

# City of Stillwater, Oklahoma

*Comprehensive Annual Financial Report  
Fiscal Year Ended June 30, 2010*

**CITY OF**  
**stillwater**

**CITY OF STILLWATER, OKLAHOMA**

**Comprehensive Annual Financial Report**

**And Accompanying**

**Independent Accountants' Report**

**For the Fiscal Year Ended June 30, 2010**

**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, 2010  
 TABLE OF CONTENTS**

<b>INTRODUCTORY SECTION</b>	<u>Page No.</u>
Table of Contents	1-2
Letter of Transmittal	3-7
GFOA Certificate of Achievement	8
City Officials and Audit Committee	9
City Organization Chart – General Government	10
Organization Chart – Stillwater Utilities Authority	11
<b>FINANCIAL SECTION</b>	
Independent Accountants’ Report on Financial Statements and Supplementary Information	12-13
Management’s Discussion and Analysis	14-22
Basic Financial Statements:	
Government-wide Financial Statements	
Statement of Net Assets	23
Statement of Activities	24
Fund Financial Statements:	
Balance Sheet-Governmental Funds	25-26
Statement of Revenues, Expenditures and Changes In Fund Balances-Governmental Funds	27-28
Statement of Net Assets-Proprietary Funds	29
Statement of Revenues, Expenses and Changes in Fund Net Assets-Proprietary Funds	30
Statement of Cash Flows-Proprietary Funds	31
Statement of Fiduciary Net Assets-Fiduciary Fund	32
Statement of Changes in Fiduciary Net Assets-Fiduciary Fund	33
Notes to Financial Statements	34-70
Required Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual (Budget Basis)-General Fund	71-73
Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual (Budget Basis)-Transportation Fund	74
Notes to Required Supplementary Information-Budgetary Comparison Schedule	75-76
Schedule of Funding Progress-Postemployment Benefits Other Than Pensions	77
Schedule of Funding Progress-Defined Benefit (Retiree) Plan	78

	<u>Page No.</u>
<b>Other Supplementary Information:</b>	
Combining Balance Sheet-Nonmajor Governmental Funds	79-80
Combining Statement of Revenues, Expenditures and Changes in Fund Balances-Nonmajor Governmental Funds	81-82
Budgetary Comparison Schedule-Nonmajor Governmental Funds	83-85
Statement of Net Assets-Nonmajor Proprietary Funds	86
Statement of Revenues, Expenses and Changes in Fund Net Assets- Nonmajor Proprietary Funds	87
Statement of Cash Flows-Nonmajor Proprietary Funds	88
Statement of Changes in Fiduciary Net Assets	89
<b>STATISTICAL SECTION</b>	
Net Assets by Component	90
Changes in Net Assets	91-92
Fund Balances, Governmental Funds	93
Changes in Fund Balances, Governmental Funds	94
Tax Revenues by Source, Governmental Funds	95
Assessed Value and Actual Value of Taxable Property	96
Direct and Overlapping Property Tax Rates	97
Principal Property Tax Payers	98
Property Tax Levies and Collections	99
Taxable Sales by Category	100
Direct and Overlapping Sales Tax Rates	101
Electric Customers by Category	102
Legal Debt Margin Information	103
Direct and Overlapping Governmental Activities Debt	104
Ratios of Total Outstanding Debt	105
Ratios of General Bonded Debt	106
Pledged Revenue Coverage	107
Full-time Equivalent City Government Employees by Function/Program	108
Capital Asset Statistics by Function/Program	109
Operating Indicators by Function/Program	110-111
Principal Employers	112
Demographic and Economic Statistics	113

*Introductory  
Section*



December 14, 2010

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, 2010, 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 2010, 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 one of cautious optimism. Even with the recession, this area of the country has fared better than most. Stillwater's economy lagged behind the downturn and the recovery will lag respectively. 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. The health care sector has been a contributor to local job growth in the past decade. In 2008 and 2009, Stillwater experienced significant retail growth with the addition of several national retailers. The retail additions have helped to broaden the city's regional trade influence. Going forward into the recovery it is expected to have a positive effect on Stillwater's economy by helping to retain local dollars and contributing to the sales tax collections.

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 unemployment rate for Stillwater decreased to 5.8% from 6.3% in the prior year.

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

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

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

## **FINANCIAL INFORMATION**

### **Internal Controls**

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

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

### **Budgetary Control**

The administrative level of budgetary control is maintained at the character classification level by the encumbrance of estimated purchase amounts prior to the release of purchase orders to vendors. The legal level of control at which expenditures and encumbrances may not exceed appropriations is at the category levels for personal services, materials and supplies, other services and charges, capital outlay

and debt service for each department within each fund. The method of budget adoption and amendment process is described in Note 1 to the financial statements in the financial section of this report.

### **Accounting System**

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

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

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

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

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

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

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

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

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

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

### **General Fund Operations**

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

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

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



Funds are tangible, and it is possible to determine the extent to which they benefit individual service consumers.

### **Risk Management**

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

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

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

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

### **Cash Management**

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

### **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 policy allows for the reserve to increase by the area's CPI index or 3% or whichever is greater on an annual basis as funds are available.

### **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 in fiscal year 2009 and secured funds for \$13.5 million in water and wastewater projects which began 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.

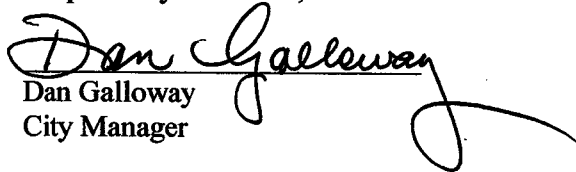
**Awards.** The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Stillwater for its comprehensive annual financial report for the fiscal year ended June 30, 2009. The Certificate of 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.

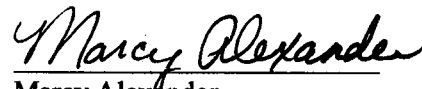
A Certificate of Achievement is valid for a period of one year only. The City of Stillwater has received a Certificate of Achievement for the last twenty-eight consecutive years. We believe that our current report continues to meet the Certificate of Achievement Program requirements and we are submitting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

**THIS PAGE INTENTIONALLY LEFT BLANK**

# 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, 2009

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, 2010**

**Mayor and City Council**

Nathan Bates	Mayor
Charles Hopkins	Vice Mayor
Darrell Dougherty	Councilor
Joe Weaver	Councilor
John Bartley	Councilor

**Audit Committee**

Rex Horning	Chairman
Kelly Cox	Vice-Chairman
Manny Cervantes	Member
Kathy Elliott	Member
Rod Goodner	Member
Joe Weaver	Ex-officio council member

**Administration**

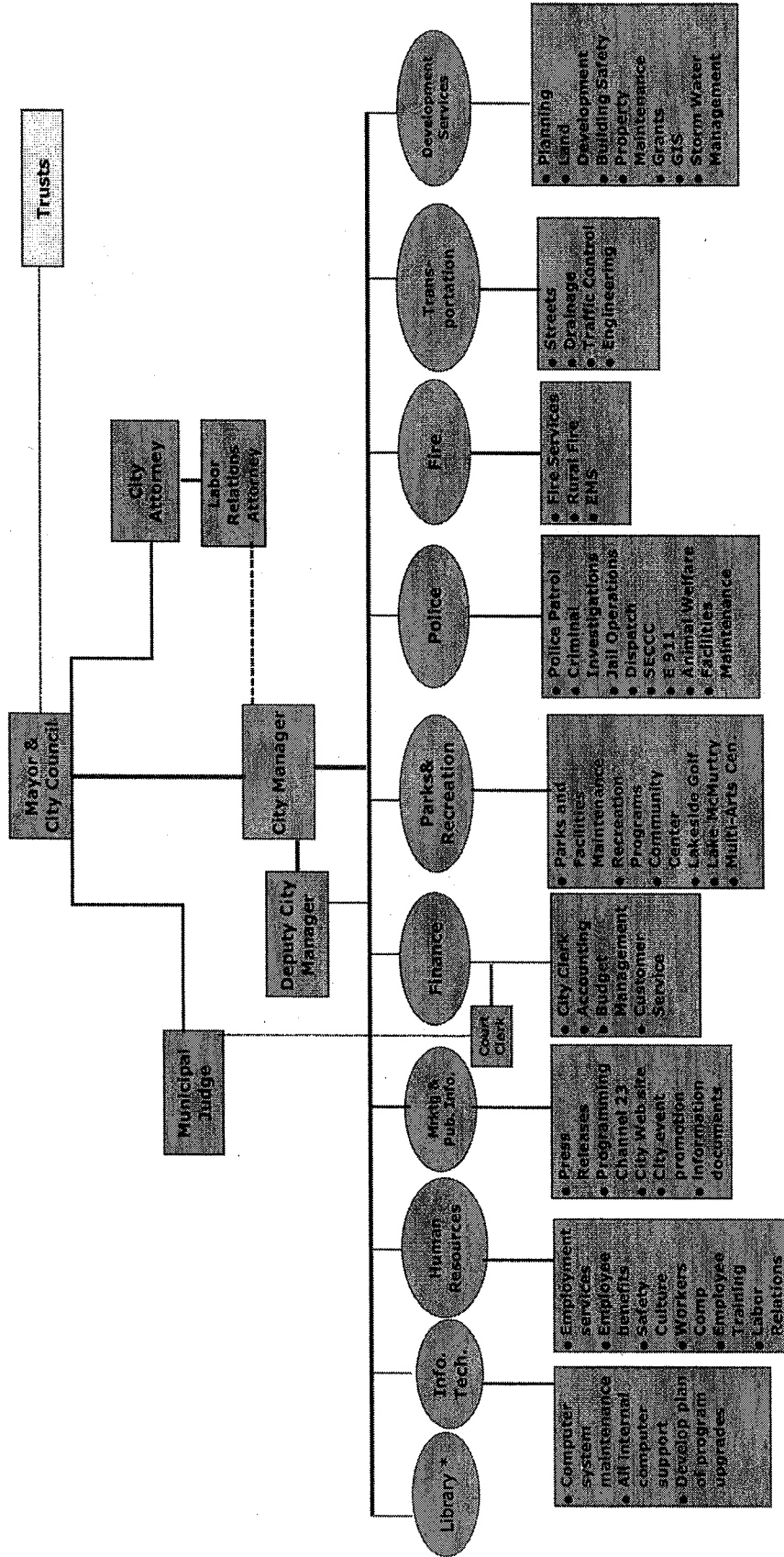
Dan Galloway	City Manager
Mary Rupp	Deputy City Manager
Dan Blankenship	Director of Stillwater Utilities Authority
Marcy Alexander	Director of Finance
Lynda Reynolds	Director of Library
Roy Lavicky	Director of Information Services
- unfilled	Director of Electric Utility
Paula Dennison	Director of Development 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 Human Resources
Marion Blackwell, Jr.	Fire Chief

**Department Of Finance-Accounting Division**

Tamara Brown	Accounting Supervisor
Christy Cluck	Authority Accountant
Sherry Petty	Financial Review Specialist
Clara Welch	Deputy City Clerk

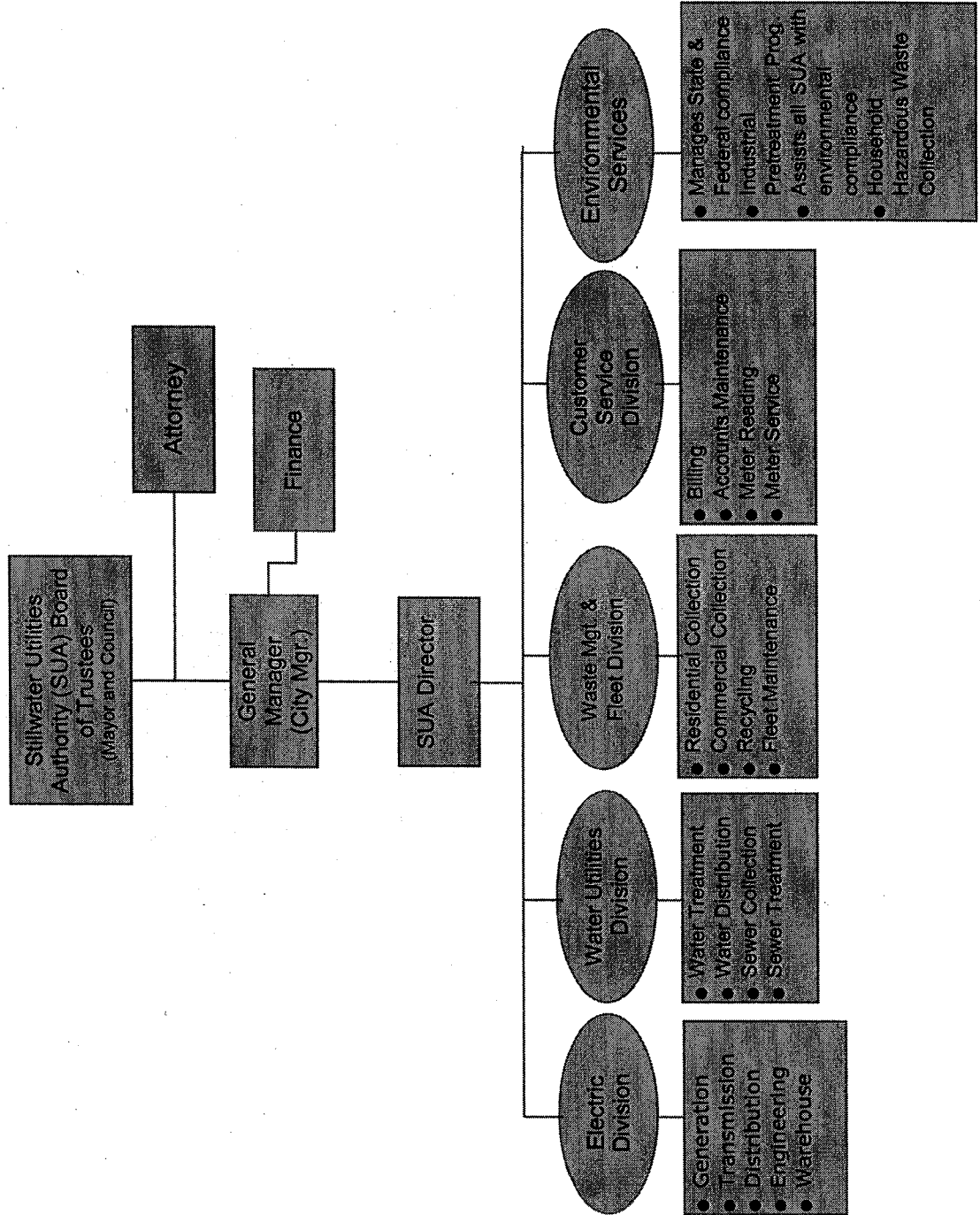
City Phone Number: (405) 372-0025

# City of Stillwater General Government



\*As provided in Section 3-6 of the Stillwater City Charter, the Library Board has supervision and control of the public library including appointment of the Library Director and setting policies for the administration of the Library.

# Stillwater Utilities Authority



*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, 2010, 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 its discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have 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, 2010, 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 13, 2010, 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the pension plan and other post-employment benefits funding schedules, as listed in the Table of Contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, other supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The other supplemental information, as listed in the Table of Contents, is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections, as listed in the Table of Contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

*Orledge & Associates, P.C.*

Edmond, Oklahoma  
December 13, 2010



## **Management's Discussion and Analysis Fiscal Year Ended June 30, 2010**

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, 2010. 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 increased by \$3,741,562 due to increased transfers in from SUA.

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 \$2,817,274 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 \$3.8 million or 3.78%. Rate increases were implemented for Electric and Water operations. A new rate schedule was adopted for solid waste due to the implementation of an automated collection system. Operating revenues increased by \$3.2 million or 6.20%. Operating Expenditures decreased by .37%.

### **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, 2010, net assets for the governmental activities and business-type activities changed as follows:

	<b>The City of Stillwater's Net Assets</b> (expressed in \$ 000's)		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Beginning net assets	\$ 90,106	\$ 113,478	\$ 203,584
Increase/(Decrease)	6,262	6,315	12,577
Ending net assets	<u>\$ 96,368</u>	<u>\$ 119,793</u>	<u>\$ 216,161</u>

The above numbers reflect an increase of 6.95% in net assets for governmental activities and an increase of 5.56% in net assets for business-type activities. Overall, the net assets for both governmental and business type activities increased 6.18% 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	
	2010	2009	2010	2009	2010	2009
<b>Assets:</b>						
Current and other assets	\$ 17,403	\$ 15,309	\$ 40,375	\$ 37,155	\$ 57,778	\$ 52,464
Capital assets	96,710	91,119	115,071	112,431	211,781	203,550
<b>Total assets</b>	<b>114,113</b>	<b>106,428</b>	<b>155,446</b>	<b>149,586</b>	<b>269,559</b>	<b>256,014</b>
<b>Liabilities:</b>						
Long-term liabilities	12,396	11,687	30,221	31,359	42,617	43,046
Other liabilities	5,348	4,635	5,431	4,749	10,779	9,384
<b>Total liabilities</b>	<b>17,744</b>	<b>16,322</b>	<b>35,652</b>	<b>36,108</b>	<b>53,396</b>	<b>52,430</b>
<b>Net assets:</b>						
Invested in capital assets	87,624	82,079	92,324	88,903	179,948	170,982
Restricted	5,207	7,239	2,443	2,303	7,650	9,542
Unrestricted	3,537	788	25,026	22,272	28,563	23,060
<b>Total net assets</b>	<b>\$96,368</b>	<b>\$ 90,106</b>	<b>\$ 119,793</b>	<b>\$113,478</b>	<b>\$ 216,161</b>	<b>\$ 203,584</b>

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

The largest portion of the City's net assets, 90.93 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, 5.40 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 \$6,262,385 which contributed to a 3.08% 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	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues:						
Charges for services	\$ 4,981	\$ 4,922	\$57,825	\$54,957	\$62,806	\$59,879
Operating Grants & contributions	130	213	-	-	130	213
Capital grants & contributions	1,172	783	7,884	3,288	9,056	4,071
General revenues:						
Sales taxes	23,410	24,130	-	-	23,410	24,130
Other taxes	3,548	3,558	-	-	3,548	3,558
Other general revenues	29	106	175	686	204	792
<b>Total Revenues</b>	<b>33,270</b>	<b>33,712</b>	<b>65,884</b>	<b>58,931</b>	<b>99,154</b>	<b>92,643</b>
Program Expenses:						
General Government	4,290	4,363			4,290	4,363
Financial Administration	732	614			732	614
Public Safety	17,561	16,474			17,561	16,474
Streets & Sewers	6,780	7,393			6,780	7,393
Engineering and Public Works Administration	554	859			554	859
Recreation and Culture	5,989	5,778			5,989	5,778
Economic Development	481	1,057			481	1,057
Health and Welfare	1,793	1,787			1,793	1,787
Interest on Long-term Debt	463	479			463	479
Stillwater Utilities Authority			45,446	45,927	45,446	45,927
Stillwater Public Golf Authority			400	1,150	400	1,150
Business Area Development			203	208	203	208
Airport Operations			1,885	2,033	1,885	2,033
<b>Total Expenses</b>	<b>38,643</b>	<b>38,804</b>	<b>47,934</b>	<b>49,318</b>	<b>86,577</b>	<b>88,122</b>
Increase/(Decrease) in Net Assets Before Transfers	(5,373)	(5,092)	17,950	9,613	12,577	4,521
Net Transfers	11,635	5,148	(11,635)	(5,148)	-	-
<b>Increase/(Decrease) in Net Assets</b>	<b>\$ 6,262</b>	<b>\$ 56</b>	<b>\$ 6,315</b>	<b>\$ 4,465</b>	<b>\$ 12,577</b>	<b>\$ 4,521</b>

Sales and use tax received in fiscal year 2010 resulted in a decrease from the prior year of \$719,208. Transfers from the SUA to the general fund increased by \$4,056,867. Property taxes increased \$385,385 for judgment awards assessed. Investment income decreased by \$75,840. This was due to a continuation of less principal available to invest and lower interest rates. Net assets for governmental activities increased by 6.95%.

### **Business-type Activities**

Business-type activities increased the City of Stillwater's net assets by \$6,315,041 which contributed a 3.10% increase in the net assets of the City of Stillwater. Details are presented in the preceding chart. Rate increases enacted for all utility services contributed to a \$3,288,424 increase in charges for services in the business-type activities.

### **General Fund Budgetary Highlights**

The general fund budget for fiscal year 2008-09 was prepared with significant emphasis on reducing expenditures in all areas while maintaining all services and emergency reserve funds. In the second half of fiscal year 2009, sales tax revenues were on a significant decline and it appeared that the economic impact that was being recognized nationally was beginning to have an effect locally. Sales tax and other general fund revenues were budgeted with zero increases. The expenditure budget was prepared with a 12 % decrease from the previous year's original budget. Personnel costs were contained by not providing for a cost of living increase or any new staff additions. Minimal capital expenditures were included.

Sales tax revenues continued a significant decline during the 2009-10 fiscal year which made it necessary to institute further cost cutting measures. Management initiated further reductions in the budget by not filling vacant positions, reducing travel and training expenditures and cancelling various capital expenditure authorizations that had not yet been initiated. Cost cutting across the board for all city activities reduced the amount of funds that were transferred out by the General Fund to support those services. The City Council approved a budget revision in April 2010 to meet an approximate \$1 million shortfall in the general fund.

### **Capital Asset & Debt Administration**

The following is a summary of changes in capital assets and debt administration for FY2010. More detailed information on capital asset activity and long-term debt activity is contained in the accompanying notes to the financial statements on pages 51 and 52 and pages 54 to 61, respectively.



## Capital Assets

At the end of June 30, 2010, the City had \$211.4 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	
	2010	2009	2010	2009	2010	2009
Land	\$ 7,354	\$ 6,255	\$ 1,673	\$ 1,689	\$ 9,027	\$ 7,944
Buildings	24,811	24,368	9,010	9,154	33,821	33,522
Other Improvements	-	-	20,264	22,161	20,264	22,161
Equipment	20,619	19,933	20,073	19,599	40,692	39,532
Infrastructure	137,836	134,108	170,317	170,094	308,153	304,202
Intangible Assets	-	-	74	74	74	74
Construction-in-progress	11,798	6,431	12,676	4,549	24,474	10,980
	<u>202,418</u>	<u>191,095</u>	<u>234,087</u>	<u>227,320</u>	<u>436,505</u>	<u>418,415</u>
Less Depreciation	105,708	99,976	119,349	114,890	225,057	214,866
<b>Totals</b>	<b>\$ 96,710</b>	<b>\$ 91,119</b>	<b>\$ 114,738</b>	<b>\$ 112,430</b>	<b>\$ 211,448</b>	<b>203,549</b>

## Debt Administration

At year-end, the City had \$37.3 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	
	2010	2009	2010	2009	2010	2009
General Obligation Bonds	\$ 9,086	\$ 9,040	\$ -	\$ -	\$ 9,086	\$ 9,040
Capital Lease Obligations	-	-	1,904	938	1,904	938
Notes Payable	-	-	17,915	17,391	17,915	17,391
Revenue Bonds	-	-	7,989	10,967	7,989	10,967
Refundable Grant Obligations	281	323	171	50	452	373
<b>Totals</b>	<b>\$ 9,367</b>	<b>\$ 9,363</b>	<b>\$ 27,979</b>	<b>\$ 29,346</b>	<b>\$ 37,346</b>	<b>\$ 38,709</b>

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

Stillwater has begun to realize the economic challenges that have been felt nationally. In addition to the decline in retail sales, one of the biggest impacts is the planned closing of the Mercruiser plant in 2011. Mercruiser will move the Stillwater operations to Fond du Lac, Wisconsin. After initial layoffs of over a hundred casting and machining positions, the company announced an additional 200 assembly jobs to be transferred in late 2010 and 2011. The company plans to continue to wind down operations in Stillwater and close the plant by the end of 2011. This plant employed approximately 400 people prior to the announcement. The company has said it will sell the 700,000 square foot facility after the plant closing.

As the rest of the nation starts a slow recovery, there are several positive initiatives happening locally. The City's first Business Improvement District has welcomed 21 new businesses to Stillwater's downtown since its creation in December 2007. Several established businesses have improved their facades and some have relocated to the district. Several incentives have been created to encourage business growth within the district. The goals of the district are to: 1) Increase business activity within the district, which will result in economic growth for the area. 2) Become a destination place for Stillwater residents and visitors. 3) Establish Downtown Stillwater as the premier business, cultural and entertainment destination in Oklahoma.

The Oklahoma Technology and Research Park (OTRP) saw the completion of the Michael S. Morgan Business Accelerator Building on the tech park campus. This is the fourth building constructed at the tech park and will provide office and lab space for emerging technology companies.

Oklahoma State University has planned expansion projects representing over \$800 million dollars as part of the university's Master Plan 2025 generating a \$1.2 billion economic impact on the Stillwater area. Projects completed and opened in the past year include the renovation of Old Central and Murray Hall and the expanded Donald W. Reynolds School of Architecture Building and the expanded Oklahoma Animal Disease Diagnostic Laboratory. The Interdisciplinary Science and Research Building is slated for completion in the fall of 2010. Extensive renovations are underway on the Student Union and should be completed by Spring of 2012. The City of Stillwater completed the final phase of the extensive upgrade to University Avenue which borders the south side of the OSU campus in September.

OSU continues to excel in the academic arena making the university attractive to students and faculty. Fall enrollment for 2010 is the largest since 1981 and one of the strongest academically. The 2010 freshman class has an all-time high average ACT score of 25.1 and almost one-third of the class has an ACT of 27 or higher. OSU has once again been included as one of the best values in public colleges and universities by Kiplinger's Personal Finance magazine. DesignIntelligence magazine listed the interior design program among the top ten undergraduate design schools in the country, coming in at 6<sup>th</sup> on the list. In addition, the OSU Design, Housing and Merchandising programs received

a \$20 million grant from Siemens that will enrich the product development and merchandising curriculum including product development software, student/instructor training and specialized software certification programs. In February of 2010, Oklahoma State President V. Burns Hargis announced the launch of "Branding Success: The Campaign for Oklahoma State University". The campaign goal is to raise \$1 billion to fund scholarships, faculty positions, research programs and facilities. Hargis announced that \$437 million had already been committed to the campaign. Oklahoma State Alumnus and Philanthropist T. Boone Pickens announced he would provide a \$100 million testamentary challenge gift to fund a major endowment for scholarships. The target date for the campaign is December 31, 2014.

From January through June 2010, there were 66 new single family residential permits and 44 commercial permits issued compared to 44 and 42 respectively for the prior year. Residential properties have kept their value in the local market.

The budget for the fiscal year 2010-11 was adopted by the Stillwater City Council on June 21, 2010, and went into effect on July 1, 2010. No new capital projects were approved in the budget. No cost of living increases were authorized and step increases under the pay plan were frozen. Over 20 vacant positions were not funded for 2010-11 and operation and maintenance budgets overall were decreased by 8.6% from the original 2010 budget.

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 maintain a designated fund balance which includes funds designated for the emergency reserve account and other funds designated by the City Council in excess of \$15,000,000.

### **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.

**THIS PAGE INTENTIONALLY LEFT BLANK**

CITY OF STILLWATER, OKLAHOMA  
STATEMENT OF NET ASSETS  
JUNE 30, 2010

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Stillwater Medical Center Authority	Stillwater Convention and Visitors Bureau
<b>ASSETS</b>					
Cash and cash equivalents	\$ 11,353,236	\$ 17,521,481	\$ 28,874,717	\$ 7,025,396	\$ 67,239
Investments	-	5,043,638	5,043,638	21,128,239	-
Accounts receivable, net	1,343,433	8,021,498	9,364,931	10,530,217	104,864
Internal balances	4,228	(4,228)	-	-	-
Interest receivable	-	57,917	57,917	-	-
Installment loans receivable	57,500	11,571	69,071	-	-
Leasehold receivable	-	281,108	281,108	-	-
Inventories	332,316	3,943,829	4,276,145	2,503,948	-
Due from other governments	4,171,776	70,555	4,242,331	-	-
Other assets	-	-	-	1,358,144	-
Restricted cash and cash equivalents	-	5,427,608	5,427,608	889,884	-
Restricted investments	-	-	-	1,721,167	-
Capital assets:					
Land and construction in progress	19,152,005	14,349,058	33,501,063	4,184,559	-
Other capital assets, net of accumulated depreciation	77,557,560	100,390,070	177,947,630	36,974,222	5,403
Investments in joint ventures	-	-	-	1,730,511	-
Goodwill	-	-	-	5,834,826	-
Other assets	-	-	-	112,342	-
Unamortized debt issuance costs	140,204	331,745	471,949	381,366	-
<b>Total assets</b>	<b>114,112,258</b>	<b>155,445,850</b>	<b>269,558,108</b>	<b>94,374,821</b>	<b>177,506</b>
<b>LIABILITIES</b>					
Accounts payable	2,534,703	4,837,765	7,372,468	3,320,882	105
Accrued liabilities	2,736,648	319,573	3,056,221	5,022,787	7,651
Accrued interest payable	76,315	264,852	341,167	-	-
Unearned revenue	-	8,719	8,719	-	-
Long-term liabilities:					
Due within one year	918,624	6,019,730	6,938,354	1,578,823	-
Due in more than one year	10,414,142	23,796,879	34,211,021	16,583,035	-
Other post employment benefits obligations	1,063,503	404,916	1,468,419	-	-
<b>Total liabilities</b>	<b>17,743,935</b>	<b>35,652,434</b>	<b>53,396,369</b>	<b>26,505,527</b>	<b>7,756</b>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	87,623,606	92,324,322	179,947,928	23,777,895	5,403
Restricted for:					
Capital projects	703,907	2,712	706,619	-	-
Debt service	245,659	2,440,346	2,686,005	2,536,167	-
Street improvements	3,382,031	-	3,382,031	-	-
Specific operating activities	876,105	-	876,105	397,608	-
Nonexpendable operating activities	-	-	-	556,040	-
Unrestricted	3,537,015	25,026,036	28,563,051	40,601,584	164,347
<b>Total net assets</b>	<b>\$ 96,368,323</b>	<b>\$ 119,793,416</b>	<b>\$ 216,161,739</b>	<b>\$ 67,869,294</b>	<b>\$ 169,750</b>

The accompanying notes are an integral part of this statement.

CITY OF STILLWATER, OKLAHOMA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2010

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Business-type Activities	Total	Stillwater Medical Center Authority	Stillwater Convention & Visitors Bureau
Primary Government									
Government activities									
Public safety	\$ 17,560,992	\$ 416,131	\$ 12,500	\$ 208,886	\$ (16,923,475)	\$ -	\$ (16,923,475)		
Recreation and culture	5,989,071	1,170,983	48,610	146,977	(4,622,501)	-	(4,622,501)		
General government	4,289,502	419,156	-	-	(3,870,346)	-	(3,870,346)		
Financial administrator	732,379	1,162,439	-	-	430,060	-	430,060		
Street and sewers	6,779,917	920,188	-	660,862	(5,198,867)	-	(5,198,867)		
Engineering and public works administration	554,088	-	-	-	(554,088)	-	(554,088)		
Economic development	481,197	-	-	-	(481,197)	-	(481,197)		
Health and welfare	1,793,027	891,780	68,791	154,933	(677,523)	-	(677,523)		
Interest on long-term debt	463,252	-	-	-	(463,252)	-	(463,252)		
Total governmental activities	38,643,425	4,980,677	129,901	1,171,658	(32,361,189)	-	(32,361,189)		
Business-type activities									
Electric, water, wastewater and sanitation operations	45,446,929	56,340,873	-	3,191,053	-	14,084,997	14,084,997		
Stillwater Public Golf Authority	399,188	280,237	-	-	-	(118,951)	(118,951)		
Business area development	203,470	22,766	-	140,602	-	(40,102)	(40,102)		
Airport operations	1,884,854	1,180,915	-	4,552,591	-	3,848,652	3,848,652		
Total business-type activities	47,934,441	57,824,791	-	7,884,246	-	17,774,596	17,774,596		
Total primary government	\$ 86,577,866	\$ 62,805,468	\$ 129,901	\$ 9,055,904	\$ (32,361,189)	\$ 17,774,596	\$ (14,586,593)		
Component Units									
Medical Center	\$ 79,801,038	\$ 79,961,264	\$ 171,606	\$ 33,085				\$ 364,917	\$ -
Economic Development	470,917	498,470	-	-					27,553
Total component units	\$ 80,271,955	\$ 80,459,734	\$ 171,606	\$ 33,085				\$ 364,917	\$ 27,553
General revenues									
Taxes:									
Sales and use taxes					23,410,504	-	23,410,504		
Property taxes					1,377,028	-	1,377,028		
Franchise and public service taxes					1,595,344	-	1,595,344		
E911 taxes					81,621	-	81,621		
Hotel/motel taxes					494,145	-	494,145		306
Investment income					29,969	144,148	174,117	4,356,655	
Miscellaneous					-	31,263	31,263		23,361
Transfers-internal activity					11,634,966	(11,634,966)	-		
Total general revenues and transfers					38,623,577	(11,459,555)	27,164,022	4,356,655	23,667
Change in net assets					6,262,388	6,315,041	12,577,429	4,721,572	51,220
Net assets -beginning					90,105,935	113,478,375	203,584,310	63,147,722	118,530
Net assets-ending					\$ 96,368,323	\$ 119,793,416	\$ 216,161,739	\$ 67,869,294	\$ 169,750

The accompanying notes are an integral part of this statement.

CITY OF STILLWATER, OKLAHOMA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2010

	General	Transportation Improvement	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 4,273,279	\$ 4,878,161	\$ 1,952,704	\$ 11,104,144
Due from other governments	4,021,381	-	150,395	4,171,776
Accounts receivable, net of uncollectable accounts of \$1,747,311	1,305,651	7,456	30,326	1,343,433
Due from other funds	185,691	-	723	186,414
Inventories	332,316	-	-	332,316
<b>Total assets</b>	<b>\$ 10,118,318</b>	<b>\$ 4,885,617</b>	<b>\$ 2,134,148</b>	<b>17,138,083</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 902,465	\$ 1,493,046	\$ 139,192	\$ 2,534,703
Accrued liabilities	1,255,875	7,916	6,783	1,270,574
Due to other funds	396,222	2,624	2,586	401,432
Deferred revenue	577,067	-	48,291	625,358
<b>Total liabilities</b>	<b>3,131,629</b>	<b>1,503,586</b>	<b>196,852</b>	<b>4,832,067</b>
<b>FUND BALANCES</b>				
Reserved for inventories	332,316	-	-	332,316
Reserved for debt service	-	-	245,659	245,659
Reserved for police activities	104,082	-	-	104,082
Reserved for fire activities	379,648	-	-	379,648
Reserved for capital improvements	-	-	703,907	703,907
Reserved for hotel/motel	60,059	-	-	60,059
Reserved for sales tax transfer	1,647,181	-	-	1,647,181
Unreserved:				
Designated for self insurance	606,958	-	-	606,958
Designated for recreation and culture	125,484	-	-	125,484
Special revenue funds undesignated	-	3,382,031	987,730	4,369,761
General Fund undesignated	3,730,961	-	-	3,730,961
<b>Total fund balances</b>	<b>6,986,689</b>	<b>3,382,031</b>	<b>1,937,296</b>	<b>12,306,016</b>
<b>Total liabilities and fund balances</b>	<b>\$ 10,118,318</b>	<b>\$ 4,885,617</b>	<b>\$ 2,134,148</b>	

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not report in the funds, net of accumulated depreciation of \$107,576,047

96,709,565

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

625,358

continued

Installment note receivable received for sale of asset is not reported in the fund statements	57,500
Unamortized debt issuance costs are part of net proceeds reported in fund statements	140,204
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	187,230
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	(1,466,074)
Accrued interest payable	(76,315)
General obligation bonds payable	(9,085,959)
Accrued compensated absences	(1,965,699)
Accrued post employment obligations	(1,063,503)
Net assets of governmental activities	<u>\$ 96,368,323</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, 2010

	General	Transportation Improvement	Other Governmental Funds	Totals Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 25,581,614	\$ -	\$ 1,381,793	\$ 26,963,407
Intergovernmental	269,996	-	223,724	493,720
Charges for services	1,079,844	-	263,440	1,343,284
Fines and forfeits	786,164	-	-	786,164
Fees and rentals	1,220,295	-	-	1,220,295
Investment income	8,910	17,232	3,181	29,323
Licenses and permits	207,401	-	-	207,401
Other miscellaneous revenues	851,337	539,977	1,400	1,392,714
<b>Total revenues</b>	<b>30,005,561</b>	<b>557,209</b>	<b>1,873,538</b>	<b>32,436,308</b>
<b>EXPENDITURES</b>				
Current				
Public safety	16,547,892	-	-	16,547,892
Recreation and culture	5,386,034	-	113	5,386,147
General government	3,027,262	-	-	3,027,262
Financial administration	703,529	-	-	703,529
Streets and sewers	2,068,915	354,030	240,694	2,663,639
Operations	553,600	-	-	553,600
Economic development	481,197	-	-	481,197
Human services	1,302,205	-	99,813	1,402,018
Debt service:				
Principal retirements	-	-	790,000	790,000
Interest and fiscal charges	-	-	432,225	432,225
Capital outlay	1,598,395	7,335,990	335,532	9,269,917
<b>Total expenditures</b>	<b>31,669,029</b>	<b>7,690,020</b>	<b>1,898,377</b>	<b>41,257,426</b>
Deficiency of revenues under expenditures	(1,663,468)	(7,132,811)	(24,839)	(8,821,118)
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds of refunding bonds	10,024	-	9,095,312	9,105,336
Payment to refunding bond escrow agent	-	-	(8,392,089)	(8,392,089)
Transfers in	16,254,018	5,891,299	1,099,495	23,244,812
Transfers out	(10,859,012)	(1,575,762)	(897,128)	(13,331,902)
<b>Total other financing sources (uses)</b>	<b>5,405,030</b>	<b>4,315,537</b>	<b>905,590</b>	<b>10,626,157</b>
<b>Net change in fund balances</b>	<b>3,741,562</b>	<b>(2,817,274)</b>	<b>880,751</b>	<b>1,805,039</b>
<b>FUND BALANCES, beginning</b>	<b>3,245,127</b>	<b>6,199,305</b>	<b>1,056,545</b>	<b>10,500,977</b>
<b>FUND BALANCES, ending</b>	<b>\$ 6,986,689</b>	<b>\$ 3,382,031</b>	<b>\$ 1,937,296</b>	<b>\$ 12,306,016</b>

Reconciliation to Statement of Activities:	
Net change in fund balances	\$ 1,805,039
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	9,792,660
Donated capital assets	811,839
Assets transferred from proprietary funds	1,722,056
Assets transferred to proprietary funds	(335,954)
Asset disposals	(224,038)
Depreciation expense	(6,176,028)
Installment note received in exchange of asset sold is not recorded in fund statements	57,500
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Deferred revenue	12,020
Refunding proceeds is reported as revenue in fund statements but it shown as an adjustment to the long-term debt in the Statement of Activities	(9,095,312)
Refunding expenses are expensed on fund statements but are reported as an unamortized asset on the Statement of Activities	142,089
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets:	9,040,000
Internal Service Fund revenue	656
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	
Amortization of gain on refunding	(1,885)
Accrued interest payable	(31,027)
Accrued compensated absences	(101,957)
Accrued workers' compensation claims	(553,096)
Accrued post employment benefits	(602,174)
Change in net assets-governmental activities	<u>\$ 6,262,388</u>

The accompanying notes are an integral part of this statement.

CITY OF STILLWATER, OKLAHOMA  
STATEMENT OF NET ASSETS- PROPRIETARY FUNDS  
JUNE 30, 2010

	Business-type Activities			Governmental Activities- Internal Service Funds
	Enterprise Funds			
	Stillwater Utilities Authority	Non Major Enterprise Funds	Totals	
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 11,397,831	\$ 585,262	11,983,093	\$ 249,092
Cash and cash equivalents - internally designated	5,538,388	-	5,538,388	-
Restricted cash and cash equivalents	4,605,367	-	4,605,367	-
Accounts receivable, net of allowance for uncollectible accounts of \$263,660	8,021,073	425	8,021,498	-
Due from other funds	387,503	8,719	396,222	-
Advances to other funds	-	4,000	4,000	41,667
Interest receivable	57,917	-	57,917	-
Installment loans receivable	-	11,571	11,571	-
Leasehold receivable	-	41,667	41,667	-
Inventories	3,878,419	65,410	3,943,829	-
<b>Total current assets</b>	<b>33,886,498</b>	<b>717,054</b>	<b>34,603,552</b>	<b>290,759</b>
<b>NONCURRENT ASSETS</b>				
Investments	5,043,638	-	5,043,638	-
Advances to other funds	-	-	-	239,441
Leasehold receivable	-	239,441	239,441	-
Restricted assets:				
Cash and equivalents	822,241	-	822,241	-
Due from other governments	-	70,555	70,555	-
Capital assets, non depreciable	8,290,004	6,059,054	14,349,058	-
Capital assets, net of accumulated depreciation	92,754,250	7,635,820	100,390,070	-
Unamortized debt issuance costs	331,745	-	331,745	-
<b>Total noncurrent assets</b>	<b>107,241,878</b>	<b>14,004,870</b>	<b>121,246,748</b>	<b>239,441</b>
<b>Total assets</b>	<b>141,128,376</b>	<b>14,721,924</b>	<b>155,850,300</b>	<b>530,200</b>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	4,727,755	110,010	4,837,765	-
Accrued expenses	307,098	12,475	319,573	-
Accrued compensated absences	18,489	260	18,749	-
Accrued interest payable	264,852	-	264,852	-
Current portion of customer deposits	671,384	-	671,384	-
Current portion of long-term obligations, net	5,159,084	-	5,159,084	41,667
Due to other funds	114,257	5,085	119,342	61,862
Advances from other funds	-	45,667	45,667	-
Refundable grant obligations	-	170,513	170,513	-
Unearned revenue	-	8,719	8,719	-
<b>Total current liabilities</b>	<b>11,262,919</b>	<b>352,729</b>	<b>11,615,648</b>	<b>103,529</b>
<b>NONCURRENT LIABILITIES</b>				
Customer deposits	488,658	11,680	500,338	-
Compensated absences	620,143	26,647	646,790	-
Refundable grant obligations	-	-	-	239,441
Advances from other funds	-	239,441	239,441	-
Long-term obligations, net	22,649,751	-	22,649,751	-
Other postemployment benefits	404,916	-	404,916	-
<b>Total noncurrent liabilities</b>	<b>24,163,468</b>	<b>277,768</b>	<b>24,441,236</b>	<b>239,441</b>
<b>Total liabilities</b>	<b>35,426,387</b>	<b>630,497</b>	<b>36,056,884</b>	<b>342,970</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	78,629,448	13,694,874	92,324,322	-
Restricted for debt service	2,440,346	-	2,440,346	-
Restricted donation	-	2,712	2,712	-
Restricted for capital projects	1,827,220	-	1,827,220	-
Unrestricted (deficit)	22,804,975	393,841	23,198,816	187,230
<b>Total net assets</b>	<b>\$ 105,701,989</b>	<b>\$ 14,091,427</b>	<b>\$ 119,793,416</b>	<b>\$ 187,230</b>

The accompanying notes are an integral part of this statement.

CITY OF STILLWATER, OKLAHOMA  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2010

	Business-type Activities Enterprise Funds			Governmental Activities Internal Service Funds
	Stillwater Utilities Authority	Non Major Enterprise Funds	Totals	
<b>OPERATING REVENUES</b>				
Charges for services	\$ 54,457,172	\$ 1,105,169	\$ 55,562,341	\$ 10
Other	1,883,701	378,749	2,262,450	-
Total operating revenues	<u>56,340,873</u>	<u>1,483,918</u>	<u>57,824,791</u>	<u>10</u>
<b>OPERATING EXPENSES</b>				
Operating and maintenance	38,911,807	1,846,787	40,758,594	-
Depreciation	5,622,836	639,772	6,262,608	-
Amortization	-	953	953	-
Total operating expenses	<u>44,534,643</u>	<u>2,487,512</u>	<u>47,022,155</u>	<u>-</u>
Operating income (loss)	<u>11,806,230</u>	<u>(1,003,594)</u>	<u>10,802,636</u>	<u>10</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment income	142,271	1,877	144,148	646
Interest expense	(835,956)	-	(835,956)	-
Debt issuance costs	(76,330)	-	(76,330)	-
Other income	31,263	-	31,263	-
Net nonoperating revenues	<u>(738,752)</u>	<u>1,877</u>	<u>(736,875)</u>	<u>646</u>
Income (loss) before capital contributions and transfers	<u>11,067,478</u>	<u>(1,001,717)</u>	<u>10,065,761</u>	<u>656</u>
<b>CAPITAL CONTRIBUTIONS AND TRANSFERS</b>				
Capital contributions	3,191,053	4,693,193	7,884,246	-
Transfers in	8,394,601	470,202	8,864,803	-
Transfers out	<u>(18,799,888)</u>	<u>(1,699,881)</u>	<u>(20,499,769)</u>	<u>-</u>
Net capital contributions and transfers	<u>(7,214,234)</u>	<u>3,463,514</u>	<u>(3,750,720)</u>	<u>-</u>
Change in net assets	3,853,244	2,461,797	6,315,041	656
NET ASSETS, beginning	<u>101,848,745</u>	<u>11,629,630</u>	<u>113,478,375</u>	<u>186,574</u>
NET ASSETS, ending	<u>\$ 105,701,989</u>	<u>\$ 14,091,427</u>	<u>\$ 119,793,416</u>	<u>\$ 187,230</u>

The accompanying notes are an integral part of this statement.

CITY OF STILLWATER, OKLAHOMA  
STATEMENT OF CASH FLOWS-PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2010

	Business-type Activities		Governmental Activities
	Enterprise Funds Non Major Enterprise Funds	Totals	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 53,976,891	\$ 53,101,759	-
Payments to suppliers	(26,724,752)	(28,202,928)	-
Payments to employees	(9,741,828)	(10,353,605)	-
Inter fund activity-payments to other fund	(1,964,188)	(44,143)	21,667
Other receipts (payments)	1,883,701	500,950	10
Net cash provided by (used for) operating activity	<u>17,429,824</u>	<u>16,921,546</u>	<u>21,677</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers to other funds	(19,976,642)	(19,399,648)	-
Proceeds from noncapital debt	240,236	240,236	-
Transfers in from other funds	6,303,046	6,303,046	-
Interest paid - noncapital financing activity	(4,784)	(4,784)	-
Net cash provided by (used for) noncapital financing activity	<u>(13,438,144)</u>	<u>(12,861,150)</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Capital contributions	1,702,449	6,218,948	-
Purchases of capital assets	(5,520,710)	(9,904,067)	-
Proceeds from sale of capital asset	5,782	5,782	-
Proceeds from capital debt	1,659,353	1,659,353	-
Bond issue costs paid	(154,450)	(154,450)	-
Transfers in related to capital financing	1,575,762	1,575,762	-
Principal paid on capital debt	(4,626,685)	(4,570,519)	-
Interest paid on debt	(904,213)	(904,213)	-
Net cash provided by (used for) capital activity	<u>(6,262,712)</u>	<u>(6,073,404)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of investments	(5,000,000)	(5,000,000)	645
Interest income	40,716	42,496	-
Net cash provided by investing activity	<u>(4,959,284)</u>	<u>(4,957,504)</u>	<u>645</u>
<b>Net decrease in cash and cash equivalents</b>	(7,230,316)	(6,970,512)	22,322
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	29,594,143	29,919,601	226,770
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u>22,363,827</u>	<u>22,949,089</u>	<u>249,092</u>
<b>Reconciliation of operating income (loss) to net cash provided (used for) operating activity</b>			
Operating income (loss)	\$ 11,806,230	\$ 10,802,656	\$ 10
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	5,622,836	6,262,608	-
Amortization expense	953	953	-
Changes in assets and liabilities			
Receivables, net	(507,686)	(476,442)	-
Inventories	(784,553)	(801,282)	-
Accounts and other payables	1,112,614	1,036,677	21,667
Unearned revenue	(36,820)	(30,964)	-
Accrued expenses	207,203	207,203	-
Other postemployment benefits	(308,278)	(308,278)	-
Net cash provided by (used for) operating activity	<u>17,429,824</u>	<u>16,714,343</u>	<u>21,677</u>
<b>Non cash activities</b>			
Principal forgiveness on debt	\$ 1,702,449	\$ -	\$ -
Capital assets donated to the Authority	1,488,604	1,488,604	-
Borrowings under capital lease	1,287,601	1,287,601	-
Change in fair value of investments	43,638	43,638	-

The accompanying notes are an integral part of this statement

CITY OF STILLWATER, OKLAHOMA  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2010

	<u>Retiree Only Defined Benefit Plan</u>	<u>Agency Fund</u>
<b>ASSETS</b>		
Cash and cash equivalents	-	\$ 205,481
Investments	\$ 4,712,174	260,000
Assessment receivables	-	5,524
 Total assets	 <u>\$ 4,712,174</u>	 <u>\$ 471,005</u>
<b>LIABILITIES</b>		
Accounts payable	-	\$ 2,900
Amounts held in escrow	\$ -	468,105
 Total Liabilities	 <u>\$ -</u>	 <u>\$ 471,005</u>
<b>NET ASSETS:</b>		
Held in trust for pension benefits	<u>\$ 4,712,174</u>	

The accompanying notes are an integral part of this statement.

CITY OF STILLWATER, OKLAHOMA  
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
 FIDUCIARY FUND  
 FOR THE YEAR ENDED JUNE 30, 2010

	<u>Retiree Only Defined Benefit Plan</u>
<b>ADDITIONS:</b>	
Investment Income	\$ 598,669
Total Additions	<u>598,669</u>
<b>DEDUCTIONS:</b>	
Benefits	12,256
Administrative expense	<u>16,741</u>
Total Deductions	<u>28,997</u>
Net increase	569,672
Net assets held in trust for pension benefits	
Beginning of year	4,142,502
End of year	<u><u>\$ 4,712,174</u></u>

**THIS PAGE INTENTIONALLY LEFT BLANK**



City of Stillwater, Oklahoma  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

**(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 SPGA trust was dissolved by ordinance at the October 2, 2009 council meeting. Upon dissolution, the parks and recreation department of the City of Stillwater began the oversight and operation of Lakeside Golf Course. The operations, maintenance and debt of Lakeside Golf Course 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. The operations of Lakeside Golf Course after the dissolution of the SPGA are included in the General Fund of the City of Stillwater.

## 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 administered 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 balance of the proceeds from the refunding of 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 fiduciary or agency accounts:

Defined Benefit Retiree Account (Fiduciary)	Sanitary Sewer Assessments
Property Rehabilitation Escrow	Public Library Donations
Business Improvement District Assessments	Bond Escheatment Escrow
Sidewalk Escrow	Airport Grant Escrow
Right Of Way Escrow	Performance Guarantee Escrow
Street Assessments	

#### 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, 2010, cash and cash equivalents in the amount of \$5,538,388 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 \$1,747,311 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 \$263,660 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 \$7,630,535 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 Premiums/Discounts and Issuance Costs - Bond premiums or 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 \$850,045. Of this amount, \$14,089 was capitalized on construction in progress during 2010.

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  
Infrastructure

1-58 Years  
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.

Property tax levied during the fiscal year ended June 30, 2010 was used to fund the annual debt service requirements of the following general obligation bonds:

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

Property tax levied in the next fiscal year will be used to fund the following general obligation bonds:

- 2010 Refunding

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. 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 statements:

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 the 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, 2010, 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, 2010, 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, 2010, 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, 2010, 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, 2010.

<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, 2010, available revenues plus sales tax transfer, was \$62,981,981; bond requirement is operating and maintenance excluding depreciation or \$38,869,142 plus 125% of next years principal and interest or \$7,382,199. Excess coverage was \$16,730,650 or 227% of required principal and interest coverage.

#### 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, 2010, 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, 2010, 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, 2010, the City's bank balance of \$33,760,091 was not exposed to custodial credit risk. At December 31, 2009, the Hospital's bank balance of \$13,536,300 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 and equity securities.

##### **Interest Rate Risk**

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, 2010, the City had the following investments and maturities:

Type	Rating	Fair Value	Maturities in Years			
			Less than 1	1-5	6-10	More than 10
U.S. agencies obligations	AAA	\$ 6,043,638	\$ -	\$ -	\$ -	\$ 6,043,638
Fixed income ***	Not avail.	1,050,558				
Equities		3,491,238				
Real Estate		170,378				
		<u>\$ 10,755,812</u>				

\*\*\* Fixed income investments are administered by the Oklahoma Municipal Retirement Fund. Maturity information is not readily available.

At December 31, 2009, 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	\$ -
U.S. agencies obligations	3,439,599	-	1,235,735	-	2,203,864
Corporate bonds	2,647,537	35,046	335,567	1,812,241	464,683
Money market mutual funds	2,026,858	2,026,858	-	-	-
		<u>\$ 2,061,904</u>	<u>\$ 1,571,302</u>	<u>\$ 3,057,241</u>	<u>\$ 2,668,547</u>
Corporate stocks	7,851,182				
Accrued investment income	116,212				
	<u>\$ 17,326,388</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 investment policy does not address credit risk. The Hospital's policy is to limit its investments to a credit rating of no less than investment grade, or an overall weighted-average rating of A by Standard and Poor's (S & P) or an equivalent rating by another reputable institution. The corporate bonds of the Hospital have ratings ranging from BBB to AA by Standard and Poor's. The money market mutual funds of the Hospital have a rating of AAA by Standard and Poor's. Certain investments, which include guaranteed investment contracts and U.S. agencies obligations were not rated by S & P.

**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, 2009, the following investments exceeded 5% of the total value of all Hospital investments:

Investment	Fair Value	% of Total
JP Morgan US Treas Plus Inv 3126	\$ 1,359,592	5.8%
FGIC Capital MRK SERV GIC	\$ 1,245,000	5.3%
Key Government Certificate of Deposit	\$ 2,274,401	9.8%

**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, 2010. 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	\$ 33,767,806	\$ 13,505,537	\$ 47,273,343
Investments	10,755,812	17,326,388	28,082,200
	<u>\$ 44,523,618</u>	<u>\$ 30,831,925</u>	<u>\$ 75,355,543</u>

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

**Included in the following balance sheet captions:**

Cash and cash equivalents	\$ 28,874,717	\$ 7,092,635	\$ 35,967,352
Investments	5,043,638	21,128,239	26,171,877
Restricted cash and cash equivalents	5,427,608	889,884	6,317,492
Restricted investments	-	1,721,167	1,721,167
Fiduciary funds	5,177,655	-	5,177,655
Total	<u>\$ 44,523,618</u>	<u>\$ 30,831,925</u>	<u>\$ 75,355,543</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 30 percent of the total. Police fines are 20 percent of the total while use tax receivable is 17 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 \$2,440,346 at June 30, 2010, 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, 2010, cash and cash equivalents, classified as non-current, of \$54,756 was restricted for this purpose.

Cash and cash equivalents received by the SUA from Rural Water Corporation No. 3 are restricted by agreement for the purpose of completing upgrades, improvements, and/or expansions of the water



distribution system in specified areas. As of June 30, 2010 cash and cash equivalents, classified as non-current, in the amount of \$278,827 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, 2010, cash and cash equivalents, classified as current, in the amount of \$1,493,637 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, 2010, cash and cash equivalents in the amount of \$1,160,042 of which \$671,384 is classified as current and \$488,658 is classified as non-current, have been restricted for customer deposits.

## CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2010, was as follows:

	Balance June 30, 2009	Additions	Disposals	Balance June 30, 2010
<b>PRIMARY GOVERNMENT:</b>				
<i>Governmental Activities:</i>				
Capital assets not being depreciated:				
Land	\$ 6,255,026	\$ 1,322,886	\$ 224,038	\$ 7,353,874
Construction-in-progress	6,431,136	7,348,890	1,981,895	11,798,131
Total capital assets not being depreciated	<u>12,686,162</u>	<u>8,671,776</u>	<u>2,205,933</u>	<u>19,152,005</u>
Other capital assets:				
Buildings	24,367,944	442,762	-	24,810,706
Other improvements	134,107,694	3,727,910	-	137,835,604
Machinery and equipment	19,932,962	1,130,048	443,728	20,619,282
Total other capital assets at historical cost	<u>178,408,600</u>	<u>5,300,720</u>	<u>443,728</u>	<u>183,265,592</u>
Less accumulated depreciation for:				
Buildings	6,589,021	537,297	-	7,126,318
Other improvements	76,922,826	4,742,758	-	81,665,584
Machinery and equipment	16,463,885	895,973	443,728	16,916,130
Total accumulated depreciation	<u>99,975,732</u>	<u>6,176,028</u>	<u>443,728</u>	<u>105,708,032</u>
Other capital assets, net	<u>78,432,868</u>	<u>(875,308)</u>	<u>-</u>	<u>77,557,560</u>
Governmental activities capital assets, net	<u>\$ 91,119,030</u>	<u>\$ 7,796,468</u>	<u>\$ 2,205,933</u>	<u>\$ 96,709,565</u>
<i>Business-type activities:</i>				
Capital assets not being depreciated:				
Land	\$ 1,688,795	\$ -	\$ 16,000	\$ 1,672,795
Construction-in-progress	4,549,445	9,532,546	1,405,728	12,676,263
Total capital assets not being depreciated	<u>6,238,240</u>	<u>9,532,546</u>	<u>1,421,728</u>	<u>14,349,058</u>
Other capital assets:				
Buildings	9,153,856	592,383	735,888	9,010,351
Other improvements	22,161,494	9,355	1,906,548	20,264,301
Machinery and equipment	19,598,662	1,476,892	1,002,340	20,073,214
Intangible assets	74,054	-	-	74,054
Utility plant in service	170,094,223	2,234,577	2,011,484	170,317,316
Total other capital assets at historical cost	<u>221,082,289</u>	<u>4,313,207</u>	<u>5,656,260</u>	<u>219,739,236</u>
Less accumulated depreciation for:				
Buildings	3,175,684	280,176	383,167	3,072,693
Other improvements	13,081,272	546,450	682,601	12,945,121
Machinery and equipment	14,357,896	787,822	708,414	14,437,304
Utility plant in service	84,202,775	4,648,160	-	88,850,935
Less amortization for intangible assets:	72,126	953	29,966	43,113
Total accumulated depreciation/amortization	<u>114,889,753</u>	<u>6,263,561</u>	<u>1,804,148</u>	<u>119,349,166</u>
Other capital assets, net	<u>106,192,536</u>	<u>(1,950,354)</u>	<u>3,852,112</u>	<u>100,390,070</u>
Business-type activities capital assets, net	<u>\$ 112,430,776</u>	<u>\$ 7,582,192</u>	<u>\$ 5,273,840</u>	<u>\$ 114,739,128</u>

**COMPONENT UNITS:**

	Balance December 31, 2008	Additions	Disposals	Balance December 31, 2009
<b>Stillwater Medical Center Authority:</b>				
Capital assets not being depreciated				
Land	\$ 2,056,962	\$ 58,447	\$ -	\$ 2,115,409
Construction-in-progress	1,901,239	1,920,806	1,752,895	2,069,150
Total capital assets not being depreciated	<u>3,958,201</u>	<u>1,979,253</u>	<u>1,752,895</u>	<u>4,184,559</u>
Other capital assets:				
Land improvements	\$ 1,446,324	\$ 16,483	\$ -	\$ 1,462,807
Building, improvements and fixed equip.	44,706,872	2,064,252	92,748	46,678,376
Major moveable equipment	42,518,195	3,759,116	532,083	45,745,228
Total other at capital assets	<u>88,671,391</u>	<u>5,839,851</u>	<u>624,831</u>	<u>93,886,411</u>
Less accumulated depreciation:	<u>52,414,791</u>	<u>5,125,518</u>	<u>628,120</u>	<u>56,912,189</u>
Other capital assets, net	<u>36,256,600</u>	<u>714,333</u>	<u>(3,289)</u>	<u>36,974,222</u>
Capital assets, net	<u>\$ 40,214,801</u>	<u>\$ 2,693,586</u>	<u>\$ 1,749,606</u>	<u>\$ 41,158,781</u>
	Balance June 30, 2009	Additions	Disposals	Balance June 30, 2010
<b>Convention and Visitors Bureau:</b>				
Property, plant and equipment	\$ 59,867	\$ 2,171	\$ -	\$ 62,038
Less accumulated depreciation	<u>55,533</u>	<u>1,102</u>	<u>-</u>	<u>56,635</u>
Capital assets, net	<u>\$ 4,334</u>	<u>\$ 1,069</u>	<u>\$ -</u>	<u>\$ 5,403</u>

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

Primary Government:

Governmental Activities:

General Government

Public Safety	\$ 453,134
Recreation and Culture	623,605
General Government	467,720
Financial Administration	19,389
Street	4,550,488
Human Services	61,692
Total depreciation expense for governmental activities	<u>\$ 6,176,028</u>

Business-type Activities:

Stillwater Utilities Authority	\$ 5,622,836
Airport (includes amortization of intangible assets)	592,533
Stillwater Public Golf Authority	47,725
Stillwater Industrial Redevelopment Authority	467
Total depreciation expense for business-type activities	<u>\$ 6,263,561</u>

Component Units:

Stillwater Medical Center Authority	\$ 5,125,518
Convention and Visitors Bureau	1,102
Total depreciation expense for component units	<u>\$ 5,126,620</u>

## INTERFUND RECEIVABLES AND PAYABLES

Individual interfund receivable and payable balances at June 30, 2010 were as follows:

<u>Advances from</u>	<u>Advances to</u>
	Non Major Enterprise funds
Non Major Enterprise funds	\$ 4,000
Stillwater Public Works Authority	<u>281,108</u>
	<u>\$ 285,108</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	Stillwater Utilities Authority	Non Major Governmental funds	Non Major Proprietary funds
General Fund	\$ -	\$ 387,503		\$ 396,222
Non Major Governmental funds	2,586			2,586
Transportation Improvement fund	2,624			2,624
Non Major Proprietary funds	5,085			5,085
Stillwater Utilities Authority	113,534		\$ 723	114,257
Stillwater Public Works Authority	<u>61,862</u>			<u>61,862</u>
	<u>\$ 185,691</u>	<u>\$ 387,503</u>	<u>\$ 723</u>	<u>\$ 582,636</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. The transfers to governmental capital assets consisted of net assets transferred upon the dissolution of the Stillwater Public Golf Authority. Interfund transfers reported in the fund financial statements for the year ended June 30, 2010, consisted of the following:

	Transfers In		Transfers Out			
	General Fund	Transporation Improvement Fund	Non major Governmental Funds	Non major Enterprise Funds	Stillwater Utilities Authority	Total
General Fund	\$ -	\$ -	\$ 193,905	\$ -	\$ 16,060,113	\$ 16,254,018
Governmental capital assets	22,175	-	-	1,699,881	-	1,722,056
Transp. Impr. Fund	3,151,524	-	-	-	2,739,775	5,891,299
Stillwater Utilities Authority	6,818,839	1,575,762	-	-	-	8,394,601
Non Major Governmental Funds	396,272	-	703,223	-	-	1,099,495
Non Major Enterprise Funds	470,202	-	-	-	-	470,202
	<u>\$ 10,859,012</u>	<u>\$ 1,575,762</u>	<u>\$ 897,128</u>	<u>\$ 1,699,881</u>	<u>\$ 18,799,888</u>	<u>\$ 33,831,671</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, 2010, the governmental activities long-term debt consisted of the following:

#### General Obligation Bonds:

\$8,390,000 Refunding Bonds of 2010, due in annual installments of ranging from \$775,000 to \$825,000 with a final payment of \$350,000 due June 1, 2021, interest rate of 4.00%

\$ 8,390,000

Plus Unamortized premium

695,959

Total general obligation Bonds

\$9,085,959

Current portion

\$ 775,000

Non-current portion

8,310,959

Total general obligation Bonds

\$9,085,959

#### Accrued Compensated Absences-Governmental Activities:

Current portion

\$ 101,957

Non-current portion

1,863,742

Total accrued compensated absences

\$1,965,699

#### 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.	\$ 36,108
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>245,000</u>
Total refundable grant obligations	<u>\$ 281,108</u>
Current portion	\$ 41,667
Non-current portion	<u>239,441</u>
Total refundable grant obligations	<u>\$ 281,108</u>

*Business-type Activities:*

As of June 30, 2010, 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.	\$1,962,753
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.	3,047,554
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.	6,135,096
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	4,870,000
2009 BancFirst Note dated September 16, 2009, original amount of \$240,236, 2.5% interest, semiannual interest and annual principal installments commencing April 1, 2010 through October 1, 2011	240,236
2009 OWRB DWSRF Note Payable dated November 24, 2009, original amount of \$11,645,000, eligible for \$2,000,000 principal forgiveness from American Recovery and Reinvestment Act grant funds, secured by utility revenues, semiannual principal installments commence no later than March 15, 2011, 2.84% interest plus an	

administrative fee of 0.5% 1,350,674

2009 OWRB CWSRF Note Payable dated November 24, 2009, not to exceed \$1,875,000, eligible for \$578,999.81 principal forgiveness from American Recovery and Reinvestment Act grant funds, secured by utility revenues, semiannual principal installments commence no later than March 15, 2011, 2.34% interest plus an administrative fee of 0.5%

380,679

Total notes payable \$17,914,992

Current portion \$ 1,538,222

Non-current portion 16,376,770

Total notes payable \$17,914,992

Revenue Bonds:

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.

7,805,000

Plus Unamortized premium 220,041

Less Unamortized loss on defeasance (35,693)

Total revenue bonds \$7,989,348

Revenue Bonds

Current portion \$3,111,759

Non-current portion 4,877,589

Total revenue bonds payable \$7,989,348

Capital Lease Obligations:

Total machinery and equipment financed by capital lease obligations \$2,548,565

Less accumulated depreciation (626,913)

Net assets financed by leases \$1,921,652

Borrowings have been advanced pursuant to a credit agreement with Banc of America Leasing and Capital LLC that provided, until March 14, 2009, for the purchase of equipment. The maximum purchase price for equipment under the agreement was 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.

\$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.

22,877

\$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.

39,908

\$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. 299,007

\$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. 33,513

\$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. 15,349

Borrowings have been advanced pursuant to a credit agreement with Banc of America, NA that provided, until January 31, 2011, for the purchase of equipment. The maximum purchase price for equipment under the agreement was the lower of \$1.8 million. with a fixed interest rate determined at the time of funding. The schedules under this master lease agreement are summarized below:

\$96,543 capital lease with Bank of America for equipment, fixed interest rate of 2.4412%, monthly installments commencing April 15, 2010 through March 15, 2013 88,764

\$20,161 capital lease with Bank of America for equipment, fixed interest rate of 3.0902%, monthly installments commencing April 15, 2010 through March 15, 2015 19,225

\$391,032 capital lease with Bank of America for equipment, fixed interest rate of 3.1942%, monthly installments commencing April 30, 2010 through March 30, 2015 372,926

\$29,700 capital lease with Bank of America for equipment, fixed interest rate of 2.5322%, monthly installments commencing April 30, 2010 through March 30, 2013 27,310

\$481,057 capital lease with Bank of America for equipment, fixed interest rate of 3.2397%, monthly installments commencing May 15, 2010 through April 15, 2015 466,244

\$201,802 capital lease with Bank of America for equipment, fixed interest rate of 3.1617%, monthly installments commencing June 15, 2010 through June 15, 2015 198,714

\$54,783 capital lease with Bank of America for equipment, fixed interest rate of 3.1487%, monthly installments commencing June 15, 2010 through May 15, 2015 54,783

\$12,524 capital lease with Bank of America for equipment, fixed interest rate of 2.9342%, monthly installments commencing July 30, 2010 through June 30, 2015 12,524

Other capital lease borrowings:



\$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.	136,377
---	---------

\$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	116,974
Total capital leases	<u>\$1,904,495</u>

Current portion	\$509,103
-----------------	-----------

Non-current portion	<u>1,395,392</u>
---------------------	------------------

Total capital leases	<u>\$1,904,495</u>
----------------------	--------------------

Accrued Compensated Absences – Business-type activities:

Current portion	\$ 18,749
-----------------	-----------

Non-current portion	<u>646,790</u>
---------------------	----------------

Total accrued compensated absences	<u>\$ 665,539</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, through May 15, 2019.	\$9,805,000
---	-------------

Less loss on bond defeasance	(547,895)
------------------------------	-----------

Plus original issue premium	<u>190,348</u>
-----------------------------	----------------

Net bond issue	<u>\$9,447,453</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, through May 15, 2023.	\$ 7,000,000
---	--------------

Total revenue bonds	<u>\$16,447,453</u>
---------------------	---------------------

Current portion	\$ 776,692
-----------------	------------

Non-current portion	<u>15,670,761</u>
---------------------	-------------------

Total revenue bonds	<u>\$16,447,453</u>
---------------------	---------------------

Capital lease obligations

Total capital assets financed by capital lease obligations	\$ 4,721,410
--	--------------

Less accumulated depreciation	<u>(1,394,901)</u>
-------------------------------	--------------------

Net assets financed by capital lease obligations	<u>\$ 3,326,509</u>
--	---------------------

Capital lease issued for equipment, interest rates vary from 3.74% to 4.04%, through 2012.	<u>\$ 1,714,405</u>
Current portion	\$ 802,131
Non-current portion	<u>912,274</u>
Total capital lease obligations	<u>\$1,714,405</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

On April 8, 2010, the City issued \$8,390,000 Refunding General Obligation bonds. The proceeds were used primarily to refund the City's outstanding General Obligation Bonds of 2000 and 2001 in the amount of \$4,950,000 and \$4,090,000 respectively. An appropriate amount of the proceeds were placed in a Refunding Escrow account with an escrow agent and were invested in certain investments secured by obligations of the United States of America. This escrow account, along with the income derived thereof, will be used to pay the principal and interest on the refunded bonds at their respective dates. This refunding is a current refunding. Under state law, any cash proceeds resulting from the refunding of General Obligation bonds must be used for the original intent of the refunded bonds. Thus the \$703,223 cash proceeds resulting from this refunding are available only for future City Hall or Police Building renovations, upgrades or remodeling. The refunding resulted in no accounting gain or loss from the transaction, although the economic gain is \$744,500 made up of \$41,277 resulting from the present value of the cash flow associated with the new issue compared to the cash flow associated with the refunded issues and the \$703,223 cash proceeds made available as a result of the refunding.

The following is a summary of changes in long-term liabilities for the year ended June 30, 2010:

Type of Debt	Balance			Amounts	
	June 30, 2009	Additions	Reductions	Balance June 30, 2010	Due Within One Year
<b>Primary Government</b>					
<b>Governmental Activities</b>					
General obligation Bonds	\$ 9,040,000	\$ 9,085,959	\$ 9,040,000	\$ 9,085,959	\$ 775,000
Refundable grant obligations	322,776	-	41,668	281,108	41,667
Accrued compensated absences	1,863,742	1,841,527	1,739,570	1,965,699	101,957
<b>Total governmental activities</b>	<b>\$ 11,226,518</b>	<b>\$ 10,927,486</b>	<b>\$ 10,821,238</b>	<b>\$ 11,332,766</b>	<b>\$ 918,624</b>
<b>Business-type Activities</b>					
Capital lease obligations	\$ 938,197	\$ 1,287,601	\$ 321,303	\$ 1,904,495	\$ 509,103
Notes payable	17,390,784	3,602,038	3,077,830	17,914,992	1,538,222
Revenue bonds payable; net	10,967,229	-	2,977,881	7,989,348	3,111,759
Refundable grant obligation	50,000	140,052	19,539	170,513	170,513
Customer deposits	1,132,636	710,470	671,384	1,171,722	671,384
Accrued compensated absences	682,347	546,414	563,222	665,539	18,749
<b>Total business-type activities</b>	<b>\$ 31,161,193</b>	<b>\$ 6,286,575</b>	<b>\$ 7,631,159</b>	<b>\$ 29,816,609</b>	<b>\$ 6,019,730</b>
<b>Component Unit:</b>					
<b>Stillwater Medical Center Authority</b>					
Revenue bonds payable; net	\$ 17,189,145	\$ -	\$ 741,692	\$ 16,447,453	\$ 776,692
Capital lease obligations	2,617,763	-	903,358	1,714,405	802,131
	<b>\$ 19,806,908</b>	<b>\$ -</b>	<b>\$ 1,645,050</b>	<b>\$ 18,161,858</b>	<b>\$ 1,578,823</b>

#### Annual Debt Service Requirements-Primary Government

The annual debt service requirements to maturity, including principal and interest, for long-term liabilities as of June 30, 2010, are as follows:

Year Ending June 30,	Governmental Activities			
	General Obligation		Refundable Grant Obligations	
	Principal	Interest	Principal	Interest
2011	\$ 775,000	\$ 385,008	\$ 41,667	-
2012	825,000	304,600	34,442	-
2013	820,000	271,600	20,000	-
2014	815,000	238,800	20,000	-
2015	810,000	206,200	20,000	-
2016-2020	3,995,000	548,400	100,000	-
2021-2023	350,000	14,000	45,000	-
<b>Total</b>	<b>\$ 8,390,000</b>	<b>\$ 1,968,608</b>	<b>\$ 281,109</b>	<b>-</b>

Business-Type Activities						
Year Ending June 30,	Revenue Bonds		Capital leases		Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 3,030,000	\$ 314,500	\$ 509,103	\$ 60,266	\$ 1,538,222	\$ 446,727
2012	3,190,000	159,000	438,937	43,033	1,580,777	406,586
2013	1,585,000	39,625	429,713	27,018	1,535,548	365,510
2014	-	-	319,511	13,256	1,610,303	323,335
2015	-	-	207,231	3,096	1,651,539	279,144
2016-2020	-	-	-	-	5,755,573	850,652
2021-2025	-	-	-	-	3,651,543	349,596
2026-2030	-	-	-	-	414,840	66,333
2031-2035	-	-	-	-	176,547	8,568
Total	<u>\$ 7,805,000</u>	<u>\$ 513,125</u>	<u>\$ 1,904,495</u>	<u>\$ 146,669</u>	<u>\$ 17,914,892</u>	<u>\$ 3,096,451</u>

Refundable Obligations of \$170,513 of business-type activities is all due in fiscal year 2011.

Component Unit				
Year Ending December 31,	Revenue Bonds		Capital Leases	
	Principal	Interest	Principal	Interest
2010	\$ 815,000	\$ 878,237	\$ 802,131	\$ 52,921
2011	855,000	835,419	638,526	25,119
2012	900,000	789,350	273,748	2,570
2013	950,000	740,788	-	-
2014	990,000	689,862	-	-
2015-2019	5,725,000	2,614,750	-	-
2020-2024	6,570,000	1,005,468	-	-
Total	<u>\$ 16,805,000</u>	<u>\$ 7,553,874</u>	<u>\$ 1,714,405</u>	<u>\$ 80,610</u>

#### (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, 2010, was \$1,894,599 which consisted of \$919,499 (net of \$139,953 in forfeitures) from the City and \$975,100 from employees.

The Hospital also participates in the Oklahoma Municipal Retirement Defined Contribution Plan. All full-time employees of the Hospital are covered. The Hospital and employees contribute 6% and 3%, respectively of eligible salaries into the plan. Contributions, net of forfeitures, were approximately \$1,540,000 from the Hospital and \$771,000 from employees for the year ended December 31, 2009. Forfeitures of \$139,270 were applied to the Hospital's required 6% contribution.

Defined Benefit (Retiree) Plan In 1985, the City replaced a defined benefit plan with the current defined contribution 401(a) plan. The assets of the defined benefit plan were apportioned to all eligible participants in the plan as of June 30, 1985, except those assets attributable to retired participants as of June 30, 1985, which were used to fund the future retirement benefits of such retired participants. The balances and activity of this plan are reported in the City's financial statements as a fiduciary fund, "Retiree-only defined benefit plan". Although this plan is considerably overfunded, the plan assets are not available for City use until such time as the obligation to pay the remaining retirees is exhausted.

As of January 1, 2010, the funded status of the defined benefit plan was as follows:

Actuarial accrued liability (AAL)	\$ 76,306
Actuarial value of plan assets	4,800,205
(Overfunded) actuarial accrued liability (UAAL)	<u>\$ (4,723,899)</u>
Funded ratio (actuarial value of plan assets/AAL)	6190.7%
Annual covered payroll (active plan members)	N/A
UAAL as a percentage of annual covered payroll	N/A

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

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

	<u>Oklahoma Police Pension and Retirement System</u>	<u>Oklahoma Firefighter's Pension and Retirement System</u>
Obtaining separately issued financial statements	Police Pension and Retirement 1001 N.W. 63 <sup>rd</sup> St. Suite 605 Oklahoma City Ok 73116-7335	Firefighters Pension & Retirement 4545 N. Lincoln Blvd. Suite 265 Oklahoma City, Ok. 73105-3414
Eligibility to participate	All full-time officers, employed by a participating municipality, not less than 21 years of age or more than 45 years of age when hired	All full-time or voluntary firefighters of a participants municipality hired before age 45
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:	Yes	Yes
Cost of living adjustments (normal retirement)		
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
2008	\$521,301	100%	\$540,976	100%
2009	556,387	100%	542,879	100%
2010	574,277	100%	583,934	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 \$368,547 and \$929,294, respectively.

Related Party Investments

As of June 30, 2010, the Systems held no related-party investments of the City or of its related entities.

**(5) RISK MANAGEMENT**

As of June 30, 2010, claims outstanding against the City and its public authorities were \$2,150,375 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 2009-2010 and 2008-2009 were as follows:

	Beginning Liability Balance	Current Year Claims and Changes in Estimates	Claim Payments	Ending Liability Balance
2009-2010	\$ 1,406,554	\$ 5,253,540	\$ 4,509,719	\$ 2,150,375
2008-2009	1,417,685	4,648,842	4,659,973	1,406,554

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 up to \$1,000,000. The Hospital purchases commercial stop-loss insurance coverage for total claims in the aggregate amount of \$100,000 up to \$1,000,000. A provision is accrued for self-insured employee health claims and workers' compensation claims, including other claims reported and claims incurred but not yet reported. The accruals are estimated based on consideration of prior claims experience, recently settled claims, frequency of claims, and other economic and social factors. It is reasonably possible that the estimates will change by a material amount in the near term.

Activity in the Hospital's accrued employee health and workers' compensation claims liability during 2009 and 2008 is summarized as follows

	Beginning Liability Balance	Current Year Claims and Changes in Estimates	Claim Payments	Ending Liability Balance
2009	\$ 1,258,177	\$ 5,751,081	\$ 5,759,258	\$ 1,250,000
2008	1,001,126	5,672,114	5,415,063	1,258,177

## (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 was involved in a taxpayer lawsuit, Dedrickson vs. City, et al, Case No. CJ-2008-97, District Court of Payne County. The suit alleged the Stillwater Utilities Authority unlawfully diverted earmarked tax revenues into the City's general fund. Plaintiffs had asked the court to order the City to pay \$54 million to the SUA. A non-jury trial took place November 1-3, 2010, in district court. On December 13, 2010, the court ruled that no diversion occurred and granted judgment to the City and the SUA.



Included in the July 2006 purchase agreement between the Authority and Rural Water Corporation No.3, the Authority agreed to consolidate the two water distribution systems. This consolidation includes making improvements and upgrades to pump stations and adding additional water lines to specified areas within the system. The improvements and upgrades are to be completed by the Authority within five years of system acquisition.

In September 2010, the Rural Water Advisory Board, the Rural Water Corporation No.3 Board, and the Authority's Trustees approved amendment of the initial July 2006 purchase agreement. The amended agreement identifies more specific improvements and upgrades to be made to the system and provides a revised timeline for completion.

The Hospital has commitments for noncallable operating leases for primary care outpatient offices which expire in various years through October 2019. These leases generally contain renewal options for periods ranging from five to ten years and require the Hospital to pay all executory costs (property taxes, maintenance and insurance). Future minimum lease payments at December 31, 2009, were approximately:

2010	\$	774,000
2011		746,000
2012		706,000
2013		669,000
2014		686,000
2015-2019		<u>2,374,000</u>
	\$	<u>5,955,000</u>

## (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, 2010, 14 retiree-related participants (retirees, and/or spouses, and/or families) were participating in the City health care plan. There were no retirees who met the eligibility requirements at June 30 who did not choose to participate. The City requires a monthly premium based on City-wide claim trends of the previous fiscal year. The premium rate for retirees is adjusted each July 1<sup>st</sup>. Upon monthly payment of this premium, the City covers all medical expenses just as for active employees on a pay-as-you-go basis. Coverage is available until the first day of the month in which the retiree reaches his or her Medicare eligibility age (currently 65). If the spouse of a retiree is covered at the time the retiree comes off of the plan at age 65, that spouse is COBRA-eligible until age 65 or for 36 months, whichever is less. During the fiscal year ended June 30, 2010, expenditures of \$71,944 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 2010 range from \$0 to \$100 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	\$ 918,366
Interest on prior year net OPEB obligation	31,634
Adjustment to annual required contribution	<u>(62,638)</u>
Annual OPEB cost	887,362
Employer contributions	<u>77,985</u>
Increase in net OPEB obligation	809,377
Beginning OPEB obligation	<u>659,042</u>
Ending OPEB obligation	<u><u>\$ 1,468,419</u></u>

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</u> <u>Ended</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
6/30/2010	\$ 887,362	8.7%	\$ 1,468,419
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, 2009, the funded status of the retiree health plan was as follows:

Actuarial accrued liability (AAL)	\$ 6,792,492
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	<u><u>\$ 6,792,492</u></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, 2009, 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 2009 and grading to 5% in 2013. 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 \$5,522,372, payable semiannually commencing December 2008 and concluding December 2016. For the current year, total sales tax revenues were \$1,575,762.

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 \$6,303,046 and net revenues were \$17,429,066.

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 city had 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. These bonds were refunded during the fiscal year ended June 30, 2010. The refunding bonds of \$8,390,000 are due in payments commencing June, 2011 through June, 2021. The total principal and interest payable for the remainder of the life of these bonds is \$10,358,608. Ad valorem taxes received in the current year were \$1,385,692. Debt service payments of \$1,222,225 in the current fiscal year were 88% of the total ad valorem taxes received.

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

<b>Debt Issue</b>	<b>Issue Amount</b>	<b>Issue Date</b>	<b>Maturity Date</b>	<b>Remaining Principal and Interest</b>	<b>Current Year Principal and Interest</b>
2005 Refunding Series Bonds	\$ 12,965,000	May 2005	Oct 2012	\$ 8,318,125	\$ 2,506,650
2002 Refunding Series Bonds	11,825,000	Sept 2002	Dec 2009	-	863,600
2007 Revenue Bonds	6,010,000	Dec 2007	Dec 2016	5,522,372	842,064
2002 OWRB SRF Note	3,413,483	Feb 2002	Sept 2021	2,022,517	181,213
2002 OWRB SRF Note	4,876,086	Dec 2002	Sept 2022	3,148,079	260,088
2005 OWRB Fixed Rate Note	7,620,000	Jun 2005	Mar 2025	7,743,457	515,093
2009 OWRB DWSRF Note	11,645,000	Nov 2009	Sept 2032	1,925,862	2,732
2009 OWRB CWSRF Note	1,875,000	Nov 2009	Sept 2030	402,920	834
2000 General Obligation Bonds	8,500,000	June 2000	June 2020	-	686,925
2001 General Obligation Bonds	6,470,000	June 2001	June 2021	-	534,300
2010 Refunding General Obligation Bonds	8,390,000	June 2011	June 2021	10,358,608	-

### (9) COMPONENT UNIT BUSINESS ACQUISITIONS AND ASSOCIATED GOODWILL

On December 21, 2009, the Hospital acquired 100% of the assets of Stillwater Surgery Center, L.L.C., an outpatient ambulatory surgery center providing surgery services to patients of the surrounding geographic area. The results of the surgery center's operations have been included in the financial statements of the Hospital since that date.

The fair value of the \$7,200,000 purchase price was determined based on a third-party appraisal at the date of acquisition. The excess of the purchase price over the fair value of the assets and liabilities is attributable to goodwill. Goodwill will be amortized on the straight-line basis over 15 years. Amortization expense is estimated to be approximately \$389,000 each year through 2024. There was no amortization of goodwill in December, 2009. The following table summarizes the estimated fair value of the assets acquired and liabilities assumed at the date of acquisition:

Patient accounts receivable, net	\$ 904,510
Other current assets	138,558
Property, plant and equipment	372,106
<b>Total assets acquired</b>	<b>1,415,174</b>
Current liabilities	50,000
<b>Total liabilities acquired</b>	<b>50,000</b>
Net assets acquired	1,365,174
Goodwill (December 31, 2009 balance)	5,834,826
Fair value purchase price	\$ 7,200,000

### (10) COMPONENT UNIT INVESTMENTS IN JOINT VENTURES

The Hospital's investments in joint ventures relate to a 9% ownership in Heartland Healthcare Reciprocal Risk Retention Group which is accounted for using the equity method of accounting; a 60% ownership in Stillwater Medical Center Imaging, LLC which is accounted for using the equity method (as the Authority only controls 50% of the entity); a 50% ownership in Women First, LLC which is accounted for using the equity method; and a 9% ownership in Fresenius Medical Care-Stillwater, LLC which is accounted for using the cost method.

Heartland Healthcare Reciprocal Risk Retention Group (Heartland) provides insurance coverage. The Hospital paid approximately \$218,000 to purchase its professional liability (medical malpractice) and general liability insurance from Heartland during the year ended December 31, 2009.

Stillwater Medical Imaging, LLC owns and operates MRI, CT and other imaging equipment. The Hospital purchases imaging services for its patients from the joint venture. Included in accounts payable of the Hospital is approximately \$505,500 at December 31, 2009 due to the joint venture. During the year ended December 31, 2009, the Hospital incurred related expenses of approximately \$2,436,000 from Stillwater Medical Imaging, LLC.

The Hospital purchases digital mammography and bone density services for its patients from Women First, LLC. Approximately \$2,500 is included in accounts payable of the Hospital at December 31, 2009 due to the joint venture. During the year ended December 31, 2009, the Hospital incurred related expenses of approximately \$462,000 from Women First, LLC.

Fresenius Medical Care-Stillwater, LLC provides dialysis services to residents of Stillwater and the surrounding area. The Hospital did not have any transactions with Fresenius Medical Care-Stillwater, LLC during the year ended December 31, 2009.

Complete financial statements of these joint venture entities may be obtained by contacting the Hospital's management.

## **(11 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. 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.

**THIS PAGE INTENTIONALLY LEFT BLANK**

**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, 2010

	Original Budget	Final Budget	Actual	Variance from Final Budget
<b>REVENUES</b>				
Sales tax	\$ 24,744,863	\$ 22,942,879	\$ 23,185,705	\$ 242,826
Other taxes	2,090,700	2,090,700	2,269,537	178,837
Intergovernmental	396,399	1,304,792	267,496	(1,037,296)
Charges for Services	1,147,500	1,147,500	1,128,930	(18,570)
Fines and forfeits	828,500	798,000	732,274	(65,726)
Fees and rentals	1,208,159	1,176,902	1,210,694	33,792
Investment income	-	-	6,308	6,308
Licenses and permits	226,200	147,675	207,401	59,726
Other miscellaneous revenue	668,764	809,558	816,731	7,173
<b>Total revenues</b>	<u>31,311,085</u>	<u>30,418,006</u>	<u>29,825,078</u>	<u>(592,928)</u>
<b>EXPENDITURES</b>				
Current				
Public Safety:				
Police:				
Personal services	9,291,234	9,159,608	8,816,268	343,340
Materials and supplies	502,382	535,065	432,197	102,868
Contract services	484,089	724,108	474,808	249,300
Fire:				
Personal services	6,935,684	6,876,273	6,781,103	95,170
Materials and supplies	298,105	289,877	200,534	89,343
Contract services	394,510	246,810	206,073	40,737
<b>Total public safety</b>	<u>17,906,004</u>	<u>17,831,741</u>	<u>16,910,983</u>	<u>920,758</u>
Recreation and culture:				
Parks and recreation:				
Personal services	3,507,629	3,369,323	3,064,748	304,575
Materials and supplies	793,816	746,628	563,584	183,044
Contract services	615,643	574,003	477,625	96,378
Library:				
Personal services	1,048,018	1,009,888	965,477	44,411
Materials and supplies	227,873	186,857	125,735	61,122
Contract services	175,000	157,152	188,865	(31,713)
<b>Total recreation and culture</b>	<u>6,367,979</u>	<u>6,043,851</u>	<u>5,386,034</u>	<u>657,817</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, 2010

(continued)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
<b>General Government:</b>				
Personal services	6,250,868	6,180,926	1,615,064	4,565,862
Materials and supplies	173,618	169,650	157,097	12,553
Contract services	3,315,942	2,663,649	1,255,101	1,408,548
<b>Total General government</b>	<u>9,740,428</u>	<u>9,014,225</u>	<u>3,027,262</u>	<u>5,986,963</u>
<b>Financial administration:</b>				
Personal services	509,894	544,059	497,821	46,238
Materials and supplies	64,225	71,100	59,474	11,626
Contract services	176,257	166,057	146,234	19,823
<b>Total financial administration</b>	<u>750,376</u>	<u>781,216</u>	<u>703,529</u>	<u>77,687</u>
<b>Public works administration:</b>				
Personal services	741,817	624,464	517,133	107,331
Materials and supplies	18,941	18,941	15,698	3,243
Contract services	40,000	40,000	20,769	19,231
<b>Total public works administration</b>	<u>800,758</u>	<u>683,405</u>	<u>553,600</u>	<u>129,805</u>
<b>Street and sewers:</b>				
Personal services	1,503,899	1,495,219	1,419,819	75,400
Materials and supplies	734,452	610,680	570,855	39,825
Contract services	434,761	595,609	78,241	517,368
<b>Total street and sewers</b>	<u>2,673,112</u>	<u>2,701,508</u>	<u>2,068,915</u>	<u>632,593</u>
<b>Human services:</b>				
<b>Health:</b>				
Personal services	131,626	131,034	124,559	6,475
Materials and supplies	137,142	116,554	100,447	16,107
Contract services	153,767	138,767	114,068	24,699
<b>Community Development:</b>				
Personal services	1,314,644	1,200,795	1,034,565	166,230
Materials and supplies	23,276	23,626	16,962	6,664
Contract services	138,650	132,800	101,609	31,191
<b>Total human services</b>	<u>1,899,105</u>	<u>1,743,576</u>	<u>1,492,210</u>	<u>251,366</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, 2010

(continued)

	Original Budget	Final Budget	Actual	Variance from Final Budget
<b>Economic development:</b>				
Materials and supplies	-	-	-	-
Contract services	1,130,000	1,130,000	481,197	648,803
Total economic development	1,130,000	1,130,000	481,197	648,803
<b>Capital Outlay:</b>				
Police	323,458	212,234	139,499	72,735
Fire	200,000	1,183,474	769,571	413,903
Recreation and culture	438,056	680,866	88,748	592,118
General Government	-	10,000	57,269	(47,269)
Public works operation	-	-	-	-
Human Services	153,200	132,907	-	132,907
Street and sewers	1,162,700	1,720,890	543,308	1,177,582
	2,277,414	3,940,371	1,598,395	2,341,976
Total expenditures	43,545,175	43,869,893	32,222,125	11,647,767
Excess (deficiency) of revenues over (under) expenditures	(12,234,090)	(13,451,887)	(2,397,048)	11,054,839
<b>OTHER FINANCING SOURCES(USES):</b>				
Transfers in	20,716,351	21,943,256	16,254,018	(5,689,238)
Transfers out	(13,629,341)	(14,142,565)	(10,859,012)	3,283,553
Total other financing sources (uses)	7,087,010	7,800,691	5,395,006	(2,405,685)
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(5,147,080)	(5,651,196)	2,997,958	8,649,154
FUND BALANCES, beginning	312,891	312,891	312,891	-
FUND BALANCES, ending	\$ (4,834,189)	\$ (5,338,305)	\$ 3,310,849	\$ 8,649,154

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, 2010

	Original Budget	Final Budget	Actual	Variance from Final Budget
<b>REVENUES</b>				
Investment income	\$ -	\$ -	\$ 17,232	\$ 17,232
Total revenues	-	-	17,232	17,232
<b>EXPENDITURES</b>				
Street and sewers:				
Personal services	334,979	335,679	320,518	15,161
Materials and supplies	40,607	31,015	21,239	9,776
Contract services	2,000	12,371	12,273	98
Total street and sewers	377,586	379,065	354,030	25,035
Capital outlay				
Street and sewers	-	9,766,450	6,796,013	2,970,437
Total expenditures	377,586	10,145,515	7,150,043	2,995,471
Excess (deficiency) of revenues over (under) expenditures	(377,586)	(10,145,515)	(7,132,811)	3,012,703
<b>OTHER FINANCING SOURCES(USES):</b>				
Transfers in	3,377,838	4,745,619	5,891,299	1,145,680
Transfers out	(1,688,919)	(1,670,838)	(1,575,762)	95,076
Total other financing sources (uses)	1,688,919	3,074,781	4,315,537	1,240,756
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	1,311,333	(7,070,734)	(2,817,274)	4,253,459
FUND BALANCES, beginning	6,199,305	6,199,305	6,199,305	-
FUND BALANCES, ending	<u>\$ 7,510,638</u>	<u>\$ (871,429)</u>	<u>\$ 3,382,031</u>	<u>\$ 4,253,459</u>

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

JUNE 30, 2010

**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, 2010 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	\$ 29,825,078	\$ 17,232
Revenues received during fiscal year and measurable and available at June 30, 2009	(5,146,549)	-
Revenues received during fiscal year and measurable and available at June 30, 2010	<u>5,327,032</u>	-
Revenues on GAAP basis	<u>\$ 30,005,561</u>	<u>\$ 17,232</u>

CITY OF STILLWATER  
 Required Supplementary Information  
 June 30, 2010

**POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

*Schedule of Funding Progress*

Actuarial Valuation Date	Actuarial Liability (AAL) (a)	Actuarial Value of Assets (b)	Unfunded AAL (UAAL) (a-b)	Funded Ratio (b/a)	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2009	\$ 6,792,492	\$ -	6,792,492	0.0%	N/A	N/A
7/1/2008	5,535,944	-	5,535,944	0.0%	N/A	N/A

CITY OF STILLWATER  
 Required Supplementary Information  
 June 30, 2010

**DEFINED BENEFIT (RETIREE) PLAN**

*Schedule of Funding Progress*

Actuarial Valuation Date	Actuarial Liability (AAL) (a)	Actuarial Value of Assets (b)	Unfunded AAL (UAAL) (a-b)	Funded Ratio (b/a)	Covered Payroll	UAAL as a Percentage of Covered Payroll
1/1/2010	\$ 76,306	\$ 4,800,205	(4,723,899)	6290.7%	N/A	N/A
1/1/2009	102,921	4,070,506	(3,967,585)	3955.0%	N/A	N/A
1/1/2008	134,253	5,593,591	(5,459,338)	4166.5%	N/A	N/A

**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, 2010

	Special Revenue Funds		
	Community Development Block Grant	Library Materials Enhancement	Storm Water Management
<b>ASSETS</b>			
Cash and cash equivalents	\$ 298,830	\$ 6	\$ 706,414
Due from other governments	98,130	-	-
Accounts receivable	-	4	30,026
Due from other funds	-	-	723
Total assets	<u>\$ 396,960</u>	<u>\$ 10</u>	<u>\$ 737,163</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 133,719	\$ -	\$ 3,315
Accrued liabilities	-	-	6,783
Due to other funds	-	-	2,586
Deferred revenue	-	-	-
Total liabilities	<u>133,719</u>	<u>-</u>	<u>12,684</u>
<b>FUND BALANCES</b>			
Reserved for			
Debt Service	-	-	-
Capital Projects	-	-	-
Unreserved reported in			
Special Revenues	263,241	10	724,479
Total fund balances	<u>263,241</u>	<u>10</u>	<u>724,479</u>
Total liabilities and fund balances	<u>\$ 396,960</u>	<u>\$ 10</u>	<u>\$ 737,163</u>

continued

CITY OF STILLWATER, OKLAHOMA  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2010  
 (continued)

ASSETS	Debt Service	Capital Projects Fund	Total Nonmajor Governmental Funds
	Sinking Fund	Police/Municipal Building	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 241,685	\$ 705,769	\$ 1,952,704
Due from other governments	52,265	-	150,395
Accounts receivable	-	296	30,326
Due from other funds	-	-	723
Total assets	<u>\$ 293,950</u>	<u>\$ 706,065</u>	<u>\$ 2,134,148</u>
<b>LIABILITIES AND FUND EQUITY</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ 2,158	\$ 139,192
Accrued liabilities	-	-	6,783
Due to other funds	-	-	2,586
Deferred revenue	48,291	-	48,291
Total liabilities	<u>48,291</u>	<u>2,158</u>	<u>196,852</u>
<b>FUND BALANCES:</b>			
Reserved for			
Debt Service	245,659	-	245,659
Capital Projects	-	703,907	703,907
Unreserved reported in			
Special Revenues	-	-	987,730
Total fund balances	<u>245,659</u>	<u>703,907</u>	<u>1,937,296</u>
Total liabilities and fund balances	<u>\$ 293,950</u>	<u>\$ 706,065</u>	<u>\$ 2,134,148</u>

CITY OF STILLWATER, OKLAHOMA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES -- NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2010

	Special Revenue Funds		
	Community Development Block Grant	Library Materials Enhancement	Storm Water Management
<b>REVENUES</b>			
Taxes	\$ -	\$ -	\$ -
Charges for services	-	-	263,440
Intergovernmental	223,724	-	-
Miscellaneous	1,400	-	-
Investment income	-	9	2,488
<b>Total revenues</b>	<b>225,124</b>	<b>9</b>	<b>265,928</b>
<b>EXPENDITURES</b>			
Current operating			
Recreation and culture	-	113	-
Streets and sewers	-	-	240,694
Human services	99,813	-	-
Debt service			
Principal retirements	-	-	-
Interest and fiscal charges	-	-	-
Capital outlay	312,580	8,859	-
<b>Total expenditures</b>	<b>412,393</b>	<b>8,972</b>	<b>240,694</b>
Excess (deficiency) of revenues over (under) expenditures	<b>(187,269)</b>	<b>(8,963)</b>	<b>25,234</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds of refunding bonds	-	-	-
Payment to refunding bond escrow agent	-	-	-
Transfers in	396,272	-	-
Transfers out	-	-	-
<b>Total other financing sources (uses)</b>	<b>396,272</b>	<b>-</b>	<b>-</b>
<b>Net change in Fund Balances</b>	<b>209,003</b>	<b>(8,963)</b>	<b>25,234</b>
<b>FUND BALANCES, beginning</b>	<b>54,238</b>	<b>8,973</b>	<b>699,245</b>
<b>FUND BALANCES, ending</b>	<b>\$ 263,241</b>	<b>\$ 10</b>	<b>\$ 724,479</b>

continued

CITY OF STILLWATER, OKLAHOMA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES -- NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2010

(continued)

	Debt Service	Capital Projects Fund	Total Nonmajor Governmental Funds
	Sinking Fund	Police/Municipal Building	
<b>REVENUES</b>			
Taxes	\$ 1,381,793	\$ -	\$ 1,381,793
Charges for services	-	-	263,440
Intergovernmental	-	-	223,724
Miscellaneous	-	-	1,400
Investment income	-	684	3,181
Total revenues	<u>1,381,793</u>	<u>684</u>	<u>1,873,538</u>
<b>EXPENDITURES</b>			
Current operating			
Recreation and culture	-	-	113
Streets and sewers	-	-	240,694
Human services	-	-	99,813
Debt service			
Principal retirements	790,000	-	790,000
Interest and fiscal charges	432,225	-	432,225
Capital outlay	-	14,093	335,532
Total expenditures	<u>1,222,225</u>	<u>14,093</u>	<u>1,898,377</u>
Excess (deficiency) of revenues over (under) expenditures	<u>159,568</u>	<u>(13,409)</u>	<u>(24,839)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds of refunding bonds	9,095,312	-	9,095,312
Payment to refunding bond escrow agent	(8,392,089)	-	(8,392,089)
Transfers in	-	703,223	1,099,495
Transfers out	<u>(897,128)</u>	<u>-</u>	<u>(897,128)</u>
Total other financing sources (uses)	<u>(193,905)</u>	<u>703,223</u>	<u>905,590</u>
Net change in Fund Balances	(34,337)	689,814	880,751
FUND BALANCES, beginning	<u>279,996</u>	<u>14,093</u>	<u>1,056,545</u>
FUND BALANCES, ending	<u>\$ 245,659</u>	<u>\$ 703,907</u>	<u>\$ 1,937,296</u>

CITY OF STILLWATER, OKLAHOMA  
 BUDGETARY COMPARISON SCHEDULE  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2010

	SPECIAL REVENUE				SPECIAL REVENUE			
	COMMUNITY DEVELOPMENT				LIBRARY MATERIALS ENHANCEMENT			
	Budgeted Amount Original	Final	Actual	Variance From Final Budget	Budgeted Amounts Original	Final	Actual	Variance From Final Budget
<b>REVENUES</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	371,706	557,760	177,305	(380,455)	-	-	-	-
Miscellaneous	1,000	15,000	1,400	(13,600)	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Investment income	-	-	-	-	2,000	-	9	9
Total revenues	<u>372,706</u>	<u>572,760</u>	<u>178,705</u>	<u>(394,055)</u>	<u>2,000</u>	<u>-</u>	<u>9</u>	<u>9</u>
<b>EXPENDITURES</b>								
Current operating								
Recreation and culture	-	-	-	-	-	113	113	-
Streets and sewers	586,482	756,240	199,570	556,670	-	-	-	-
Human services	104,620	272,095	98,940	173,155	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Principal retirements	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	2,000	8,861	8,859	2
Total expenditures	<u>691,102</u>	<u>1,028,335</u>	<u>298,510</u>	<u>729,825</u>	<u>2,000</u>	<u>8,974</u>	<u>8,972</u>	<u>2</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(318,396)</u>	<u>(455,575)</u>	<u>(119,805)</u>	<u>335,770</u>	<u>-</u>	<u>(8,974)</u>	<u>(8,963)</u>	<u>11</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Proceeds of refunding bonds	-	-	-	-	-	-	-	-
Transfers in	318,396	396,272	396,272	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>318,396</u>	<u>396,272</u>	<u>396,272</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in Fund Balances	-	(59,303)	276,467	335,770	-	(8,974)	(8,963)	11
<b>FUND BALANCES, beginning</b>	<u>54,238</u>	<u>54,238</u>	<u>54,238</u>	<u>-</u>	<u>8,973</u>	<u>8,973</u>	<u>8,973</u>	<u>-</u>
<b>FUND BALANCES, ending</b>	<u>\$ 54,238</u>	<u>\$ (5,065)</u>	<u>\$ 330,705</u>	<u>\$ 335,770</u>	<u>\$ 8,973</u>	<u>\$ (1)</u>	<u>\$ 10</u>	<u>\$ 11</u>
<b>Reconciliation of budget to GAAP</b>								
Revenues on budget basis			\$ 178,705				\$ 9	
Revenues received during fiscal year measurable and available at June 30, 2005			(51,711)				-	
Revenues received during fiscal year measurable and available at June 30, 2010			98,130				-	
Revenues on GAAP basis			<u>\$ 225,124</u>				<u>\$ 9</u>	

continued

CITY OF STILLWATER, OKLAHOMA  
BUDGETARY COMPARISON SCHEDULE  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2010  
(continued)

	SPECIAL REVENUE				STORM WATER MANAGEMENT				DEBT SERVICE			
	Budgeted Amounts		Actual	Variance From Final Budget	Budgeted Amounts		Actual	Variance From Final Budget	Budgeted Amounts		Actual	Variance From Final Budget
	Original	Final			Original	Final			Original	Final		
<b>REVENUES:</b>												
Taxes	-	-	\$ -	\$ -	-	-	-	-	\$ 1,222,025	\$ 1,222,025	\$ 1,385,693	\$ 163,668
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-
Charges for services	256,000	256,000	201,505	(54,495)	-	-	-	-	-	-	-	-
Investment income	-	-	2,488	2,488	-	-	-	-	-	-	-	-
Total revenues	<u>256,000</u>	<u>256,000</u>	<u>203,993</u>	<u>(52,007)</u>	-	-	-	-	<u>1,222,025</u>	<u>1,222,025</u>	<u>1,385,693</u>	<u>163,668</u>
<b>EXPENDITURES:</b>												
Current operating	-	-	-	-	-	-	-	-	-	-	-	-
Recreation and culture	-	-	-	-	-	-	-	-	-	-	-	-
Streets and sewers	339,608	339,608	240,694	98,914	-	-	-	-	-	-	-	-
Human services	-	-	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-	-	-
Principal retirements	-	-	-	-	-	-	-	-	790,000	790,000	790,000	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	432,025	432,225	432,225	(200)
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>339,608</u>	<u>339,608</u>	<u>240,694</u>	<u>98,914</u>	-	-	-	-	<u>1,222,025</u>	<u>1,222,225</u>	<u>1,222,225</u>	<u>(200)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(83,608)</u>	<u>(83,608)</u>	<u>(36,701)</u>	<u>46,907</u>	-	-	-	-	-	-	<u>163,468</u>	<u>163,468</u>
<b>OTHER FINANCING SOURCES (USES)</b>												
Proceeds of refunding bonds	-	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-	-	-
Transfers out	(42,294)	(42,294)	-	42,294	-	-	-	-	(193,905)	(193,905)	(193,905)	-
Total other financing sources (uses)	<u>(42,294)</u>	<u>(42,294)</u>	<u>-</u>	<u>42,294</u>	-	-	-	-	<u>(193,905)</u>	<u>(193,905)</u>	<u>(193,905)</u>	<u>-</u>
Net change in Fund Balances	(125,902)	(125,902)	(36,701)	89,201	-	-	-	-	(193,905)	(30,437)	(30,437)	163,468
<b>FUND BALANCES, beginning</b>	699,245	699,245	699,245	-	-	-	-	-	279,996	279,996	279,996	-
<b>FUND BALANCES, ending</b>	<u>\$ 573,343</u>	<u>\$ 573,343</u>	<u>\$ 662,544</u>	<u>\$ 89,201</u>	-	-	-	-	<u>\$ 279,996</u>	<u>\$ 249,559</u>	<u>\$ 249,559</u>	<u>\$ 163,468</u>
Reconciliation of budget to GAAP												
Revenues on budget basis			\$ 203,993								\$ 1,385,693	
Revenues received during fiscal year measurable and available at June 30, 2005			31,909								(55,059)	
Revenues received during fiscal year measurable and available at June 30, 2010			30,026								51,159	
Revenues on GAAP basis			<u>\$ 265,928</u>								<u>\$ 1,381,793</u>	

continued

CITY OF STILLWATER, OKLAHOMA  
 BUDGETARY COMPARISON SCHEDULE  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2010  
 (continued)

CAPITAL PROJECTS FUND

	Budgeted Amounts		Actual	Variance From Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Miscellaneous	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	684	684
Total revenues	-	-	684	684
<b>EXPENDITURES</b>				
Current operating				
Recreation and culture	-	-	-	-
Streets and sewers	-	-	-	-
Human services	-	-	-	-
Debt service				
Principal retirements	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	14,093	14,093	-
Total expenditures	-	14,093	14,093	-
Excess (deficiency) of revenues over (under) expenditures	-	(14,093)	(13,409)	684
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds of refunding bonds	-	703,223	-	703,223
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	703,223	-	703,223
Net change in Fund Balances	-	689,130	(13,409)	684
FUND BALANCES, beginning	14,093	14,093	14,093	-
FUND BALANCES, ending	\$ 14,093	\$ 703,223	\$ 684	\$ 684
<b>Reconciliation of budget to GAAP:</b>				
Revenues on budget basis			\$ 684	
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			\$ 684	



**THIS PAGE INTENTIONALLY LEFT BLANK**

## **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, 2010

ASSETS	Airport	Stillwater Public Golf Authority	Stillwater Industrial Redevelopment Authority	Total
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 330,817	\$ -	\$ 254,445	\$ 585,262
Accounts receivable, net of allowance	328	-	97	425
Due from other funds	-	-	-	-
Due from other funds	-	-	8,719	8,719
Advances to other funds	-	-	4,000	4,000
Installment loans receivable	-	-	11,571	11,571
Leasehold receivable	-	-	41,667	41,667
Inventories	65,410	-	-	65,410
<b>Total current assets</b>	<b>396,555</b>	<b>-</b>	<b>320,499</b>	<b>717,054</b>
<b>NONCURRENT ASSETS</b>				
Advances to other funds	-	-	-	-
Leasehold receivable	-	-	239,441	239,441
Due from other governments	70,555	-	-	70,555
Capital assets, nondepreciable	6,059,054	-	-	6,059,054
Capital assets, depreciable, net	7,626,933	-	8,887	7,635,820
<b>Total noncurrent assets</b>	<b>13,756,542</b>	<b>-</b>	<b>248,328</b>	<b>14,004,870</b>
<b>Total assets</b>	<b>14,153,097</b>	<b>-</b>	<b>568,827</b>	<b>14,721,924</b>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	87,588	-	22,422	110,010
Accrued expenses	10,625	-	1,850	12,475
Accrued compensated absences	-	-	260	260
Due to other funds	4,137	-	948	5,085
Advances from other funds	4,000	-	41,667	45,667
Refundable grant obligations	140,052	-	30,461	170,513
Unearned revenue	-	-	8,719	8,719
<b>Total current liabilities</b>	<b>246,402</b>	<b>-</b>	<b>106,327</b>	<b>352,729</b>
<b>NONCURRENT LIABILITIES</b>				
Advances from other funds	-	-	239,441	239,441
Compensated absences	25,256	-	1,391	26,647
Customer deposits	11,680	-	-	11,680
Refundable grant obligations	-	-	-	-
<b>Total noncurrent liabilities</b>	<b>36,936</b>	<b>-</b>	<b>240,832</b>	<b>277,768</b>
<b>Total liabilities</b>	<b>283,338</b>	<b>-</b>	<b>347,159</b>	<b>630,497</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	13,685,987	-	8,887	13,694,874
Restricted Donation	-	-	2,712	2,712
Unrestricted (deficit)	183,772	-	210,069	393,841
<b>Total net assets</b>	<b>\$ 13,869,759</b>	<b>\$ -</b>	<b>\$ 221,668</b>	<b>\$ 14,091,427</b>

CITY OF STILLWATER, OKLAHOMA  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET ASSETS -NONMAJOR PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2010

	Airport	Stillwater Public Golf Authority	Stillwater Industrial Redevelopment Authority	Total
<b>OPERATING REVENUES</b>				
Charges for services	\$ 892,822	\$ 212,347	\$ -	\$ 1,105,169
Other	288,093	67,890	22,766	378,749
Total operating revenues	<u>1,180,915</u>	<u>280,237</u>	<u>22,766</u>	<u>1,483,918</u>
<b>OPERATING EXPENSES</b>				
Operating and maintenance	1,292,321	351,463	203,003	1,846,787
Depreciation	591,580	47,725	467	639,772
Amortization	953	-	-	953
Total operating expenses	<u>1,884,854</u>	<u>399,188</u>	<u>203,470</u>	<u>2,487,512</u>
Operating income (loss)	<u>(703,939)</u>	<u>(118,951)</u>	<u>(180,704)</u>	<u>(1,003,594)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment income	1,637	16	224	1,877
Net nonoperating revenues	1,637	16	224	1,877
Income (loss) before capital contributions and transfers	<u>(702,302)</u>	<u>(118,935)</u>	<u>(180,480)</u>	<u>(1,001,717)</u>
<b>CAPITAL CONTRIBUTIONS AND TRANSFERS</b>				
Capital contributions	4,552,591	-	140,602	4,693,193
Transfers in	296,707	118,935	54,560	470,202
Transfers out	-	(1,699,881)	-	(1,699,881)
Net capital contributions and transfers	<u>4,849,298</u>	<u>(1,580,946)</u>	<u>195,162</u>	<u>3,463,514</u>
Change in net assets	4,146,996	(1,699,881)	14,682	2,461,797
NET ASSETS, beginning	<u>9,722,763</u>	<u>1,699,881</u>	<u>206,986</u>	<u>11,629,630</u>
NET ASSETS, ending	<u>\$ 13,869,759</u>	<u>\$ -</u>	<u>\$ 221,668</u>	<u>\$ 14,091,427</u>

CITY OF STILLWATER, OKLAHOMA  
STATEMENT OF CASH FLOWS --NONMAJOR PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2010

	Airport	Stillwater Public Golf Authority	Stillwater Industrial Redevelopment Authority	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 917,907	\$ 206,961	\$ -	\$ 1,124,868
Payments to suppliers	(1,152,759)	(197,770)	(127,647)	(1,478,176)
Payments to employees	(337,951)	(214,289)	(59,537)	(611,777)
Inter activity-payments to other funds	191	(2,667)	(41,667)	(44,143)
Other receipts (payments)	428,145	67,890	4,915	500,950
Net cash provided by (used for) operating activities:	<u>(144,467)</u>	<u>(139,875)</u>	<u>(223,936)</u>	<u>(508,278)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Transfers from (to) other funds	296,707	85,125	195,162	576,994
Net cash provided by (used for) noncapital financing activite	<u>296,707</u>	<u>85,125</u>	<u>195,162</u>	<u>576,994</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Capital contributions	4,516,499	-	-	4,516,499
Purchases of assets	(4,374,002)	-	(9,355)	(4,383,357)
Principal (paid) received on capital debi	(4,000)	-	60,166	56,166
Net cash provided by (used for) capital activities	<u>138,497</u>	<u>-</u>	<u>50,811</u>	<u>189,308</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest	1,637	16	127	1,780
Net cash provided by (used for) investing activities:	<u>1,637</u>	<u>16</u>	<u>127</u>	<u>1,780</u>
Net increase (decrease) in cash and cash equivalents	292,374	(54,734)	22,164	259,804
CASH AND CASH EQUIVALENTS, beginning of yea	38,443	54,734	232,281	325,458
CASH AND CASH EQUIVALENTS, end of year	<u>320,817</u>	<u>-</u>	<u>254,445</u>	<u>585,262</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used by) operating activities</b>				
Operating income (loss)	\$ (703,939)	\$ (118,951)	\$ (180,704)	\$ (1,003,594)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	591,580	47,725	467	639,772
Amortization expense	953	-	-	953
Changes in assets and liabilities:				
Receivables, net	15,085	(29)	16,188	31,244
Inventories	(14,061)	(2,668)	-	(16,729)
Accounts and other payables	(34,857)	4,748	(45,828)	(75,937)
Change in deferred operating revenues	772	(65,344)	(14,499)	(79,843)
Accrued expenses	-	(5,356)	440	(4,144)
Net cash provided by (used for) operating activities:	<u>(144,467)</u>	<u>(139,875)</u>	<u>(223,936)</u>	<u>(508,278)</u>

CITY OF STILLWATER, OKLAHOMA  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUND  
FOR THE YEAR ENDED JUNE 30, 2010

	Balance June 30, 2009	Additions	Reductions	Balance June 30, 2010
<b>ASSETS</b>				
Cash and cash equivalents	\$ 53,298	459,034	\$ 438,069	\$ 74,263
Pooled investments	132,280	3,152	4,214	131,218
Other investments	262,367	260,000	262,367	260,000
Assessment receivable	5,900	171,035	171,411	5,524
<b>Total assets</b>	<b>\$ 453,845</b>	<b>\$ 893,221</b>	<b>\$ 876,061</b>	<b>\$ 471,005</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 1,288	32,767	\$ 31,155	\$ 2,900
Amounts held in escrow	452,557	891,609	876,061	468,105
<b>Total liabilities</b>	<b>\$ 453,845</b>	<b>\$ 924,376</b>	<b>\$ 907,216</b>	<b>\$ 471,005</b>

*Statistical  
Section*

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

	As of June 30,							
	2003	2004	2005	2006	2007	2008	2009	2010
<b>Governmental activities</b>								
Invested in capital assets, net of related debt	\$ 72,220,782	\$ 70,989,399	\$ 71,724,485	\$ 70,865,043	\$ 75,874,538	\$ 78,005,755	\$ 82,079,030	\$ 87,623,606
Restricted for capital projects	553,894	311,827	227,641	182,859	156,719	99,216	14,093	703,907
Restricted for debt service	613,449	761,585	696,375	168,999	96,746	129,488	279,996	245,659
Restricted for street improvements	-	-	7,158,849	9,582,135	10,044,476	9,609,597	6,199,305	3,382,031
Restricted for specific operating activities	-	-	536,641	615,844	558,210	630,646	745,814	876,105
Unrestricted	11,813,537	12,374,202	3,327,269	5,620,201	4,075,193	1,575,602	787,697	3,537,015
<b>Total governmental activities net assets</b>	<b>\$ 85,201,662</b>	<b>\$ 84,437,013</b>	<b>\$ 83,671,260</b>	<b>\$ 87,035,081</b>	<b>\$ 90,805,882</b>	<b>\$ 90,050,304</b>	<b>\$ 90,105,935</b>	<b>\$ 96,368,323</b>
<b>Business-type activities</b>								
Invested in capital assets, net of related debt	\$ 65,423,858	\$ 70,512,395	\$ 74,539,974	\$ 77,374,975	\$ 80,898,110	\$ 84,155,142	\$ 88,903,110	\$ 92,324,322
Restricted for capital projects	-	-	-	-	-	54,756	54,756	2,712
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	2,440,346
Unrestricted	25,627,707	25,425,194	26,489,143	24,471,836	21,526,947	22,594,009	22,271,698	25,026,036
<b>Total business-type activities net assets</b>	<b>\$ 93,318,058</b>	<b>\$ 98,213,488</b>	<b>\$ 102,405,781</b>	<b>\$ 103,428,935</b>	<b>\$ 104,337,684</b>	<b>\$ 109,012,424</b>	<b>\$ 113,478,374</b>	<b>\$ 119,793,416</b>
<b>Primary government</b>								
Invested in capital assets, net of related debt	\$ 137,644,640	\$ 141,501,794	\$ 146,264,459	\$ 148,240,018	\$ 156,772,648	\$ 162,160,897	\$ 170,982,140	\$ 179,947,928
Restricted for capital projects	553,894	311,827	227,641	182,859	156,719	153,972	68,849	706,619
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	2,686,005
Restricted for street improvements	-	-	7,158,849	9,582,135	10,044,476	9,609,597	6,199,305	3,382,031
Restricted for specific operating activities	-	-	536,641	615,844	558,210	630,646	745,814	876,105
Unrestricted	37,441,244	37,799,396	29,816,412	30,092,037	25,602,140	24,169,611	23,059,395	28,563,051
<b>Total primary government net assets</b>	<b>\$ 178,519,720</b>	<b>\$ 182,650,501</b>	<b>\$ 186,077,041</b>	<b>\$ 190,464,016</b>	<b>\$ 195,143,566</b>	<b>\$ 199,062,728</b>	<b>\$ 203,584,309</b>	<b>\$ 216,161,739</b>

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



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

	Fiscal Year Ended June 30,							
	2003	2004	2005	2006	2007	2008	2009	2010
<b>Expenses</b>								
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	\$ 17,560,992
Recreation and culture	4,766,960	4,652,366	5,176,504	5,185,248	5,428,234	5,645,050	5,778,583	5,989,071
General government	2,109,441	2,274,740	2,475,642	2,522,896	3,466,609	3,811,781	4,362,965	4,289,502
Financial administration	616,804	569,047	604,803	751,577	635,329	648,327	614,382	732,379
Street and sewers	5,161,605	5,401,003	5,520,360	5,726,635	6,454,425	7,009,091	7,393,163	6,779,917
Engineering and public works administration	1,141,343	832,998	1,008,922	914,956	767,258	630,423	858,882	554,088
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	481,197
Health and welfare	1,339,060	1,227,161	1,613,431	1,441,499	1,593,649	1,669,649	1,786,891	1,793,027
Interest on long-term debt	803,198	740,282	681,061	628,333	578,703	528,335	478,827	463,252
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	38,643,425
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	45,446,929
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	399,188
Stillwater Industrial Redevelopment Authority	71,315	49,797	101,129	-	-	-	-	-
Business area development	-	-	-	-	-	45,740	208,731	203,470
Airport operations	1,283,965	1,374,786	1,959,733	2,161,111	2,113,932	2,670,192	2,032,704	1,884,854
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	47,934,441
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	\$ 86,577,866
<b>Program Revenues</b>								
Governmental activities								
Charges for services:								
Public safety	\$ 211,099	\$ 112,999	\$ 118,593	\$ 171,172	\$ 164,246	\$ 189,049	\$ 261,425	\$ 416,131
Recreation and culture	556,394	584,684	632,614	831,725	757,084	765,242	781,810	1,170,983
General government	12,820	15,219	5,908	30,738	277,421	393,280	1,030,075	419,156
Financial administration	783,127	768,888	923,756	834,381	1,116,601	890,515	1,065,196	1,162,439
Streets and sewers	256,111	413,023	413,023	523,616	449,124	445,976	547,636	920,188
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	891,780
Operating grants and contributions	467,172	321,587	725,092	178,129	119,845	120,693	213,327	129,901
Capital grants and contributions	176,310	214,198	102,907	822,889	2,166,742	853,309	783,066	1,171,658
Total governmental activities program revenues	3,368,491	3,319,181	3,883,742	4,649,833	6,466,911	5,066,429	5,918,317	6,282,236

continued

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

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

	Fiscal Year Ended June 30,							
	2003	2004	2005	2006	2007	2008	2009	2010
<b>Business-type activities:</b>								
Charges for services:								
Electric, water, wastewater, and sanitation operations	39,021,354	41,065,887	43,595,811	48,197,848	51,315,037	52,517,022	53,076,534	56,340,873
Stillwater Public Golf Authority	811,516	796,669	775,913	820,232	697,495	730,872	724,559	280,237
Stillwater Industrial Redevelopment Authority	1,571	1,181	932	751	-	-	-	-
Business area development	0	0	0	0	-	2,712	10,480	22,766
Airport operations	486,935	586,264	787,127	1,156,881	1,150,365	1,509,281	1,169,831	1,180,915
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	7,884,246
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	65,709,037
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	\$ 71,991,273
<b>Net (Expense)/Revenue</b>								
Governmental activities	\$ (25,256,504)	\$ (25,849,580)	\$ (27,619,633)	\$ (27,585,736)	\$ (29,052,718)	\$ (33,150,093)	\$ (32,886,172)	\$ (32,361,189)
Business-type activities	5,832,731	6,423,545	8,364,196	4,836,246	5,046,554	7,343,001	8,951,845	17,774,596
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)	\$ (14,586,593)
<b>General Revenues and Other Changes in Net Assets</b>								
Governmental activities:								
Taxes:								
Sales and use taxes	\$ 17,443,260	\$ 18,598,176	\$ 19,822,637	\$ 21,824,709	\$ 22,857,240	\$ 23,860,004	\$ 24,129,712	\$ 23,410,504
Property taxes	2,224,535	2,130,193	1,979,773	1,368,897	1,315,487	1,343,353	991,643	1,377,028
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	1,595,344
E911 taxes	113,610	117,167	98,792	93,739	84,444	81,681	81,928	81,621
Hotel/motel taxes	277,307	294,015	332,727	368,826	406,552	439,953	437,781	494,145
Investment income	93,243	75,000	284,037	382,339	616,842	464,024	105,909	29,969
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	11,634,966
Total governmental activities	28,660,628	24,927,144	26,337,423	30,749,048	32,823,519	32,394,515	32,941,804	38,623,577
Business-type activities:								
Investment income	330,530	166,447	461,770	908,708	1,212,709	847,390	232,822	144,148
Miscellaneous	608,826	743,816	202,682	237,068	329,107	599,887	429,018	31,263
Transfers-internal activity	(6,982,100)	(2,178,317)	(2,299,435)	(4,758,359)	(5,679,621)	(4,115,538)	(5,147,735)	(11,634,966)
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)	(11,459,555)
Total primary government	\$ 22,617,884	\$ 23,659,090	\$ 24,702,440	\$ 27,136,465	\$ 28,685,714	\$ 29,726,254	\$ 28,455,909	\$ 27,164,022
<b>Change in Net Assets</b>								
Governmental activities	\$ 3,404,124	\$ (922,436)	\$ (1,282,210)	\$ 3,163,312	\$ 3,770,801	\$ (755,578)	\$ 55,632	\$ 6,262,388
Business-type activities	(210,013)	5,155,491	6,729,213	1,223,663	908,749	4,674,740	4,465,950	6,315,041
Total primary government	\$ 3,194,111	\$ 4,233,055	\$ 5,447,003	\$ 4,386,975	\$ 4,679,550	\$ 3,919,162	\$ 4,521,582	\$ 12,577,429

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

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

	As of June 30,							
	2003	2004	2005	2006	2007	2008	2009	2010
<b>General fund</b>								
Reserved for inventories	\$ 144,293	\$ 179,414	\$ 171,519	\$ 196,965	\$ 178,914	\$ 215,927	\$ 270,012	\$ 332,316
Reserved for police activities	110,863	109,045	110,373	111,150	102,174	103,845	105,158	104,082
Reserved for fire activities	167,177	207,097	228,212	236,210	230,006	259,093	323,533	379,648
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	1,647,181
Reserved for hotel/motel	-	43,034	40,930	28,797	47,115	51,781	47,111	60,059
Unreserved:								
Designated for self insurance	951,031	855,704	855,704	1,072,554	1,484,580	855,704	855,704	606,958
Designated for recreation and culture	528,444	165,246	169,065	99,291	76,976	105,920	111,504	125,484
Undesignated	6,130,987	4,953,732	1,342,491	3,160,167	1,317,341	219,459	(115,077)	3,730,961
<b>Total general fund</b>	<b>\$ 9,221,028</b>	<b>\$ 7,749,241</b>	<b>\$ 4,252,304</b>	<b>\$ 6,402,039</b>	<b>\$ 4,980,272</b>	<b>\$ 3,429,365</b>	<b>\$ 3,245,127</b>	<b>\$ 6,986,689</b>
<b>All other Governmental Funds</b>								
Reserved for debt service	\$ 613,449	\$ 761,585	\$ 696,375	\$ 168,999	\$ 96,746	\$ 129,488	\$ 279,996	\$ 245,659
Reserved for capital improvements	553,894	311,827	227,641	182,859	156,719	99,216	14,093	703,907
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	4,369,761
<b>Total all other governmental funds</b>	<b>\$ 4,410,958</b>	<b>\$ 6,847,293</b>	<b>\$ 8,903,212</b>	<b>\$ 10,972,720</b>	<b>\$ 11,330,892</b>	<b>\$ 10,665,436</b>	<b>\$ 7,255,850</b>	<b>\$ 5,319,327</b>

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

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

	Fiscal Year Ended June 30,							
	2003	2004	2005	2006	2007	2008	2009	2010
<b>Revenues</b>								
Taxes	\$ 21,057,097	\$ 22,445,024	\$ 23,460,061	\$ 24,995,004	\$ 25,893,302	\$ 27,326,131	\$ 27,682,289	\$ 26,963,407
Intergovernmental	495,483	292,990	742,105	245,939	308,548	422,028	373,768	493,720
Charges for service	449,299	1,373,709	1,428,079	1,653,785	1,468,896	1,357,411	1,427,691	1,343,284
Fines and forfeits	756,362	845,093	889,850	877,165	807,431	789,481	810,280	786,164
Fees and rentals	429,325	498,198	526,700	642,259	802,179	816,051	932,655	1,220,295
Investment income	90,865	73,414	192,169	377,479	609,562	458,761	103,463	29,323
Licenses and permits	88,583	113,460	182,293	222,355	303,354	246,636	242,593	207,401
Other miscellaneous revenues	1,346,061	381,880	397,285	686,876	1,092,042	1,328,187	1,428,570	1,392,714
<b>Total revenues</b>	<b>24,713,075</b>	<b>26,023,768</b>	<b>27,818,542</b>	<b>29,700,862</b>	<b>31,285,314</b>	<b>32,744,686</b>	<b>33,001,309</b>	<b>32,436,308</b>
<b>Expenditures</b>								
Current:								
Public safety	11,212,713	12,238,250	12,919,050	13,663,801	15,147,760	16,682,553	15,987,890	16,547,892
Recreation and culture	3,725,646	3,779,171	4,050,919	4,256,098	4,791,101	5,015,086	5,061,282	5,386,147
General government	1,549,115	1,723,360	2,156,559	2,172,095	2,624,051	2,986,340	3,603,225	3,027,262
Financial administration	523,328	488,920	525,900	614,774	612,413	578,968	578,460	703,529
Streets and sewers	1,826,022	1,879,794	1,889,400	2,025,858	2,375,075	2,621,006	2,688,212	2,663,639
Operations	731,566	807,442	902,206	882,005	741,181	583,597	872,035	553,600
Economic development	386,524	509,066	937,095	972,702	1,004,617	1,035,287	1,056,929	481,197
Human services	1,236,491	1,191,431	1,527,309	1,365,664	1,647,385	1,946,693	1,791,442	1,402,018
Debt service:								
Principal retirements	790,000	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	432,225
Capital outlay	5,617,633	2,878,591	5,175,092	2,864,516	6,402,132	6,113,834	8,578,055	9,269,917
<b>Total expenditures</b>	<b>28,407,503</b>	<b>27,031,290</b>	<b>31,558,995</b>	<b>30,239,978</b>	<b>36,718,580</b>	<b>38,885,889</b>	<b>41,460,575</b>	<b>41,257,426</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(3,694,428)</b>	<b>(1,007,522)</b>	<b>(3,740,453)</b>	<b>(539,116)</b>	<b>(5,433,266)</b>	<b>(6,141,203)</b>	<b>(8,459,266)</b>	<b>(8,821,118)</b>
<b>Other Financing Sources (Uses)</b>								
Proceeds of refunding bonds and other debt	-	-	-	-	-	-	-	9,105,336
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	(8,392,089)
Transfers in	15,654,554	11,683,976	11,755,379	14,541,601	13,534,835	15,260,534	17,361,233	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)	(12,495,991)
Transfer out to component unit	(269,786)	(280,485)	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>6,712,313</b>	<b>1,972,070</b>	<b>2,299,435</b>	<b>4,758,359</b>	<b>4,369,671</b>	<b>3,925,040</b>	<b>4,865,242</b>	<b>5,578,489</b>
<b>Net change in fund balances</b>	<b>\$ 3,017,885</b>	<b>\$ 964,548</b>	<b>\$ (1,441,018)</b>	<b>\$ 4,219,243</b>	<b>\$ (1,063,595)</b>	<b>\$ (2,216,163)</b>	<b>\$ (3,594,024)</b>	<b>\$ (3,242,629)</b>
<b>Debt service as a percentage of noncapital expenditures</b>	7.01%	6.36%	5.59%	5.20%	4.53%	4.04%	3.87%	3.82%

\* 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				Sales Tax as Percentage of			
	Sales & Use Taxes	Property Taxes	Service Taxes	E911 Taxes	Hotel/Motel Taxes	Other Taxes	Total Taxes	Total Taxes
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	\$	1,519,948	277,307		21,057,097	81.01%
2004	18,598,176	2,130,193		1,322,018	294,015		22,461,569	82.80%
2005	19,822,637	1,979,773		1,380,775	332,727		23,614,704	83.94%
2006	21,824,709	1,368,897		1,437,986	368,826		25,094,157	86.97%
2007	22,857,240	1,315,487		1,330,835	406,552		25,994,558	87.93%
2008	23,860,004	1,343,353		1,502,845	439,953		27,227,836	87.63%
2009	24,129,712	991,643		2,047,096	437,781		27,688,160	87.15%
2010	23,410,504	1,377,028		1,595,344	494,145		26,958,642	86.84%

(A) Fiscal years 2001 thru 2002 (pre-GASB 34) includes all taxes of General, Special Revenue, and Debt Service Funds.

Note: For fiscal years 2001 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
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%
2010	220,793	40,426	9,324	270,543	5,322	265,221	5.24	2,373,184	11.18%

Source: Payne County Assessor

The assessed value of the taxable property as certified by the Payne County Assessor to be used for the 2010-2011 fiscal year is as follows:

	Real Property	Personal Property	Public Service Property	Total Valuation	Homestead Exemption	Net Total Valuation	Total Direct Tax Rate	Total Estimated Actual Value
2011	\$ 233,860	\$ 40,031	\$ 9,692	\$ 283,583	\$ 5,334	\$ 278,249	5.23	\$ 2,487,570

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

Fiscal Year	City of Stillwater Debt Service Fund	Independent School District No. 16	Meridian Technology Center	Payne County	Total
2001	8.54	54.91	15.00	16.00	94.45
2002	11.54	57.37	15.00	16.00	99.91
2003	13.70	64.34	15.00	16.00	109.04
2004	12.29	62.55	15.00	16.00	105.84
2005	10.76	62.96	15.00	16.00	104.72
2006	7.19	63.71	15.00	16.00	101.90
2007	6.17	62.93	15.00	16.00	100.10
2008	5.72	64.17	15.00	16.00	100.89
2009	5.75	62.09	15.00	16.00	98.84
2010	5.24	63.20	15.00	16.00	99.44

Source: Payne County Assessor

The direct and overlapping tax rates for FY 2010-2011 are as follows:

Fiscal Year	City of Stillwater Debt Service Fund	Independent School District No. 16	Meridian Technology Center	Payne County	Total
2011	5.23	64.82	15.00	16.00	101.05

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

Taxpayer	Type of Business	2010			2001		
		2010 Assessed		Percentage of Total Assessed Valuation	2001 Assessed		Percentage of Total Assessed Valuation
		Valuation	Rank		Valuation	Rank	
Wal-Mart Real Estate	Discount supercenter	4,214,533	1	1,590,495	1	1.03%	5
Links at Stillwater	Apartments/golf/fitness development	3,703,151	2				
Chickasaw Telecom Services, Inc.	Telephone utility	3,087,356	3				
Henry Wells-White Barn Estates	Duplexes and entertainment venue	2,942,698	4				
Armstrong World Industries, Inc.	Manufacturer of floor coverings	2,924,894	5	5,776,733	2	3.73%	2
Brunswick Corporation	Manufacturer of stern-drive boat motors	2,817,990	6	5,871,519	1	3.79%	1
Southwestern Bell	Telephone utility	2,406,063	7	3,532,015	3	2.28%	3
National Standard Co.	Manufacturer of steel cord for radial tires	2,250,160	8	1,514,493	6	0.98%	6
Lakeview Pointe	Shopping Center	2,149,364	9				
AIG Commercial Equipment Finance	Printing equipment	2,003,784	10				
Quebecor World Inc.	Printer of magazines and advertising inserts			2,534,761	4	1.64%	4
Oklahoma Natural Gas	Gas Utility			1,316,657	8	0.85%	8
Lowe's Home Center, Inc.	Home improvement store			1,330,800	7	0.86%	7
Apple Creek Apartments, Inc.	Apartment Complex			1,039,810	9	0.67%	9
Jefferson Commons	Apartment Complex			1,017,384	10	0.66%	10
		<u>\$28,499,993</u>		<u>\$25,524,667</u>		<u>16.49%</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)
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	1,436	1,281	89%	151
2010	1,389	1,365	98%	21

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

Note: Total collections for July through October, 2010 are \$5 thousand in current taxes and \$3 thousand in delinquent taxes.

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

	2003	2004	2005	2006	2007	2008	2009	2010
General merchandise stores	\$119,431	\$123,633	\$128,097	\$141,576	\$144,281	\$165,326	\$168,961	\$163,369
Eating and drinking places	57,980	60,824	68,314	79,720	84,125	88,711	95,953	95,055
Miscellaneous retail	46,129	49,969	52,776	53,655	59,973	63,590	60,811	58,989
Building material, hardware, garden supply	34,248	41,593	48,395	52,357	51,659	58,193	56,626	48,296
Food stores	49,366	49,339	42,733	38,049	35,924	34,492	35,269	35,101
Electric, gas, and sanitary services	30,008	30,326	31,763	36,563	39,310	38,680	39,300	39,922
Wholesale trade - durable goods	17,784	20,511	23,857	28,128	25,108	26,072	27,365	23,481
Apparel & accessory stores	25,924	26,172	26,549	25,996	35,824	34,128	32,717	33,376
Furniture, home furnishings & equipment	18,406	19,749	21,611	24,266	24,478	26,142	26,924	23,240
Communications	24,067	24,607	24,831	22,357	23,368	23,531	22,948	23,564
Automotive dealers & gasoline service	13,119	13,509	14,544	13,862	15,227	14,103	13,847	13,765
Education services	8,832	12,582	10,580	10,947	12,768	10,555	19,021	16,804
Business services	9,984	9,445	9,237	10,125	14,276	13,639	13,604	11,122
All other outlets	37,426	39,326	40,427	47,200	14,811	51,539	53,009	49,662
<b>Total</b>	<b>\$492,704</b>	<b>\$521,585</b>	<b>\$543,714</b>	<b>\$584,801</b>	<b>\$581,132</b>	<b>\$648,701</b>	<b>\$666,355</b>	<b>\$635,746</b>
City general sales tax rate	2.0%	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%	1.0%
Dedicated sales tax (transportation projects) *	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
<b>Total tax rate</b>	<b>3.5%</b>	<b>3.5%</b>	<b>3.5%</b>	<b>3.5%</b>	<b>3.5%</b>	<b>3.5%</b>	<b>3.5%</b>	<b>3.5%</b>

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

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

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

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

Fiscal Year	City of Stillwater	State of Oklahoma	Payne County
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%
2010	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 use by the 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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Commercial</b>										
Ave monthly customers	1,488	1,495	1,527	1,544	1,665	1,740	1,801	1,873	1,920	1,956
Annual Sales	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	5,914,254
Percentage of Total Annual Sales	13%	13%	13%	13%	14%	14%	13%	14%	15%	15%
<b>Residential</b>										
Ave monthly customers	15,246	15,307	15,708	16,056	16,182	16,760	16,690	16,874	17,060	17,280
Annual Sales	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	17,710,450
Percentage of Total Annual Sales	43%	43%	44%	44%	43%	45%	44%	45%	45%	46%
<b>Industrial/Institutional</b>										
Ave monthly customers	202	208	209	205	206	212	220	225	237	237
Annual Sales	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	15,295,266
Percentage of Total Annual Sales	44%	44%	43%	43%	43%	41%	43%	41%	40%	39%

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

		Legal Debt Margin Calculation for Fiscal Year 2009:										
Net assessed valuation		\$	<u>278,249</u>									
Allowable debt of nonpublic utility bonds, limited by State Constitution, Article 10, Section 26, to 10% of net assessed valuation		\$	27,825									
Less- Debt applicable to debt limit: Municipal/police building general obligation bonds		(\$,390)										
Legal debt margin		\$	<u>19,435</u>									
			2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt limit		\$	15,480	\$ 16,159	\$ 17,490	18,426	19,723	21,511	23,381	24,971	26,522	27,825
Less - Total net debt applicable to limit			(14,970)	(14,570)	(13,780)	(12,990)	(12,200)	(11,410)	(10,620)	(9,830)	(9,040)	(8,390)
Legal debt margin		\$	510	\$ 1,589	\$ 3,710	\$ 5,436	\$ 7,523	\$ 10,101	\$ 12,761	\$ 15,141	\$ 17,482	\$ 19,435
Total net debt applicable to the limit as a percentage of debt limit			96.7%	90.2%	78.8%	70.5%	61.9%	53.0%	45.4%	39.4%	34.1%	30.2%

CITY OF STILLWATER, OKLAHOMA  
 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
 AS OF JUNE 30, 2010  
 (in thousands of dollars)

Governmental Unit	Bonds Outstanding		Debt Service Cash Available (A)		Net Bonds Outstanding		Percentage Applicable to City of Stillwater Property Owners / Patrons		Estimated Share of Overlapping Debt
	\$		\$		\$				
<b>Debt repaid with property taxes</b>									
Stillwater Independent School District #16	\$	33,015	\$	5,462	\$	27,553	83.90%	\$	23,117
<b>Debt repaid with sales taxes</b>									
Payne County Facilities Authority	\$	16,395	\$	4,161	\$	12,234	73.45%		8,986
Subtotal - overlapping debt								\$	32,103
City of Stillwater direct debt	\$	8,390	\$	242	\$	8,148	100.00%		8,148
<b>Total direct and overlapping debt</b>								<u>\$</u>	<u>40,251</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 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	Business-type Activities												
	Governmental Activities					Debt as							
	General	Revenue Bonds	General Obligation Bonds	Bonds	General Obligation	Notes Payable	Capital Leases	Government	Total Primary (in thousands of dollars)	Personal Income (in thousands of dollars)	Percentage of Personal Income	Population	Total Debt Per Capita
2001	14,970,000	14,830,000	2,440,000	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	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	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	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	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	2,306,093	1.9%	46,976	916.58		
2009	9,040,000	10,735,000	-	-	17,390,784	938,198	38,103,982	**	**	47,653	799.61		
2010	8,390,000	7,805,000	-	-	17,674,756	1,904,495	35,774,251	**	**	**	**		

\*\* Data not available at time of publication

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

General Obligation Bonds

Fiscal Year	Governmental Activities		Business - Type Activities		Total Primary Government		Population	Total Bonded Debt Per Capita		Total Estimated Actual Value (in thousands)	Bonded Debt per \$1,000 of assessed value
	Governmental Activities	Business - Type Activities	Government	Government	Debt Per Capita	Debt Per Capita					
2001	14,970,000	2,440,000	17,410,000		39,065	445.67		1,316,623	13.22		
2002	14,570,000	1,940,000	16,510,000		40,409	408.57		1,404,395	11.76		
2003	13,780,000	1,485,000	15,265,000		40,735	374.74		1,464,140	10.43		
2004	12,990,000	1,010,000	14,000,000		41,320	338.82		1,580,044	8.86		
2005	12,200,000	505,000	12,705,000		41,940	302.93		1,660,991	7.65		
2006	11,410,000	-	11,410,000		45,674	249.81		1,774,711	6.43		
2007	10,620,000	-	10,620,000		46,383	228.96		1,932,553	5.50		
2008	9,830,000	-	9,830,000		46,976	209.26		2,097,439	4.69		
2009	9,040,000	-	9,040,000		47,653	189.70		2,236,947	4.04		
2010	8,390,000	-	8,390,000		**	**		2,440,780	3.44		



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			Debt Service			Debt Service		
	Operating Revenues	Less: Operating Expenses	Net Available Revenue	Principal	Interest	Coverage	Pledged			Principal	Interest	Coverage
							Transportation Sales Tax					
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	1.13	
2009	53,052	44,698	8,354	3,660	666	1.93	1,644		645	197	1.95	
2010	56,341	44,535	11,806	2,930	440	3.50	1,576		645	197	1.87	

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 EIGHT 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>	<u>2010</u>
<b>Governmental activities:</b>								
Public safety	178	182	189.5	189.5	188	193	193	199
Recreation and culture	97.0	98	101	91.6	102	93.75	87.8	75.5
General government	23	28	24.5	27.8	25	38	40.5	38.0
Financial administration	12.5	12.5	13	13	13.5	15	15	15
Street and sewers	28	25	28	28	22	33	35	38
Engineering and public works administration	21	22	25.5	22.5	28	17	14.5	9.5
Health and welfare	19	19.5	18	19	18	23	15	22
<b>Business-type activities:</b>								
Electric, water and wastewater operations	127	132	136	137.8	130	138.5	132.1	137.3
Sanitation operations	35.5	36	35	35	30	34.5	31.0	37.5
Stillwater Public Golf Authority	21	25	22	21	19.5	21	20	20
Airport Operations	4.5	5	5	5	5	5	6	6
<b>Total</b>	<b>566.5</b>	<b>585</b>	<b>597.5</b>	<b>590.1</b>	<b>581.0</b>	<b>611.75</b>	<b>589.9</b>	<b>596.8</b>

\*data for years prior to 2003 not readily available

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

Function/Program	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Governmental activities:</b>										
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	24	24	24	24	24
Tennis Courts	14	14	14	14	14	14	14	10	10	10
Neighborhood/community parks	22	22	22	22	22	24	24	22	22	22
Lakeside Golf Course - acreage	160	160	160	160	160	160	160	160	160	160
Street and sewers										
Streets (miles)	295	255	255	295	295	297	230	230	526	531
Traffic signals	48	50	50	51	51	53	61	61	61	61
<b>Business-type activities:</b>										
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	20.9	20.9	20.9	20.1	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	5	5	5	5
Wastewater										
Wastewater Plant	1	1	1	1	1	1	1	1	1	1
Lift Stations	8	8	9	11	13	15	15	15	15	15

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

Function/Program	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Governmental activities:										
Public safety										
Traffic citations	6,409	5,999	5,769	6,252	5,621	5,700	5,075	5,010	4,196	4,018
Parking tickets	9,744	6,914	10,161	10,645	12,967	14,000	13,662	11,601	13,682	16,493
Police calls for service	43,978	42,104	39,691	41,924	42,721	44,697	39,841	33,810	43,713	42,136
Animals handled by Animal Welfare	3,288	2,959	2,607	2,951	2,411	4,034	738	2,434	2,208	2,434
Fire calls for service	1,438	1,704	1,682	1,463	1,390	1,517	1,632	1,447	1,520	1,544
Ambulance calls for service	3,264	3,470	3,501	3,502	3,486	3,512	3,971	3,574	4,026	3,939
Recreation and culture										
Acres mowed (1)	935	935	950	950	12,229	8,532	11,552	11,240	8,296	7,493
Program participants	5,797	6,073	5,734	5,638	6,154	6,303	7,490	2,296	6,030	4,765
Senior Center daily average attendance	62	68	57	62	73	67	60	70	42	34
Multi Arts participants	663	694	886	1,100	1,341	2,978	2,236	6,000	6,000	6,000
Swimming pool admissions	17,850	22,018	20,071	22,000	29,148	17,342	18,094	18,056	15,280	16,759
Lakeside golf course - rounds of golf	33,236	33,665	31,268	28,339	28,735	31,218	25,717	25,088	24,515	25,577
Mini bus rides	13,808	20,923	20,123	20,500	17,284	15,554	9,699	4,390	1,974	516
Volumes in library	97,341	95,840	95,179	95,286	89,059	**	**	91,674	95,219	97,555
Total circulation of library materials (2)	**	**	348,121	363,696	352,258	372,998	349,502	340,421	364,243	370,043
General government										
Supported micro-computers by IT	365	396	415	403	418	411	407	430	421	468
Helpdesk/trouble calls by IT	868	2,016	2,323	2,067	1,624	2,122	1,858	2,547	2,084	2,429
Ordinances drafted	32	29	37	42	71	**	35	35	36	32
Financial administration										
Computer generated accounts payable checks	13,753	10,801	10,198	10,387	5,995	4,262	4,123	2,963	2,888	3,382
Budget revisions/amendments processed	462	437	448	464	478	430	325	328	388	428
Requisitions reviewed	9,590	10,801	9,207	8,444	3,427	1,902	1,608	1,709	1,794	1,541
Municipal court cases	9,541	10,113	10,213	10,826	11,000	11,000	10,008	10,318	9,289	7,815
Street and sewers										
Blocks of striping	165	238	70	144	150	89	96	82	103	76
Signs made	**	**	458	439	450	270	305	159	346	571
Crack sealant (blocks)***	2,024	8,723	71	59	62	68	252	10,765	143	117
Slurry sealant (blocks)	155	138	200	107	175	74	72	23	8	39
Concrete replacement (cu. yds.)	**	**	636	914	900	900	758	834	1,162	1,207
Engineering and public works administration										
Developments reviewed	106	121	127	149	166	201	140	95	69	39
Permits issued	**	742	1,856	2,217	3,730	3,494	3,478	3,047	2,650	2,963
Vehicles maintained	274	278	280	283	285	293	323	340	346	271
Fleet job orders completed	3,592	3,406	3,070	3,272	3,686	3,085	3,388	3,619	3,789	3,721
Health and welfare										
Code enforcement inspections	4,721	4,736	5,045	3,636	4,400	7,584	8,595	3,163	4,722	4,975
High grass and weed cases	525	602	600	604	592	593	490	746	373	1,055
Trees and shrubs planted	269	203	217	210	210	197	54	22	94	56

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

Business-type activities:													
Electric, water and wastewater operations													
Electric connections	17,429	17,592	18,480	18,754	19,113	19,800	18,338	19,605	20,580	20,338			
Water connections	12,712	12,943	13,337	13,709	14,067	14,932	15,274	16,200	16,654	16,766			
Water line repairs	103	138	189	144	126	292	281	272	176	85			
Water treated (million gallons)	2,585	2,263	2,886	2,951	2,768	3,079	**	2,604	2,567	2,338			
Sewage treated (million gallons)	2,186	2,337	2,173	2,027	2,098	2,277	1,940	2,035	1,957	2,048			
Sanitation operations													
Landfill usage (tons)	20,326	19,131	17,775	17,822	18,513	20,002	22,884	21,000	19,602	18,986			
Yard waste hauled (tons)	N/A	N/A	1,329	1,050	960	961	1,198	1,183	1,135	1,002			
Community Center operations													
Admissions	92,800	102,789	90,386	71,328	77,404	107,228	104,129	118,310	130,141	131,202			
Airport Operations													
Operations (avg month)	**	4,500	4,897	4,945	5,267	5,912	6,292	**	5,976	4,324			

\*\*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	7,291	1	35%	4,945	1	25%
Stillwater Medical Center	852	2	4%	511	4	3%
Stillwater Public Schools	750	3	4%	693	3	3%
Keen Energy	682	4	3%	*		
Stan Clark Companies	599	5	3%	506	5	3%
City of Stillwater	597	6	3%	903	2	5%
Mercury MerCruiser	359	7	2%	*		
Wal-Mart	346	8	2%			
Quebecor World/Quad Graphics	252	9	1%	320	6	2%
OK State Dept. of Career Tech	231	10	1%	300	7	2%
Stillwater Designs/Kicker Audio	183		1%	163	10	1%
National Standard	115		1%	267	9	1%
Creative Labs				275	8	1%
Others:						
Stillwater National Bank	214					
Wittwer Construction	176					
Oncue Marketing	167					
Nomadics/ICX Technologies	155					
Armstrong World Industries	152					
Frontier Electronics	151					
Lowes	135					
Meridian Technology Center	117					
Stillwater Milling	91					

\* - 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

Education Level in Years of  
 Schooling (3)

Fiscal Year	Population (1)	Personal Income (in thousands of dollars) (2)	Per Capita Personal Income	Median Age (3)	Percentage high- school graduate or higher		Percentage bachelor's degree or higher	K-12 School Enrollment (4)	Post-secondary Enrollment (4)	Unemployment Rate (5)
					91.6%	48.0%				
2000	41,000	1,434,174	21,042	23.9	91.6%	48.0%	5,292	20,694	1.0%	
2001	39,065	1,483,556	21,735				5,414	21,042	1.2%	
2002	40,409	1,516,716	21,858				5,513	21,963	1.8%	
2003	40,735	1,564,678	22,168				5,356	22,292	2.6%	
2004	41,320	1,623,651	23,399				5,440	22,376	2.3%	
2005	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	2,306,093	29,290				5,489	23,564	4.3%	
2009	47,653	**	**				5,596	23,719	6.3%	
2010	**	**	**				5,780	24,018	5.8%	

\*\* Data not available at time of publication

(1) Population estimates provided by the City of Stillwater Department of Community Development and the U.S. Census Bureau.  
 2007 population estimate 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 - 2005"  
 2006 through 2008 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