprise Funds		
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 18,711,586	\$ 125,600	\$ 18,837,186	\$ 184,585
Restricted cash and cash equivalents	1,474,096	-	1,474,096	-
Accounts receivable, net of allowance for uncollectible accounts of \$166,539	7,638,797	11,067	7,649,864	7,508
Due from other funds	50,000	20,000	70,000	447,811
Inventories	986,789	101,265	1,088,054	-
Leasehold receivable	-	445,971	445,971	-
<b>Total current assets</b>	<b>28,861,268</b>	<b>703,903</b>	<b>29,565,171</b>	<b>639,904</b>
<b>NONCURRENT ASSETS</b>				
Restricted assets:				
Cash and equivalents	5,785,736	-	5,785,736	-
Due from other governments	-	789,097	789,097	-
Capital assets, non depreciable	4,813,152	1,479,603	6,292,755	-
Capital assets, net of accumulated depreciation	92,772,581	12,614,409	105,386,990	-
Unamortized note issuance cost	452,904	-	452,904	-
<b>Total noncurrent assets</b>	<b>103,824,373</b>	<b>14,883,109</b>	<b>118,707,482</b>	<b>-</b>
<b>Total assets</b>	<b>132,685,641</b>	<b>15,587,012</b>	<b>148,272,653</b>	<b>639,904</b>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	3,215,637	209,370	3,425,007	-
Accrued expenses	218,095	27,796	245,891	-
Accrued compensated absences	51,356	8,837	60,193	-
Accrued interest payable	233,152	-	233,152	-
Current portion of customer deposits	516,030	1,450	517,480	-
Current portion of long-term obligations, net	3,793,763	-	3,793,763	41,667
Due to other funds	2,894,110	1,359,315	4,253,425	24,185
Unearned revenue	-	75,551	75,551	-
<b>Total current liabilities</b>	<b>10,922,143</b>	<b>1,682,319</b>	<b>12,604,462</b>	<b>65,852</b>
<b>NONCURRENT LIABILITIES</b>				
Customer deposits	722,725	9,940	732,665	-
Compensated absences	494,779	47,902	542,681	-
Refundable grant obligations	-	-	-	404,303
Long-term obligations, net	30,963,910	-	30,963,910	-
<b>Total noncurrent liabilities</b>	<b>32,181,414</b>	<b>57,842</b>	<b>32,239,256</b>	<b>404,303</b>
<b>Total liabilities</b>	<b>43,103,557</b>	<b>1,740,161</b>	<b>44,843,718</b>	<b>470,155</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	63,280,963	14,094,012	77,374,975	-
Restricted for debt service	1,582,124	-	1,582,124	-
Unrestricted (deficit)	24,718,997	(247,161)	24,471,836	169,749
<b>Total net assets</b>	<b>\$ 89,582,084</b>	<b>\$ 13,846,851</b>	<b>\$103,428,935</b>	<b>\$ 169,749</b>

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, 2006

	Business-type Activities			Governmental Activities Internal Service Funds
	Enterprise Funds			
	Stillwater Utilities Authority	Non Major Enterprise Funds	Totals	
<b>OPERATING REVENUES</b>				
Charges for services	\$ 47,166,772	\$ 1,812,976	\$ 48,979,748	\$ 10
Other	1,031,076	473,105	1,504,181	-
Total operating revenues	<u>48,197,848</u>	<u>2,286,081</u>	<u>50,483,929</u>	<u>10</u>
<b>OPERATING EXPENSES</b>				
Operating and maintenance	36,863,846	2,705,421	39,569,267	-
Depreciation	5,449,823	963,014	6,412,837	-
Amortization	82,407	2,685	85,092	-
Total operating expenses	<u>42,396,076</u>	<u>3,671,120</u>	<u>46,067,196</u>	<u>-</u>
Operating income (loss)	<u>5,801,772</u>	<u>(1,385,039)</u>	<u>4,416,733</u>	<u>10</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment income	907,692	1,016	908,708	4,860
Interest expense	(1,057,041)	-	(1,057,041)	-
Other income	237,068	-	237,068	-
Net nonoperating revenues	<u>87,719</u>	<u>1,016</u>	<u>88,735</u>	<u>4,860</u>
Income (loss) before capital contributions and transfers	<u>5,889,491</u>	<u>(1,384,023)</u>	<u>4,505,468</u>	<u>4,870</u>
<b>CAPITAL CONTRIBUTIONS AND TRANSFERS</b>				
Capital contributions	689,334	586,711	1,276,045	-
Transfers in	6,268,146	826,137	7,094,283	-
Transfers out	(11,852,642)	-	(11,852,642)	-
Net capital contributions and transfers	<u>(4,895,162)</u>	<u>1,412,848</u>	<u>(3,482,314)</u>	<u>-</u>
Change in net assets	994,329	28,825	1,023,154	4,870
NET ASSETS, beginning	<u>88,587,755</u>	<u>13,818,026</u>	<u>102,405,781</u>	<u>164,879</u>
NET ASSETS, ending	<u>\$ 89,582,084</u>	<u>\$ 13,846,851</u>	<u>\$ 103,428,935</u>	<u>\$ 169,749</u>

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, 2006

	Business-type Activities Enterprise Funds		Totals	Governmental Activities Internal Service Funds
	Stillwater Utilities Authority	Non Major Enterprise Funds		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 46,257,478	\$ 1,970,625	\$ 48,228,103	\$ 7,436
Payments to suppliers	(27,268,529)	(1,848,701)	(29,117,230)	(2,612)
Payments to employees	(8,495,301)	(1,033,483)	(9,528,784)	-
Inter fund activity-payments to other funds	(1,102,491)	79,975	(1,022,516)	16,543
Other receipts (payments)	1,010,076	328,544	1,338,620	10
Net cash provided by (used for) operating activities	10,401,233	(503,040)	9,898,193	21,377
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers to other funds	(9,697,379)	-	(9,697,379)	-
Transfers from other funds	-	801,792	801,792	-
Net cash provided by (used for) noncapital financing activities	(9,697,379)	801,792	(8,895,587)	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Proceeds from debt	950,001	-	950,001	-
Capital contributions	6,268,146	425,470	6,693,616	-
Purchases of assets	(4,954,282)	(700,860)	(5,655,142)	-
Principal paid on capital debt	(3,671,930)	-	(3,671,930)	-
Interest paid on debt	(963,672)	-	(963,672)	-
Net cash provided by (used for) capital activities	(2,371,737)	(275,390)	(2,647,127)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
(Purchase) sale of investments	-	1,795	1,795	-
Interest	907,692	1,016	908,708	4,860
Net cash provided by (used for) investing activities	907,692	2,811	910,503	4,860
Net increase (decrease) in cash and cash equivalents	(760,191)	26,173	(734,018)	26,237
CASH AND CASH EQUIVALENTS, beginning of year	26,731,609	99,427	26,831,036	158,348
CASH AND CASH EQUIVALENTS, end of year	\$ 25,971,418	\$ 125,600	\$ 26,097,018	\$ 184,585
Reconciliation of operating income (loss) to net cash provided (used for) operating activities	\$ 5,801,772	\$ (1,385,038)	\$ 4,416,734	\$ 10
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	5,532,230	965,699	6,497,929	-
Gain on disposal of assets	(21,000)	-	(21,000)	-
Changes in assets and liabilities				
Receivables, net	(1,041,294)	26,570	(1,014,724)	4,824
Inventories	(105,138)	(31,453)	(136,591)	-
Accounts and other payables	147,989	(70,323)	77,666	16,543
Change in deferred revenue	-	(20,394)	(20,394)	-
Accrued expenses	86,674	11,899	98,573	-
Net cash provided by (used for) operating activities	\$ 10,401,233	\$ (503,040)	\$ 9,898,193	\$ 21,377
Non cash activities				
Capital assets acquired by capital leases	566,158	-	566,158	-
Capital assets donated by developers	689,334	-	689,334	-

The accompanying notes are an integral part of this statement.

CITY OF STILLWATER, OKLAHOMA  
 STATEMENT OF FIDUCIARY NET ASSETS  
 FIDUCIARY FUND  
 JUNE 30, 2006

	Agency Fund
<b>ASSETS</b>	
Cash and cash equivalents	\$ 464,188
Assessment receivables	6,591
Total assets	\$ 470,779
<b>LIABILITIES</b>	
Accounts payable	\$ 6,650
Amounts held in escrow	464,129
Total Liabilities	\$ 470,779

The accompanying notes are an integral part of this statement.



CITY OF STILLWATER, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2006

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

**REPORTING ENTITY**

The City of Stillwater (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 Commission and the Mayor set policy. The City Commission 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 Commission 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 Commission 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 SUA's operations 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 Commission 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 Commission 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 Commissioners 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 Commission 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 Commissioner, and six other individuals appointed by the City Commission. 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 Commission. 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 special revenue funds:

- 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
- Community Center

#### 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

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

- Property Rehabilitation Escrow
- Detention Pond Escrow
- Sidewalk Escrow
- Right Of Way Escrow
- Street Assessments
- Sanitary Sewer Assessments
- Public Library Donations
- Bond Escheatment Escrow
- Airport Grant Escrow
- 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 Commission, but whose governing body is not substantially the same as the City Commission 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.
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**Major Enterprise Fund:**

Description

Stillwater Utility Authority (SUA)	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.
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**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
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Capital Project Fund

Police/Municipal Building	See previous description
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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.
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Stillwater Industrial

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

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

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 – 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 transactions 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 \$1,012,134. There was no interest capitalized for the fiscal year ended June 30, 2006.

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.

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.

Intangible Assets - Intangible assets of proprietary funds expected to benefit future years are capitalized and reported in the proprietary fund balance sheet. Amortization for proprietary fund intangible assets is computed using the straight-line method over the estimated useful life of the asset.

#### 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.

#### 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, street and alley 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 indenture. 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, in addition to dedicated sales 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
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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.

All other government 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 fund financial statements, expenditures/expenses are classified as follows:

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

#### Proprietary Funds-By Operating and Non-operating

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/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. The effect of interfund services between funds is not eliminated in the statement of activities.
3. Primary government and component unit activity and balances-resource flows between the primary government (the City) and 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 above noted investment limitations and are primarily governed by any restrictions in their trust or bond indentures. For the year ended June 30, 2006, the City and its 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, 2006, 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, 2006, 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, 2006, 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 requirement. The following schedule presents a brief summary of the most significant requirements and the SUA's level of compliance thereon as of June 30, 2006.

<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, 2006, net operating revenues plus sales tax, and ad valorem tax transfer, was \$55,589,753; bond requirement is 125% of next years principal and interest or \$4,147,288. Excess coverage was \$14,527,239 or 350%.

**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, 2006, 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, 2006, the property owners owed the bondholders \$29,500 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, 2006, the City's bank balance of \$4,786,210 is not exposed to custodial credit risk. At December 31, 2005, the Hospital's bank balance of \$2,585,150 included only \$160,691 which is exposed to custodial credit risk because it was uninsured and collateralized with securities held by pledging financial institution.

### 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, 2006, the City had \$29,130,335 invested in money market mutual funds which invest in U.S. government securities and \$2,000,000 invested in U.S. Treasury obligations with maturities of less than one year. The money market mutual funds are presented as an investment with a maturity of less than one year because they 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.

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	\$ 12,520,736	\$ 12,520,736	\$ -	\$ -	\$ -
Guaranteed investment contracts	1,245,000	-	-	-	1,245,000
U.S. government securities	2,917,552	501,053	2,218,373	198,126	-
Corporate bonds	201,127	-	201,127	-	-
Money market mutual funds	5,845,098	5,845,098	-	-	-
	<u>22,729,513</u>	<u>\$ 18,866,887</u>	<u>\$ 2,419,500</u>	<u>\$ 198,126</u>	<u>\$ 1,245,000</u>
Corporate stocks	5,183,707				
Accrued investment income	36,759				
	<u>\$ 27,949,979</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 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 some money market mutual funds were not rated by an agency. At December 31, 2005, 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, 2005 the BankFirst repurchase agreement comprised 39.45% and Stillwater National Bank repurchase agreement comprised 5.35% 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

December 31, 2005, all of the underlying securities for the Hospital's investments in repurchase agreements, \$201,127 of corporate bonds, \$5,183,707 of corporate stocks and \$1,834,866 of U.S. government securities are held by the 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

	Carrying Amounts	
	Deposits	\$ 51,742,598
	Investments	16,491,598
		<u>\$ 68,234,196</u>
Included in the following balance sheet captions		
	Cash and cash equivalents	\$ 44,018,578
	Investments	6,349,390
	Restricted cash and cash equivalents	7,904,721
	Restricted investments	9,497,319
	Fiduciary funds	464,188
Total		<u>\$ 68,234,196</u>

ACCOUNTS RECEIVABLE

The accounts receivable of the governmental activities consist of franchise taxes, police fines, E-911, ambulance fees and hotel/motel tax receivables. The ambulance fees are 33 percent of the total and police fines are 27 percent of the total. The remaining receivables are intergovernmental and various customers receivable. 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 68 percent payables to vendors and 32 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 \$1,582,124 at June 30, 2006 has been 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, 2006, 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 \$1,238,755 at June 30, 2006 has been restricted for customer deposits.

In anticipation of future potential operating cost increases and/or future substantial capital expenditure requirements, the SUA deemed it prudent to reserve a portion of its assets. As of June 30, 2006, cash and cash equivalents of \$4,384,197 was restricted for these purposes.



## CAPITAL ASSETS

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

	Balance June 30, 2005	Additions	Disposals	Balance June 30, 2006
<b>PRIMARY GOVERNMENT:</b>				
<i>Governmental Activities:</i>				
Capital assets not being depreciated:				
Land	\$ 4,994,248	\$ 224,241	\$ -	\$ 5,218,489
Construction-in-progress	2,765,869	2,187,142	870,323	4,082,688
Total capital assets not being depreciated	<u>7,760,117</u>	<u>2,411,383</u>	<u>870,323</u>	<u>9,301,177</u>
Other capital assets:				
Buildings	23,309,093	-		23,309,093
Other improvements	112,832,365	1,541,668		114,374,033
Machinery and equipment	17,219,774	640,511	605,261	17,255,024
Total other capital assets at historical cost	<u>153,361,232</u>	<u>2,182,179</u>	<u>605,261</u>	<u>154,938,150</u>
Less accumulated depreciation for:				
Buildings	4,291,506	497,191	-	4,788,697
Other improvements	59,450,925	3,916,766	-	63,367,691
Machinery and equipment	13,454,433	864,766	511,303	13,807,896
Total accumulated depreciation	<u>77,196,864</u>	<u>5,278,723</u>	<u>511,303</u>	<u>81,964,284</u>
Governmental activities capital assets, net	<u>\$ 83,924,485</u>	<u>\$ (685,161)</u>	<u>\$ 964,281</u>	<u>\$ 82,275,043</u>
<i>Business-type Activities:</i>				
Capital assets not being depreciated:				
Land	\$ 1,668,332	\$ 113	\$ -	\$ 1,668,445
Construction-in-progress	4,493,124	4,912,028	4,780,842	4,624,310
Total capital assets not being depreciated	<u>6,161,456</u>	<u>4,912,141</u>	<u>4,780,842</u>	<u>6,292,755</u>
Other capital assets:				
Buildings	4,438,117	30,818	-	4,468,935
Other improvements	22,770,060	216,807	-	22,986,867
Machinery and equipment	17,881,315	1,535,752	390,988	19,026,079
Intangible assets	74,054	-	-	74,054
Utility plant in service	152,066,621	4,528,260	10,216	156,584,665
Total other capital assets at historical cost	<u>197,230,167</u>	<u>6,311,637</u>	<u>401,204</u>	<u>203,140,600</u>
Less accumulated depreciation for:				
Buildings	2,549,760	162,716	-	2,712,476
Other improvements	10,621,801	812,594	-	11,434,395
Machinery and equipment	12,755,267	976,949	390,988	13,341,228
Utility plant in service	65,674,579	4,522,050	-	70,196,629
Less amortization for intangible assets:	66,197	2,685	-	68,882
Total accumulated depreciation/amortization	<u>91,667,604</u>	<u>6,476,994</u>	<u>390,988</u>	<u>97,753,610</u>
Business-type activities capital assets, net	<u>\$ 111,724,019</u>	<u>\$ 4,746,784</u>	<u>\$ 4,791,058</u>	<u>\$ 111,679,745</u>

**COMPONENT UNITS:**

	Balance December 31, 2004	Additions	Disposals	Balance December 31, 2005
Stillwater Medical Center Authority:				
Capital assets not being depreciated				
Land and land improvements	\$ 2,894,671	\$ 391	\$ -	\$ 2,895,062
Construction-in-progress	1,745,830	3,944,938	347,784	5,342,984
Total capital assets not being depreciated	4,640,501	3,945,329	347,784	8,238,046
Other capital assets:				
Building, improvements and fixed equip.	33,959,276	397,672	6,579	34,350,369
Major moveable equipment	28,648,858	6,168,806	106,398	34,711,266
Total other at capital assets	62,608,134	6,566,478	112,977	69,061,635
Less accumulated depreciation:	35,901,887	3,909,734	69,202	39,742,419
Other capital assets, net	26,706,247	2,656,744	43,775	29,319,216
Capital assets, net	<u>\$ 31,346,748</u>	<u>\$ 6,602,073</u>	<u>\$ 391,559</u>	<u>\$ 37,557,262</u>

	Balance June 30, 2005	Additions	Disposals	Balance June 30, 2006
Convention and Visitors Bureau:				
Property, plant and equipment	\$ 57,126	\$ 472	\$ 4,390	\$ 53,208
Less accumulated depreciation	51,831	3,273	6,470	48,634
Capital assets, net	<u>\$ 5,295</u>	<u>\$ (2,801)</u>	<u>\$ (2,080)</u>	<u>\$ 4,574</u>

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

Primary Government:

Governmental Activities:

General Government

Public Safety	\$ 395,128
Recreation and Culture	514,196
General Government	3,997,430
Financial Administration	76,765
Street	77,665
Operations	14,195
Human Services	63,500
Total depreciation expense for governmental activities	<u>\$ 5,138,879</u>

Business-type Activities:

Stillwater Utilities Authority	\$ 5,449,823
Airport	803,800
Community Center	76,785
Stillwater Public Golf Authority	82,429
Total depreciation expense for business-type activities	<u>\$ 6,412,837</u>

Component Units:

Stillwater Medical Center Authority	\$ 3,909,734
Convention and Visitors Bureau	3,273
Total depreciation expense for component units	<u>\$ 3,913,007</u>

## INTERFUND RECEIVABLES AND PAYABLES

Individual interfund receivable and payable balances at June 30, 2006, were as follows:

Due from	Due to					
	General Fund	Non Major Governmental	Non Major Enterprise	Stillwater Public Works Authority	Stillwater Utilities Authority	
General Fund	\$ -	\$ 274,689	\$ -	\$ 1,841	\$ -	\$ 276,530
Non Major Governmental funds	1,738	-	-	-	-	1,738
Major Governmental funds	1,159	-	-	-	-	1,159
Non Major Enterprise funds	843,345	-	20,000	445,970	50,000	1,359,315
Stillwater Utilities Authority	2,891,533	2,577	-	-	-	2,894,110
Stillwater Public Works Authority	24,185	-	-	-	-	24,185
	<u>\$ 3,761,960</u>	<u>\$ 277,266</u>	<u>\$ 20,000</u>	<u>\$ 447,811</u>	<u>\$ 50,000</u>	<u>\$ 4,557,037</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. 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.

## 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. Interfund transfers reported in the fund financial statements for the year ended June 30, 2006, consisted of the following:

Transfers Out	Transfers In					Total
	General Fund	Transporation Improvement Fund	Special Revenue Funds	Stillwater Utilities Authority	Non major Enterprise Funds	
General Fund	\$ -	\$ 2,875,368	\$ 90,000	\$ 5,751,256	\$ 549,728	\$ 9,266,352
Debt Service	-	-	-	516,890	-	516,890
Stillwater Utilities Authority	11,576,233	-	-	-	276,409	11,852,642
	<u>\$ 11,576,233</u>	<u>\$ 2,875,368</u>	<u>\$ 90,000</u>	<u>\$ 6,268,146</u>	<u>\$ 826,137</u>	<u>\$ 21,635,884</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, 2006, 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%.	\$ 6,300,000
\$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%	<u>5,110,000</u>
Total general obligation Bonds	<u>\$11,410,000</u>
Current portion	\$ 790,000
Non-current portion	<u>10,620,000</u>
Total general obligation Bonds	<u>\$11,410,000</u>
<b>Accrued Compensated Absences-Governmental Activities:</b>	
Current portion	\$ 124,524
Non-current portion	<u>1,524,197</u>
Total accrued compensated absences	<u>\$1,648,721</u>
<u>Stillwater Public Works Authority</u>	
<b>Refundable Grant Obligations,</b>	
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.	\$120,970
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.	<u>325,000</u>
Total refundable grant obligations	<u>\$445,970</u>
Current portion	\$ 41,667
Non-current portion	<u>404,303</u>
Total refundable grant obligation	<u>\$445,970</u>

*Business-type Activities:*

As of June 30, 2006, the long-term liabilities payable from business-type activities consisted of the following:

Stillwater Utilities Authority:

Notes Payable:

2002 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.	\$2,645,450
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, 2003	4,022,771
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.	7,341,129
Total notes payable	<u>\$14,009,350</u>
Current portion	\$ 702,183
Non-current portion	<u>13,307,167</u>
Total notes payable	<u>\$14,009,350</u>
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.	\$ 6,640,000
Less Unamortized discount	(565)
Unamortized loss on defeasance	<u>(271,019)</u>
Net 2002 revenue bonds payable	<u>6,368,416</u>
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.	12,305,000
Plus Unamortized premium	610,660
Less Unamortized loss on defeasance	<u>(99,058)</u>
Net 2005 revenue bonds	<u>12,816,602</u>
Total revenue bonds	<u>\$19,185,018</u>
Current portion	\$2,627,522
Non-current portion	<u>16,557,496</u>
Total revenue bonds payable	<u>\$19,185,018</u>
Capital Lease Obligations:	
Total machinery and equipment financed by capital lease obligations	\$2,516,818
Less accumulated depreciation	<u>(673,041)</u>

Net assets financed by leases	<u>\$1,843,777</u>
\$622,000 capital lease with Banc of America for equipment, fixed interest rate of 4.16%, semiannual installments commencing June 15, 2002 through December 15, 2006.	\$ 68,118
\$711,000 capital lease with Banc of America for equipment, fixed interest rate of 3.244%, semiannual installments commencing April 4, 2003 through October 4, 2007.	244,459
\$400,880 capital lease with Banc of America for equipment, fixed interest rate of 2.804%, semiannual installments commencing September 8, 2004 through March 8, 2009.	247,192
\$102,148 capital lease with Banc of America for equipment fixed interest rate of 3.116%, semiannual installments commencing June 10, 2005 through December 10, 2009	73,144
\$212,061 capital lease with Banc of America for equipment fixed interest rate of 3.454%, semiannual installments commencing March 9, 2006 through September 9, 2010	192,452
\$184,633 capital lease with Banc of America for equipment fixed interest rate of 4.0%, semiannual installments commencing November 12, 2006 through May 12, 2011	184,633
\$553,307 capital lease with Banc of America for equipment fixed interest rate of 4.09%, semiannual installments commencing December 15, 2006 through June 15, 2014	<u>553,307</u>
Total capital leases	<u>\$1,563,305</u>
Current portion	\$ 464,058
Non-current portion	<u>1,099,247</u>
Total capital leases	<u>\$ 1,563,305</u>
Accrued Compensated Absences-Business type activities:	
Current portion	\$ 60,193
Non-current portion	<u>542,681</u>
Total accrued compensated absences	<u>\$602,874</u>
<u>Component Unit</u>	
<u>Stillwater Medical Center Authority</u>	
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.	\$12,715,000
Less Loss on bond defeasance	(842,432)

Plus original issue premium	<u>271,927</u>
Net bond issue	<u>\$12,144,495</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.	<u>\$ 7,000,000</u>
Total revenue bonds	<u>\$19,144,495</u>
Current portion	<u>\$ 577,236</u>
Non-current portion	<u>18,567,259</u>
Total revenue bonds	<u>\$19,144,495</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>\$1,652,035</u>
Current portion	<u>\$ 605,190</u>
Noncurrent portion	<u>1,046,845</u>
Total notes payable	<u>\$1,652,035</u>
Capital lease obligations	
Total capital assets financed by capital lease obligation	<u>\$4,716,377</u>
Less accumulated depreciation	<u>(1,105,208)</u>
Net assets financed by capital lease obligations	<u>\$3,611,169</u>
Capital lease issued for equipment, interest rates at varying rates from 2.17% to 8.46%, due 2010.	<u>\$2,735,671</u>
Current portion	<u>\$ 660,828</u>
Non-current portion	<u>2,047,873</u>
Total capital lease	<u>\$2,735,671</u>

In April 2005, the Hospital issued \$12,715,000 of Series 2005 Hospital Revenue bonds to advance refund \$10,570,000 of outstanding Series 1997 A and 1997 B Hospital Revenue Bonds. In addition, the Hospital defeased \$2,165,000 of outstanding Series 1997 C Taxable Hospital Revenue bonds using its own cash.

The advance refunding resulted in the recognition of an accounting loss of approximately \$1,073,000 on the defeasance of the long-term debt. The loss is being amortized over the remaining life of the Series 2005 bonds and is reflected on the accompanying statement of net assets as a reduction to long-term debt. The loss represents the difference between the net proceeds of the Series 2005 bonds and the total net carrying amount of the defeased Series 1997 Bonds. The medical authority advance refunded the Series 1997 bonds to reduce its total debt service payments by approximately \$1,740,000 and to obtain an economic gain (difference between the present values of the old and new debt service requirements) of approximately \$583,000.

Changes in Long-term Liabilities

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

<u>Type of Debt</u>	<u>Balance June 30, 2005</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2006</u>	<u>Amounts Due Within One Year</u>
<b>Primary Government</b>					
<b>Governmental Activities</b>					
General obligation Bonds	\$ 12,200,000	\$ -	\$ 790,000	\$ 11,410,000	\$ 790,000
Refundable grant obligations	487,637	-	41,667	445,970	41,667
Accrued compensated absences	1,543,563	208,280	103,122	1,648,721	124,524
<b>Total governmental activities</b>	<b>\$ 14,231,200</b>	<b>\$ 208,280</b>	<b>\$ 934,789</b>	<b>\$ 13,504,691</b>	<b>\$ 956,191</b>
<b>Business-type Activities</b>					
Capital lease payable	\$ 1,018,953	\$ 950,001	\$ 405,649	\$ 1,563,305	\$ 464,058
General obligation bonds	505,000	-	505,000	-	-
Notes payable	14,702,699	-	693,349	14,009,350	702,183
Revenue bonds payable; net	21,492,541	-	2,307,523	19,185,018	2,627,522
Accrued compensated absences	542,681	270,726	210,533	602,874	60,193
<b>Total business-type activities</b>	<b>\$ 38,261,874</b>	<b>\$ 1,220,727</b>	<b>\$ 4,122,054</b>	<b>\$ 35,360,547</b>	<b>\$ 3,853,956</b>
<b>Component Unit:</b>					
<b>Stillwater Medical Center Authority</b>					
Revenue bonds payable; net	\$ 19,735,000	\$ 11,928,857	\$ 12,519,362	\$ 19,144,495	\$ 577,236
Notes payable	2,240,603	-	588,568	\$ 1,652,035	605,190
Capital lease obligations	545,744	3,600,000	1,410,073	2,735,671	660,828
	<b>\$ 23,798,911</b>	<b>\$ 15,528,857</b>	<b>\$ 14,518,003</b>	<b>\$ 23,532,201</b>	<b>\$ 1,843,254</b>



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, 2006 are as follows:

Year Ending June 30,	Governmental Activities				Business-Type Activities	
	General Obligation		Refundable Grant Obligations		Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2007	790,000	582,064	41,664	-	2,625,000	692,831
2008	790,000	532,124	41,664	-	2,730,000	618,604
2009	790,000	481,845	41,664	-	2,855,000	534,658
2010	790,000	431,225	41,664	-	2,930,000	440,250
2011	790,000	380,265	32,636	-	3,030,000	314,500
2012-2016	3,950,000	1,334,370	100,000	-	4,775,000	198,625
2017-2021	3,510,000	428,410	100,000	-	-	-
2022-2024			46,678			
<b>Total</b>	<b>\$11,410,000</b>	<b>\$4,170,303</b>	<b>\$ 445,970</b>	<b>-</b>	<b>\$ 18,945,000</b>	<b>\$ 2,799,468</b>

Year Ending June 30,	Notes Payable		Capital leases	
	Principal	Interest	Principal	Interest
2007	702,183	261,809	464,058	51,920
2008	710,702	251,273	325,223	37,076
2009	720,681	239,109	250,853	27,302
2010	730,380	227,308	161,380	19,177
2011	740,387	215,200	133,060	13,114
2012-2016	3,862,581	883,937	228,732	16,647
2017-2021	4,165,350	528,555	-	-
2022-2025	2,377,086	140,957	-	-
<b>Total</b>	<b>\$ 14,009,350</b>	<b>\$ 2,748,148</b>	<b>\$ 1,563,306</b>	<b>\$ 165,236</b>

Year Ending December 31,	Component Unit					
	Revenue Bonds		Capital Leases		Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2006	680,000	1,021,863	660,828	98,727	605,190	38,353
2007	710,000	990,587	671,005	72,073	622,281	21,262
2008	740,000	956,113	527,418	43,524	424,564	4,463
2009	780,000	918,113	546,460	24,482	-	-
2010	815,000	878,237	329,960	3,088	-	-
2011-2015	4,745,000	3,691,731	-	-	-	-
2016-2020	6,025,000	2,348,000	-	-	-	-
2021-2023	5,220,000	635,906	-	-	-	-
<b>Total</b>	<b>\$ 19,715,000</b>	<b>\$ 11,440,550</b>	<b>\$ 2,735,671</b>	<b>\$ 241,894</b>	<b>\$ 1,652,035</b>	<b>\$ 64,078</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 14% of their salary. The City's contribution is determined by the City Commission 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 for the year ended June 30, 2006, was \$1,768,234 which consisted of \$909,023 from the City and \$859,211 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 approximately \$996,000 from the Hospital and \$522,000 from employees for the year ended December 31, 2005. Forfeitures of approximately \$88,000 were applied to the Hospital's required 6 % contribution.

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

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.

	<b>Oklahoma Police Pension and <u>Retirement System</u></b>	<b>Oklahoma Firefighter's Pension and <u>Retirement System</u></b>
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 Retirement System	Oklahoma Firefighter's Pension and Retirement System
Authority establishing contribution obligations and benefits	State Statute	State Statute
Employee's contribution rate (percent of covered payroll)	8%	8%
City's 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 10 years
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 Retirement System		Oklahoma Firefighter's Pension and Retirement System	
	Required Contribution	Percentage Contributed	Required Contribution	Percentage Contributed
2004	417,570	100%	453,473	100%

2005	437,498	100%	466,201	100%
2006	455,621	100%	495,884	100%

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

C. Related Party Investments

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

**(5) RISK MANAGEMENT**

As of June 30, 2006, claims outstanding against the City and its public authorities were \$601,323. 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 year 2005-2006 and 2004-2005 were as follows:

	Beginning Liability Balance	Current Year Claims and Changes in Estimates	Claim Payments	Ending Liability Balance
2005-2006	\$ 699,392	\$ 5,412,627	\$ 5,510,696	\$ 601,323
2004-2005	776,377	5,204,769	5,281,754	699,392

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, 2005 and December 31, 2004 were as follows:

	Beginning Liability Balance	Current Year Claims and Changes in Estimates	Claim Payments	Ending Liability Balance
2004-2005	\$ 1,200,000	\$ 2,918,522	\$ 3,318,522	\$ 800,000
2003-2004	1,100,000	3,824,961	3,724,961	1,200,000

## **(6) CONTINGENT LIABILITIES**

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.

## **(7) 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.

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

## **(8) SUBSEQUENT EVENT**

The City of Stillwater has entered into an agreement with the directors of Rural Water Corporation No.3 to consolidate the rural water distribution system with the City's distribution system. The City will be responsible for maintenance and upkeep of the system and the quality of water delivered. The agreement stipulates that the approximately 1,115 members of the Corporation will each receive a

\$1,000 payment from the City of Stillwater for partial reimbursement of membership fees. The corporation will transfer assets and certain liabilities to the City of Stillwater on the effective day of the agreement. As of June 30, 2006, the reported value of the net assets to be transferred as part of this agreement is \$1,592,482.

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, 2006

	Original Budget	Final Budget	Actual	Variance from Final Budget
<b>REVENUES</b>				
Sales tax	\$ 20,295,308	\$ 21,395,308	\$ 21,389,474	\$ (5,834)
Other taxes	1,696,020	1,724,820	1,712,899	(11,921)
Intergovernmental	64,000	422,309	250,895	(171,414)
Charges for Services	1,021,200	1,311,200	1,400,610	89,410
Fines and forfeits	919,305	906,650	868,595	(38,055)
Fees and rentals	173,175	600,553	642,259	41,706
Investment income	150,000	340,000	73,220	(266,780)
Licenses and permits	161,005	174,505	222,355	47,850
Other miscellaneous revenue	239,600	406,150	672,398	266,248
<b>Total revenues</b>	<u>24,719,613</u>	<u>27,281,495</u>	<u>27,232,705</u>	<u>(48,790)</u>
<b>EXPENDITURES</b>				
Current				
Public Safety:				
Police:				
Personal services	7,481,820	7,341,847	6,956,147	385,700
Materials and supplies	369,101	414,754	380,720	34,034
Contract services	319,057	375,759	284,578	91,181
Fire:				
Personal services	5,635,964	5,986,522	5,690,542	295,980
Materials and supplies	207,047	230,067	225,266	4,801
Contract services	211,772	135,337	126,548	8,789
<b>Total public safety</b>	<u>14,224,761</u>	<u>14,484,286</u>	<u>13,663,801</u>	<u>820,485</u>
Recreation and culture:				
Parks and recreation:				
Personal services	2,594,742	2,563,761	2,322,261	241,500
Materials and supplies	351,075	452,153	403,023	49,130
Contract services	248,880	342,325	253,444	88,881
Library:				
Personal services	995,417	994,364	942,060	52,304
Materials and supplies	194,850	210,898	201,553	9,345
Contract services	145,650	158,082	130,726	27,356
<b>Total recreation and culture</b>	<u>4,530,614</u>	<u>4,721,583</u>	<u>4,253,067</u>	<u>468,516</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, 2006  
(continued)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
<b>Current</b>				
<b>General Government:</b>				
Personal services	1,301,188	1,298,393	1,142,009	156,384
Materials and supplies	67,745	73,419	66,271	7,148
Contract services	<u>1,289,893</u>	<u>1,228,789</u>	<u>963,615</u>	<u>265,174</u>
<b>Total General government</b>	<u>2,658,826</u>	<u>2,600,601</u>	<u>2,171,895</u>	<u>428,706</u>
<b>Financial administration:</b>				
Personal services	557,093	574,638	536,328	38,310
Materials and supplies	33,525	4,896	3,644	1,252
Contract services	<u>45,030</u>	<u>77,036</u>	<u>74,802</u>	<u>2,234</u>
<b>Total financial administration</b>	<u>635,648</u>	<u>656,570</u>	<u>614,774</u>	<u>41,796</u>
<b>Public works administration:</b>				
Personal services	792,962	669,909	633,848	36,061
Materials and supplies	26,825	215,112	213,036	2,076
Contract services	<u>38,840</u>	<u>43,260</u>	<u>35,121</u>	<u>8,139</u>
<b>Total public works administration</b>	<u>858,627</u>	<u>928,281</u>	<u>882,005</u>	<u>46,276</u>
<b>Street and sewers:</b>				
Personal services	1,276,792	1,277,077	1,200,124	76,953
Materials and supplies	518,900	499,294	405,566	93,728
Contract services	<u>189,693</u>	<u>217,570</u>	<u>181,953</u>	<u>35,617</u>
<b>Total street and sewers</b>	<u>1,985,385</u>	<u>1,993,941</u>	<u>1,787,643</u>	<u>206,298</u>
<b>Human services:</b>				
<b>Health:</b>				
Personal services	300	300	237	63
Materials and supplies	104,950	120,029	117,373	2,656
Contract services	<u>53,569</u>	<u>47,049</u>	<u>43,270</u>	<u>3,779</u>
<b>Community Development:</b>				
Personal services	1,145,051	1,064,515	1,003,602	60,913
Materials and supplies	35,950	36,457	22,420	14,037
Contract services	<u>105,050</u>	<u>143,175</u>	<u>92,744</u>	<u>50,431</u>
<b>Total human services</b>	<u>1,444,870</u>	<u>1,411,525</u>	<u>1,279,646</u>	<u>131,879</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, 2006  
(continued)

	Original Budget	Final Budget	Actual	Variance from Final Budget
Economic development:				
Contract services	911,000	972,851	972,702	149
Capital Outlay:				
Police	48,573	181,026	96,012	85,014
Fire	78,180	64,031	45,726	18,305
Recreation and culture:	129,000	383,967	297,971	85,996
General Government		200,179	199,179	1,000
Public works operation	4,600	-	-	-
Human Services	15,000	-	-	-
Street and sewers	2,102,050	1,555,066	1,553,599	1,467
	<u>2,377,403</u>	<u>2,384,269</u>	<u>2,192,487</u>	<u>191,782</u>
 Total expenditures	 <u>29,627,134</u>	 <u>30,153,907</u>	 <u>27,818,020</u>	 <u>2,335,887</u>
 Excess (deficiency) of revenues over (under) expenditures	 (4,907,521)	 (2,872,412)	 (585,315)	 2,287,097
 OTHER FINANCING SOURCES(USES):				
Transfers in	13,616,799	16,742,816	11,576,233	(5,166,583)
Transfers out	(10,283,355)	(10,860,817)	(10,569,069)	291,748
Total other financing sources (uses)	<u>3,333,444</u>	<u>5,881,999</u>	<u>1,007,164</u>	<u>(4,874,835)</u>
 Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	 (1,574,077)	 3,009,587	 421,849	 (2,587,738)
 FUND BALANCES, beginning	 <u>3,708,552</u>	 <u>3,708,552</u>	 <u>3,708,552</u>	 <u>-</u>
FUND BALANCES, ending	<u>\$ 2,134,475</u>	<u>\$ 6,718,139</u>	<u>\$ 4,130,401</u>	<u>\$ (2,587,738)</u>

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, 2006

	Original Budget	Final Budget	Actual	Variance from Final Budget
<b>REVENUES</b>				
Investment income	\$ -	\$ -	\$ 271,730	\$ 271,730
Total revenues	-	-	271,730	271,730
<b>EXPENDITURES</b>				
Street and sewers:				
Personal services	96,608	96,103	76,524	19,579
Materials and supplies	39,300	42,558	26,074	16,484
Contract services	-	650	650	-
Total street and sewers	135,908	139,311	103,248	36,063
Capital outlay				
Street and sewers	5,200,000	620,564	620,563	1
Total expenditures	5,335,908	759,875	723,811	36,064
Excess (deficiency) of revenues over (under) expenditures	(5,335,908)	(759,875)	(452,081)	235,666
<b>OTHER FINANCING SOURCES(USES):</b>				
Transfers in	2,800,758	2,883,615	2,875,368	(8,247)
Transfers out	-	-	-	-
Total other financing sources (uses)	2,800,758	2,883,615	2,875,368	(8,247)
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(2,535,150)	2,123,740	2,423,287	227,419
FUND BALANCES, beginning	7,347,581	7,347,581	7,347,581	-
FUND BALANCES, ending	\$ 4,812,431	\$ 9,471,321	\$ 9,770,868	\$ 227,419

CITY OF STILLWATER, OKLAHOMA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
JUNE 30, 2006

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, 2006, 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	\$ 27,232,705	\$ 271,730
Revenues received during fiscal year and measurable and available at June 30, 2005	(4,315,619)	-
Revenues received during fiscal year and measurable and available at June 30, 2006	<u>4,740,988</u>	<u>-</u>
Revenues on GAAP basis	<u>\$ 27,658,074</u>	<u>\$ 271,730</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, 2006

	Special Revenue Funds		
	Community Development Block Grant	Library Materials Enhancement	Storm Water Management
<b>ASSETS</b>			
Cash and cash equivalents	\$ 35,056	\$ 226,730	\$ 471,872
Due from other governments	-	-	-
Accounts receivable	-	-	34,146
Due from other funds	-	-	277,266
Total assets	<u>\$ 35,056</u>	<u>\$ 226,730</u>	<u>\$ 783,284</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 756	\$ -	\$ 841
Accrued liabilities	-	-	3,008
Due to other funds	-	-	1,738
Deferred revenue	-	-	-
Total liabilities	<u>756</u>	<u>-</u>	<u>5,587</u>
<b>FUND BALANCES</b>			
Reserved for			
Debt Service	-	-	-
Capital Projects	-	-	-
Unreserved reported in			
Special Revenues	34,300	226,730	777,697
Total fund balances	<u>34,300</u>	<u>226,730</u>	<u>777,697</u>
Total liabilities and fund balances	<u>\$ 35,056</u>	<u>\$ 226,730</u>	<u>\$ 783,284</u>

continued

CITY OF STILLWATER, OKLAHOMA  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2006

(continued)

ASSETS	Debt Service	Capital Projects Fund	Total Nonmajor Governmental Funds
	Sinking Fund	Police/Municipal Building	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 151,958	\$ 182,928	\$ 1,068,544
Due from other governments	61,265	-	61,265
Accounts receivable	-	-	34,146
Due from other funds	-	-	277,266
<b>Total assets</b>	<b>\$ 213,223</b>	<b>\$ 182,928</b>	<b>\$ 1,441,221</b>
<b>LIABILITIES AND FUND EQUITY</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ 69	\$ 1,666
Accrued liabilities	-	-	3,008
Due to other funds	-	-	1,738
Deferred revenue	44,224	-	44,224
<b>Total liabilities</b>	<b>44,224</b>	<b>69</b>	<b>50,636</b>
<b>FUND BALANCES:</b>			
Reserved for			
Debt Service	168,999	-	168,999
Capital Projects	-	182,859	182,859
Unreserved reported in			
Special Revenues	-	-	1,038,727
<b>Total fund balances</b>	<b>168,999</b>	<b>182,859</b>	<b>1,390,585</b>
<b>Total liabilities and fund balances</b>	<b>\$ 213,223</b>	<b>\$ 182,928</b>	<b>\$ 1,441,221</b>

CITY OF STILLWATER, OKLAHOMA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES -- NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2006

	Special Revenue Funds		
	Community Development Block Grant	Library Materials Enhancement	Storm Water Management
<b>REVENUES</b>			
Taxes	\$ -	\$ -	\$ -
Charges for services	-	-	312,072
Miscellaneous	14,478	-	-
Investment income	-	7,311	18,534
<b>Total revenues</b>	<u>14,478</u>	<u>7,311</u>	<u>330,606</u>
<b>EXPENDITURES</b>			
Current operating			
Recreation and culture	-	3,031	-
Streets and sewers	-	-	134,966
Human services	86,018	-	-
Debt service			
Principal retirements	-	-	-
Interest and fiscal charges	-	-	-
Capital outlay	-	-	-
<b>Total expenditures</b>	<u>86,018</u>	<u>3,031</u>	<u>134,966</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(71,540)</u>	<u>4,280</u>	<u>195,640</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	90,000
Transfers out	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>90,000</u>
<b>Net change in Fund Balances</b>	<b>(71,540)</b>	<b>4,280</b>	<b>285,640</b>
<b>FUND BALANCES, beginning</b>	<u>105,840</u>	<u>222,450</u>	<u>492,057</u>
<b>FUND BALANCES, ending</b>	<u>\$ 34,300</u>	<u>\$ 226,730</u>	<u>\$ 777,697</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, 2006  
 (continued)

	Debt Service	Capital Projects Fund	Total Nonmajor Governmental Funds
	Sinking Fund	Police/Municipal Building	
<b>REVENUES</b>			
Taxes	\$ 1,411,979	\$ -	\$ 1,411,979
Charges for services	-	-	312,072
Miscellaneous			14,478
Investment income	-	6,684	32,529
Total revenues	<u>1,411,979</u>	<u>6,684</u>	<u>1,771,058</u>
<b>EXPENDITURES</b>			
Current operating			
Recreation and culture	-	-	3,031
Streets and sewers	-	-	134,966
Human services	-	-	86,018
Debt service			
Principal retirements	790,000	-	790,000
Interest and fiscal charges	632,465	-	632,465
Capital outlay	-	51,466	51,466
Total expenditures	<u>1,422,465</u>	<u>51,466</u>	<u>1,697,946</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(10,486)</u>	<u>(44,782)</u>	<u>73,112</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	90,000
Transfers out	<u>(516,890)</u>	<u>-</u>	<u>(516,890)</u>
Total other financing sources (uses)	<u>(516,890)</u>	<u>-</u>	<u>(426,890)</u>
Net change in Fund Balances	(527,376)	(44,782)	(353,778)
FUND BALANCES, beginning	696,375	227,641	1,744,363
FUND BALANCES, ending	<u>\$ 168,999</u>	<u>\$ 182,859</u>	<u>\$ 1,390,585</u>

CITY OF STILLWATER, OKLAHOMA  
BUDGETARY COMPARISON SCHEDULE  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2006

	SPECIAL REVENUE				SPECIAL REVENUE			
	COMMUNITY DEVELOPMENT BLOCK GRANT				LIBRARY MATERIALS ENHANCEMENT			
	Budgeted Amount Original	Final	Actual	Variance From Final Budget	Budgeted Amounts Original	Final	Actual	Variance From Final Budget
<b>REVENUES</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	135,130	302,043	166,310	(135,733)	-	-	-	-
Miscellaneous	-	-	14,478	14,478	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Investment income	-	-	-	-	3,000	3,031	7,311	4,280
Total revenues	<u>135,130</u>	<u>302,043</u>	<u>180,788</u>	<u>(121,255)</u>	<u>3,000</u>	<u>3,031</u>	<u>7,311</u>	<u>4,280</u>
<b>EXPENDITURES</b>								
Current operating								
Recreation and culture	-	-	-	-	3,000	3,031	3,031	-
Streets and sewers	-	-	-	-	-	-	-	-
Human services	270,260	86,019	86,018	1	-	-	-	-
Debt service								
Principal retirements	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	<u>270,260</u>	<u>86,019</u>	<u>86,018</u>	<u>1</u>	<u>3,000</u>	<u>3,031</u>	<u>3,031</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(135,130)</u>	<u>216,024</u>	<u>94,770</u>	<u>(121,254)</u>	<u>-</u>	<u>-</u>	<u>4,280</u>	<u>4,280</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	135,130	168,802	-	168,802	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>135,130</u>	<u>168,802</u>	<u>-</u>	<u>168,802</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in Fund Balances	-	384,826	94,770	(290,056)	-	-	4,280	4,280
<b>FUND BALANCES, beginning</b>	<u>105,840</u>	<u>105,840</u>	<u>105,840</u>	<u>-</u>	<u>222,450</u>	<u>222,450</u>	<u>222,450</u>	<u>-</u>
<b>FUND BALANCES, ending</b>	<u>\$ 105,840</u>	<u>\$ 490,666</u>	<u>\$ 200,610</u>	<u>\$ (290,056)</u>	<u>\$ 222,450</u>	<u>\$ 222,450</u>	<u>\$ 226,730</u>	<u>\$ 4,280</u>
Reconciliation of budget to GAAP:								
Revenues on budget basis			\$ 180,788				\$ 7,311	
Revenues received during fiscal year measurable and available at June 30, 2005			(166,310)				-	
Revenues received during fiscal year measurable and available at June 30, 2006			-				-	
Revenues on GAAP basis			<u>\$ 14,478</u>				<u>\$ 7,311</u>	

continued

CITY OF STILLWATER, OKLAHOMA  
 BUDGETARY COMPARISON SCHEDULE  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2006  
 (continued)

	SPECIAL REVENUE				STORM WATER MANAGEMENT				DEBT SERVICE			
	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance From Final Budget	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance From Final Budget	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance From Final Budget
REVENUES:												
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,944,260	\$ 1,944,260	\$ 1,497,397	\$ (446,863)
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	255,500	255,500	311,915	56,415	-	-	-	-	-	-	-	-
Charges for services	-	-	18,534	-	-	-	-	-	-	-	-	-
Investment income	-	-	330,449	330,449	-	-	-	-	-	-	-	-
Total revenues	<u>255,500</u>	<u>255,500</u>	<u>330,449</u>	<u>56,415</u>	<u>255,500</u>	<u>255,500</u>	<u>330,449</u>	<u>330,449</u>	<u>1,944,260</u>	<u>1,944,260</u>	<u>1,497,397</u>	<u>(446,863)</u>
EXPENDITURES:												
Current operating												
Recreation and culture	-	-	-	-	-	-	-	-	-	-	-	-
Streets and sewers	232,606	232,605	134,966	97,639	-	-	-	-	-	-	-	-
Human services	-	-	-	-	-	-	-	-	-	-	-	-
Debt service												
Principal retirements	-	-	-	-	-	-	-	-	790,000	790,000	790,000	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	633,370	633,370	630,865	2,505
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>232,606</u>	<u>232,605</u>	<u>134,966</u>	<u>97,639</u>	<u>232,606</u>	<u>232,605</u>	<u>134,966</u>	<u>97,639</u>	<u>1,423,370</u>	<u>1,423,370</u>	<u>1,420,865</u>	<u>2,505</u>
Excess (deficiency) of revenues over (under) expenditures	<u>22,894</u>	<u>22,895</u>	<u>195,483</u>	<u>154,054</u>	<u>22,894</u>	<u>22,895</u>	<u>195,483</u>	<u>154,054</u>	<u>516,890.00</u>	<u>520,890</u>	<u>76,532</u>	<u>(444,358)</u>
OTHER FINANCING SOURCES (USES)												
Transfers in	90,000	90,000	90,000	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	(516,890)	(516,890)	(516,890)	-
Total other financing sources (uses)	<u>90,000</u>	<u>90,000</u>	<u>90,000</u>	<u>-</u>	<u>90,000</u>	<u>90,000</u>	<u>90,000</u>	<u>-</u>	<u>(516,890)</u>	<u>(516,890)</u>	<u>(516,890)</u>	<u>-</u>
Net change in Fund Balances	112,894	112,895	285,483	154,054	112,894	112,895	285,483	154,054	-	4,000	(440,358)	(444,358)
FUND BALANCES, beginning	492,057	492,057	492,057	-	492,057	492,057	492,057	-	696,375	696,375	696,375	-
FUND BALANCES, ending	<u>\$ 604,951</u>	<u>\$ 604,952</u>	<u>\$ 777,540</u>	<u>\$ 154,054</u>	<u>\$ 604,952</u>	<u>\$ 604,952</u>	<u>\$ 777,540</u>	<u>\$ 154,054</u>	<u>\$ 696,375</u>	<u>\$ 700,375</u>	<u>\$ 256,017</u>	<u>\$ (444,358)</u>
Reconciliation of budget to GAAP:												
Revenues on budget basis			\$ 330,449				\$ 330,449				\$ 1,497,397	
Revenues received during fiscal year measurable and available at June 30, 2005			(33,989)				(33,989)				(146,682)	
Revenues received during fiscal year measurable and available at June 30, 2006			34,146				34,146				61,264	
Revenues on GAAP basis			<u>\$ 330,606</u>				<u>\$ 330,606</u>				<u>\$ 1,411,979</u>	

continued



CITY OF STILLWATER, OKLAHOMA  
 BUDGETARY COMPARISON SCHEDULE  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2006  
 (continued)

	CAPITAL PROJECTS FUND			Variance From Final Budget
	Original	Budgeted Amounts Final	Actual	
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Miscellaneous	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	6,684	6,684
Total revenues	-	-	6,684	6,684
<b>EXPENDITURES</b>				
Current operating				
Recreation and culture	-	-	-	-
Streets and sewers	-	-	-	-
Human services	-	-	-	-
Debt service	-	-	-	-
Principal retirements	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	71,561	51,466	20,095
Total expenditures	-	71,561	51,466	20,095
Excess (deficiency) of revenues over (under) expenditures	-	(71,561)	(44,782)	(13,411)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in Fund Balances	-	(71,561)	(44,782)	(13,411)
FUND BALANCES, beginning	227,641	227,641	227,641	-
FUND BALANCES, ending	\$ 227,641	\$ 156,080	\$ 182,859	\$ (13,411)
Reconciliation of budget to GAAP:				
Revenues on budget basis			\$ 6,684	
Revenues received during fiscal year measurable and available at June 30, 2005			-	
Revenues received during fiscal year measurable and available at June 30, 2006			-	
Revenues on GAAP basis			\$ 6,684	

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## **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 a 18 hole golf course, Lakeside Golf Course.

**COMMUNITY CENTER**-to account for rental of the Community Center

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



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

June 30, 2006

ASSETS	Airport	Stillwater Public Golf Authority	Stillwater Industrial Redevelopment Authority	Community Center	Total
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	\$ -	\$ 82,025	\$ 43,575	\$ -	\$ 125,600
Accounts receivable, net of allowance	4,855	3,544	-	2,668	11,067
Due from other funds	-	-	20,000	-	20,000
Inventories	39,540	61,725	-	-	101,265
Leasehold receivable	-	-	445,971	-	445,971
<b>Total current assets</b>	<b>44,395</b>	<b>147,294</b>	<b>509,546</b>	<b>2,668</b>	<b>703,903</b>
<b>NONCURRENT ASSETS</b>					
Restricted assets					
Due from other governments	789,097	-	-	-	789,097
Capital assets, nondepreciable	1,334,197	16,000	-	129,406	1,479,603
Capital assets, depreciable, net	9,793,210	1,868,560	-	952,639	12,614,409
<b>Total noncurrent assets</b>	<b>11,916,504</b>	<b>1,884,560</b>	<b>-</b>	<b>1,082,045</b>	<b>14,883,109</b>
<b>Total assets</b>	<b>11,960,899</b>	<b>2,031,854</b>	<b>509,546</b>	<b>1,084,713</b>	<b>15,587,012</b>
<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES</b>					
Accounts payable	139,559	62,647	-	7,164	209,370
Accrued liabilities	6,506	17,280	-	4,010	27,796
Accrued Compensated absences	1,300	5,869	-	1,668	8,837
Current portion of customer deposits	-	-	-	1,450	1,450
Due to other funds	769,517	129,092	445,971	14,735	1,359,315
Unearned revenue	7,001	68,550	-	-	75,551
<b>Total current liabilities</b>	<b>923,883</b>	<b>283,438</b>	<b>445,971</b>	<b>29,027</b>	<b>1,682,319</b>
<b>NONCURRENT LIABILITIES</b>					
Customer deposits	-	-	-	9,940	9,940
Compensated absences	19,048	21,354	-	7,500	47,902
<b>Total noncurrent liabilities</b>	<b>19,048</b>	<b>21,354</b>	<b>-</b>	<b>17,440</b>	<b>57,842</b>
<b>Total liabilities</b>	<b>942,931</b>	<b>304,792</b>	<b>445,971</b>	<b>46,467</b>	<b>1,740,161</b>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	11,127,407	1,884,560	-	1,082,045	14,094,012
Unrestricted (deficit)	(109,439)	(157,498)	63,575	(43,799)	(247,161)
<b>Total net assets</b>	<b>\$ 11,017,968</b>	<b>\$ 1,727,062</b>	<b>\$ 63,575</b>	<b>\$ 1,038,246</b>	<b>\$ 13,846,851</b>

CITY OF STILLWATER, OKLAHOMA  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET ASSETS -NONMAJOR PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2006

	Airport	Stillwater Public Golf Authority	Stillwater Industrial Redevelopment Authority	Community Center	Total
<b>OPERATING REVENUES</b>					
Charges for services	\$ 992,979	\$ 612,420	\$ -	\$ 207,577	\$ 1,812,976
Other	163,902	207,812	751	100,640	473,105
Total operating revenues	<u>1,156,881</u>	<u>820,232</u>	<u>751</u>	<u>308,217</u>	<u>2,286,081</u>
<b>OPERATING EXPENSES</b>					
Operating and maintenance	1,354,626	1,019,494	-	331,301	2,705,421
Depreciation	803,800	82,429	-	76,785	963,014
Amortization	2,685	-	-	-	2,685
Total operating expenses	<u>2,161,111</u>	<u>1,101,923</u>	<u>-</u>	<u>408,086</u>	<u>3,671,120</u>
Operating income (loss)	<u>(1,004,230)</u>	<u>(281,691)</u>	<u>751</u>	<u>(99,869)</u>	<u>(1,385,039)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment income	929	87	-	-	1,016
Net nonoperating revenues	929	87	-	-	1,016
Income (loss) before capital contributions and transfers	<u>(1,003,301)</u>	<u>(281,604)</u>	<u>751</u>	<u>(99,869)</u>	<u>(1,384,023)</u>
<b>CAPITAL CONTRIBUTIONS AND TRANSFERS</b>					
Capital contributions	586,711	-	-	-	586,711
Transfers in	213,000	276,409	25,000	311,728	826,137
Net capital contributions and transfers	<u>799,711</u>	<u>276,409</u>	<u>25,000</u>	<u>311,728</u>	<u>1,412,848</u>
Change in net assets	(203,590)	(5,195)	25,751	211,859	28,825
NET ASSETS, beginning	<u>11,221,558</u>	<u>1,732,257</u>	<u>37,824</u>	<u>826,387</u>	<u>13,818,026</u>
NET ASSETS, ending	<u>\$ 11,017,968</u>	<u>\$ 1,727,062</u>	<u>\$ 63,575</u>	<u>\$ 1,038,246</u>	<u>\$ 13,846,851</u>

CITY OF STILLWATER, OKLAHOMA  
STATEMENT OF CASH FLOWS --NONMAJOR PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2006

	Airport	Stillwater Public Golf Authority	Stillwater Industrial Redevelopment Authority	Community Center	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers	\$ 1,163,130	\$ 599,696	\$ -	\$ 207,799	\$ 1,970,625
Payments to suppliers	(1,279,982)	(423,847)	(1,000)	(143,872)	(1,848,701)
Payments to employees	(283,659)	(572,432)	-	(177,392)	(1,033,483)
Inter activity-payments to other funds	121,843	-	(41,667)	(201)	79,975
Other receipts (payments)	(278,668)	207,812	22,418	98,314	328,544
Net cash provided by (used for) operating activities	<u>(278,668)</u>	<u>(188,771)</u>	<u>(20,249)</u>	<u>(15,352)</u>	<u>(503,040)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers from (to) other funds	213,000	252,064	25,000	311,728	801,792
Net cash provided by (used for) noncapital financing activities	<u>213,000</u>	<u>252,064</u>	<u>25,000</u>	<u>311,728</u>	<u>801,792</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Capital contributions	425,470	-	-	-	425,470
Purchases of assets	(361,758)	(41,668)	-	(297,434)	(700,860)
Sale of assets	-	-	-	-	-
Principal paid on capital debt	-	-	-	-	-
Interest paid on debt	-	-	-	-	-
Net cash provided by (used for) capital activities	<u>63,712</u>	<u>(41,668)</u>	<u>-</u>	<u>(297,434)</u>	<u>(275,390)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
(Purchase) sale of investments	884	-	-	911	1,795
Interest	929	87	-	-	1,016
Net cash provided by (used for) investing activities	<u>1,813</u>	<u>87</u>	<u>-</u>	<u>911</u>	<u>2,811</u>
Net increase (decrease) in cash and cash equivalents.	(143)	21,712	4,751	(147)	26,173
CASH AND CASH EQUIVALENTS, beginning of year	143	60,313	38,824	147	99,427
CASH AND CASH EQUIVALENTS, end of year	<u>\$ -</u>	<u>\$ 82,025</u>	<u>\$ 43,575</u>	<u>\$ -</u>	<u>\$ 125,600</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used by) operating activities</b>					
Operating income (loss)	\$ (1,004,230)	\$ (281,690)	\$ 751	\$ (99,869)	\$ (1,385,038)
Adjustments to reconcile operating income to net cash provided by operating activities					
Depreciation expense	806,485	82,429	-	76,785	966,699
Changes in assets and liabilities					
Receivables, net	6,250	(692)	21,667	(655)	26,570
Inventories	(26,441)	(5,012)	-	-	(31,453)
Accounts and other payables	(62,002)	28,227	(42,667)	6,119	(70,323)
Change in deferred revenues	(8,361)	(12,033)	-	-	(20,394)
Accrued expenses	9,631	-	-	2,268	11,899
Net cash provided by (used for) operating activities	<u>\$ (278,668)</u>	<u>\$ (188,771)</u>	<u>\$ (20,249)</u>	<u>\$ (15,352)</u>	<u>\$ (503,040)</u>

CITY OF STILLWATER, OKLAHOMA  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2006

	Balance June 30, 2005	Additions	Reductions	Balance June 30, 2006
<b>ASSETS</b>				
Cash and cash equivalents	\$ 72,554	\$ 14,538	\$ 6,685	\$ 80,407
Pooled investments	275,050	108,731	-	383,781
Assessment receivable	9,761	-	3,170	6,591
<b>Total assets</b>	<b>\$ 357,365</b>	<b>\$ 123,269</b>	<b>\$ 9,855</b>	<b>\$ 470,779</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 6,749	\$ -	\$ 99	\$ 6,650
Amounts held in escrow	350,616	123,269	9,756	464,129
<b>Total liabilities</b>	<b>\$ 357,365</b>	<b>\$ 123,269</b>	<b>\$ 9,855</b>	<b>\$ 470,779</b>



## 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 four fiscal years
- Changes in Net Assets – Last four fiscal years
- Fund Balances, Governmental Funds – Last four fiscal years
- Changes in Fund Balances, Governmental Funds – Last four 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 four 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, 2006
- Ratios of Outstanding Debt by Type – 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 – Last four fiscal years
- Capital Asset Statistics by Function/Program – Last six fiscal years
- Operating Indicators by Function/Program – Last six fiscal years

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

- Principal Employers – Current Year
- Demographic and Economic Statistics



CITY OF STILLWATER, OKLAHOMA  
NET ASSETS BY COMPONENT  
LAST FOUR FISCAL YEARS

	As of June 30,			
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b>Governmental activities</b>				
Invested in capital assets, net of related debt	\$ 72,220,782	\$ 70,989,399	\$ 71,724,485	\$ 70,865,043
Restricted for capital projects	553,894	311,827	227,641	182,859
Restricted for debt service	613,449	761,585	696,375	168,999
Restricted for street improvements	-	-	7,158,849	9,582,135
Restricted for specific operating activities	-	-	536,641	615,844
Unrestricted	11,813,537	12,374,202	3,327,269	5,620,201
<b>Total governmental activities net assets</b>	<b>\$ 85,201,662</b>	<b>\$ 84,437,013</b>	<b>\$ 83,671,260</b>	<b>\$ 87,035,081</b>
<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
Restricted for debt service	2,266,493	2,275,899	1,376,664	1,582,124
Unrestricted	25,627,707	25,425,194	26,489,143	24,471,836
<b>Total business-type activities net assets</b>	<b>\$ 93,318,058</b>	<b>\$ 98,213,488</b>	<b>\$ 102,405,781</b>	<b>\$ 103,428,935</b>
<b>Primary government</b>				
Invested in capital assets, net of related debt	\$ 137,644,640	\$ 141,501,794	\$ 146,264,459	\$ 148,240,018
Restricted for capital projects	553,894	311,827	227,641	182,859
Restricted for debt service	2,879,942	3,037,484	2,073,039	1,751,123
Restricted for street improvements	-	-	7,158,849	9,582,135
Restricted for specific operating activities	-	-	536,641	615,844
Unrestricted	37,441,244	37,799,396	29,816,412	30,092,037
<b>Total primary government net assets</b>	<b>\$ 178,519,720</b>	<b>\$ 182,650,501</b>	<b>\$ 186,077,041</b>	<b>\$ 190,464,016</b>

CITY OF STILLWATER, OKLAHOMA  
CHANGES IN NET ASSETS  
LAST FOUR FISCAL YEARS

	Fiscal Year Ended June 30,			
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b>Expenses</b>				
Governmental activities:				
Public Safety	\$ 12,030,274	\$ 12,681,613	\$ 13,485,558	\$ 14,091,743
Recreation and culture	4,478,202	4,325,929	4,655,785	4,777,162
General government	2,109,441	2,274,740	2,475,642	2,522,896
Financial administration	616,804	569,047	604,803	751,577
Street and sewers	5,161,605	5,401,003	5,520,360	5,726,635
Engineering and public works administration	1,141,343	832,998	1,008,922	914,956
Tourism	269,786	280,485	331,483	370,356
Economic development	386,524	509,066	605,611	602,346
Health and welfare	1,339,060	1,227,161	1,613,431	1,441,499
Interest on long-term debt	803,198	740,282	681,061	628,333
Total governmental activities expenses	<u>28,336,237</u>	<u>28,842,324</u>	<u>30,982,656</u>	<u>31,827,503</u>
Business-type activities:				
Electric, water, wastewater and sanitation operations	34,171,680	35,062,143	37,756,145	43,453,117
Community Center operations	288,758	326,437	520,719	408,086
Stillwater Public Golf Authority	1,173,163	1,180,919	1,161,042	1,101,923
Stillwater Industrial Redevelopment Authority	71,315	49,797	101,129	-
Airport operations	1,283,965	1,374,786	1,959,733	2,161,111
Total business-type activities expenses	<u>36,988,881</u>	<u>37,994,082</u>	<u>41,498,768</u>	<u>47,124,237</u>
Total primary government expenses	<u>\$ 65,325,118</u>	<u>\$ 66,836,406</u>	<u>\$ 72,481,424</u>	<u>\$ 78,951,740</u>
<b>Program Revenues</b>				
Governmental activities				
Charges for services:				
Public safety	\$ 211,099	\$ 112,999	\$ 118,593	\$ 171,172
Recreation and culture	484,882	518,308	565,739	624,148
General government	12,820	15,219	5,908	30,738
Financial administration	785,127	768,888	923,756	834,381
Streets and sewers	256,111	413,023	413,023	523,616
Engineering and public works administration	-	-	5,405	-
Health and welfare	903,458	888,583	956,444	1,257,203
Operating grants and contributions	467,172	321,587	725,092	178,129
Capital grants and contributions	176,310	214,198	102,907	822,889
Total governmental activities program revenues	<u>3,296,979</u>	<u>3,252,805</u>	<u>3,816,867</u>	<u>4,442,276</u>

continued

CITY OF STILLWATER, OKLAHOMA  
CHANGES IN NET ASSETS  
LAST FOUR FISCAL YEARS  
(continued)

	Fiscal Year Ended June 30,			
	2003	2004	2005	2006
Business-type activities:				
Charges for services:				
Electric, water, wastewater, and sanitation operations	39,021,354	41,065,887	43,595,811	48,197,848
Community Center operations	71,512	66,376	66,875	207,577
Stillwater Public Golf Authority	811,516	796,669	775,913	820,232
Stillwater Industrial Redevelopment Authority	1,571	1,181	932	751
Airport operations	486,935	586,264	787,127	1,156,881
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
Total business-type activities program revenues	42,604,366	44,157,566	49,409,120	51,759,974
Total primary government program revenues	\$ 45,901,345	\$ 47,410,371	\$ 53,225,987	\$ 56,202,250
<b>Net (Expense)/Revenue</b>				
Governmental activities	\$ (25,039,258)	\$ (25,589,519)	\$ (27,165,789)	\$ (27,385,227)
Business-type activities	5,615,485	6,163,484	7,910,352	4,635,737
Total primary government net expense	\$ (19,423,773)	\$ (19,426,035)	\$ (19,255,437)	\$ (22,749,490)
<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
Property taxes	2,224,535	2,130,193	1,979,773	1,368,897
Franchise and public service taxes	1,249,009	1,322,018	1,380,775	1,437,986
E911 taxes	113,610	117,167	98,792	93,739
Hotel/motel taxes	277,307	294,015	332,727	368,826
Investment income	93,243	75,000	284,037	382,339
Miscellaneous	277,565	212,258	139,247	514,193
Transfers-internal activity	6,982,099	2,178,317	2,299,435	4,758,359
Total governmental activities	28,660,628	24,927,144	26,337,423	30,749,048
Business-type activities:				
Investment income	330,530	166,447	461,770	908,708
Miscellaneous	608,826	743,816	202,682	237,068
Transfers-internal activity	(6,982,100)	(2,178,317)	(2,299,435)	(4,758,359)
Total business-type activities	(6,042,744)	(1,268,054)	(1,634,983)	(3,612,583)
Total primary government	\$ 22,617,884	\$ 23,659,090	\$ 24,702,440	\$ 27,136,465
<b>Change in Net Assets</b>				
Governmental activities	\$ 3,621,370	\$ (662,375)	\$ (828,366)	\$ 3,363,821
Business-type activities	(427,259)	4,895,430	6,275,369	1,023,154
Total primary government	\$ 3,194,111	\$ 4,233,055	\$ 5,447,003	\$ 4,386,975

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

	As of June 30,			
	2003	2004	2005	2006
General fund				
Reserved for inventories	\$ 144,293	\$ 179,414	\$ 171,519	\$ 196,965
Reserved for police activities	110,863	109,045	110,373	111,150
Reserved for fire activities	167,177	207,097	228,212	236,210
Reserved for sales tax transfer	1,188,233	1,235,969	1,334,010	1,496,905
Reserved for street and alley	-	9,372	70,907	42,722
Reserved for hotel/motel	-	43,034	40,930	28,797
Unreserved:				
Designated for self insurance	951,031	855,704	855,704	1,072,554
Designated for recreation and culture	528,444	165,246	169,065	99,291
Undesignated	6,130,987	4,944,360	1,271,584	3,117,445
Total general fund	\$ 9,221,028	\$ 7,749,241	\$ 4,252,304	\$ 6,402,039
 All other Governmental Funds				
Reserved for debt service	\$ 613,449	\$ 761,585	\$ 696,375	\$ 168,999
Reserved for capital improvements	553,894	311,827	227,641	182,859
Unreserved, reported in:				
Special revenue funds	3,243,615	5,773,881	7,979,196	10,620,862
Total all other governmental funds	\$ 4,410,958	\$ 6,847,293	\$ 8,903,212	\$ 10,972,720

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

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

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

Fiscal Year	Sales & Use Taxes		Property Taxes		Franchise and Public Service Taxes		E911 Taxes	Hotel/Motel Taxes	Other Taxes	Total Taxes	Sales Tax as Percentage of Total Taxes
1997	\$	13,131,898	\$	1,243,680			\$		1,241,131	\$ 15,616,709	84.09%
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		\$	124,030	\$	993,507	16,924,991	84.66%
2001		14,916,853		1,239,927			135,327		1,264,432	17,789,338	83.85%
2002		16,654,826		1,795,054			127,647		1,024,380	19,838,662	83.95%
2003		17,058,712		2,087,520	\$	1,519,948	113,610			21,057,097	81.01%
2004		18,598,176		2,130,193		1,322,018	117,167			22,461,569	82.80%
2005		19,822,637		1,979,773		1,380,775	98,792			23,614,704	83.94%
2006		21,824,709		1,368,897		1,437,986	93,739			25,094,157	86.97%

(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
	\$	\$	\$	\$	\$	\$		\$	%
1997	90,087	23,379	5,059	118,526	4,828	113,698	10.50	1,039,702	11.40%
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%

Source: Payne County Assessor

The assessed value of the taxable property as certified by the Payne County Assessor to be used for the 2006-2007 fiscal year is as follows:

2007	Real Property	Personal Property	Public Service Property	Total Valuation	Homestead Exemption	Net Total Valuation	Total Direct Tax Rate	Total Estimated Actual Value
	\$	\$	\$	\$	\$	\$	\$	\$
	173,283	35,512	11,516	220,311	5,198	215,113	6.17	1,932,553

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			Meridian Technology		Total
	Debt Service Fund	Independent School District No. 16		Center	Payne County	
1997	\$ 10.50	\$ 56.78	\$ 15.00	\$ 15.00	16.00	\$ 98.28
1998	6.91	55.26	15.00	15.00	16.00	93.17
1999	10.08	53.63	15.00	15.00	16.00	94.71
2000	9.28	52.20	15.00	15.00	16.00	92.48
2001	8.54	54.91	15.00	15.00	16.00	94.45
2002	11.54	57.37	15.00	15.00	16.00	99.91
2003	13.70	64.34	15.00	15.00	16.00	109.04
2004	12.29	62.55	15.00	15.00	16.00	105.84
2005	10.76	62.96	15.00	15.00	16.00	104.72
2006	7.19	63.71	15.00	15.00	16.00	101.90

Source: Payne County Assessor

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

Fiscal Year	City of Stillwater			Meridian Technology		Total
	Debt Service Fund	Independent School District No. 16		Center	Payne County	
2007	\$ 6.17	\$ 62.93	\$ 15.00	\$ 15.00	16.00	\$ 100.10

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

Taxpayer	Type of Business	2006			1997		
		2006 Assessed		Rank	1997 Assessed		Rank
		Valuation	Percentage of Total Assessed Valuation		Valuation	Percentage of Total Assessed Valuation	
Armstrong World Industries, Inc.	Manufacturer of floor coverings	5,067,566	2.36%	1	3,099,911	2.65%	2
Brunswick Corporation	Manufacturer of stern-drive boat motors	4,691,667	2.18%	2	4,325,173	3.69%	1
Southwestern Bell	Telephone utility	4,288,947	1.99%	3	2,940,797	2.51%	3
Quebecor World Inc.	Printer of magazines and advertising inserts	3,084,628	1.43%	4	2,336,251	2.00%	4
Links at Stillwater	Apartments/golf/fitness development	3,038,272	1.41%	5			
Chickasaw Telecom Services, Inc.	Telephone utility	2,272,246	1.06%	6			
Wal-Mart Stores, Inc. #137	Discount supercenter	1,854,438	0.86%	7	843,543	0.74%	8
National Standard Co.	Manufacturer of steel cord for radial tires	1,453,474	0.68%	8	1,782,117	1.52%	5
Oklahoma Natural Gas	Gas Utility	1,380,994	0.64%	9	1,337,686	1.14%	7
Lowe's Home Center, Inc.	Home improvement store	1,354,751	0.63%	10	818,556	0.70%	9
Moore Business Forms, Inc.	Business forms printer				1,460,148	1.25%	6
Frank C. & Ludmila Robson, Co-trustees	Real estate developer				805,870	0.69%	10
		<u>\$28,486,983</u>	<u>13.24%</u>		<u>\$19,750,052</u>	<u>16.89%</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
		Amount	Percentage of Levy	Years' Levies (A)
1996	\$ 1,175	\$ 1,135	97%	\$ 3
1997	1,194	1,191	100%	4
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

(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 FOUR FISCAL YEARS  
*(in thousands of dollars)*

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

\* 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  
*(in thousands of dollars)*

Fiscal Year	City of Stillwater	State of Oklahoma	Payne County
1997	2.00%	4.50%	0.50%
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%

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 7.5% 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  
 LEGAL DEBT MARGIN INFORMATION  
 LAST TEN FISCAL YEARS  
 (in thousands)

**Legal Debt Margin Calculation for Fiscal Year 2006:**

Net assessed valuation								\$ 215,113												
Allowable debt of nonpublic utility bonds, limited by State Constitution, Article 10, Section 26, to 10% of net assessed valuation								\$ 21,511												
Less- Debt applicable to debt limit: Municipal/police building general obligation bonds Legal debt margin								(11,410)												
								\$ 10,101												
Debt limit	\$	11,708	\$	12,437	\$	13,368	\$	14,479	\$	15,480	\$	16,159	\$	17,490	\$	18,426	\$	19,723	\$	21,511
Less - Total net debt applicable to limit	(1,650)	(1,100)	(550)	(8,500)	(14,970)	(13,780)	(12,990)	(11,410)	(12,200)	(12,200)	(12,200)	(12,200)	(12,200)	(12,200)	(12,200)	(12,200)	(12,200)	(12,200)	(12,200)	(12,200)
Legal debt margin	\$	10,058	\$	11,337	\$	12,818	\$	5,979	\$	510	\$	3,710	\$	5,436	\$	7,523	\$	10,101	\$	10,101
Total net debt applicable to the limit as a percentage of debt limit		14.1%	8.8%	4.1%	58.7%	96.7%	90.2%	78.8%	70.5%	61.9%	53.0%									

CITY OF STILLWATER, OKLAHOMA  
 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
 AS OF JUNE 30, 2006  
 (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
	\$		\$		\$		%	\$	
<b>Debt repaid with property taxes</b>									
Stillwater Independent School District #16	\$	24,870	\$	5,587	\$	19,283	84.93%	\$	16,378
<b>Debt repaid with sales taxes</b>									
Payne County Facilities Authority	\$	20,335	\$	2,340	\$	17,995	73.84%	\$	13,288
Subtotal - overlapping debt								\$	29,666
<b>City of Stillwater direct debt</b>	\$	11,410	\$	152	\$	11,258	100.00%	\$	11,258
<b>Total direct and overlapping debt</b>								<u>\$</u>	<u>40,924</u>

(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  
*(dollars in thousands, except per capita)*

Fiscal Year	Business-Type Activities										Debt as	
	Governmental Activities					Business-Type Activities					Percentage of Personal Income	Total Debt Per Capita
	General Obligation Bonds	Revenue Bonds	General Obligation Bonds	Notes Payable	Capital Leases	Total Primary Government	Personal Income (in thousands of dollars)		Population			
1997	\$ 1,650,000	\$ 19,115,000	\$ 4,445,000	\$ -	\$ -	\$ 25,210,000	\$ 1,193,276	2.1%	38,750	\$	650.58	
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	**	**	45,674		1,087.64	
2006	11,410,000	18,945,000	-	14,009,350	1,563,305	45,927,655	**	**	46,588		985.83	

\*\* Data not available at time of publication

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

Revenue Bonds and Notes Payable

Fiscal Year	Operating				Debt Service			Coverage	Sales Tax Transfer	Coverage with sales tax transfer
	Revenues	Less: Operating Expenses	Principal	Interest	Interest	Coverage	Sales Tax Transfer			
1997	\$ 28,625	\$ 20,689	\$ 875	\$ 1,093	4.03	\$ 3,777	5.95		5.95	
1998	30,187	21,989	945	2,119	2.68	3,950	3.96		3.96	
1999	31,689	23,405	1,025	1,124	3.85	4,234	5.83		5.83	
2000	32,460	24,820	1,115	1,090	3.46	4,515	5.51		5.51	
2001	38,160	28,411	1,210	1,120	4.18	4,817	6.25		6.25	
2002	36,113	26,633	1,410	1,021	3.90	4,838	5.89		5.89	
2003	36,506	26,855	916	819	5.56	4,865	8.37		8.37	
2004	38,117	27,292	2,515	823	3.24	5,172	4.79		4.79	
2005	43,596	37,498	2,305	709	2.02	5,379	3.81		3.81	
2006	48,198	42,396	2,625	693	1.75	5,751	3.48		3.48	

Note: A one-cent sales tax is collected which is available for debt coverage and operational needs. This sales tax is available to meet revenue bond and notes payable debt service requirements.

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

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

\*data for years prior to 2003 not readily available

CITY OF STILLWATER, OKLAHOMA  
 CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM  
 LAST SEVEN 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>
<b>Governmental activities:</b>							
Public safety							
Police stations	1	1	1	1	1	1	1
Fire stations	4	4	4	4	4	4	4
Recreation and culture							
Athletic fields	21	21	21	21	21	21	24
Tennis Courts	14	14	14	14	14	14	14
Neighborhood/community parks	22	22	22	22	22	22	24
Street and sewers							
Streets (miles)	246	295	255	255	295	295	297
Traffic signals	48	48	50	50	51	51	53
<b>Business-type activities:</b>							
Electric, water, wastewater							
Power plants	1	1	1	1	1	1	1
Substations	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
Water							
Water Plant	1	1	1	1	1	1	1
Water storage towers (away from plant)	4	4	4	4	4	4	4
Wastewater							
Wastewater Plant	1	1	1	1	1	1	1
Lift Stations	7	8	8	9	11	13	15
Stillwater Public Golf Authority							
Acreage	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 SEVEN 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>
<b>Governmental activities:</b>							
<b>Public safety</b>							
Traffic citations	5,879	6,409	5,999	5,769	6,252	5,621	5,700
Parking tickets	9,952	9,744	6,914	10,161	10,645	12,967	14,000
Police calls for service	41,407	43,978	42,104	39,691	41,924	42,721	44,697
Animals handled by Animal Control	3,008	3,288	2,959	2,607	2,951	2,411	4,034
Fire calls for service	1,307	1,438	1,704	1,682	1,463	1,390	1,517
Ambulance calls for service	3,105	3,264	3,470	3,501	3,502	3,486	3,512
<b>Recreation and culture</b>							
Acres mowed (1)	935	935	935	950	950	12,229	8,532
Program participants	7,034	5,797	6,073	5,734	5,638	6,154	6,303
Senior Center daily average attendance	64	62	68	57	62	73	67
Multi Arts participants	832	663	694	886	1,100	1,341	2,978
Swimming pool admissions	17,350	17,850	22,018	20,071	22,000	29,148	17,342
Mini bus rides	14,125	13,808	20,923	20,123	20,500	17,284	15,554
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
<b>General government</b>							
Supported micro-computers by IT	342	365	396	415	403	418	411
Helpdesk/trouble calls by IT	**	868	2,016	2,323	2,067	1,624	2,122
Ordinances drafted	34	32	29	37	42	71	**
<b>Financial administration</b>							
Computer generated accounts payable checks	11,464	13,753	10,801	10,198	10,387	5,995	4,262
Budget revisions/amendments processed	458	462	437	448	464	478	430
Requisitions reviewed	7,830	9,590	10,801	9,207	8,444	3,427	1,902
Municipal court cases	2,796	9,541	10,113	10,213	10,826	11,000	11,000
<b>Street and sewers</b>							
Blocks of striping	185	165	238	70	144	150	89
Signs made	**	**	**	458	439	450	270
Crack sealant (blocks)***	6,735	2,024	8,723	71	59	62	68
Slurry sealant (blocks)	139	155	138	200	107	175	74
Concrete replacement (cu. yds.)	**	**	**	636	914	900	900
<b>Engineering and public works administration</b>							
Developments reviewed	52	106	121	127	149	166	201
Permits issued	**	**	742	1,856	2,217	3,730	3,494
Vehicles maintained	274	274	278	280	283	285	293
Fleet job orders completed	3,463	3,592	3,406	3,070	3,272	3,686	3,085
<b>Health and welfare</b>							
Code enforcement inspections	3,667	4,721	4,736	5,045	3,636	4,400	7,584
High grass and weed cases	335	525	602	600	604	592	593
Trees and shrubs planted	157	269	203	217	210	210	197
<b>Business-type activities:</b>							
<b>Electric, water and wastewater operations</b>							
Electric connections	17,084	17,429	17,592	18,480	18,754	19,113	19,800
Water connections	12,641	12,712	12,943	13,337	13,709	14,067	14,932
Water line repairs	83	103	138	189	144	126	292
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
<b>Sanitation operations</b>							
Landfill usage (tons)	21,021	20,326	19,131	17,775	17,822	18,513	20,002
Yard waste hauled (tons)	N/A	N/A	N/A	1,329	1,050	960	961
<b>Community Center operations</b>							
Admissions	60,000	92,800	102,789	90,386	71,328	77,404	107,228
<b>Stillwater Public Golf Authority</b>							
Rounds of golf	34,867	33,236	33,665	31,268	28,339	28,735	31,218
<b>Airport Operations</b>							
Operations (avg month)	**	**	4,500	4,897	4,945	5,267	5,912

\*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

<b>Employer</b>	<b><u>Employees</u></b>	<b><u>Rank</u></b>	<b><u>Percentage of Total City Employment</u></b>
Oklahoma State University	5,478	1	28%
Mercury MerCruiser	935	2	5%
Stillwater Public Schools	756	3	4%
Stillwater Medical Center	755	4	4%
City of Stillwater	590	5	3%
Wal-Mart	523	6	3%
Stan Clark Companies	500	7	3%
Oncue Marketing	470	8	2%
OK State Dept. of Career Tech	356	9	2%
Quebecor World	310	10	2%
 Others:			
National Standard	244		
Stillwater National Bank	237		
Creative Labs	225		
Stillwater Designs/Kicker Audio	211		
Armstrong World Industries	194		
Northern Oklahoma College - Stillwater	125		
Meridian Technology	116		

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

Fiscal Year	Education Level in Years of Schooling (3)									
	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)	Unemployment Rate (5)	
1997	38,750	\$ 1,193,276	\$ 17,933				5,545	20,129	1.6%	
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	23.9	91.6%	48.0%	5,292	20,694	1.0%	
2001	39,065	1,483,556	21,735				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	45,674	**	**				5,479	21,596	3.9%	
2006	46,588	**	**				5,560	23,748	5.0%	

\*\* Data not available at time of publication

(1) Population estimates provided by the City of Stillwater Department of Community Development and the US Census Bureau. 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 MSA - 2004"

(3) Median Age and educational attainment provided by US 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

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