

City of Stillwater, Oklahoma

*Comprehensive Annual Financial Report
Fiscal Year ended June 30, 2009*

CITY OF
stillwater

CITY OF STILLWATER, OKLAHOMA

Comprehensive Annual Financial Report

And Accompanying

Independent Accountants' Report

For the Fiscal Year Ended June 30, 2009

Prepared by:

Department of Finance

Marcy Alexander

Director of Finance

**CITY OF STILLWATER, OKLAHOMA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009
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*Introductory
Section*



December 7, 2009

To the Honorable Mayor Nathan Bates, members of the City Council and the Citizens of the City of Stillwater, Oklahoma:

The comprehensive annual financial report of the City of Stillwater, for the fiscal year ended June 30, 2009, is submitted herewith. This report was prepared by the City's Department of Finance. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City in accordance with accounting principles generally accepted in the United States of America; and, accordingly, all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our Management's Discussion and Analysis.

OVERVIEW

Report Format

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

For fiscal year 2009, the independent accountants' report on the internal control and compliance with applicable laws, is presented in a separate document which is available upon request.

Governmental Structure, Local Economic Conditions and Outlook

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

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

The economic outlook for the City of Stillwater and its residents is positive. Even with the recession this area of the country has fared better than most. Although this area is now experiencing some downturn, Stillwater is still poised to be in a better position than many other cities in the state and the U.S. The City has a diverse economy with a high degree of stability. Stillwater is the county seat for Payne County and houses other governmental entities and educational centers that provide a stable labor force. Oklahoma State University is the City's largest employer and the City is also the headquarters for the Oklahoma Department of Career and Technology Education and the Meridian Technology Center.

Employment in the state and local government sectors account for approximately 45% of local wage and salary jobs. In addition manufacturing and advanced technology companies cover a large share of the local economic base. A study by the Oklahoma Cooperative Extension Service at Oklahoma State University has concluded that Stillwater manufacturing and advanced technology companies account for one quarter of the total economic activity in Payne County. The health care sector has been a contributor to local job growth in the past decade. In 2008 and 2009, Stillwater continued to see retail growth. The addition of several national retailers is expected to have a positive effect on Stillwater's economy by helping to retain local dollars and adding to the sales tax collections. The retail additions are also expected to broaden the city's regional trade influence.

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

The Reporting Entity and Its Services

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

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

FINANCIAL INFORMATION

Internal Controls

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

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

Budgetary Control

The administrative level of budgetary control is maintained at the character classification level by the encumbrance of estimated purchase amounts prior to the release of purchase orders to vendors. The legal

level of control at which expenditures and encumbrances may not exceed appropriations is at the category levels for personal services, materials and supplies, other services and charges, capital outlay and debt service for each department within each fund. The method of budget adoption and amendment process is described in Note 1 to the financial statements in the financial section of this report.

Accounting System

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

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

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

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

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

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

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

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

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

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

General Fund Operations

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

Enterprise Fund Operations & Similar Component Units

The SUA, the Airport Fund, the SPGA, and the SIRA are classified as Enterprise Funds for reporting purposes. Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprise where the intent of the governing body is that costs of providing

goods or services to the general public on a continuing basis be financed or recovered primarily through user charges and/or a determination of net income is desirable. Services accounted for in Enterprise Funds are tangible, and it is possible to determine the extent to which they benefit individual service consumers.

Risk Management

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

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

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

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

Cash Management

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

Reserve Policy

The City has implemented a policy designed to add to the emergency reserves. This policy is an informal budgetary policy utilized at the direction of the City Manager with council agreement. The reserve initially was \$13,000,000 with \$11,000,000 allocated to the SUA and \$2,000,000 allocated to the city's general fund. The policy has increased this reserve by the area's CPI index or 3% or whichever is greater on an annual basis. The reserve at June 30, 2009 is \$13,791,700.

American Recovery and Reinvestment Act of 2009

The city actively pursued funds available from the American Recover and Reinvestment Act of 2009 (ARRA). The city was able to complete a \$5.8 million runway expansion at the airport and secured funds for \$13.5 million in water and wastewater projects which will begin in fiscal year 2009-10.

Independent Audit

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

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

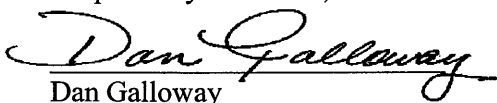
Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Stillwater for its comprehensive annual financial report for the fiscal year ended June 30, 2008. The Certificate of Achievement 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.

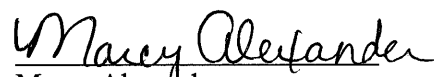
A Certificate of Achievement is valid for a period of one year only. The City of Stillwater has received a Certificate of Achievement for the last twenty-seven consecutive years. We believe that our current report continues to meet the Certificate of Achievement Program requirements and we are submitting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

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

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

Respectfully submitted,


Dan Galloway
City Manager


Marcy Alexander
Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Stillwater
Oklahoma

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

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.



President

Executive Director

CITY OF STILLWATER, OKLAHOMA
CITY OFFICIALS AND AUDIT COMMITTEE

JUNE 30, 2009

Mayor and City Council

Nathan Bates	Mayor
Tom Dugger	Vice Mayor
Tom Williams	Councilor
Charles Hopkins	Councilor
Darrell Dougherty	Councilor

Audit Committee

John Mowen	Chairman
Rex Horning	Vice-Chairman
Joe Weaver	Member
Manny Cervantes	Member
Kelly Cox	Member

Administration

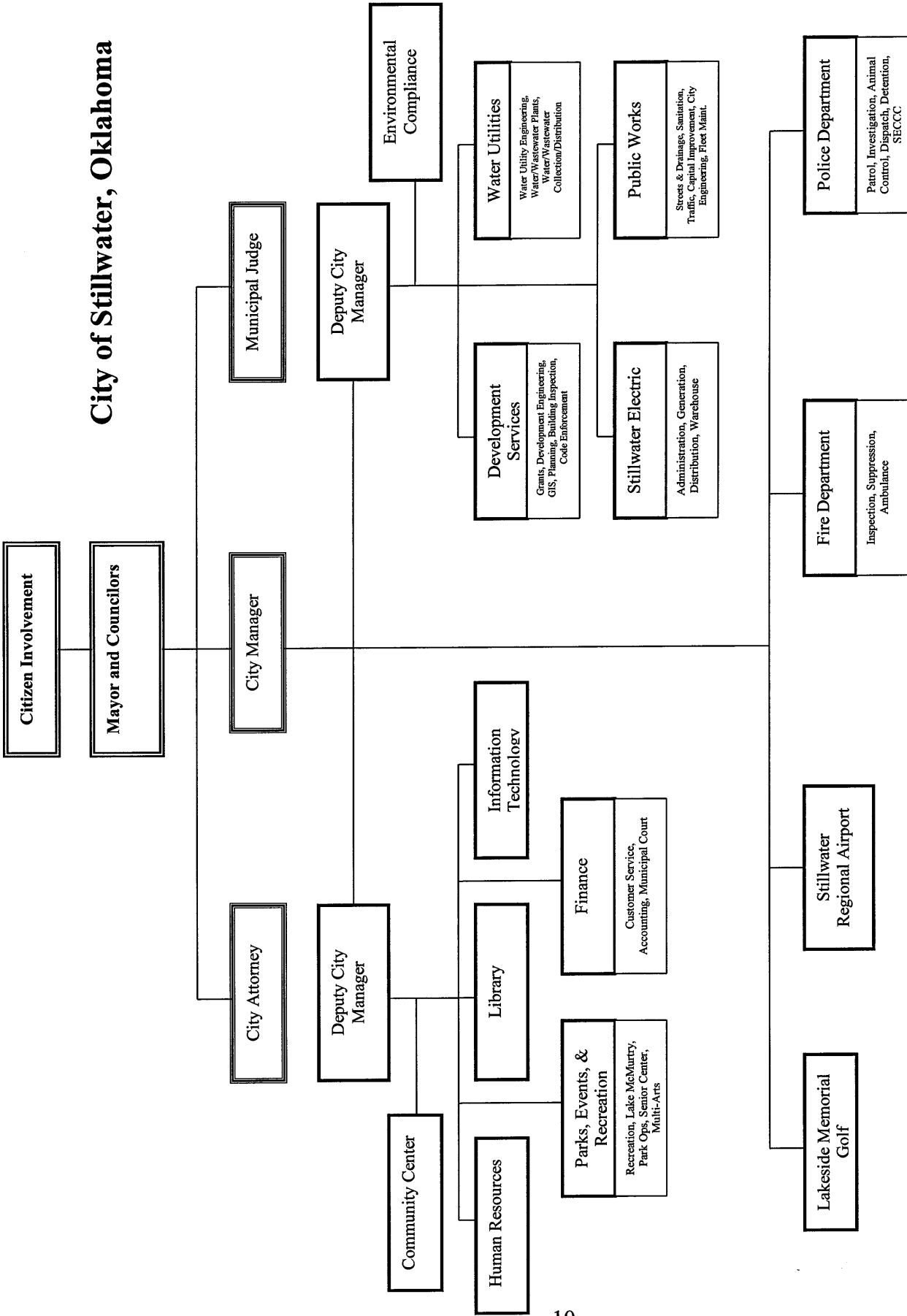
Dan Galloway	City Manager
Mary Rupp	Deputy City Manager
Dan Blankenship	Deputy City Manager
Marcy Alexander	Director of Finance
Lynda Reynolds	Director of Library
Roy Lavicky	Director of Information Services
Jeff Tullis	Director of Electric Utility
Paula Dennison	Director of Development Services
Ralph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

Department Of Finance-Accounting Division

Tamara Brown	Accounting Supervisor
Christy Cluck	Authority Accountant
Sherry Petty	Financial Review Specialist

City Phone Number: (405) 372-0025

City of Stillwater, Oklahoma



*Financial
Section*

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members of the City Council of the
City of Stillwater, Oklahoma

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Stillwater, Oklahoma (the "City") as of and for the year ended June 30, 2009, 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 Stillwater Medical Center Authority or the Stillwater Convention and Visitors Bureau, which the City reports as discretely presented component units. Those financial statements were audited by other auditors whose reports thereon has been furnished to us, and our opinion, insofar as it related to the amounts included for these discretely presented component units, is based on the reports of the other auditors.

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

In our opinion, based on our audit and the reports of the other auditors, 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, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2009, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and Budgetary Comparison Schedules, as listed in the Table of Contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the 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 other supplementary information, as listed in the Table of Contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. This 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 other information, listed in the Table of Contents under the Introduction Section and Statistical Section, has not been audited by us and, accordingly, we express no opinion on such data.

John M. Arledge & Associates, P.C.

Edmond, Oklahoma
December 11, 2009



Management's Discussion and Analysis Fiscal Year Ended June 30, 2009

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, 2009. 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. These statements include all assets of the City, including infrastructure, as well as all liabilities, including long-term debt. 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.

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 electric, water, sewer and sanitation utilities are reported here, along with the golf course and airport.

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

Reporting the City's Most Significant Funds – Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Stillwater, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money. All of the funds of the City of Stillwater can be divided into two categories: governmental funds and proprietary funds.

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

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

The General Fund's fund balance decreased by \$184,438 mainly as a result of revenues not keeping pace with operating expenditures.

The Transportation Fund receives a transfer from the general fund of a ½ percent sales tax dedicated for transportation improvements. The Transportation Fund decreased by \$3,410,292 due to increased project activity and debt service payments.

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 \$4.1 million or 4.23%. Rate increases were implemented for all operations of the SUA: Electric, Water, Wastewater and Sanitation. Operating Expenditures increased \$179,428 or 4.0%.

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, 2009, net assets for the governmental activities and business-type activities changed as follows:

	Governmental Activities	Business-type Activities	Total
Beginning net assets	\$ 90,050	\$ 109,012	\$ 199,062
Increase/(Decrease)	56	4,466	4,522
Ending net assets	<u>\$ 90,106</u>	<u>\$ 113,478</u>	<u>\$ 203,584</u>

The above numbers reflect a increase of .06% in net assets for governmental activities and an increase of 4.10% in net assets for business-type activities. Overall, the net assets for both governmental and business type activities increased 2.27% 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)

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Assets:						
Current and other assets	15,309	18,023	37,155	38,031	52,464	56,054
Capital assets	91,119	87,836	112,431	111,262	203,550	199,098
Total assets	106,428	105,859	149,586	149,293	256,014	255,152
Liabilities:						
Long-term liabilities	11,687	12,046	31,359	35,542	43,046	47,588
Other liabilities	4,635	3,763	4,749	4,738	9,384	8,501
Total liabilities	16,322	15,809	36,108	40,280	52,430	56,089
Net assets:						
Invested in capital assets	82,079	78,006	88,903	84,155	170,982	162,161
Restricted	7,239	10,468	2,303	2,263	9,542	12,731
Unrestricted	788	1,576	22,272	22,594	23,060	24,170
Total net assets	90,106	90,050	113,478	109,012	203,584	199,062

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, 91.09 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, 8.03 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 \$55,632 which contributed to a .03% 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	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program revenues:						
Charges for services	\$ 4,922	\$ 4,092	\$54,957	\$54,760	\$59,879	\$58,852
Operating Grants & contributions	213	121	-	-	213	121
Capital grants & contributions	783	853	3,288	2,155	4,071	3,008
General revenues:						
Sales taxes	24,130	23,860	-	-	24,130	23,860
Other taxes	3,558	3,368	-	-	3,558	3,368
Other general revenues	106	1,051	686	1,447	792	2,498
Total Revenues	33,712	33,345	58,931	58,362	92,643	91,707
Program Expenses:						
General Government	4,363	3,812			4,363	3,812
Financial Administration	614	648			614	648
Public Safety	16,474	17,239			16,474	17,239
Streets & Sewers	7,393	7,009			7,393	7,009
Engineering and Public Works Administration	859	630			859	630
Recreation and Culture	5,778	5,645			5,778	5,645
Economic Development	1,057	1,035			1,057	1,035
Health and Welfare	1,787	1,670			1,787	1,670
Interest on Long-term Debt	479	528			479	528
Stillwater Utilities Authority			45,927	45,652	45,927	45,652
Stillwater Public Golf Authority			1,150	1,205	1,150	1,205
Business Area Development			208	45	208	45
Airport Operations			2,033	2,670	2,033	2,670
Total Expenses	38,804	38,216	49,318	49,572	88,122	87,788
Increase/(Decrease) in Net Assets Before Transfers	(5,092)	(4,871)	9,613	8,790	4,521	3,919
Net Transfers	5,148	4,115	(5,148)	(4,115)	-	-
Increase/(Decrease) in Net Assets	\$ 56	\$ (756)	\$ 4,465	\$ 4,675	\$ 4,521	\$ 3,919

Governmental Activities

Sales and use tax received in fiscal year 2009 resulted in an increase over the prior year of \$269,708. 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 \$1,032,197. Property taxes decreased \$351,710 due to a decrease in the City's mill levy. Investment incomes decreased by \$358,115 due to a decrease in principal invested and lower interest rates. Fund balances for governmental activities increased by .06%.

Business-type Activities

Business-type activities increased the City of Stillwater's net assets by \$4,465,950 which contributed a 2.24% increase in the net assets of the City of Stillwater. Rate increases enacted for all utility services contributed to a \$535,427 increase in charges for services in the business-type activities.

General Fund Budgetary Highlights

The general fund budget for fiscal year 2008-09 was conservative, designed to preserve current service levels, while meeting the City Council's financial goals for community priorities. Sales tax revenues were estimated to grow at 4.00%. The expenditure budget was prepared with a 6% increase from the previous year's original budget. A 3% COLA was budgeted across all positions. 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.

Miscellaneous revenues were received during the year that were above budgeted levels. The City has been utilizing E-bay for auction sales of surplus items. This activity generated over \$50,000 in revenue. An active oil well in which the City has a royalty interest brought in an additional \$33,000 at a time that oil prices were spiking at over \$90 a barrel. The City received a settlement from a re-insurance claim of over \$200,000. The City continues to investigate additional revenue streams and to be more aggressive in the pursuit of traditional revenues.

The budget was prepared with the goal of a reserve in the general fund of \$2,121,800 and \$11,669,900 in SUA.

Capital Asset & Debt Administration

The following is a summary of changes in capital assets and debt administration for FY2009. More detailed information on capital asset activity and long-term debt activity is contained in the accompanying notes to the financial statements on pages 48 and 49 and pages 51 to 56, respectively.

Capital Assets

At the end of June 30, 2009, the City had \$203.5 million invested in capital assets including police and fire equipment, buildings, park facilities, water and sewer lines, electric systems and roads.

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$ 6,255	\$ 5,640	\$ 1,689	\$ 1,689	\$ 7,944	\$ 7,329
Buildings	24,368	24,277	9,154	7,109	33,522	31,386
Other Improvements	-	-	22,161	22,050	22,161	22,050
Equipment	19,933	19,536	19,599	19,957	39,532	39,493
Infrastructure	134,108	128,141	170,094	164,410	304,202	292,551
Intangible Assets	-	-	74	74	74	74
Construction-in-progress	6,431	4,452	4,549	5,122	10,980	9,574
	191,095	182,046	227,320	220,411	418,415	402,457
Less Depreciation	99,976	94,210	114,890	109,149	214,866	203,359
Totals	\$ 91,119	\$ 87,836	\$ 112,430	\$ 111,262	\$ 203,549	199,098

Debt Administration

At year-end, the City had \$38.7 million in long term debt. These debts are further detailed below as follows:

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

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
General Obligation Bonds	\$ 9,040	\$ 9,830	\$ -	\$ -	\$ 9,040	\$ 9,830
Capital Lease Obligations	-	-	938	1,031	938	1,031
Notes Payable	-	-	17,391	18,606	17,391	18,606
Revenue Bonds	-	-	10,967	13,825	10,967	13,825
Refundable Grant Obligations	323	363	50	-	373	363
Totals	\$ 9,363	\$ 10,193	\$ 29,346	\$ 33,462	\$ 38,709	\$ 43,655

Economic Factors and Next Year's Budget

Stillwater has not experienced many of the extreme economic situations that have faced many parts of the nation. Stillwater has been experiencing significant growth in the retail, hotel and financial sectors. Several new hotels, banks, restaurants and other retailers are newly open. The City's first Business Improvement District located in downtown has seen significant investment in the area since its creation in December 2007. Several businesses in the area have improved their facades and new establishments have located or relocated to the district. Regular utility rate increases in the past few years have also added to revenues.

Stillwater employers have remained fairly stable and there have been no closings of major employers, however Mercruiser has announced plans to relocate its Stillwater operations to Wisconsin by 2011. Armstrong World Industries and Mercruiser have had recent lay-offs and Mercruiser has relocated several employees but with high demand for workers, including other local manufacturers, the impact to the local economic condition is expected to be minimal and short-term. Interworks, Ocean Dental and Accurate labs have recently completed expansions. EagleMed has located its regional 24-hour medical evacuation service at Stillwater Regional Airport. The company will employ 14 medical and technical personnel and will utilize various rotor and fixed-wing aircraft.

The Stillwater Industrial Foundation (SIF) purchased a 46-acre site for development of new sites for manufacturing and distribution. Partial financing for this project came from Forward Stillwater, a local initiative over the last 5 years to raise funds to provide incentives for economic development. The SIF also sold its remaining interest in the Airport Industrial/Office Park, a 52-acre business park adjacent to Stillwater Regional Airport. The buyer plans to begin development of build-to-suit and lease space ranging from 6,500 to 100,000 square feet. The Oklahoma Technology and Research Park (OTRP) is near completion on the Michael S. Morgan Business Accelerator Building on the tech park campus. This will become the fourth building constructed at the tech park and will provide office and lab space for emerging technology companies. Both the Airport Industrial Park and the OTRP received certification from the Oklahoma Department of Commerce. The certification assures prospective investors and tenants that the sites have met a high quality of standards.

Oklahoma State University has planned expansion projects representing over \$800 million dollars over the next five years, generating a \$1.2 billion economic impact on the Stillwater area. A multimodal transportation facility has been completed on Campus. This \$16 million transit hub used by the OSU bus system also includes more than 1,200 parking spaces for students and visitors to OSU. OSU in cooperation with Northern Oklahoma College is constructing a new classroom building on the OSU campus. The shared facility will include classrooms, computer labs and lecture halls. Stillwater Public Schools passed a \$31 million bond issue that will be used for band and orchestra instruments, security, furniture and equipment, technology, agriculture education facility improvements, an Early Childhood Center, and athletic facilities including a new multipurpose stadium which opened for the fall 2009 football season.

From January through June 2009, there were 42 new single family residential permits issued totaling \$9,139,715 and 4 commercial permits issued totaling \$180,000. Enrollment at Oklahoma State University showed a slight increase for the Fall 2009 semester with a headcount of 22,845.

The budget for the fiscal year 2009-10 was adopted by the Stillwater City Council on June 8, 2009, and went into effect on July 1, 2009. A basic set of capital projects have been approved in the budget. Emphasis has been placed on completing works in progress and priority projects before additional projects are added in future year capital plans or budgets. No cost of living increases were authorized and operation and maintenance budgets were based on zero growth estimates.

Utility rates are subject to an additional increase in January based on the CPI index of up to 3%. The budget has been designed to reflect a commission policy to increase the reserves held of \$2,121,800 in the general fund and \$11,669,900 in the Stillwater Utilities Authority by 3% to \$2,185,454 and \$12,019,997 respectively.

Contacting the City's Financial Management

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

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CITY OF STILLWATER, OKLAHOMA
STATEMENT OF NET ASSETS
JUNE 30, 2009

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Stillwater Medical Center Authority	Stillwater Convention and Visitors Bureau
ASSETS					
Cash and cash equivalents	\$ 7,518,254	\$ 22,251,318	\$ 29,769,572	\$ 16,665,813	\$ 40,913
Investments	-	-	-	14,897,163	-
Accounts receivable, net	1,364,094	7,539,301	8,903,395	10,621,049	82,776
Internal balances	2,165,074	(2,165,074)	-	-	-
Installment loans receivable	-	27,759	27,759	-	-
Leasehold receivable	-	322,776	322,776	-	-
Inventories	270,012	1,222,927	1,492,939	2,078,638	-
Due from other governments	3,991,935	34,463	4,026,398	-	-
Other assets	-	-	-	1,602,858	-
Restricted cash and cash equivalents	-	7,668,283	7,668,283	1,494,842	-
Restricted investments	-	-	-	1,245,001	-
Capital assets:					
Land and construction in progress	12,686,162	6,238,240	18,924,402	5,404,525	-
Other capital assets, net of accumulated depreciation	78,432,868	106,192,536	184,625,404	34,810,276	4,334
Other assets	-	-	-	1,041,114	-
Unamortized debt issuance costs	-	253,545	253,545	-	-
Total assets	106,428,399	149,586,074	256,014,473	89,861,279	128,023
LIABILITIES					
Accounts payable	2,378,875	3,986,020	6,364,895	2,463,436	426
Accrued liabilities	2,219,807	384,635	2,604,442	4,365,079	9,067
Accrued interest payable	35,935	289,931	325,866	78,134	-
Unearned revenue	-	88,207	88,207	-	-
Long-term liabilities:					
Due within one year	842,430	5,599,858	6,442,288	1,645,050	-
Due in more than one year	10,384,088	25,561,335	35,945,423	18,161,858	-
Other post employment benefits obligations	461,329	197,713	659,042	-	-
Total liabilities	16,322,464	36,107,699	52,430,163	26,713,557	9,493
NET ASSETS					
Invested in capital assets, net of related debt	82,079,030	88,903,111	170,982,141	20,407,893	4,334
Restricted for:					
Capital projects	14,093	54,756	68,849	-	-
Debt service	279,996	2,248,810	2,528,806	2,739,843	-
Street improvements	6,199,305	-	6,199,305	-	-
Specific operating activities	745,814	-	745,814	226,567	-
Nonexpendable operating activities	-	-	-	514,687	-
Unrestricted	787,697	22,271,698	23,059,395	39,258,732	114,196
Total net assets	\$ 90,105,935	\$ 113,478,375	\$ 203,584,310	\$ 63,147,722	\$ 118,530

The accompanying notes are an integral part of this statement.

CITY OF STILLWATER, OKLAHOMA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating		Governmental Activities	Primary Business-type Activities	Component Units	
			Grants and Contributions	Capital Grants and Contributions			Stillwater Medical Center Authority	Stillwater Convention & Visitors Bureau
Primary Government								
Government activities								
Public safety	16,473,868	\$ 261,425	\$ 154,564	\$ -	\$ (16,057,879)	\$ -	\$ (16,057,879)	
Recreation and culture	5,778,583	781,810	58,763	29,916	(4,908,094)	-	(4,908,094)	
General government	4,362,965	1,030,075	-	-	(3,332,890)	-	(3,332,890)	
Financial administrator	614,382	1,065,196	-	-	450,814	-	450,814	
Street and sewers	7,393,163	547,636	-	753,150	(6,092,377)	-	(6,092,377)	
Engineering and public works administration	858,882	-	-	-	(858,882)	-	(858,882)	
Economic development	1,056,928	-	-	-	(1,056,928)	-	(1,056,928)	
Health and welfare	1,786,891	1,235,782	-	-	(551,109)	-	(551,109)	
Interest on long-term debt	478,827	-	-	-	(478,827)	-	(478,827)	
Total governmental activities	38,804,489	4,921,924	213,327	783,066	(32,886,172)	-	(32,886,172)	
Business-type activities								
Electric, water, wastewater and sanitation operations	45,926,941	53,052,449	-	2,561,483	-	9,686,991	9,686,991	
Stillwater Public Golf Authority	1,149,566	724,560	-	-	-	(425,006)	(425,006)	
Business area development	208,731	10,480	-	147,118	-	(51,133)	(51,133)	
Airport operations	2,032,704	1,169,831	-	579,782	-	(283,091)	(283,091)	
Total business-type activities	49,317,942	54,957,320	-	3,288,383	-	8,927,761	8,927,761	
Total primary government	\$ 88,122,431	\$ 59,879,245	\$ 213,327	\$ 4,071,449	(32,886,172)	8,927,761	(23,958,411)	
Component Units								
Medical Center	\$ 84,533,247	\$ 84,836,390	\$ 6,158	\$ 427,771				\$ -
Economic Development	465,278	433,422	-	-				(31,856)
Total component units	\$ 84,998,525	\$ 85,269,812	\$ 6,158	\$ 427,771				\$ (31,856)
General revenues								
Taxes:								
Sales and use taxes					24,129,712	-	24,129,712	
Property taxes					991,643	-	991,643	
Franchise and public service taxes					2,047,096	-	2,047,096	
E911 taxes					81,928	-	81,928	
Hotel/motel taxes					437,781	-	437,781	
Investment Income					105,909	232,822	338,731	577
Miscellaneous					-	453,103	453,103	
Transfers-internal activity					5,147,735	(5,147,735)	-	
Total general revenues and transfers					32,941,804	(4,461,810)	28,479,994	577
Change in net assets					55,632	4,465,951	4,521,583	(31,279)
Net assets -beginning					90,050,303	109,012,424	199,062,727	149,809
Net assets-ending					\$ 90,105,935	\$ 113,478,375	\$ 203,584,310	\$ 118,530

The accompanying notes are an integral part of this statement.

CITY OF STILLWATER, OKLAHOMA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009

	General	Transportation Improvement	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ -	\$ 7,663,080	\$ 1,072,614	\$ 8,735,694
Due from other governments	3,879,295	-	112,640	3,991,935
Accounts receivable, net of uncollectable accounts of \$1,361,045	1,267,254	64,931	31,909	1,364,094
Due from other funds	1,911,074	-	793	1,911,867
Inventories	270,012	-	-	270,012
Total assets	<u>\$ 7,327,635</u>	<u>\$ 7,728,011</u>	<u>\$ 1,217,956</u>	<u>16,273,602</u>
LIABILITIES				
Cash overdraft	\$ 1,444,210	\$ -	\$ -	\$ 1,444,210
Accounts payable	763,737	1,514,657	100,481	2,378,875
Accrued liabilities	1,291,061	10,355	5,414	1,306,830
Due to other funds	23,218	3,694	2,460	29,372
Deferred revenue	560,282	-	53,056	613,338
Total liabilities	<u>4,082,508</u>	<u>1,528,706</u>	<u>161,411</u>	<u>5,772,625</u>
FUND BALANCES				
Reserved for inventories	270,012	-	-	270,012
Reserved for debt service	-	-	279,996	279,996
Reserved for police activities	105,158	-	-	105,158
Reserved for fire activities	323,533	-	-	323,533
Reserved for capital improvements	-	-	14,093	14,093
Reserved for hotel/motel	47,111	-	-	47,111
Reserved for sales tax transfer	1,647,182	-	-	1,647,182
Unreserved:				
Designated for self insurance	855,704	-	-	855,704
Designated for recreation and culture	111,504	-	-	111,504
Special revenue funds undesignated	-	6,199,305	762,456	6,961,761
General Fund undesignated	(115,077)	-	-	(115,077)
Total fund balances	<u>3,245,127</u>	<u>6,199,305</u>	<u>1,056,545</u>	<u>10,500,977</u>
Total liabilities and fund balances	<u>\$ 7,327,635</u>	<u>\$ 7,728,011</u>	<u>\$ 1,217,956</u>	

Amounts reported for governmental activities in the Statement of Net Assets are different because:
Capital assets used in governmental activities are not financial resources and, therefore, are not
report in the funds, net of accumulated depreciation of \$99,975,732

91,119,030

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

613,338
continued

Internal Service fund assets and liabilities are reported in the proprietary fund in the fund financial statements but are included in government activities in the Statement of Net Assets	186,574
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	(912,978)
Accrued interest payable	(35,935)
General obligation bonds payable	(9,040,000)
Accrued compensated absences	(1,863,742)
Accrued post employment obligations	(461,329)
Net assets of governmental activities	<u>\$ 90,105,935</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, 2009

	General	Transportation Improvement	Other Governmental Funds	Totals Governmental Funds
REVENUES				
Taxes	\$ 26,258,736	\$ -	\$ 1,423,553	\$ 27,682,289
Intergovernmental	213,327	-	160,441	373,768
Charges for services	1,165,539	-	262,152	1,427,691
Fines and forfeits	810,280	-	-	810,280
Fees and rentals	932,655	-	-	932,655
Investment income	11,663	83,279	8,521	103,463
Licenses and permits	242,593	-	-	242,593
Other miscellaneous revenues	1,335,071	78,099	15,400	1,428,570
Total revenues	30,969,864	161,378	1,870,067	33,001,309
EXPENDITURES				
Current				
Public safety	15,987,890	-	-	15,987,890
Recreation and culture	5,061,282	-	-	5,061,282
General government	3,603,225	-	-	3,603,225
Financial administration	578,460	-	-	578,460
Streets and sewers	2,048,940	341,683	267,589	2,658,212
Operations	872,035	-	-	872,035
Economic development	1,056,929	-	-	1,056,929
Human services	1,405,638	-	385,804	1,791,442
Debt service:				
Principal retirements	-	-	790,000	790,000
Interest and fiscal charges	-	-	483,045	483,045
Capital outlay	1,691,079	6,664,053	222,923	8,578,055
Total expenditures	32,305,478	7,005,736	2,149,361	41,460,575
Deficiency of revenues under expenditures	(1,335,614)	(6,844,358)	(279,294)	(8,459,266)
OTHER FINANCING SOURCES (USES)				
Transfers in	12,003,246	5,077,987	280,000	17,361,233
Transfers out	(10,852,070)	(1,643,921)	-	(12,495,991)
Total other financing sources (uses)	1,151,176	3,434,066	280,000	4,865,242
Net change in fund balances	(184,438)	(3,410,292)	706	(3,594,024)
FUND BALANCES, beginning	3,429,565	9,609,597	1,055,839	14,095,001
FUND BALANCES, ending	\$ 3,245,127	\$ 6,199,305	\$ 1,056,545	\$ 10,500,977

Reconciliation to Statement of Activities:	
Net change in fund balances	\$ (3,594,024)
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	8,326,236
Donated capital assets	783,066
Assets transferred from proprietary funds	153,287
Loss on capital asset disposals	(8,401)
Depreciation expense	(5,970,913)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Deferred revenue	(157,152)
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	4,261
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds	
Accrued interest payable	4,219
Accrued compensated absences	(10,763)
Accrued workers' compensation claims	197,145
Accrued post employment benefits	(461,329)
Change in net assets-governmental activities	<u>\$ 55,632</u>

The accompanying notes are an integral part of this statement.

CITY OF STILLWATER, OKLAHOMA
STATEMENT OF NET ASSETS- PROPRIETARY FUNDS
JUNE 30, 2009

	Business-type Activities			Governmental Activities- Internal Service Funds
	Enterprise Funds		Totals	
	Stillwater Utilities Authority	Non Major Enterprise Funds		
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 18,358,939	\$ 325,458	\$ 18,684,397	\$ 226,770
Cash and cash equivalents - internally designated	3,566,921	-	3,566,921	-
Restricted cash and cash equivalents	7,377,180	-	7,377,180	-
Accounts receivable, net of allowance for uncollectible accounts of \$257,006	7,513,387	25,914	7,539,301	-
Due from other funds	-	23,218	23,218	-
Advances to other funds	-	4,000	4,000	41,667
Installment loans receivable	-	27,759	27,759	-
Leasehold receivable	-	41,667	41,667	-
Inventories	1,112,347	110,580	1,222,927	-
Total current assets	37,928,774	558,596	38,487,370	268,437
NONCURRENT ASSETS				
Advances to other funds	-	4,000	4,000	281,109
Leasehold receivable	-	281,109	281,109	-
Restricted assets:				
Cash and equivalents	291,103	-	291,103	-
Due from other governments	-	34,463	34,463	-
Capital assets, non depreciable	4,537,189	1,701,051	6,238,240	-
Capital assets, net of accumulated depreciation	96,219,278	9,973,258	106,192,536	-
Unamortized debt issuance costs	253,545	-	253,545	-
Total noncurrent assets	101,301,115	11,993,881	113,294,996	281,109
Total assets	139,229,889	12,552,477	151,782,366	549,546
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	3,642,548	343,472	3,986,020	-
Accrued expenses	352,407	32,228	384,635	-
Accrued compensated absences	21,491	4,624	26,115	-
Accrued interest payable	289,931	-	289,931	-
Current portion of customer deposits	896,289	-	896,289	-
Current portion of long-term obligations, net	4,627,454	-	4,627,454	41,667
Due to other funds	1,849,556	15,960	1,865,516	40,196
Advances from other funds	-	45,667	45,667	-
Refundable grant obligations	-	50,000	50,000	-
Unearned revenue	-	88,207	88,207	-
Total current liabilities	11,679,676	580,158	12,259,834	81,863
NONCURRENT LIABILITIES				
Customer deposits	236,347	-	236,347	-
Compensated absences	598,652	57,580	656,232	-
Refundable grant obligations	-	-	-	281,109
Advances from other funds	-	285,109	285,109	-
Long-term obligations, net	24,668,756	-	24,668,756	-
Other postemployment benefits	197,713	-	197,713	-
Total noncurrent liabilities	25,701,468	342,689	26,044,157	281,109
Total liabilities	37,381,144	922,847	38,303,991	362,972
NET ASSETS				
Invested in capital assets, net of related debt	77,228,803	11,674,308	88,903,111	-
Restricted for debt service	2,248,810	-	2,248,810	-
Restricted for capital projects	54,756	-	54,756	-
Unrestricted (deficit)	22,316,376	(44,678)	22,271,698	186,574
Total net assets	\$ 101,848,745	\$ 11,629,630	\$ 113,478,375	\$ 186,574

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, 2009

	Business-type Activities Enterprise Funds			Governmental Activities Internal Service Funds
	Stillwater Utilities Authority	Non Major Enterprise Funds	Totals	
OPERATING REVENUES - PLEGDED AS SECURITY FOR REVENUE BONDS				
Charges for services	\$ 50,836,037	\$ 1,441,766	\$ 52,277,803	\$ 10
Other	2,216,412	463,105	2,679,517	1,805
Total operating revenues	<u>53,052,449</u>	<u>1,904,871</u>	<u>54,957,320</u>	<u>1,815</u>
OPERATING EXPENSES				
Operating and maintenance	38,968,770	2,621,921	41,590,691	-
Depreciation	5,729,566	768,127	6,497,693	-
Amortization	-	953	953	-
Total operating expenses	<u>44,698,336</u>	<u>3,391,001</u>	<u>48,089,337</u>	<u>-</u>
Operating income (loss)	<u>8,354,113</u>	<u>(1,486,130)</u>	<u>6,867,983</u>	<u>1,815</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	230,039	2,783	232,822	2,446
Interest expense	(1,136,832)	-	(1,136,832)	-
Debt issuance costs	(91,773)	-	(91,773)	-
Other income	453,103	-	453,103	-
Net nonoperating revenues	<u>(545,463)</u>	<u>2,783</u>	<u>(542,680)</u>	<u>2,446</u>
Income (loss) before capital contributions and transfers	<u>7,808,650</u>	<u>(1,483,347)</u>	<u>6,325,303</u>	<u>4,261</u>
CAPITAL CONTRIBUTIONS AND TRANSFERS				
Capital contributions	2,561,483	726,900	3,288,383	-
Transfers in	8,219,606	1,090,951	9,310,557	-
Transfers out	(14,458,292)	-	(14,458,292)	-
Net capital contributions and transfers	<u>(3,677,203)</u>	<u>1,817,851</u>	<u>(1,859,352)</u>	<u>-</u>
Change in net assets	4,131,447	334,504	4,465,951	4,261
NET ASSETS, beginning	<u>97,717,298</u>	<u>11,295,126</u>	<u>109,012,424</u>	<u>182,313</u>
NET ASSETS, ending	<u>\$ 101,848,745</u>	<u>\$ 11,629,630</u>	<u>\$ 113,478,375</u>	<u>\$ 186,574</u>

The accompanying notes are an integral part of this statement.

CITY OF STILL WATER, OKLAHOMA
STATEMENT OF CASH FLOWS-PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Stillwater Utilities Authority	Business-type Activities Enterprise Funds		Totals	Governmental Activities Internal Service Funds
		Non Major Enterprise Funds			
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 50,970,756	1,389,459	52,360,215		251
Payments to suppliers	(28,247,647)	(1,542,933)	(29,790,580)		-
Payments to employees	(9,172,045)	(946,523)	(10,118,568)		-
Inter fund activity-payments to other funds	(1,462,638)	(122,138)	(1,584,776)		19,861
Other receipts (payments)	2,216,412	508,564	2,724,976		1,815
Net cash provided by (used for) operating activities	<u>14,304,838</u>	<u>(713,571)</u>	<u>13,591,268</u>		<u>21,927</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers to other funds	(12,043,883)	1,199,812	(10,844,071)		-
Net cash provided by (used for) noncapital financing activities	<u>(12,043,883)</u>	<u>1,199,812</u>	<u>(10,844,071)</u>		<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Capital contributions	-	545,319	545,319		-
Purchases of capital assets	(4,184,891)	(1,004,270)	(5,189,161)		-
Proceeds from sale of capital assets	34,521	-	34,521		-
Transfers in related to capital financing	8,219,606	-	8,219,606		-
Principal paid on capital debt	(4,138,477)	16,644	(4,121,833)		-
Interest paid on debt	(1,171,006)	-	(1,171,006)		-
Net cash provided by (used for) capital activities	<u>(1,240,247)</u>	<u>(442,307)</u>	<u>(1,682,554)</u>		<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest income	230,039	2,783	232,822		2,446
Net cash provided by investing activities	<u>230,039</u>	<u>2,783</u>	<u>232,822</u>		<u>2,446</u>
Net decrease in cash and cash equivalents	1,250,747	46,717	1,297,464		24,373
CASH AND CASH EQUIVALENTS, beginning of year	28,343,396	278,742	28,622,138		202,395
CASH AND CASH EQUIVALENTS, end of year	<u>29,594,143</u>	<u>325,459</u>	<u>29,919,602</u>		<u>226,768</u>
Reconciliation of operating income (loss) to net cash provided (used for) operating activities					
Operating income (loss)	\$ 8,354,113	\$ (1,486,130)	\$ 6,867,983		\$ 1,815
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation expense	5,729,566	768,127	6,497,693		-
Amortization expense	-	953	953		-
Changes in assets and liabilities					
Receivables, net	426,682	(47,297)	379,385		251
Inventories	(72,037)	14,628	(57,409)		-
Accounts and other payables	(459,718)	41,830	(417,888)		19,861
Unearned revenue	-	(9,551)	(9,551)		-
Accrued expenses	128,519	3,869	132,388		-
Other postemployment benefits	197,713	-	197,713		-
Net cash provided by (used for) operating activities	<u>14,304,838</u>	<u>(713,571)</u>	<u>13,591,268</u>		<u>21,927</u>
Non cash activities					
Capital assets donated to the Authority	\$ 2,538,935	-	\$ 2,538,935		-
Borrowings under capital lease	404,199	-	404,199		-
Inventory contributed to the Authority	22,548	-	22,548		-

CITY OF STILLWATER, OKLAHOMA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
JUNE 30, 2009

	<u>Agency Fund</u>
ASSETS	
Cash and cash equivalents	\$ 185,578
Investments	262,367
Assessment receivables	<u>5,900</u>
Total assets	<u><u>\$ 453,845</u></u>
LIABILITIES	
Accounts payable	\$ 1,288
Amounts held in escrow	<u>452,557</u>
Total Liabilities	<u><u>\$ 453,845</u></u>

The accompanying notes are an integral part of this statement.

City of Stillwater, Oklahoma
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

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

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

Blended Component Units

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

Stillwater Utilities Authority

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

The Stillwater Public Works Authority

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

Stillwater Industrial and Redevelopment Authority

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

Stillwater Public Golf Authority

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

Discretely Presented Component Units

Stillwater Medical Center Authority

The Stillwater Medical Center Authority (the "Hospital") was created by a trust indenture dated December 14, 1971, pursuant to Title 60, Oklahoma Statutes 1961, Sections 176 to 180.4, and the Oklahoma Trust Act, to construct, maintain and operate facilities for various types of health care delivery, for use by the State or any political subdivision or municipality of the State and to lease properties from the City. The Hospital is administered by a seven member Board of Trustees consisting of the Mayor, or one other City Councilor, and six other individuals appointed by the City Council. Although the Hospital Board of Trustees hires hospital management, monitors the activities of the Hospital and establishes the rates and charges of the Hospital, the City may remove the Hospital Trustees at will. The Hospital's operating and capital expenditures, including debt service, are financed entirely by the Hospital's operating income. All indebtedness of the Hospital is the obligation of the Hospital Trustees, payable solely from the Hospital's assets. However, approval from the City is required for debt issues in excess of 5% of the then outstanding Hospital debt. 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 Hospital has a December 31 year-end. To obtain separate financial statements for the Hospital, contact the Chief Financial Officer, Stillwater Medical Center, 1323 West Sixth Street, Stillwater, Oklahoma 74074.

Stillwater Convention And Visitors Bureau

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

Executive Director, Stillwater Convention and Visitors Bureau, P.O. Box 1687, Stillwater, OK 74076.

BASIS OF PRESENTATION

Government-wide Financial Statements:

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

Fund Financial Statements:

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

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

The funds of the City are described below:

General Fund

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

Special Revenue Funds

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

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

Debt Service Fund

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

Capital Projects Fund

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

Enterprise Funds

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

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

Internal Service Fund

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

Fiduciary Fund

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

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

Discretely Presented Component Units

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

- Stillwater Medical Center Authority
- Stillwater Convention and Visitors Bureau

Major Governmental Funds:

Description

General Fund

See previous description

Transportation Improvement Fund

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

Major Enterprise Fund:
Stillwater Utility Authority (SUA)

Description

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

Non-Major Funds:
Special Revenue Funds:

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

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

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

Debt Service Fund See previous description

Capital Project Fund

Police/Municipal Building See previous description

Enterprise Funds:

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

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

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

Internal Service Fund:

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

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

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

The City has elected to apply all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions, issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements in the government-wide and proprietary fund financial statements.

ASSETS, LIABILITIES AND NET ASSETS OR EQUITY

Cash and Cash Equivalents - Cash in bank, cash on hand, and short-term investments with original maturities of ninety days or less are reported as cash and cash equivalents. The resources of the individual funds are general in 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 basic financial statements as cash and cash equivalents.

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

Assets Internally Designated - Assets internally designated consist of cash and cash equivalents set aside by the Stillwater Utilities Authority Board of Trustees in anticipation of future potential operating cost increases and/or future substantial capital expenditure requirements (rate stabilization assets) and at the Board’s discretion may subsequently be used for other purposes. As of June 30, 2009, cash and cash equivalents in the amount of \$3,566,921 have been internally designated by the SUA trustees for this purpose.

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

Accounts Receivable/Due from Other Governments – In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable of \$1,361,045 are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include sales and use taxes, franchise taxes, grants, court fines and ambulance fees.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise tax and grants and other similar intergovernmental revenues, since they are usually both measurable and available. Non-exchange revenues collectible but not available are deferred in the fund financial statements in accordance with the modified accrual basis of accounting, but not deferred in the government-wide financial statements in accordance with the accrual basis of accounting. Proprietary fund receivables consist of all revenues earned at year-end and not yet received. Utility accounts receivable comprise the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable of \$257,006 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 of \$3,676,000 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 \$1,136,832. There was no interest capitalized for the fiscal year ended June 30, 2009.

Government-Wide Statements

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

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

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

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

Fund Financial Statements

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

Long-term Debt

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

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

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

Compensated Absences

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

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

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

Deferred Revenue

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

Equity Classifications

Government-Wide Financial Statements:

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

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

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

Fund Financial Statements:

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

REVENUES, EXPENDITURES AND EXPENSES

Sales tax

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

1. 2 cents retained by the General Fund for operations.
2. 1 cent transferred to the Stillwater Utilities Authority as required by revenue bond indentures. The proceeds are used in accordance with the trust indenture and current bond indentures.
3. ½ cent transferred to the Transportation Fund to be used for the projects approved by the voters in September 2001, other transportation projects and, as approved by voters in May 2007, debt service related to transportation projects.

Property tax

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

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

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

Program Revenues

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

Public safety

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

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

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

Operating Revenues and Expenses

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

Expenditures/Expenses

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

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

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

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

INTERNAL AND INTERFUND BALANCES AND ACTIVITIES

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

Fund Financial Statements:

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

1. Interfund loans - amounts provided with a requirement for repayment are reported as interfund receivables and payables.
2. Interfund services - sales or purchases of goods and services between funds are reported as revenues and expenditures/expenses.

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

Government-Wide Financial Statements:

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

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

USE OF ESTIMATES

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

(2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

FUND ACCOUNTING REQUIREMENTS

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

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

DEPOSITS AND INVESTMENTS LAWS AND REGULATIONS

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

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

Public trusts created under O.S. Title 60, are not subject to the statutory investment limitations and are primarily governed by any restrictions in their trust or bond indentures. For the year ended June 30, 2009, 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, 2009, 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, 2009, 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, 2009, no such debt was incurred by the City.

Revenue Bond Debt

The bond indenture relating to the revenue bond issue of the SUA contains a number of restrictions or covenants that are financial related. These include covenants such as a required flow of funds through

special accounts, required reserve account balances, and revenue bond debt service coverage requirements. The following schedule presents a brief summary of the most significant requirements and the SUA's level of compliance thereon as of June 30, 2009.

<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 and Oklahoma Water Resources Board Note Requirement	For the year ended June 30, 2009, available revenues plus sales tax transfer, was \$61,955,197; bond requirement is operating and maintenance excluding depreciation or \$38,968,770 plus 125% of next years principal and interest or \$6,422,114. Excess coverage was \$16,564,313 or 258%

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, 2009, 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, 2009, the property owners owed the bondholders \$9,500 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, 2009, the City's bank balance of \$5,943,172 was not exposed to custodial credit risk. At December 31, 2008, the Hospital's bank balance of \$20,731,485 was not exposed to custodial credit risk.

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, 2009, the City had \$25,175,253 invested in money market mutual funds which invest in U.S. government securities. The money market mutual funds are redeemable in full immediately. The City's investment policy does not address interest rate risk. The Hospital's investment policy generally limits its investment portfolio to maturities of three to five years.

At June 30, 2009, the City had investments in certificates of deposit with a fair value of \$262,367 and a maturity of less than one year.

At December 31, 2008, the Hospital's investments had the following investments and maturities:

Type	Fair Value	Maturities in Years			
		Less than 1	1-5	6-10	More than 10
Guaranteed investment contracts	\$ 1,245,000	\$ -	\$ -	\$ -	\$ 1,245,000
Certificates of deposit	9,179,104	4,567,797	4,611,307	-	-
U.S. government securities	254,028	130,190	123,838	-	-
Corporate bonds	346,590	171,166	151,769	-	23,655
Mutual funds	1,030,280	1,030,280	-	-	-
Corporate stocks	4,031,192	4,031,192	-	-	-
Accrued interest	55,969	55,969	-	-	-
	<u>\$ 16,142,163</u>	<u>\$ 9,986,594</u>	<u>\$ 4,886,914</u>	<u>\$ -</u>	<u>\$ 1,268,655</u>

Investment Credit Risk – Investment credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The City's mutual funds are rated AAA by Standard & Poor's. The City's investment policy does not address credit risk. The Hospital's policy is to limit its investments in fixed-income securities to no less than A or better by Standard and Poor's or an equivalent rating by another reputable institution. The investments of the Hospital have ratings ranging from A to AAA by Standard and Poor's and certain investments, which include guaranteed investment contracts, repurchase agreements and certain money market mutual funds were not rated by an agency. At December 31, 2008, all of the Hospital's 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, 2008, all of the Hospital's equity investments complied with this policy.

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, 2009.

At December 31, 2008, the Hospital's \$346,590 of corporate bonds, \$4,031,193 of corporate stocks and \$254,028 of U.S. government securities were held by counterparties in other than the Hospital's name. The Hospital's investment policy does not address how these securities are to be held.

Summary of Carrying Values

Schedule of Deposits and Investments:

Carrying Amounts	Primary	Component	Total
	Government	Units	
Deposits	\$ 37,623,433	\$ 18,201,568	\$ 55,825,001
Investments	262,367	16,142,164	16,404,531
	<u>\$ 37,885,800</u>	<u>\$ 34,343,732</u>	<u>\$ 72,229,532</u>

Reconciliation to Government-wide Statement of Net Assets

Included in the following balance sheet captions:

Cash and cash equivalents	\$ 29,769,572	\$ 16,706,726	\$ 46,476,298
Investments	-	14,897,163	14,897,163
Restricted cash and cash equivalents	7,668,283	1,494,842	9,163,125
Restricted investments	-	1,245,001	1,245,001
Fiduciary funds	447,945	-	447,945
Total	<u>\$ 37,885,800</u>	<u>\$ 34,343,732</u>	<u>\$ 72,229,532</u>

ACCOUNTS RECEIVABLE

The accounts receivable of the governmental activities consist of franchise taxes, use tax, police fines, E-911, ambulance fees, rural fire charges, and stormwater fee receivables. Ambulance fees are 39 percent of the total. Police fines are 16 percent of the total while use tax receivable is 9 percent of the total. The remaining receivables are intergovernmental and due from various customers. The accounts receivable of the business-type activities are amounts due from utility customers. All receivables are expected to be collected within one year.

ACCOUNTS PAYABLE

Accounts payable balances are payables to vendors. Accrued liabilities are salaries and wages payable as well as accrued insurance where applicable.

RESTRICTED ASSETS

Certain assets of the SUA are restricted in their use by bond and note indentures. Cash and cash equivalents, classified as current, in the amount of \$2,248,810 at June 30, 2009, was restricted in use to the service of debt.

Certain cash and cash equivalents of the SUA are restricted by agreement for the purpose of acquiring necessary easements related to water line upgrades for an area of service purchased from a rural water district. As of June 30, 2009, cash and cash equivalents, classified as non-current, of \$54,757 was restricted for this purpose.

Proceeds received from the 2007 Revenue Note issue are restricted in their use to finance transportation improvement projects identified in the 2006 Transportation Sales Tax Ordinance. As of June 30, 2009, cash and cash equivalents, classified as current, in the amount of \$4,232,081 were restricted for this purpose.

Customer deposits received for water or electric service are restricted in their use toward the customer's final bill. As of June 30, 2009, cash and cash equivalents in the amount of \$1,132,636

of which \$896,289 is classified as current and \$236,347 is classified as non-current, have been restricted for customer deposits.

CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2009, was as follows:

	Balance June 30, 2008	Additions	Disposals	Balance June 30, 2009
PRIMARY GOVERNMENT:				
<i>Governmental Activities:</i>				
Capital assets not being depreciated:				
Land	\$ 5,639,687	\$ 615,339	\$ -	\$ 6,255,026
Construction-in-progress	4,452,227	4,255,466	2,276,557	6,431,136
Total capital assets not being depreciated	<u>10,091,914</u>	<u>4,870,805</u>	<u>2,276,557</u>	<u>12,686,162</u>
Other capital assets:				
Buildings	24,276,911	91,033	-	24,367,944
Other improvements	128,140,652	5,967,042	-	134,107,694
Machinery and equipment	19,536,271	610,266	213,575	19,932,962
Total other capital assets at historical cost	<u>171,953,834</u>	<u>6,668,341</u>	<u>213,575</u>	<u>178,408,600</u>
Less accumulated depreciation for:				
Buildings	6,071,245	517,776	-	6,589,021
Other improvements	72,465,360	4,457,466	-	76,922,826
Machinery and equipment	15,673,388	995,671	205,174	16,463,885
Total accumulated depreciation	<u>94,209,993</u>	<u>5,970,913</u>	<u>205,174</u>	<u>99,975,732</u>
Other capital assets, net	<u>77,743,841</u>	<u>697,428</u>	<u>8,401</u>	<u>78,432,868</u>
Governmental activities capital assets, net	<u>\$ 87,835,755</u>	<u>\$ 5,568,233</u>	<u>\$ 2,284,958</u>	<u>\$ 91,119,030</u>
<i>Business-type activities:</i>				
Capital assets not being depreciated:				
Land	\$ 1,688,795	\$ -	\$ -	\$ 1,688,795
Construction-in-progress	5,121,501	4,585,128	5,157,184	4,549,445
Total capital assets not being depreciated	<u>6,810,296</u>	<u>4,585,128</u>	<u>5,157,184</u>	<u>6,238,240</u>
Other capital assets:				
Buildings	7,109,170	2,044,686	-	9,153,856
Other improvements	22,050,265	111,229	-	22,161,494
Machinery and equipment	19,957,361	866,231	1,224,931	19,598,661
Intangible assets	74,054	-	-	74,054
Utility plant in service	164,409,518	5,684,705	-	170,094,223
Total other capital assets at historical cost	<u>213,600,368</u>	<u>8,706,851</u>	<u>1,224,931</u>	<u>221,082,288</u>
Less accumulated depreciation for:				
Buildings	2,882,516	293,168	-	3,175,684
Other improvements	12,469,503	611,769	-	13,081,272
Machinery and equipment	14,344,767	770,672	757,543	14,357,896
Utility plant in service	79,380,691	4,822,084	-	84,202,775
Less amortization for intangible assets:	71,173	953	-	72,126
Total accumulated depreciation/amortization	<u>109,148,650</u>	<u>6,498,646</u>	<u>757,543</u>	<u>114,889,753</u>
Other capital assets, net	<u>104,451,718</u>	<u>2,208,205</u>	<u>467,388</u>	<u>106,192,535</u>
Business-type activities capital assets, net	<u>\$ 111,262,014</u>	<u>\$ 6,793,333</u>	<u>\$ 5,624,572</u>	<u>\$ 112,430,775</u>

COMPONENT UNITS:

	Balance December 31, 2007	Additions	Disposals	Balance December 31, 2008
Stillwater Medical Center Authority:				
Capital assets not being depreciated				
Land and land improvements	\$ 3,503,286	\$ -	\$ -	\$ 3,503,286
Construction-in-progress	695,712	1,205,527	-	1,901,239
Total capital assets not being depreciated	4,198,998	1,205,527	-	5,404,525
Other capital assets:				
Building, improvements and fixed equip.	44,059,837	956,893	309,858	44,706,872
Major moveable equipment	39,421,885	3,515,057	418,747	42,518,195
Total other at capital assets	83,481,722	4,471,950	728,605	87,225,067
Less accumulated depreciation:	48,093,592	5,027,962	706,763	52,414,791
Other capital assets, net	35,388,130	(556,012)	21,842	34,810,276
Capital assets, net	<u>\$ 39,587,128</u>	<u>\$ 649,515</u>	<u>\$ 21,842</u>	<u>\$ 40,214,801</u>

	Balance June 30, 2008	Additions	Disposals	Balance June 30, 2009
Convention and Visitors Bureau:				
Property, plant and equipment	\$ 58,334	\$ 1,533	\$ -	\$ 59,867
Less accumulated depreciation	53,420	2,113	-	55,533
Capital assets, net	<u>\$ 4,914</u>	<u>\$ (580)</u>	<u>\$ -</u>	<u>\$ 4,334</u>

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

Primary Government:

Governmental Activities:

General Government

Public Safety	\$ 495,597
Recreation and Culture	560,171
General Government	504,013
Financial Administration	26,120
Street	4,300,368
Human Services	84,644
Total depreciation expense for governmental activities	<u>\$ 5,970,913</u>

Business-type Activities:

Stillwater Utilities Authority	\$ 5,729,566
Airport (includes amortization of intangible assets)	640,516
Stillwater Public Golf Authority	128,564
Total depreciation expense for business-type activities	<u>\$ 6,498,646</u>

Component Units:

Stillwater Medical Center Authority	\$ 5,027,962
Convention and Visitors Bureau	2,113
Total depreciation expense for component units	<u>\$ 5,030,075</u>

INTERFUND RECEIVABLES AND PAYABLES

Individual interfund receivable and payable balances at June 30, 2009, were as follows:

<u>Advances from</u>	<u>Advances to</u>
	Non Major Enterprise funds
Non Major Enterprise funds	\$ 8,000
Stillwater Public Works Authority	<u>322,776</u>
	<u>\$ 330,776</u>

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

<u>Due from</u>	<u>Due to</u>		
	General Fund	Non Major Governmental funds	Non Major Proprietary funds
General Fund	\$ -		\$ 23,218
Non Major Governmental funds	2,460		2,460
Transportation Improvement fund	3,694		3,694
Non Major Proprietary funds	15,960		15,960
Stillwater Utilities Authority	1,848,764	\$ 793	1,849,557
Stillwater Public Works Authority	40,196		40,196
	<u>\$ 1,911,074</u>	<u>\$ 793</u>	<u>\$ 23,218</u>
			<u>\$ 1,935,085</u>

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

INTERFUND TRANSFERS

Interfund transfers were made to fund cash shortages in the various funds as needed. These shortages occurred due to operating expenditures exceeding fund revenues. Of the transfer from SUA to the General fund, \$282,493 consisted of capital assets that were transferred during the year. Interfund transfers reported in the fund financial statements for the year ended June 30, 2009, consisted of the following:

	<u>Transfers In</u>		<u>Transfers Out</u>	
	General Fund	Transporation Improvement Fund	Stillwater Utilities Authority	Total
General Fund	\$ -	\$ -	\$ 12,003,246	\$ 12,003,246
Governmental activities capital assets	-	-	282,493	282,493
Transp. Impr. Fund	3,289,843	-	1,788,144	5,077,987
Stillwater Utilities Authority	6,575,685	1,643,921	-	8,219,606
Non Major Governmental Funds	280,000	-	-	280,000
Non Major Enterprise Funds	706,542	-	384,409	1,090,951
	<u>\$ 10,852,070</u>	<u>\$ 1,643,921</u>	<u>\$ 14,458,292</u>	<u>\$ 26,954,283</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, 2009, 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%.	\$ 4,950,000
\$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>4,090,000</u>
Total general obligation Bonds	<u>\$9,040,000</u>
Current portion	\$ 790,000
Non-current portion	<u>8,250,000</u>
Total general obligation Bonds	<u>\$9,040,000</u>

Accrued Compensated Absences-Governmental Activities:

Current portion	\$ 10,763
Non-current portion	<u>1,852,979</u>
Total accrued compensated absences	<u>\$1,863,742</u>

Stillwater Public Works Authority

Refundable Grant Obligations,

Grant from Oklahoma Department of Commerce in the original amount of \$325,000 with 0% interest per annum. The final installment will be December 2011. This obligation is collateralized by a lease between SIRA and Esker US, Inc.	\$ 57,776
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>265,000</u>
Total refundable grant obligations	<u>\$ 322,776</u>
Current portion	\$ 41,667
Non-current portion	<u>281,109</u>
Total refundable grant obligations	<u>\$ 322,776</u>

Business-type Activities:

As of June 30, 2009, the long-term liabilities payable from business-type activities consisted of the following:

Stillwater Utilities Authority:

Notes Payable:

2002 Oklahoma Water Resources Board (OWRB) SRF Note Payable dated February 28, 2002, original amount of \$3,413,483 with no interest plus an administrative fee of 0.5%, semiannual installments of principal commencing March 15, 2002, through September 2021. \$2,133,427

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, 2022. 3,291,358

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. 6,450,999

2007 Revenue Note Payable dated December 5, 2007, original amount of \$6,010,000, secured by dedicated ½ cent sales tax revenues, interest rate is 3.68%, semiannual installments of principal and interest commencing December 1, 2008, through December 1, 2016 5,515,000

Total notes payable \$17,390,784

Current portion \$ 1,375,380

Non-current portion 16,015,404

Total notes payable \$17,390,784

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. \$ 850,000

Less Unamortized discount (81)

Unamortized loss on defeasance (33,796)

Net 2002 revenue bonds payable 816,123

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. 9,885,000

Plus Unamortized premium 317,629

Less Unamortized loss on defeasance (51,523)

Net 2005 revenue bonds 10,151,106

Total revenue bonds \$10,967,229

Revenue Bonds	
Current portion	\$2,977,881
Non-current portion	<u>7,989,348</u>
Total revenue bonds payable	<u>\$10,967,229</u>

Capital Lease Obligations:

Borrowings have been advanced pursuant to a credit agreement with Banc of America Leasing and Capital LLC that provides, until March 14, 2009, for the purchase of equipment. The maximum purchase price for equipment under the agreement is the lower of \$7 million or the fair market value of the equipment with fixed interest rate calculations based on the term of the lease as well as the U.S. Treasury Bond Obligation rate in effect at the time of funding.

Total machinery and equipment financed by capital lease obligations	\$1,618,718
Less accumulated depreciation	<u>(428,196)</u>
Net assets financed by leases	<u>\$1,190,522</u>

\$102,148 capital lease with Bank of America for equipment; fixed interest rate of 3.116%, semiannual installments commencing June 10, 2005, through December 10, 2009.	10,940
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\$212,061 capital lease with Bank of America for equipment; fixed interest rate of 3.454%, semiannual installments commencing March 9, 2006, through September 9, 2010.	67,472
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\$184,633 capital lease with Bank of America for equipment; fixed interest rate of 4.0%, semiannual installments commencing November 12, 2006, through May 12, 2011.	78,266
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\$553,307 capital lease with Bank of America for equipment; fixed interest rate of 4.09%, semiannual installments commencing December 15, 2006, through June 15, 2014.	366,493
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\$104,420 capital lease with Bank of America for equipment; fixed interest rate of 4.09%, semiannual installments commencing December 15, 2006, through August 24, 2011.	54,780
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\$57,950 capital lease with Bank of America for equipment; fixed interest rate of 3.9535%, semiannual installments commencing September 2, 2007, through March 2, 2011.	30,109
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\$218,439 capital lease with Empire Financial Services, Inc. for equipment; fixed interest rate of 4.49%, monthly installments commencing July 7, 2008, through June 7, 2013.	177,911
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\$185,760 capital lease with Capital One Public Funding, LLC for equipment; fixed interest rate of 5.06%, semiannual installments commencing December 21, 2008, through June 21, 2013	<u>152,226</u>
Total capital leases	<u>\$938,197</u>

Current portion	\$274,193
Non-current portion	<u>664,004</u>
Total capital leases	<u>\$938,197</u>

Accrued Compensated Absences – Business-type activities:

Current portion	\$ 26,115
Non-current portion	<u>656,232</u>
Total accrued compensated absences	<u>\$ 682,347</u>

Component Unit

Stillwater Medical Center Authority

Revenue Bonds

2005 Series A Revenue bonds original issue amount of \$12,715,000, dated May 2005, secured by gross revenues and trustee-held assets, interest rates from 4.50% to 5.25%, principal payable annually and interest semiannually, due May 2019.	\$10,585,000
Less loss on bond defeasance	(606,598)
Plus original issue premium	<u>210,743</u>
Net bond issue	<u>\$10,189,145</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 beginning May 15, 2018, due May 2023.	\$ 7,000,000
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Total revenue bonds	<u>\$17,189,145</u>
Current portion	\$ 741,692
Non-current portion	<u>16,447,453</u>
Total revenue bonds	<u>\$17,189,145</u>

Capital lease obligations

Total capital assets financed by capital lease obligations	\$ 6,337,814
Less accumulated depreciation	(1,985,401)
Net assets financed by capital lease obligations	<u>\$ 4,352,413</u>

Capital lease issued for equipment, interest rates vary from 2.2% to 8.5%, due 2012.	<u>\$ 2,617,763</u>
Current portion	\$ 903,358
Non-current portion	<u>1,714,405</u>
Total capital lease obligations	<u>\$ 2,617,763</u>

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

Changes in Long-term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2009:

<u>Type of Debt</u>	<u>Balance June 30, 2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2009</u>	<u>Amounts Due Within One Year</u>
Primary Government					
Governmental Activities					
General obligation Bonds	\$ 9,830,000	\$ -	\$ 790,000	\$ 9,040,000	\$ 790,000
Refundable grant obligations	362,636	-	39,860	322,776	41,667
Accrued compensated absences	1,852,980	1,904,059	1,893,297	1,863,742	10,763
Total governmental activities	\$ 12,045,616	\$ 1,904,059	\$ 2,723,157	\$ 11,226,518	\$ 842,430
Business-type Activities					
Capital lease obligations	\$ 1,030,814	\$ 404,199	\$ 496,816	\$ 938,197	\$ 274,193
Notes payable	18,606,464	-	1,215,680	17,390,784	1,375,380
Revenue bonds payable; net	13,824,750	-	2,857,521	10,967,229	2,977,881
Refundable grant obligation	-	50,000	-	50,000	50,000
Customer deposits	1,424,599	604,326	896,289	1,132,636	896,289
Accrued compensated absences	655,617	578,657	551,927	682,347	26,115
Total business-type activities	\$ 35,542,244	\$ 1,637,182	\$ 6,018,233	\$ 31,161,193	\$ 5,599,858
Component Unit:					
Stillwater Medical Center Authority					
Revenue bonds payable; net	\$ 17,890,837	\$ -	\$ 701,692	\$ 17,189,145	\$ 741,692
Notes payable	424,565	-	424,565	-	-
Capital lease obligations	3,486,316	-	868,553	2,617,763	903,358
	\$ 21,801,718	\$ -	\$ 1,994,810	\$ 19,806,908	\$ 1,645,050

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, 2009, are as follows:

Year Ending June 30,	Governmental Activities			
	General Obligation		Refundable Grant Obligations	
	Principal	Interest	Principal	Interest
2010	\$ 790,000	\$ 431,225	\$ 41,667	-
2011	790,000	380,265	41,667	-
2012	790,000	342,635	34,442	-
2013	790,000	304,835	20,000	-
2014	790,000	266,865	20,000	-
2015-2019	3,950,000	787,195	100,000	-
2020-2023	1,140,000	70,000	65,000	-
Total	\$ 9,040,000	\$ 2,583,020	\$ 322,776	-

Year Ending June 30,	Business-Type Activities					
	Revenue Bonds		Capital leases		Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 2,930,000	\$ 440,250	\$ 274,193	\$ 36,598	\$ 1,375,380	\$ 424,372
2011	3,030,000	314,500	251,028	25,381	1,410,387	388,344
2012	3,190,000	159,000	168,958	15,645	1,445,225	351,534
2013	1,585,000	39,625	164,668	8,315	1,486,347	312,398
2014	-	-	79,350	2,442	1,527,335	272,353
2015-2019	-	-	-	-	6,063,671	789,521
2020-2024	-	-	-	-	3,578,160	294,919
2025-2029	-	-	-	-	504,279	11,951
Total	\$ 10,735,000	\$ 953,375	\$ 938,197	\$ 88,381	\$ 17,390,784	\$ 2,845,392

Refundable Obligations of \$50,000 of business-type activities is all due in fiscal year 2010.

Year Ending December 31,	Component Unit			
	Revenue Bonds		Capital Leases	
	Principal	Interest	Principal	Interest
2009	\$ 780,000	\$ 918,113	\$ 903,358	\$ 87,869
2010	815,000	878,238	802,130	52,921
2011	855,000	835,419	638,526	25,119
2012	900,000	789,350	273,749	2,771
2013	950,000	740,788	-	-
2014-2018	5,475,000	2,428,174	-	-
2019-2023	7,810,000	1,685,031	-	-
2024-2026	-	-	-	-
Total	\$ 17,585,000	\$ 8,275,113	\$ 2,617,763	\$ 168,680

(4) EMPLOYEE PENSION AND OTHER BENEFIT PLANS

Nonuniformed Employees

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

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

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

The total contribution, net of forfeitures, for the year ended June 30, 2009, was \$1,853,827 which consisted of \$924,967 (net of \$88,916 in forfeitures) from the City and \$928,860 from employees.

The Hospital also participates in the Oklahoma Municipal Retirement Defined Contribution Plan. All full-time employees of the Hospital are covered. The Hospital and employees contribute 6% and 3%, respectively of eligible salaries into the plan. Contributions, net of forfeitures, were \$1,423,516 from the Hospital and \$708,660 from employees for the year ended December 31, 2008. Forfeitures of approximately \$160,618 were applied to the Hospital's required 6% contribution.

Oklahoma Police And Firefighter's Pension And Retirement Systems

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

	<u>Oklahoma Police Pension and Retirement System</u>	<u>Oklahoma Firefighter's Pension and Retirement System</u>
Obtaining separately issued financial statements	Police Pension and Retirement 1001 N.W. 63 rd 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

	<u>Oklahoma Police Pension and Retirement System</u>	<u>Oklahoma Firefighter's Pension and Retirement System</u>
Authority establishing contribution obligations and benefits	State Statute	State Statute
Employee's required contribution rate (percent of covered payroll)	8%	8%
City's required contribution rate (percent of covered payroll)	13%	13%
State obligation	State appropriation to fund the unfunded actuarial accrued liability	State appropriation to fund the unfunded actuarial accrued liability
Periods required to vest	10 years	10 years
Eligibility and benefits for distribution (full-time)	20 years credited service, 2.5% of final average salary multiplied by the years of credited service with a maximum of 30 years considered; if vested at or after age 50 or after 10 but before 20 years of credited service with reduced benefits	20 years credited service, 2.5% of final average salary multiplied by the years of credited service with a maximum of 30 years considered; if vested at or after age 50 or after 10 but before 20 years of credited service with reduced benefits
Deferred retirement option	Yes. 20 years credited service with additional option to participate in deferred compensation plan (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	<u>Oklahoma Police and Pension Retirement System</u>		<u>Oklahoma Firefighter's Pension and Retirement System</u>	
	City's Required Contribution	Percentage Contributed	City's Required Contribution	Percentage Contributed
2007	\$499,023	100%	\$505,122	100%
2008	521,301	100%	540,976	100%
2009	556,387	100%	542,879	100%

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

The total amount contributed to the Oklahoma Police Pension and Retirement System and the Oklahoma Firefighter's Pension and Retirement System by the State of Oklahoma on behalf of the City was approximately \$431,128 and \$920,348, respectively.

C. Related Party Investments

As of June 30, 2009, the Systems held no related-party investments of the City or of its related entities.

(5) RISK MANAGEMENT

As of June 30, 2009, claims outstanding against the City and its public authorities were \$1,406,554 and is accrued under the heading "Accrued Liabilities" in the accompanying financial statements. Liabilities were accrued for tort claims, general liability claims and employee health insurance claims. The City is self-insured for group medical, general liability, workers compensation, unemployment, and property damage. The City has a reinsurance policy which limits the City's liability for major medical to \$100,000 per individual. The City also maintains an aggregate reimbursement policy which limits the total liability of the City for major medical to \$5,100,000. The City purchases conventional insurance for excess losses for general liability and property damage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years. The claims liability for health claims incurred but not reported is estimated by management using a five-month claims lag analysis. The claims liability for workers compensation claims and judgments is estimated using information provided by a third party administrator based on their opinion of probable outcome of litigation. The balance of the claim liability is expected to be paid within the next year and is included in accrued liabilities on the statement of net assets. All claims are paid from the consolidated cash account, funded by the General Fund. Changes in the balances of claims liabilities during fiscal years 2008-2009 and 2007-2008 were as follows:

	Beginning Liability Balance	Current Year Claims and Changes in Estimates	Claim Payments	Ending Liability Balance
2008-2009	\$ 1,417,685	\$ 4,648,842	\$ 4,659,973	\$ 1,406,554
2007-2008	1,164,669	5,275,484	5,022,468	1,417,685

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, 2008, and December 31, 2007, were as follows:

	Beginning Liability Balance	Current Year Claims and Changes in Estimates	Claim Payments	Ending Liability Balance
2008	\$ 600,000	\$ 5,494,484	\$ 5,236,307	\$ 858,177
2007	600,000	3,890,387	3,890,387	600,000

(6) CONTINGENT LIABILITIES, LITIGATION AND COMMITMENTS

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 basic financial statements.

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 sewer backup, police activities, employment disputes, and other claims seeking declaratory/injunctive relief. Although the outcome of these claims and lawsuits is not presently determinable, the amount of judgments could range from under \$25,000 to in excess of \$100,000. The City has not recorded any accrual for these claims.

The City is currently involved in a taxpayer lawsuit, Dedrickson vs. City, et al, Case No. CJ-2008-97, District Court of Payne County. This taxpayer suit against the City and the Stillwater Utilities Authority alleges unlawful diversion of earmarked tax revenues into the City's general fund. If this suit is successful, it would require the City to return \$43 million dollars to the Authority. At the present time, no trial date is set and discovery is ongoing. A verdict in favor of the plaintiff would result in "all or nothing" damages. Management believes this suit results from a misunderstanding of the facts and intends to vigorously defend this action.

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

(7) POST-RETIREMENT BENEFITS

Plan Description In addition to the pension benefits described in Note 4, the City sponsors and administers a self-funded, single employer defined benefit plan providing postretirement health care benefits to all employees who retire from the City on or after attaining age 55 with at least 10 years of service. The election to participate must be made at the time of separation from service. At June 30, 2009, 17 retiree-related participants (retirees, and/or spouses, and/or families) were participating in the City health care plan. There were 2 retirees who met the eligibility requirements at June 30 who did not choose to participate. The City requires a monthly premium based on City-wide claim trends of the previous fiscal year. The premium rate for retirees is adjusted each July 1st. Upon monthly payment of this premium, the City covers all medical expenses just as for active employees on a pay-as-you-go basis. Coverage is available until the first day of the month in which the retiree reaches his or her Medicare eligibility age (currently 65). If the spouse of a retiree is covered at the time the retiree comes off of the plan at age 65, that spouse is COBRA-eligible until age 65 or for 36 months, whichever is less. During the fiscal year ended June 30, 2009, expenditures of \$160,537 were attributable to postretirement health care (excluding prescription coverage).

Funding Policy The City funds healthcare benefits on a pay-as-you-go basis utilizing a third party administrator, Blue Cross Blue Shield of Oklahoma. Eligible employees are required to pay set premiums for a portion of the cost, with the City subsidizing the remaining costs. Contribution requirements of active employees are established and amended as needed by the City Council. Premium rates for retirees and COBRA participants are set by City management upon recommendations provided by the third party administrators and the City's re-insurance agent. The required monthly contribution rates for plan members for fiscal year 2009 range from \$0 to \$40 for active employees, \$435 to \$1,304 for retired participants, and \$443 to \$1,330 for COBRA participants.

Annual OPEB Cost and Net OPEB Obligation The City's annual other post employment benefits (OPEB) cost in the first year of implementation of Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other than Pensions*, is equal to the annual required contribution (ARC). In subsequent years, the annual OPEB cost will be equal to the ARC plus an adjustment if the ARC is not funded each year. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost of each year plus any unfunded actuarial liabilities as amortized over thirty years.

The following table shows the components of the City's annual OPEB cost for the year, the amount contributed to the plan, and changes in the City's net OPEB obligation to the retiree health plan:

Annual required contribution	\$ 724,310
Interest on prior year net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	724,310
Employer contributions	65,268
Increase in net OPEB obligation	659,042
Beginning OPEB obligation	-
Ending OPEB obligation	\$ 659,042

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

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2007	N/A	N/A	N/A
6/30/2008	N/A	N/A	N/A
6/30/2009	\$ 724,310	9.0%	\$ 659,042

Funding Status and Funding Progress The unfunded actuarial liability is being amortized using a level dollar amortization over 30 years, beginning July 1, 2008. As of July 1, 2008, the funded status of the retiree health plan was as follows:

Actuarial accrued liability (AAL)	\$ 5,535,944
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 5,535,944</u>
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Annual covered payroll (active plan members)	N/A
UAAL as a percentage of annual covered payroll	N/A

Actuarial Methods and Assumptions Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

In the actuarial valuation as of July 1, 2008, the projected unit credit (PUC) actuarial cost method was used to measure accruing costs. Under the principals of the PUC method, the actuarial present value of the projected benefits of each individual included in the valuation is allocated pro-rata to each year of service between entry age and assumed exit. The actuarial valuation utilized several significant assumptions affecting the valuation results including the medical claims costs assumptions, the medical trend assumptions, and the discount rate. The resulting annual required contribution was based on a 4.8% discount rate and a medical trend rate beginning at 7% in 2008 and grading to 5.5% in 2011. Additionally, it was assumed that 50% of future retired participants would opt for retiree health care coverage. It was also assumed that 50% of future retirees who opt for health care coverage would cover a spouse at retirement.

(8) REVENUES PLEDGED

SUA has pledged future sales tax revenues to repay a \$6,010,000 note issued in December 2007 to finance transportation improvement projects identified in the 2006 Transportation Sales Tax Ordinance. The note is payable solely from sales tax revenue equal to one half of the one-half cent transportation sales tax collected by the City and transferred to SUA by way of the Sales Tax Agreement. Sales taxes are projected to produce 100 percent of the debt service requirements over the life of the note. Total principal

and interest remaining on the note is \$6,364,436, payable semiannually commencing December 2008 and concluding December 2016. For the current year, total sales tax revenues were \$1,643,922.

SUA has pledged future sales tax revenues and future utility revenues, net of operating and maintenance expenses, to repay debt obligations. Proceeds from the debt issues financed the refunding of prior debt obligations of SUA and the Stillwater Public Golf Authority and refinanced outstanding balances of notes to the OWRB. The debt obligations are payable from the one cent sales tax revenue dedicated to SUA by City Ordinance No. 1835 and from net revenues derived from the existence and operation of the utility system to the extent sales tax revenue fails to cover the debt obligations. Pledged revenues are projected to produce 125 percent of the debt service requirements over the life of the debt. For the current year, sales tax revenues were \$6,575,684 and net revenues were \$14,337,671.

The city has pledged future ad valorem taxes to repay the \$8,500,000 2000 General Obligation bonds and the \$6,470,000 2001 General Obligation bonds used to provide financing for the construction and remodel of the City Hall/Police building. The bonds are payable thru 2020 and 2021 respectively. Ad valorem revenue can only be collected to pay principal and interest on general obligation bonds or court assessed judgments. Levying of an ad valorem tax requires a vote of the citizens. The total principal and interest payable for the remainder of the life of these bonds is \$6,236,550 for the 2000 General Obligation Bonds and \$5,386,470 for the 2001 General Obligation Bonds. Ad valorem taxes received in the current year were \$1,420,422. Debt service payments of \$1,273,145 in the current fiscal year were 90% of the total ad valorem taxes received.

The following is a summary of the debt issues requiring a pledge of revenues:

Debt Issue	Issue Amount	Issue Date	Maturity Date	Remaining Principal and Interest	Current Year Principal and Interest
2005 Refunding Series Bonds	\$ 12,965,000	May 2005	Oct 2012	\$ 10,824,775	\$ 1,347,187
2002 Refunding Series Bonds	11,825,000	Sept 2002	Dec 2009	863,600	2,042,471
2007 Revenue Bonds	6,010,000	Dec 2007	Dec 2016	6,364,436	842,064
2002 OWRB SRF Note	3,413,483	Feb 2002	Sept 2021	2,203,792	182,140
2002 OWRB SRF Note	4,876,086	Dec 2002	Sept 2022	3,408,262	261,419
2005 OWRB Fixed Rate Note	7,620,000	Jun 2005	Mar 2025	8,259,687	516,230
2000 General Obligation Bonds	8,500,000	June 2000	June 2020	6,236,550	686,925
2001 General Obligation Bonds	6,470,000	June 2001	June 2021	5,386,470	534,300

(9) 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. 51: "Accounting and Financial Reporting for Intangible Assets" - The objective of this Statement is to establish accounting and financial reporting requirements for intangible assets to reduce inconsistencies, thereby enhancing the comparability of the accounting and financial reporting of such assets among state and local governments. This statement will become effective for the City in the fiscal year ending June 30, 2010.

Statement No. 54: "Fund Balance Reporting and Governmental Fund Type Definitions" - The objective of this Statement is to improve the usefulness, including the understandability of fund balance information by providing more clearly defined fund balance categories and by clarifying fund type definitions in order to provide users a clearer picture of the purposes that the government has chosen to use particular reported fund balances. This statement will become effective for the City in the fiscal year ending June 30, 2011.

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

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, 2009

	Original Budget	Final Budget	Actual	Variance from Final Budget
REVENUES				
Sales tax	\$ 24,435,474	\$ 24,231,974	\$ 24,062,779	\$ (169,195)
Other taxes	1,937,700	1,982,700	2,182,558	199,858
Intergovernmental	95,925	253,334	393,229	139,895
Charges for Services	1,183,107	1,250,607	1,135,090	(115,517)
Fines and forfeits	779,500	821,500	866,747	45,247
Fees and rentals	808,165	876,415	989,121	112,706
Investment income	-	-	11,663	11,663
Licenses and permits	237,034	237,234	242,593	5,359
Other miscellaneous revenue	662,645	631,795	1,525,558	893,763
Total revenues	<u>30,139,550</u>	<u>30,285,559</u>	<u>31,409,338</u>	<u>1,123,779</u>
EXPENDITURES				
Current				
Public Safety:				
Police:				
Personal services	8,436,413	8,814,060	8,305,417	508,643
Materials and supplies	780,599	549,214	525,981	23,233
Contract services	461,569	355,795	295,357	60,438
Fire:				
Personal services	6,631,650	6,664,802	6,167,893	496,909
Materials and supplies	337,226	296,132	223,434	72,698
Contract services	397,193	346,891	276,331	70,560
Total public safety	<u>17,044,651</u>	<u>17,026,894</u>	<u>15,794,413</u>	<u>1,232,481</u>
Recreation and culture:				
Parks and recreation:				
Personal services	3,194,415	3,053,246	2,789,963	263,283
Materials and supplies	525,271	489,434	470,593	18,841
Contract services	490,640	516,117	473,390	42,727
Library:				
Personal services	1,031,953	1,031,705	955,392	76,313
Materials and supplies	165,675	167,330	153,436	13,894
Contract services	240,450	246,096	218,508	27,588
Total recreation and culture	<u>5,648,404</u>	<u>5,503,928</u>	<u>5,061,282</u>	<u>442,646</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, 2009

(continued)

	Original Budget	Final Budget	Actual	Variance from Final Budget
General Government:				
Personal services	1,963,894	2,005,247	1,847,626	157,621
Materials and supplies	1,149,161	1,147,545	1,054,770	92,775
Contract services	1,948,762	1,237,812	1,036,332	201,480
Total General government	5,061,817	4,390,604	3,938,728	451,876
Financial administration:				
Personal services	508,289	507,095	447,564	59,531
Materials and supplies	43,661	42,611	39,214	3,397
Contract services	119,250	122,745	91,683	31,062
Total financial administration	671,200	672,451	578,461	93,990
Public works administration:				
Personal services	838,407	948,872	816,588	132,284
Materials and supplies	29,957	19,072	17,834	1,238
Contract services	40,100	44,917	37,613	7,304
Total public works administration	908,464	1,012,861	872,035	140,826
Street and sewers:				
Personal services	1,516,196	1,515,711	1,370,853	144,858
Materials and supplies	822,832	635,985	591,530	44,455
Contract services	153,861	254,990	86,557	168,433
Total street and sewers	2,492,889	2,406,686	2,048,940	357,746
Human services:				
Health:				
Personal services	492,622	442,631	404,291	38,340
Materials and supplies	186,029	178,109	136,322	41,787
Contract services	163,267	158,987	137,380	21,607
Community Development:				
Personal services	1,068,139	859,858	784,397	75,461
Materials and supplies	22,603	19,473	16,445	3,028
Contract services	91,600	140,600	120,281	20,319
Total human services	2,024,260	1,799,658	1,599,116	200,542

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, 2009

(continued)

	Original Budget	Final Budget	Actual	Variance from Final Budget
Economic development:				
Materials and supplies	2,550	2,550	-	2,550
Contract services	1,021,025	1,050,025	1,033,711	16,314
Total economic development	<u>1,023,575</u>	<u>1,052,575</u>	<u>1,033,711</u>	<u>18,864</u>
Capital Outlay:				
Police	103,116	119,309	117,797	1,512
Fire	-	37,741	33,986	3,755
Recreation and culture	367,945	331,249	319,552	11,697
General Government	-	173,200	157,313	15,887
Public works operation	-	-	-	-
Human Services	60,000	63,145	57,972	5,173
Street and sewers	832,873	1,662,048	1,004,459	657,589
	<u>1,363,934</u>	<u>2,386,692</u>	<u>1,691,079</u>	<u>695,613</u>
Total expenditures	<u>36,239,194</u>	<u>36,252,349</u>	<u>32,617,765</u>	<u>3,634,584</u>
Excess (deficiency) of revenues over (under) expenditures	(6,099,644)	(5,966,790)	(1,208,427)	4,758,363
OTHER FINANCING SOURCES(USES):				
Transfers in	13,978,560	13,978,560	12,003,246	(1,975,314)
Transfers out	(7,994,391)	(7,765,241)	(10,852,070)	(3,086,829)
Total other financing sources (uses)	<u>5,984,169</u>	<u>6,213,319</u>	<u>1,151,176</u>	<u>(5,062,143)</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(115,475)	246,529	(57,251)	(303,780)
FUND BALANCES, beginning	312,891	312,891	312,891	-
FUND BALANCES, ending	<u>\$ 197,416</u>	<u>\$ 559,420</u>	<u>\$ 255,640</u>	<u>\$ (303,780)</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, 2009

	Original Budget	Final Budget	Actual	Variance from Final Budget
REVENUES				
Investment income	\$ -	\$ -	\$ 83,279	\$ 83,279
Total revenues	-	-	83,279	83,279
EXPENDITURES				
Street and sewers:				
Personal services	358,184	412,736	315,764	96,972
Materials and supplies	49,473	49,473	24,340	25,133
Contract services	2,000.00	2,000	1,580	420
Total street and sewers	409,657	464,209	341,684	122,525
Capital outlay				
Street and sewers	8,847,105	10,164,749	6,585,954	3,578,795
Total expenditures	9,256,762	10,628,958	6,927,638	3,701,320
Excess (deficiency) of revenues over (under) expenditures	(9,256,762)	(10,628,958)	(6,844,359)	3,784,599
OTHER FINANCING SOURCES(USES):				
Transfers in	3,312,210	3,312,210	5,077,987	1,765,777
Transfers out	(110,632)	(1,766,737)	(1,643,921)	122,816
Total other financing sources (uses)	3,201,578	1,545,473	3,434,066	1,888,593
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(6,055,184)	(9,083,485)	(3,410,293)	5,673,192
FUND BALANCES, beginning	10,528,042	10,528,042	10,528,042	-
FUND BALANCES, ending	\$ 4,472,858	\$ 1,444,557	\$ 7,117,749	\$ 5,673,192

CITY OF STILLWATER, OKLAHOMA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
JUNE 30, 2009

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, 2009 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	\$ 31,409,338	\$ 83,279
Revenues received during fiscal year and measurable and available at June 30, 2008	(5,586,023)	-
Revenues received during fiscal year and measurable and available at June 30, 2009	5,146,549	-
Revenues on GAAP basis	<u>\$ 30,969,864</u>	<u>\$ 83,279</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, 2009

	Special Revenue Funds		
	Community Development Block Grant	Library Materials Enhancement	Storm Water Management
ASSETS			
Cash and cash equivalents	\$ 7,852	\$ 12,723	\$ 679,719
Due from other governments	51,711	-	-
Accounts receivable	-	-	31,909
Due from other funds	-	-	793
Total assets	<u>\$ 59,563</u>	<u>\$ 12,723</u>	<u>\$ 712,421</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 5,325	\$ 3,750	\$ 5,302
Accrued liabilities	-	-	5,414
Due to other funds	-	-	2,460
Deferred revenue	-	-	-
Total liabilities	<u>5,325</u>	<u>3,750</u>	<u>13,176</u>
FUND BALANCES			
Reserved for			
Debt Service	-	-	-
Capital Projects	-	-	-
Unreserved reported in			
Special Revenues	<u>54,238</u>	<u>8,973</u>	<u>699,245</u>
Total fund balances	<u>54,238</u>	<u>8,973</u>	<u>699,245</u>
Total liabilities and fund balances	<u>\$ 59,563</u>	<u>\$ 12,723</u>	<u>\$ 712,421</u>

continued

CITY OF STILLWATER, OKLAHOMA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2009
 (continued)

ASSETS	Debt Service	Capital Projects Fund	Total Nonmajor Governmental Funds
	Sinking Fund	Police/Municipal Building	
ASSETS			
Cash and cash equivalents	\$ 272,123	\$ 100,197	\$ 1,072,614
Due from other governments	60,929	-	112,640
Accounts receivable	-	-	31,909
Due from other funds	-	-	793
Total assets	<u>\$ 333,052</u>	<u>\$ 100,197</u>	<u>\$ 1,217,956</u>
LIABILITIES AND FUND EQUITY			
LIABILITIES			
Accounts payable	\$ -	\$ 86,104	\$ 100,481
Accrued liabilities	-	-	5,414
Due to other funds	-	-	2,460
Deferred revenue	53,056	-	53,056
Total liabilities	<u>53,056</u>	<u>86,104</u>	<u>161,411</u>
FUND BALANCES:			
Reserved for			
Debt Service	279,996	-	279,996
Capital Projects	-	14,093	14,093
Unreserved reported in			
Special Revenues	-	-	762,456
Total fund balances	<u>279,996</u>	<u>14,093</u>	<u>1,056,545</u>
Total liabilities and fund balances	<u>\$ 333,052</u>	<u>\$ 100,197</u>	<u>\$ 1,217,956</u>

CITY OF STILLWATER, OKLAHOMA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES -- NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2009

	Special Revenue Funds		
	Community Development Block Grant	Library Materials Enhancement	Storm Water Management
REVENUES			
Taxes	\$ -	\$ -	\$ -
Charges for services	-	-	262,152
Intergovernmental	160,441	-	-
Miscellaneous	15,400	-	-
Investment income	-	782	6,758
Total revenues	<u>175,841</u>	<u>782</u>	<u>268,910</u>
EXPENDITURES			
Current operating			
Recreation and culture	-	-	-
Streets and sewers	-	-	267,589
Human services	385,804	-	-
Debt service			
Principal retirements	-	-	-
Interest and fiscal charges	-	-	-
Capital outlay	-	136,819	-
Total expenditures	<u>385,804</u>	<u>136,819</u>	<u>267,589</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(209,963)</u>	<u>(136,036)</u>	<u>1,321</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	280,000	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>280,000</u>	<u>-</u>	<u>-</u>
Net change in Fund Balances	70,037	(136,036)	1,321
FUND BALANCES, beginning	<u>(15,799)</u>	<u>145,010</u>	<u>697,924</u>
FUND BALANCES, ending	<u>\$ 54,238</u>	<u>\$ 8,973</u>	<u>\$ 699,245</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, 2009
 (continued)

	Debt Service	Capital Projects Fund	Total Nonmajor Governmental Funds
	Sinking Fund	Police/Municipal Building	
REVENUES			
Taxes	\$ 1,423,553	\$ -	\$ 1,423,553
Charges for services	-	-	262,152
Intergovernmental	-	-	160,441
Miscellaneous	-	-	15,400
Investment income	-	981	8,521
Total revenues	<u>1,423,553</u>	<u>981</u>	<u>1,870,067</u>
EXPENDITURES			
Current operating			
Recreation and culture	-	-	-
Streets and sewers	-	-	267,589
Human services	-	-	385,804
Debt service			
Principal retirements	790,000	-	790,000
Interest and fiscal charges	483,045	-	483,045
Capital outlay	-	86,104	222,923
Total expenditures	<u>1,273,045</u>	<u>86,104</u>	<u>2,149,361</u>
Excess (deficiency) of revenues over (under) expenditures	<u>150,508</u>	<u>(85,123)</u>	<u>(279,294)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	280,000
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>280,000</u>
Net change in Fund Balances	150,508	(85,123)	706
FUND BALANCES, beginning	<u>129,488</u>	<u>99,216</u>	<u>1,055,839</u>
FUND BALANCES, ending	<u>\$ 279,996</u>	<u>\$ 14,093</u>	<u>\$ 1,056,545</u>

CITY OF STILLWATER, OKLAHOMA
BUDGETARY COMPARISON SCHEDULE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	SPECIAL REVENUE				SPECIAL REVENUE			
	COMMUNITY DEVELOPMENT				LIBRARY MATERIALS ENHANCEMENT			
	Budgeted Amount	Actual	Variance From		Budgeted Amounts	Actual	Variance From	
Original	Final	Final Budget		Original	Final	Final Budget		
REVENUES								
Taxes	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	
Intergovernmental	463,575	407,938	(201,206)		-	-	-	
Miscellaneous	15,000	15,400	400		-	-	-	
Charges for services	-	-	-		-	-	-	
Investment income	-	-	-		-	-	-	
Total revenues	<u>478,575</u>	<u>422,938</u>	<u>(200,806)</u>		<u>2,000</u>	<u>2,000</u>	<u>782</u>	<u>(1,218)</u>
					<u>2,000</u>	<u>2,000</u>	<u>782</u>	<u>(1,218)</u>
EXPENDITURES								
Current operating								
Recreation and culture	-	-	-		-	-	-	
Streets and sewers	-	-	-		-	-	-	
Human services	579,721	385,804	202,870		-	-	-	
Debt service	-	-	-		-	-	-	
Principal retirements	-	-	-		-	-	-	
Interest and fiscal charges	-	-	-		-	-	-	
Capital outlay	-	-	-		149,067	136,820	136,819	1
Total expenditures	<u>579,721</u>	<u>385,804</u>	<u>202,870</u>		<u>149,067</u>	<u>136,820</u>	<u>136,819</u>	<u>1</u>
Excess (deficiency) of								
revenues over (under) expenditures	<u>(101,146)</u>	<u>(163,672)</u>	<u>2,064</u>		<u>(147,067)</u>	<u>(134,820)</u>	<u>(136,037)</u>	<u>(1,217)</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	124,646	124,646	280,000	(155,354)	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>124,646</u>	<u>124,646</u>	<u>280,000</u>	<u>(155,354)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in Fund Balances	23,500	(41,090)	116,328	157,418	(147,067)	(134,820)	(136,037)	(1,217)
FUND BALANCES, beginning	52,510	52,510	52,510	-	145,009	145,009	145,009	-
FUND BALANCES, ending	<u>\$ 76,010</u>	<u>\$ 11,420</u>	<u>\$ 168,838</u>	<u>\$ 157,418</u>	<u>\$ (2,058)</u>	<u>\$ 10,189</u>	<u>\$ 8,972</u>	<u>\$ (1,217)</u>
Reconciliation of budget to GAAP:								
Revenues on budget basis		\$ 222,132					\$ 782	
Revenues received during fiscal year		(98,002)					-	
measurable and available at June 30, 2008								
Revenues received during fiscal year		51,711						
measurable and available at June 30, 2005								
Revenues on GAAP basis		<u>\$ 175,841</u>					<u>\$ 782</u>	

continued

CITY OF STILLWATER, OKLAHOMA
 BUDGETARY COMPARISON SCHEDULE
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2009
 (continued)

	SPECIAL REVENUE			STORM WATER MANAGEMENT			DEBT SERVICE				
	Budgeted Amounts Original	Budgeted Amounts Final	Variance From Final Budget	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance From Final Budget	
REVENUES:											
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,272,645	\$ 1,296,645	\$ 1,420,421	\$ 123,776
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-
Charges for services	256,000	256,000	9,841	265,841	256,000	9,841	-	-	-	-	-
Investment income	-	-	6,758	6,758	-	6,758	-	-	-	-	-
Total revenues	<u>256,000</u>	<u>256,000</u>	<u>16,599</u>	<u>272,599</u>	<u>256,000</u>	<u>16,599</u>	<u>6,758</u>	<u>1,272,645</u>	<u>1,296,645</u>	<u>1,420,421</u>	<u>123,776</u>
EXPENDITURES:											
Current operating	-	-	-	-	-	-	-	-	-	-	-
Recreation and culture	-	-	-	-	-	-	-	-	-	-	-
Streets and sewers	311,368	311,368	43,779	267,589	311,368	43,779	-	-	-	-	-
Human services	-	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-	-
Principal retirements	-	-	-	-	-	-	-	790,000	790,000	790,000	-
Interest and fiscal charges	-	-	-	-	-	-	-	482,645	482,645	483,045	(400)
Capital outlay	-	79,650	79,650	-	-	-	79,650	-	-	-	-
Total expenditures	<u>311,368</u>	<u>391,018</u>	<u>123,429</u>	<u>267,589</u>	<u>311,368</u>	<u>123,429</u>	<u>79,650</u>	<u>1,272,645</u>	<u>1,272,645</u>	<u>1,273,045</u>	<u>(400)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(55,368)</u>	<u>(135,018)</u>	<u>140,028</u>	<u>5,010</u>	<u>(135,018)</u>	<u>140,028</u>	<u>5,010</u>	<u>-</u>	<u>24,000</u>	<u>147,376</u>	<u>123,376</u>
OTHER FINANCING SOURCES (USES)											
Transfers in	-	-	-	-	-	-	-	-	-	-	-
Transfers out	(42,294)	(42,294)	42,294	-	(42,294)	42,294	42,294	-	-	-	-
Total other financing sources (uses)	<u>(42,294)</u>	<u>(42,294)</u>	<u>42,294</u>	<u>-</u>	<u>(42,294)</u>	<u>42,294</u>	<u>42,294</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in Fund Balances	(97,662)	(177,312)	182,322	5,010	(177,312)	182,322	5,010	-	24,000	147,376	123,376
FUND BALANCES, beginning	(3,686)	(3,686)	-	(3,686)	(3,686)	-	(3,686)	213,929	213,929	213,929	-
FUND BALANCES, ending	<u>\$ (101,348)</u>	<u>\$ (180,998)</u>	<u>\$ 182,322</u>	<u>\$ 1,324</u>	<u>\$ (180,998)</u>	<u>\$ 182,322</u>	<u>\$ 182,322</u>	<u>\$ 213,929</u>	<u>\$ 237,929</u>	<u>\$ 361,305</u>	<u>\$ 123,376</u>
Reconciliation of budget to GAAP:											
Revenues on budget basis				\$ 272,599						\$ 1,420,421	
Revenues received during fiscal year measurable and available at June 30, 2008				(35,599)						(51,927)	
Revenues received during fiscal year measurable and available at June 30, 2005				31,909						55,059	
Revenues on GAAP basis				<u>\$ 268,910</u>						<u>\$ 1,423,553</u>	

continued

CITY OF STILLWATER, OKLAHOMA
 BUDGETARY COMPARISON SCHEDULE
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2009
 (continued)

	CAPITAL PROJECTS FUND			Variance From Final Budget
	Budgeted Amounts	Actual		
	Original	Final		
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Miscellaneous	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	981	981
Total revenues	-	-	981	981
EXPENDITURES				
Current operating				
Recreation and culture	-	-	-	-
Streets and sewers	-	-	-	-
Human services	-	-	-	-
Debt service				
Principal retirements	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	98,313	86,104	12,209
Total expenditures	-	98,313	86,104	12,209
Excess (deficiency) of revenues over (under) expenditures	-	(98,313)	(85,123)	(11,228)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in Fund Balances	-	(98,313)	(85,123)	(11,228)
FUND BALANCES, beginning	99,216	99,216	99,216	-
FUND BALANCES, ending	\$ 99,216	\$ 903	\$ 14,093	\$ (11,228)
Reconciliation of budget to GAAP:				
Revenues on budget basis			\$ 981	
Revenues received during fiscal year measurable and available at June 30, 2008			-	
Revenues received during fiscal year measurable and available at June 30, 2005			-	
Revenues on GAAP basis			\$ 981	

NONMAJOR PROPRIETARY FUNDS

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

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

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

CITY OF STILLWATER, OKLAHOMA
STATEMENT OF NET ASSETS--NONMAJOR PROPRIETARY FUNDS
JUNE 30, 2009

ASSETS	Airport	Stillwater Public Golf Authority	Stillwater Industrial Redevelopment Authority	Total
CURRENT ASSETS				
Cash and cash equivalents	\$ 38,443	\$ 54,734	\$ 232,281	\$ 325,458
Accounts receivable, net of allowance	15,413	10,501	-	25,914
Due from other funds	-	-	-	-
Due from other funds	-	-	23,218	23,218
Advances to other funds	-	-	4,000	4,000
Installment loans receivable	-	-	27,759	27,759
Leasehold receivable	-	-	41,667	41,667
Inventories	51,349	59,231	-	110,580
Total current assets	105,205	124,466	328,925	558,596
NONCURRENT ASSETS				
Advances to other funds	-	-	4,000	4,000
Leasehold receivable	-	-	281,109	281,109
Restricted assets				
Due from other governments	34,463	-	-	34,463
Capital assets, nondepreciable	1,685,051	16,000	-	1,701,051
Capital assets, depreciable, net	8,219,467	1,753,791	-	9,973,258
Total noncurrent assets	9,938,981	1,769,791	285,109	11,993,881
Total assets	10,044,186	1,894,257	614,034	12,552,477
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	272,688	63,697	7,087	343,472
Accrued expenses	9,529	21,029	1,670	32,228
Accrued compensated absences	1,451	2,396	777	4,624
Due to other funds	3,946	11,109	905	15,960
Advances from other funds	4,000	-	41,667	45,667
Refundable grant obligations	-	-	50,000	50,000
Unearned revenue	1,680	63,309	23,218	88,207
Total current liabilities	293,294	161,540	125,324	580,158
NONCURRENT LIABILITIES				
Advances from other funds	4,000	-	281,109	285,109
Compensated absences	24,129	32,836	615	57,580
Total noncurrent liabilities	28,129	32,836	281,724	342,689
Total liabilities	321,423	194,376	407,048	922,846
NET ASSETS				
Invested in capital assets, net of related debt	9,904,517	1,769,791	-	11,674,308
Unrestricted (deficit)	(181,754)	(69,910)	206,986	(44,678)
Total net assets	\$ 9,722,763	\$ 1,699,881	\$ 206,986	\$ 11,629,630

CITY OF STILLWATER, OKLAHOMA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS -NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Airport	Stillwater Public Golf Authority	Stillwater Industrial Redevelopment Authority	Total
OPERATING REVENUES				
Charges for services	\$ 893,730	\$ 548,036	\$ -	\$ 1,441,766
Other	276,101	176,524	10,480	463,105
Total operating revenues	<u>1,169,831</u>	<u>724,560</u>	<u>10,480</u>	<u>1,904,871</u>
OPERATING EXPENSES				
Operating and maintenance	1,392,188	1,021,002	208,731	2,621,921
Depreciation	639,563	128,564	-	768,127
Amortization	953	-	-	953
Total operating expenses	<u>2,032,704</u>	<u>1,149,566</u>	<u>208,731</u>	<u>3,391,001</u>
Operating income (loss)	<u>(862,873)</u>	<u>(425,006)</u>	<u>(198,251)</u>	<u>(1,486,130)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	1,540	57	1,186	2,783
Net nonoperating revenues	<u>1,540</u>	<u>57</u>	<u>1,186</u>	<u>2,783</u>
Income (loss) before capital contributions and transfers	<u>(861,333)</u>	<u>(424,949)</u>	<u>(197,065)</u>	<u>(1,483,347)</u>
CAPITAL CONTRIBUTIONS AND TRANSFERS				
Capital contributions	579,782	-	147,118	726,900
Transfers in	419,656	636,359	34,936	1,090,951
Transfers out	-	-	-	-
Net capital contributions and transfers	<u>999,438</u>	<u>636,359</u>	<u>182,054</u>	<u>1,817,851</u>
Change in net assets	138,105	211,410	(15,011)	334,504
NET ASSETS, beginning	<u>9,584,658</u>	<u>1,488,471</u>	<u>221,997</u>	<u>11,295,126</u>
NET ASSETS, ending	<u>\$ 9,722,763</u>	<u>\$ 1,699,881</u>	<u>\$ 206,986</u>	<u>\$ 11,629,630</u>

CITY OF STILLWATER, OKLAHOMA
STATEMENT OF CASH FLOWS --NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Airport	Stillwater Public Golf Authority	Stillwater Industrial Redevelopment Authority	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 883,655	\$ 505,804	-	\$ 1,389,459
Payments to suppliers	(870,194)	(524,978)	(147,761)	(1,542,933)
Payments to employees	(324,948)	(562,706)	(58,869)	(946,523)
Inter activity-payments to other funds	(82,795)	-	(39,343)	(122,138)
Other receipts (payments)	276,101	176,524	55,939	508,564
Net cash provided by (used for) operating activities:	<u>(118,181)</u>	<u>(405,356)</u>	<u>(190,034)</u>	<u>(713,571)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers from (to) other funds	419,656	598,102	182,053	1,199,812
Net cash provided by (used for) noncapital financing activite	<u>419,656</u>	<u>598,102</u>	<u>182,053</u>	<u>1,199,812</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Capital contributions	545,319	-	-	545,319
Purchases of assets	(805,891)	(198,379)	-	(1,004,270)
Principal (paid) received on capital debt	(4,000)	-	20,644	16,644
Net cash provided by (used for) capital activities:	<u>(264,572)</u>	<u>(198,379)</u>	<u>20,644</u>	<u>(442,307)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest	1,540	57	1,186	2,783
Net cash provided by (used for) investing activities:	<u>1,540</u>	<u>57</u>	<u>1,186</u>	<u>2,783</u>
Net increase (decrease) in cash and cash equivalents	38,443	(5,575)	13,849	46,717
CASH AND CASH EQUIVALENTS, beginning of year	<u>-</u>	<u>60,310</u>	<u>218,432</u>	<u>278,742</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 38,443</u>	<u>\$ 54,734</u>	<u>\$ 232,281</u>	<u>\$ 325,458</u>
Reconciliation of operating income (loss) to net cash provided by (used by) operating activities				
Operating income (loss)	\$ (862,873)	\$ (425,006)	\$ (198,251)	\$ (1,486,130)
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation expense	639,563	128,564	-	768,127
Amortization expense	953	-	-	953
Changes in assets and liabilities				
Receivables, net	(10,075)	(9,463)	(27,759)	(47,297)
Inventories	6,269	8,359	-	14,628
Accounts and other payables	105,180	(75,041)	11,691	41,830
Change in deferred operating revenues	-	(32,769)	23,218	(9,551)
Accrued expenses	2,802	-	1,067	3,869
Net cash provided by (used for) operating activities:	<u>\$ (118,181)</u>	<u>\$ (405,356)</u>	<u>\$ (190,034)</u>	<u>\$ (713,571)</u>

CITY OF STILLWATER, OKLAHOMA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2009

	Balance June 30, 2008	Additions	Reductions	Balance June 30, 2009
ASSETS				
Cash and cash equivalents	\$ 10,305	301,038	\$ 258,045	\$ 53,298
Pooled investments	137,815	11,202	16,737	132,280
Other investments	260,520	166,847	165,000	262,367
Assessment receivable	6,703	8,683	9,486	5,900
Total assets	<u>\$ 415,343</u>	<u>\$ 487,770</u>	<u>\$ 449,268</u>	<u>\$ 453,845</u>
LIABILITIES				
Accounts payable	\$ 7,358	4,287	\$ 10,357	\$ 1,288
Amounts held in escrow	407,985	493,840	449,268	452,557
Total liabilities	<u>\$ 415,343</u>	<u>\$ 498,127</u>	<u>\$ 459,625</u>	<u>\$ 453,845</u>

*Statistical
Section*

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 seven fiscal years
- Changes in Net Assets – Last seven fiscal years
- Fund Balances, Governmental Funds – Last seven fiscal years
- Changes in Fund Balances, Governmental Funds – Last seven fiscal years

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

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

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

- Legal Debt Margin Information – Last ten fiscal years
- Direct and Overlapping Governmental Activities Debt – As of June 30, 2009
- Electric Utility Customers and Sales by Type – Last ten fiscal years
- Ratios of Outstanding Debt by Type – Last ten fiscal years
- Ratios of General Bonded Debt to Assessed Values– Last ten fiscal years
- Pledged Revenue Coverage – Last ten fiscal years

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

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

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

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

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

	As of June 30,						
	2003	2004	2005	2006	2007	2008	2009
Governmental activities							
Invested in capital assets, net of related debt	\$ 72,220,782	\$ 70,989,399	\$ 71,724,485	\$ 70,865,043	\$ 75,874,538	\$ 78,005,755	\$ 82,079,030
Restricted for capital projects	553,894	311,827	227,641	182,859	156,719	99,216	14,093
Restricted for debt service	613,449	761,585	696,375	168,999	96,746	129,488	279,996
Restricted for street improvements	-	-	7,158,849	9,582,135	10,044,476	9,609,597	6,199,305
Restricted for specific operating activities	-	-	536,641	615,844	558,210	630,646	745,814
Unrestricted	11,813,537	12,374,202	3,327,269	5,620,201	4,075,193	1,575,602	787,697
Total governmental activities net assets	\$ 85,201,662	\$ 84,437,013	\$ 83,671,260	\$ 87,035,081	\$ 90,805,882	\$ 90,050,304	\$ 90,105,935
Business-type activities							
Invested in capital assets, net of related debt	\$ 65,423,858	\$ 70,512,395	\$ 74,539,974	\$ 77,374,975	\$ 80,898,110	\$ 84,155,142	\$ 88,903,110
Restricted for capital projects	-	-	-	-	-	54,756	54,756
Restricted for debt service	2,266,493	2,275,899	1,376,664	1,582,124	1,912,627	2,208,517	2,248,810
Unrestricted	25,627,707	25,425,194	26,489,143	24,471,836	21,526,947	22,594,009	22,271,698
Total business-type activities net assets	\$ 93,318,058	\$ 98,213,488	\$ 102,405,781	\$ 103,428,935	\$ 104,337,684	\$ 109,012,424	\$ 113,478,374
Primary government							
Invested in capital assets, net of related debt	\$ 137,644,640	\$ 141,501,794	\$ 146,264,459	\$ 148,240,018	\$ 156,772,648	\$ 162,160,897	\$ 170,982,140
Restricted for capital projects	553,894	311,827	227,641	182,859	156,719	153,972	68,849
Restricted for debt service	2,879,942	3,037,484	2,073,039	1,751,123	2,009,373	2,338,005	2,528,806
Restricted for street improvements	-	-	7,158,849	9,582,135	10,044,476	9,609,597	6,199,305
Restricted for specific operating activities	-	-	536,641	615,844	558,210	630,646	745,814
Unrestricted	37,441,244	37,799,396	29,816,412	30,092,037	25,602,140	24,169,611	23,059,395
Total primary government net assets	\$ 178,519,720	\$ 182,650,501	\$ 186,077,041	\$ 190,464,016	\$ 195,143,566	\$ 199,062,728	\$ 203,584,309

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

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

	Fiscal Year Ended June 30,						
	2003	2004	2005	2006	2007	2008	2009
Expenses							
Governmental activities:							
Public Safety	\$ 12,030,274	\$ 12,681,613	\$ 13,485,558	\$ 14,091,743	\$ 15,590,805	\$ 17,238,579	\$ 16,473,868
Recreation and culture	4,766,960	4,652,366	5,176,504	5,185,248	5,428,234	5,645,050	5,778,583
General government	2,109,441	2,274,740	2,475,642	2,522,896	3,466,609	3,811,781	4,362,965
Financial administration	616,804	569,047	604,803	751,577	635,329	648,327	614,382
Street and sewers	5,161,605	5,401,003	5,520,360	5,726,635	6,454,425	7,009,091	7,393,163
Engineering and public works administration	1,141,343	832,998	1,008,922	914,956	767,258	630,423	858,882
Tourism	269,786	280,485	331,483	370,356	-	-	-
Economic development	386,524	509,066	605,611	602,346	1,004,617	1,035,287	1,056,928
Health and welfare	1,339,060	1,227,161	1,613,431	1,441,499	1,593,649	1,669,649	1,786,891
Interest on long-term debt	803,198	740,282	681,061	628,333	578,703	528,355	478,827
Total governmental activities expenses	28,624,995	29,168,761	31,503,375	32,235,589	35,519,629	38,216,522	38,804,489
Business-type activities:							
Electric, water, wastewater and sanitation operations	34,171,680	35,062,143	37,756,145	43,453,117	46,993,426	45,651,630	45,926,941
Stillwater Public Golf Authority	1,173,163	1,180,919	1,161,042	1,101,923	1,194,269	1,204,793	1,149,566
Stillwater Industrial Redevelopment Authority	71,315	49,797	101,129	-	-	-	-
Business area development	-	-	-	-	-	45,740	208,731
Airport operations	1,283,965	1,374,786	1,959,733	2,161,111	2,113,932	2,670,192	2,032,704
Total business-type activities expenses	36,700,123	37,667,645	40,978,049	46,716,151	50,301,627	49,572,355	49,317,942
Total primary government expenses	\$ 65,325,118	\$ 66,836,406	\$ 72,481,424	\$ 78,951,740	\$ 85,821,256	\$ 87,788,877	\$ 88,122,431
Program Revenues							
Governmental activities							
Charges for services:							
Public safety	\$ 211,099	\$ 112,999	\$ 118,593	\$ 171,172	\$ 164,246	\$ 189,049	\$ 261,425
Recreation and culture	556,394	584,684	632,614	831,725	757,084	765,242	781,810
General government	12,820	15,219	5,908	30,738	277,421	393,280	1,030,075
Financial administration	785,127	768,888	923,756	834,381	1,116,601	890,515	1,065,196
Streets and sewers	256,111	413,023	413,023	523,616	449,124	445,976	547,636
Engineering and public works administration	-	-	5,405	-	-	-	-
Economic Development	-	-	-	-	3,261	-	-
Health and welfare	903,458	888,583	956,444	1,257,203	1,412,587	1,408,365	1,235,782
Operating grants and contributions	467,172	321,587	725,092	178,129	119,845	120,693	213,327
Capital grants and contributions	176,310	214,198	102,907	822,889	2,166,742	853,309	783,066
Total governmental activities program revenues	3,368,491	3,319,181	3,883,742	4,649,853	6,466,911	5,066,429	5,918,317

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

continued

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

	Fiscal Year Ended June 30,						
	2003	2004	2005	2006	2007	2008	2009
Business-type activities:							
Charges for services:							
Electric, water, wastewater, and sanitation operations	39,021,354	41,065,887	43,595,811	48,197,848	51,315,037	52,517,022	53,076,534
Stillwater Public Golf Authority	811,516	796,669	775,913	820,232	697,495	730,872	724,559
Stillwater Industrial Redevelopment Authority	1,571	1,181	932	751	-	-	-
Business area development	0	0	0	0	-	2,712	10,480
Airport operations	486,935	586,264	787,127	1,156,881	1,150,365	1,509,281	1,169,831
Operating grants and contributions	17,050	22,138	255,892	100,640	-	-	-
Capital grants and contributions	2,194,428	1,619,051	3,926,570	1,276,045	2,185,284	2,155,469	3,288,383
Total business-type activities program revenues	42,532,854	44,091,190	49,342,245	51,552,397	55,348,181	56,915,356	58,269,787
Total primary government program revenues	\$ 45,901,345	\$ 47,410,371	\$ 53,225,987	\$ 56,202,250	\$ 61,815,092	\$ 61,981,785	\$ 64,188,104

Net (Expense)/Revenue							
Governmental activities	\$ (25,256,504)	\$ (25,849,580)	\$ (27,619,633)	\$ (27,585,736)	\$ (29,052,718)	\$ (33,150,093)	\$ (32,886,172)
Business-type activities	5,832,731	6,423,545	8,364,196	4,836,246	5,046,554	7,343,001	8,951,845
Total primary government net expense	\$ (19,423,773)	\$ (19,426,035)	\$ (19,255,437)	\$ (22,749,490)	\$ (24,006,164)	\$ (25,807,092)	\$ (23,934,327)

General Revenues and Other Changes in Net Assets

Governmental activities:							
Taxes:							
Sales and use taxes	\$ 17,443,260	\$ 18,598,176	\$ 19,822,637	\$ 21,842,709	\$ 22,857,240	\$ 23,860,004	\$ 24,129,712
Property taxes	2,224,535	2,130,193	1,979,773	1,368,897	1,315,487	1,343,353	991,643
Franchise and public service taxes	1,249,009	1,322,018	1,380,775	1,437,986	1,330,835	1,502,845	2,047,096
E911 taxes	113,610	117,167	98,792	93,739	84,444	81,681	81,928
Hotel/motel taxes	277,307	294,015	332,727	368,826	406,552	439,953	437,781
Investment income	93,243	75,000	284,037	382,339	616,842	464,024	105,909
Miscellaneous	277,565	212,258	139,247	514,193	532,498	587,117	-
Transfers-internal activity	6,982,099	2,178,317	2,299,435	4,758,359	5,679,621	4,115,538	5,147,735
Total governmental activities	28,660,628	24,927,144	26,337,423	30,749,048	32,823,519	32,394,515	32,941,804
Business-type activities:							
Investment income	330,530	166,447	461,770	908,708	1,212,709	847,390	232,822
Miscellaneous	608,826	743,816	202,682	237,068	329,107	599,887	429,018
Transfers-internal activity	(6,982,100)	(2,178,317)	(2,299,435)	(4,758,359)	(5,679,621)	(4,115,538)	(5,147,735)
Total business-type activities	(6,042,744)	(1,268,054)	(1,634,983)	(3,612,583)	(4,137,805)	(2,668,261)	(4,485,895)
Total primary government	\$ 22,617,884	\$ 23,659,090	\$ 24,702,440	\$ 27,136,465	\$ 28,685,714	\$ 29,726,254	\$ 28,455,909

Change in Net Assets							
Governmental activities	\$ 3,404,124	\$ (922,436)	\$ (1,282,210)	\$ 3,163,312	\$ 3,770,801	\$ (755,578)	\$ 55,632
Business-type activities	(210,013)	5,155,491	6,729,213	1,223,663	908,749	4,674,740	4,465,950
Total primary government	\$ 3,194,111	\$ 4,233,055	\$ 5,447,003	\$ 4,386,975	\$ 4,679,550	\$ 3,919,162	\$ 4,521,582

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

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

	As of June 30,						
	2003	2004	2005	2006	2007	2008	2009
General fund							
Reserved for inventories	\$ 144,293	\$ 179,414	\$ 171,519	\$ 196,965	\$ 178,914	\$ 215,927	\$ 270,012
Reserved for police activities	110,863	109,045	110,373	111,150	102,174	103,845	105,158
Reserved for fire activities	167,177	207,097	228,212	236,210	230,006	259,093	323,533
Reserved for sales tax transfer	1,188,233	1,235,969	1,334,010	1,496,905	1,543,166	1,617,836	1,647,182
Reserved for hotel/motel	-	43,034	40,930	28,797	47,115	51,781	47,111
Unreserved:							
Designated for self insurance	951,031	855,704	855,704	1,072,554	1,484,580	855,704	855,704
Designated for recreation and culture	528,444	165,246	169,065	99,291	76,976	105,920	111,504
Undesignated	6,130,987	4,953,732	1,342,491	3,160,167	1,317,341	219,459	(115,077)
Total general fund	\$ 9,221,028	\$ 7,749,241	\$ 4,252,304	\$ 6,402,039	\$ 4,980,272	\$ 3,429,565	\$ 3,245,127
All other Governmental Funds							
Reserved for debt service	\$ 613,449	\$ 761,585	\$ 696,375	\$ 168,999	\$ 96,746	\$ 129,488	\$ 279,996
Reserved for capital improvements	553,894	311,827	227,641	182,859	156,719	99,216	14,093
Unreserved, reported in:							
Special revenue funds	3,243,615	5,773,881	7,979,196	10,620,862	11,077,427	10,436,732	6,961,761
Total all other governmental funds	\$ 4,410,958	\$ 6,847,293	\$ 8,903,212	\$ 10,972,720	\$ 11,330,892	\$ 10,665,436	\$ 7,255,850

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

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

	Fiscal Year Ended June 30,						
	2003	2004	2005	2006	2007	2008	2009
Revenues							
Taxes	\$ 21,057,097	\$ 22,445,024	\$ 23,460,061	\$ 24,995,004	\$ 25,893,302	\$ 27,326,131	\$ 27,682,289
Intergovernmental	495,483	292,990	742,105	245,939	308,548	422,028	373,768
Charges for service	449,299	1,373,709	1,428,079	1,653,785	1,468,896	1,357,411	1,427,691
Fines and forfeits	756,362	845,093	889,850	877,165	807,431	789,481	810,280
Fees and rentals	429,325	498,198	526,700	642,259	802,179	816,051	932,655
Investment income	90,865	73,414	192,169	377,479	609,562	458,761	103,463
Licenses and permits	88,583	113,460	182,293	222,355	303,354	246,636	242,593
Other miscellaneous revenues	1,346,061	381,880	397,285	686,876	1,092,042	1,328,187	1,428,570
Total revenues	24,713,075	26,023,768	27,818,542	29,700,862	31,285,314	32,744,686	33,001,309
Expenditures							
Current:							
Public safety	11,212,713	12,238,250	12,919,050	13,663,801	15,147,760	16,682,553	15,987,890
Recreation and culture	3,725,646	3,779,171	4,050,919	4,256,098	4,791,101	5,015,086	5,061,282
General government	1,549,115	1,723,360	2,156,559	2,172,095	2,624,051	2,986,340	3,603,225
Financial administration	523,328	488,920	525,900	614,774	612,413	578,968	578,460
Streets and sewers	1,826,022	1,879,794	1,889,400	2,025,858	2,375,075	2,621,006	2,658,212
Operations	731,566	807,442	902,206	882,005	741,181	583,597	872,035
Economic development	386,524	509,066	937,095	972,702	1,004,617	1,035,287	1,056,929
Human services	1,236,491	1,191,431	1,527,309	1,365,664	1,647,385	1,946,693	1,791,442
Debt service:							
Principal retirements	790,000	790,000	790,000	790,000	790,000	790,000	790,000
Interest and fiscal charges	808,465	745,265	685,465	632,465	582,865	532,525	483,045
Capital outlay	5,617,633	2,878,591	5,175,092	2,864,516	6,402,132	6,113,834	8,578,055
Total expenditures	28,407,503	27,031,290	31,558,995	30,239,978	36,718,580	38,885,889	41,460,575
Excess of revenues over (under) expenditures	(3,694,428)	(1,007,522)	(3,740,453)	(539,116)	(5,433,266)	(6,141,203)	(8,459,266)
Other Financing Sources (Uses)							
Transfers in	15,654,554	11,683,976	11,755,379	14,541,601	13,534,835	15,260,534	17,361,233
Transfers out	(8,672,455)	(9,431,421)	(9,455,944)	(9,783,242)	(9,165,164)	(11,335,494)	(12,495,991)
Transfer out to component unit	(269,786)	(280,485)	-	-	-	-	-
Total other financing sources (uses)	6,712,313	1,972,070	2,299,435	4,758,359	4,369,671	3,925,040	4,865,242
Net change in fund balances	\$ 3,017,885	\$ 964,548	\$ (1,441,018)	\$ 4,219,243	\$ (1,063,595)	\$ (2,216,163)	\$ (3,594,024)
Debt service as a percentage of noncapital expenditures	7.01%	6.36%	5.59%	5.20%	4.53%	4.04%	3.87%

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

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

Fiscal Year	Franchise and Public				E911 Taxes		Hotel/Motel Taxes		Other Taxes		Sales Tax as Percentage of	
	Sales & Use Taxes	Property Taxes	Service Taxes	Franchise and Public	E911 Taxes	Hotel/Motel Taxes	Other Taxes	Total Taxes	Total Taxes	Total Taxes	Total Taxes	
2000	14,328,401	1,235,635	\$	124,030	\$	243,418	993,507	16,924,991	84.66%			
2001	14,916,853	1,239,927		135,327		232,799	1,264,432	17,789,338	83.85%			
2002	16,654,826	1,795,054		127,647		236,755	1,024,380	19,838,662	83.95%			
2003	17,058,712	2,087,520	\$	113,610		277,307		21,057,097	81.01%			
2004	18,598,176	2,130,193		117,167		294,015		22,461,569	82.80%			
2005	19,822,637	1,979,773		98,792		332,727		23,614,704	83.94%			
2006	21,824,709	1,368,897		93,739		368,826		25,094,157	86.97%			
2007	22,857,240	1,315,487		84,444		406,552		25,994,558	87.93%			
2008	23,860,004	1,343,353		81,681		439,953		27,227,836	87.63%			
2009	24,129,712	991,643		81,928		437,781		27,688,160	87.15%			

(A) Fiscal years 2000 thru 2002 (pre-GASB 34) includes all taxes of General, Special Revenue, and Debt Service Funds.

Note: For fiscal years 2000 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	
2000	107,228	26,108	5,648	138,984	5,304	133,680	9.28	1,219,158	10.96%									
2001	114,714	29,564	5,817	150,095	5,306	144,789	8.54	1,316,623	11.00%									
2002	122,299	30,969	6,833	160,101	5,303	154,798	11.54	1,404,395	11.02%									
2003	127,396	30,420	9,096	166,912	5,326	161,586	13.70	1,464,140	11.04%									
2004	138,265	31,250	10,610	180,125	5,227	174,898	12.29	1,580,044	11.07%									
2005	147,535	30,862	10,956	189,353	5,096	184,257	10.76	1,660,991	11.09%									
2006	157,236	32,721	12,360	202,317	5,091	197,226	7.19	1,774,711	11.11%									
2007	173,283	35,512	11,516	220,311	5,198	215,113	6.17	1,932,553	11.13%									
2008	190,637	38,567	9,911	239,115	5,300	233,815	5.72	2,097,439	11.15%									
2009	205,793	40,243	8,976	255,012	5,307	249,705	5.75	2,236,947	11.16%									

Source: Payne County Assessor

The assessed value of the taxable property as certified by the Payne County Assessor to be used for the 2009-2010 fiscal year is as follows:

2010	Real Property		Personal Property		Public Service Property		Total Valuation		Homestead Exemption		Net Total Valuation		Total Direct Tax Rate		Total Estimated Actual Value	
\$	220,793	\$	40,426	\$	9,324	\$	270,543	\$	5,322	\$	265,221	\$	5.24	\$	2,373,184	

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		Payne County	Total
	Debt Service Fund	Independent School District No. 16	Center	Center	Center		
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	
2007	6.17	62.93	15.00	15.00	16.00	100.10	
2008	5.72	64.17	15.00	15.00	16.00	100.89	
2009	5.75	62.09	15.00	15.00	16.00	98.84	

Source: Payne County Assessor

The direct and overlapping tax rates for FY 2009-2010 are as follows:

Fiscal Year	City of Stillwater			Meridian Technology		Payne County	Total
	Debt Service Fund	Independent School District No. 16	Center	Center	Center		
2010	\$ 5.24	\$ 63.20	\$ 15.00	\$ 15.00	\$ 16.00	\$ 99.44	

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

Taxpayer	Type of Business	2009			2000		
		2009 Assessed	Percentage of	Rank	2000 Assessed	Percentage of	Rank
		Valuation	Total Assessed	Valuation	Valuation	Total Assessed	Valuation
Brunswick Corporation	Manufacturer of stern-drive boat motors	4,486,856	1.69%	1	4,866,913	3.36%	2
Wal-Mart Stores, Inc. #137	Discount supercenter	4,407,572	1.66%	2	1,659,543	1.15%	5
Stillwater Designs & Audio, Inc.	Home & auto audio manufacturer	4,199,757	1.58%	3			
Links at Stillwater	Apartments/golf/fitness development	3,943,937	1.49%	4			
Quebecor World Inc.	Printer of magazines and advertising inserts	3,662,442	1.38%	5	2,699,766	1.86%	4
Armstrong World Industries, Inc.	Manufacturer of floor coverings	3,566,798	1.34%	6	5,820,835	4.02%	1
Chickasaw Telecom Services, Inc.	Telephone utility	3,127,743	1.18%	7			
National Standard Co.	Manufacturer of steel cord for radial tires	2,768,780	1.04%	8	1,417,382	0.98%	6
Lakeview Pointe	Shopping Center	2,047,014	0.77%	9			
Southwestern Bell	Telephone utility	2,005,978	0.76%	10	3,165,515	2.19%	3
Oklahoma Natural Gas	Gas Utility				1,296,873	0.90%	8
Lowes Home Center, Inc.	Home improvement store				1,368,299	0.95%	7
Moore Business Forms, Inc.	Business forms printer				1,218,341	0.84%	9
Frank C. & Ludmila Robson	Shopping Center				813,500	0.56%	10
		<u>\$34,216,877</u>	<u>12.90%</u>		<u>\$24,326,967</u>	<u>16.81%</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)
2000	1,241	1,233	99%	3
2001	1,237	1,243	100%	4
2002	1,786	1,727	97%	3
2003	2,214	2,087	94%	3
2004	2,149	2,084	97%	78
2005	1,982	1,942	98%	15
2006	1,417	1,433	101%	18
2007	1,320	1,286	97%	19
2008	1,344	1,294	96%	64
2009	1,408	1,281	91%	151

(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, 2009 are \$29 thousand in current taxes and \$6 thousand in delinquent taxes.

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General merchandise stores	\$119,431	\$123,633	\$128,097	\$141,576	\$144,281	\$165,326	\$168,961
Eating and drinking places	57,980	60,824	68,314	79,720	84,125	88,711	95,953
Miscellaneous retail	46,129	49,969	52,776	53,655	59,973	63,590	60,811
Building material, hardware, garden supply	34,248	41,593	48,395	52,357	51,659	58,193	56,626
Food stores	49,366	49,339	42,733	38,049	35,924	34,492	35,269
Electric, gas, and sanitary services	30,008	30,326	31,763	36,563	39,310	38,680	39,300
Wholesale trade - durable goods	17,784	20,511	23,857	28,128	25,108	26,072	27,365
Apparel & accessory stores	25,924	26,172	26,549	25,996	35,824	34,128	32,717
Furniture, home furnishings & equipment	18,406	19,749	21,611	24,266	24,478	26,142	26,924
Communications	24,067	24,607	24,831	22,357	23,368	23,531	22,948
Automotive dealers & gasoline service	13,119	13,509	14,544	13,862	15,227	14,103	13,847
Education services	8,832	12,582	10,580	10,947	12,768	10,555	19,021
Business services	9,984	9,445	9,237	10,125	14,276	13,639	13,604
All other outlets	37,426	39,326	40,427	47,200	14,811	51,539	53,009
Total	\$492,704	\$521,585	\$543,714	\$584,801	\$581,132	\$648,701	\$666,355
City general sales tax rate	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Transferable to SUA	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Dedicated sales tax (transportation projects) *	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
Total tax rate	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%

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

Source: Oklahoma Tax Commission
Information for fiscal years before 2002/2003 is not readily available.

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

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

Fiscal Year	City of Stillwater	State of Oklahoma	Payne County
2000	2.00%	4.50%	0.0375%/0.50%
2001	2.00%	4.50%	0.50%
2002 *	2.00%/2.50%	4.50%	0.50%
2003	2.50%	4.50%	0.50%
2004	2.50%	4.50%	0.50%
2005	2.50%	4.50%	0.50%
2006	2.50%	4.50%	0.50%/0.75%
2007	2.50%	4.50%	0.75%
2008	2.50%	4.50%	0.75%
2009	2.50%	4.50%	0.75%

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

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

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

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

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

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

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

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

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Commercial										
Ave monthly customers	1,426	1,488	1,495	1,527	1,544	1,665	1,740	1,801	1,873	1,920
Annual Sales	3,384,792	3,669,320	3,770,360	3,737,569	3,877,638	4,115,871	4,704,547	5,097,084	5,239,488	5,481,954
Percentage of Total Annual Sales	13%	13%	13%	13%	13%	14%	14%	13%	14%	15%
Residential										
Ave monthly customers	14,819	15,246	15,307	15,708	16,056	16,182	16,760	16,690	16,874	17,060
Annual Sales	10,679,089	12,003,543	12,069,428	12,232,987	12,877,862	13,100,486	15,647,337	16,803,705	16,639,744	16,793,576
Percentage of Total Annual Sales	42%	43%	43%	44%	44%	43%	45%	44%	45%	45%
Industrial/Institutional										
Ave monthly customers	193	202	208	209	205	206	212	220	225	237
Annual Sales	11,354,496	12,172,030	12,246,100	12,130,641	12,683,716	13,204,681	14,428,839	16,256,536	15,475,209	15,135,507
Percentage of Total Annual Sales	45%	44%	44%	43%	43%	43%	41%	43%	41%	40%

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

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Legal Debt Margin Calculation for Fiscal Year 2009:										
Net assessed valuation										<u>\$ 265,220</u>
Allowable debt of nonpublic utility bonds, limited by State Constitution, Article 10, Section 26, to 10% of net assessed valuation										\$ 26,522
Less- Debt applicable to debt limit: Municipal/police building general obligation bonds					(9,040)					
Legal debt margin					<u>\$ 17,482</u>					
Debt limit	\$ 14,479	\$ 15,480	\$ 16,159	\$ 17,490	18,426	19,723	21,511	23,381	24,971	26,522
Less - Total net debt applicable to limit	(8,500)	(14,970)	(14,570)	(13,780)	(12,990)	(12,200)	(11,410)	(10,620)	(9,830)	(9,040)
Legal debt margin	\$ 5,979	\$ 510	\$ 1,589	\$ 3,710	\$ 5,436	\$ 7,523	\$ 10,101	\$ 12,761	\$ 15,141	\$ 17,482
Total net debt applicable to the limit as a percentage of debt limit	58.7%	96.7%	90.2%	78.8%	70.5%	61.9%	53.0%	45.4%	39.4%	34.1%

CITY OF STILLWATER, OKLAHOMA
 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 AS OF JUNE 30, 2009
 (in thousands of dollars)

Governmental Unit:	Bonds Outstanding		Debt Service Cash Available (A)	Net Bonds Outstanding	Percentage Applicable to City of Stillwater Property Owners / Patrons		Estimated Share of Overlapping Debt	
	\$							
Debt repaid with property taxes								
Stillwater Independent School District #16	\$	35,610	\$	6,296	\$	29,314	83.44% \$	24,459
Debt repaid with sales taxes								
Payne County Facilities Authority	\$	17,380	\$	2,307	\$	15,073	73.01%	11,005
Subtotal - overlapping debt					\$			35,464
City of Stillwater direct debt	\$	9,040	\$	272	\$	8,768	100.00%	8,768
Total direct and overlapping debt					\$			<u>44,232</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

Fiscal Year	Governmental Activities				Business-type Activities				Debt as		
	General Obligation Bonds	Revenue Bonds	General Obligation Bonds	Notes Payable	Capital Leases	Total Primary Government	Personal Income (in thousands of dollars)	Percentage of Personal Income	Population	Total Debt Per Capita	
2000	8,500,000	16,030,000	2,940,000	2,213,369	-	29,683,369	1,434,174	2.1%	41,000	723.98	
2001	14,970,000	14,830,000	2,440,000	9,095,262	622,000	41,957,262	1,483,556	2.8%	39,065	1,074.04	
2002	14,570,000	11,825,000	1,940,000	26,641,747	1,336,402	56,313,150	1,516,716	3.7%	40,409	1,393.58	
2003	13,780,000	11,490,000	1,485,000	30,178,762	1,253,010	58,186,773	1,564,678	3.7%	40,735	1,428.42	
2004	12,990,000	9,900,000	1,010,000	29,253,384	1,349,741	54,503,125	1,623,651	3.4%	41,320	1,319.05	
2005	12,200,000	21,250,000	505,000	14,702,699	1,018,953	49,676,652	1,759,533	2.8%	41,940	1,184.47	
2006	11,410,000	18,945,000	-	14,009,350	1,563,305	45,927,655	1,925,139	2.4%	45,674	1,005.55	
2007	10,620,000	16,320,000	-	13,307,167	1,663,711	41,910,878	2,102,451	2.0%	46,383	903.58	
2008	9,830,000	13,590,000	-	18,606,464	1,030,812	43,057,276	**	**	46,976	916.58	
2009	9,040,000	10,735,000	-	17,390,784	938,198	38,103,982	**	**	47,653	799.61	

** Data not available at time of publication

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

Fiscal Year	General Obligation Bonds		Total Primary Government	Total Bonded Debt Per Capita	Total Estimated Actual Value (in thousands)	Bonded Debt per \$1,000 of assessed value
	Governmental Activities	Business -Type Activities				
2000	8,500,000	2,940,000	11,440,000	41,000	1,219,158	9.38
2001	14,970,000	2,440,000	17,410,000	39,065	1,316,623	13.22
2002	14,570,000	1,940,000	16,510,000	40,409	1,404,395	11.76
2003	13,780,000	1,485,000	15,265,000	40,735	1,464,140	10.43
2004	12,990,000	1,010,000	14,000,000	41,320	1,580,044	8.86
2005	12,200,000	505,000	12,705,000	41,940	1,660,991	7.65
2006	11,410,000	-	11,410,000	45,674	1,774,711	6.43
2007	10,620,000	-	10,620,000	46,383	1,932,553	5.50
2008	9,830,000	-	9,830,000	46,976	2,097,439	4.69
2009	9,040,000	-	9,040,000	47,653	2,236,947	4.04

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

		Oklahoma Water Resources Board (OWRB) Notes and 2002 and 2005 Revenue Bonds				2007 Revenue Note*			
Fiscal Year	Utility		Debt Service		Pledged Transportation Sales Tax	Debt Service		Interest	Coverage
	Operating Revenues	Less: Operating Expenses	Net Available Revenue	Principal		Interest	Principal		
2000	32,460	24,820	7,640	1,115	1,090	3.46	-	-	-
2001	38,160	28,411	9,749	1,210	1,120	4.18	-	-	-
2002	36,113	26,633	9,480	1,410	1,021	3.90	-	-	-
2003	36,506	26,855	9,651	916	819	5.56	-	-	-
2004	38,117	27,292	10,825	2,515	823	3.24	-	-	-
2005	43,596	37,498	6,098	2,305	709	2.02	-	-	-
2006	48,198	42,396	5,802	2,625	693	1.75	-	-	-
2007	51,315	45,907	5,408	2,730	619	1.61	-	-	-
2008	52,517	44,519	7,998	2,855	535	2.36	929	495	326
2009	53,052	44,698	8,354	3,660	666	1.93	1,644	645	197

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

*The revenue note is payable solely from sales tax revenue equal to one half of the one-half cent transportation sales tax collected by the City.

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

<u>Function/Program</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Governmental activities:							
Public safety	178	182	189.5	189.5	188	193	193
Recreation and culture	92.5	93.5	96.5	86.8	97	88.75	82.8
General government	23	28	24.5	27.8	25	38	40.5
Financial administration	12.5	12.5	13	13	13.5	15	15
Street and sewers	28	25	28	28	22	33	35
Engineering and public works administration	21	22	25.5	22.5	28	17	14.5
Health and welfare	19	19.5	18	19	18	23	15
Business-type activities:							
Electric, water and wastewater operations	127	132	136	137.8	130	138.5	132.1
Sanitation operations	35.5	36	35	35	30	34.5	31.0
Community Center operations	4.5	4.5	4.5	4.8	5	5	5
Stillwater Public Golf Authority	21	25	22	21	19.5	21	20
Airport Operations	4.5	5	5	5	5	5	6
Total	566.5	585	597.5	590.1	581.0	611.75	589.9

*data for years prior to 2003 not readily available

CITY OF STILL WATER, OKLAHOMA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

<u>Function/Program</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Governmental activities:										
Public safety										
Police stations	1	1	1	1	1	1	1	1	1	1
Fire stations	4	4	4	4	4	4	4	4	4	4
Recreation and culture										
Athletic fields	21	21	21	21	21	21	24	24	24	24
Tennis Courts	14	14	14	14	14	14	14	14	10	10
Neighborhood/community parks	22	22	22	22	22	22	24	24	22	22
Street and sewers										
Streets (miles)	246	295	255	255	295	295	297	230	230	526
Traffic signals	48	48	50	50	51	51	53	61	61	61
Business-type activities:										
Electric, water, wastewater										
Power plants	1	1	1	1	1	1	1	1	1	1
Substations	8	8	8	8	8	8	8	8	8	8
Miles of 69KV line	19.5	19.5	19.5	19.5	19.5	19.5	20.9	20.9	20.9	20.1
Water										
Water Plant	1	1	1	1	1	1	1	1	1	1
Water storage towers (away from plant)	4	4	4	4	4	4	4	5	5	5
Wastewater										
Wastewater Plant	1	1	1	1	1	1	1	1	1	1
Lift Stations	7	8	8	9	11	13	15	15	15	15
Stillwater Public Golf Authority										
Acreeage	160	160	160	160	160	160	160	160	160	160

CITY OF STILLWATER, OKLAHOMA
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Governmental activities:										
Public safety										
Traffic citations	5,879	6,409	5,999	5,769	6,252	5,621	5,700	5,075	5,010	4,196
Parking tickets	9,952	9,744	6,914	10,161	10,645	12,967	14,000	13,662	11,601	13,682
Police calls for service	41,407	43,978	42,104	39,691	41,924	42,721	44,697	39,841	33,810	43,713
Animals handled by Animal Welfare	3,008	3,288	2,959	2,607	2,951	2,411	4,034	738	2,434	2,208
Fire calls for service	1,307	1,438	1,704	1,682	1,463	1,390	1,517	1,632	1,447	1,520
Ambulance calls for service	3,105	3,264	3,470	3,501	3,502	3,486	3,512	3,971	3,574	4,026
Recreation and culture										
Acres mowed (1)	935	935	935	950	950	12,229	8,532	11,552	11,240	8,296
Program participants	7,035	5,797	6,073	5,734	5,638	6,154	6,303	7,490	2,296	6,030
Senior Center daily average attendance	64	62	68	57	62	73	67	60	70	42
Multi Arts participants	832	663	694	886	1,100	1,341	2,978	2,236	6,000	6,000
Swimming pool admissions	17,350	17,850	22,018	20,071	22,000	29,148	17,342	18,094	18,056	15,280
Mini bus rides	14,125	13,808	20,923	20,123	20,500	17,284	15,554	9,699	4,390	1,974
Volumes in library	100,947	97,341	95,840	95,179	95,286	89,059	**	**	91,674	95,219
Total circulation of library materials (2)	**	**	**	348,121	363,696	352,258	372,998	349,502	340,421	364,243
General government										
Supported micro-computers by IT	342	365	396	415	403	418	411	407	430	421
Helpdesk/trouble calls by IT	**	868	2,016	2,323	2,067	1,624	2,122	1,858	2,547	2,084
Ordinances drafted	34	32	29	37	42	71	**	35	35	36
Financial administration										
Computer generated accounts payable checks	11,464	13,753	10,801	10,198	10,387	5,995	4,262	4,123	2,963	2,888
Budget revisions/amendments processed	458	462	437	448	464	478	430	325	328	388
Requisitions reviewed	7,830	9,590	10,801	9,207	8,444	3,427	1,902	1,608	1,709	1,794
Municipal court cases	2,796	9,541	10,113	10,213	10,826	11,000	11,000	10,008	10,318	9,289
Street and sewers										
Blocks of striping	185	165	238	70	144	150	89	96	82	103
Signs made	**	**	**	458	439	450	270	305	159	346
Crack sealant (blocks)**	6,735	2,024	8,723	71	59	62	68	252	10,765	143
Slurry sealant (blocks)	139	155	138	200	107	175	74	72	23	8
Concrete replacement (cu. yds.)	**	**	**	636	914	900	900	758	834	1,162
Engineering and public works administration										
Developments reviewed	52	106	121	127	149	166	201	140	95	69
Permits issued	**	**	742	1,856	2,217	3,730	3,494	3,478	3,047	2,650
Vehicles maintained	274	274	278	280	283	285	293	323	340	346
Fleet job orders completed	3,463	3,592	3,406	3,070	3,272	3,686	3,085	3,388	3,619	3,789
Health and welfare										
Code enforcement inspections	3,667	4,721	4,736	5,045	3,636	4,400	7,584	8,595	3,163	4,722
High grass and weed cases	335	525	602	600	604	592	593	490	746	373
Trees and shrubs planted	157	269	203	217	210	210	197	54	22	94

CITY OF STILLWATER, OKLAHOMA
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(continued)

Business-type activities:	17,084	17,429	17,592	18,480	18,754	19,113	19,800	18,338	19,605	20,580
Electric, water and wastewater operations										
Electric connections	12,641	12,712	12,943	13,337	13,709	14,067	14,932	15,274	16,200	16,654
Water connections	83	103	138	189	144	126	292	281	272	176
Water line repairs	3,111	2,585	2,263	2,886	2,951	2,768	3,079	**	2,604	2,567
Sewage treated (million gallons)	2,135	2,186	2,337	2,173	2,027	2,098	2,277	1,940	2,035	1,957
Sanitation operations										
Landfill usage (tons)	21,021	20,326	19,131	17,775	17,822	18,513	20,002	22,884	21,000	19,602
Yard waste hauled (tons)	N/A	N/A	N/A	1,329	1,050	960	961	1,198	1,183	1,135
Community Center operations										
Admissions	60,000	92,800	102,789	90,386	71,328	77,404	107,228	104,129	118,310	130,141
Stillwater Public Golf Authority										
Rounds of golf	34,867	33,236	33,665	31,268	28,339	28,735	31,218	25,717	25,088	24,515
Airport Operations										
Operations (avg month)	**	**	4,500	4,897	4,945	5,267	5,912	6,292	**	5,976

**unavailable

***measured in lbs. through 2002 and in 2008

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

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

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

Employer	Current Year			Nine Years Ago		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Oklahoma State University	5,589	1	28%	6,131	1	30%
Stillwater Medical Center	815	2	4%	600	4	3%
Stillwater Public Schools	700	3	4%	682	3	3%
City of Stillwater	590	4	3%	483	5	2%
Wal-Mart	497	5	2%	*		
Mercury MerCruiser	420	6	2%	1,000	2	5%
OK State Dept. of Career Tech	400	7	2%	291	9	1%
Stan Clark Companies	375	8	2%	*		
Stillwater Designs/Kicker Audio	250	9	1%	182		1%
Stillwater National Bank	240	10	1%	200		1%
Quebecor World	225		1%	340	6	2%
National Standard	130		1%	309	8	1%
Meridian Technology Center	117		1%	233	10	1%
Creative Labs	20		0%	325	7	2%
Others:						
Armstrong World Industries	194					
Wittwer Construction	185					
Nomadics	150					
Frontier Electronics	140					
Oncue Marketing	108					
Stillwater Milling	90					
Lowes	85					

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

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

Fiscal Year	Education Level in Years of Schooling (3)					Unemployment Rate (5)			
	Population (1)	Personal Income (in thousands of dollars) (2)	Per Capita Personal Income	Median Age (3)	Percentage high-school graduate or higher		Percentage bachelor's degree or higher	K-12 School Enrollment (4)	Post-secondary Enrollment (4)
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	41,940	1,759,533	23,966				5,479	21,596	3.9%
2006	45,674	1,925,139	24,911				5,560	23,748	5.0%
2007	46,383	2,102,451	27,050				5,460	23,486	4.8%
2008	46,976	**	**				5,489	23,564	4.3%
2009	47,653	**	**				5,596	23,719	6.3%

** Data not available at time of publication

(1) Population estimates provided by the City of Stillwater Department of Community Development and the U.S. Census Bureau.
 2007 population estimate reflects the acceptance of the City's estimate challenge by the U.S. Census Bureau.
 2005 population estimate reflects the acceptance of the City's estimate challenge by the U.S. Census Bureau.

(2) 2000 through 2005 personal income estimates provided by Oklahoma Department of Commerce. "Total Personal Income for Counties and MSAs: 2000 - 2006 through 2007 personal income estimates provided by U.S. Department of Commerce.

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

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

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