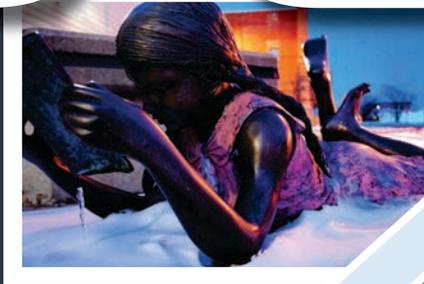


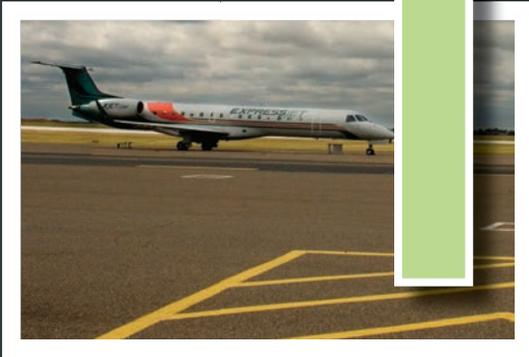
CITY OF  
**stillwater**  
*oklahoma*



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**CITY OF STILLWATER**  
Comprehensive Annual Financial Report  
Fiscal Year Ended June 30, 2014





CITY OF  
**stillwater**  
*oklahoma*

Comprehensive Annual Financial Report  
And Accompanying Independent Auditor's Report  
For the Fiscal Year Ended June 30, 2014

2014

Prepared by  
Department of Finance  
CFO Marcy Lamb

# FESTIVALS

Each year the City of Stillwater hosts the annual Stillwater Arts Festival, Boomer Blast Fourth of July Fireworks Show and the Downtown Halloween Festival, which was listed as one of the Top 10 Halloween festivals by USA Today in 2014.





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INTRODUCTORY SECTION

2014



## COUCH PARK

The City of Stillwater replaced playground equipment at Couch Park, Arrington Park and Myers in FY2014. According to Mayor John Bartley, "Playgrounds are so important for the community," Bartley said. "Not only as a place for children to play. It's a place for adults to go with their children and parents to be with their children. It adds so much to the livability of our community, and enhances the type of community we have."

## LETTER OF TRANSMITTAL

December 11, 2014

To the Honorable Mayor John Bartley, 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, 2014, 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

Governmental Accounting Standards Board (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. This report conforms to the standards prescribed in Statement No. 34 as modified by subsequent GASB statements.

For fiscal year 2014, the independent auditor's 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 economic outlook for the City of Stillwater and its residents is improving after the economic downturn in the most recent years. 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 40% 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. Stillwater has experienced significant retail growth since 2008 with the addition of several national retailers. The retail additions have helped to broaden the city's regional trade

## LETTER OF TRANSMITTAL

...continued

influence. Going forward 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 for Stillwater is consistently among the lowest in the U.S. and the surrounding county. The unemployment rate for Stillwater is nearing 4% and continues to track downward. It remains roughly two percentage points below the U.S. rate.

### 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 Economic Development Authority (SEDA) and the Stillwater Public Works Authority (SPWA) are reported as two 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 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.

## LETTER OF TRANSMITTAL

...continued

### 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, and the SEDA 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.

## LETTER OF TRANSMITTAL

...continued

### 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 \$25,000 and over require City Council approval. Payments of claims under \$25,000 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 Chief Finance Officer 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. Agency Notes. The City, SUA, SEDA 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.

### 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.

## LETTER OF TRANSMITTAL

...continued

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 auditor's report, review and report deficiencies in internal control, oversee the audit function and to report to the City Council as required. The independent auditor's 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 auditor's 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, 2013. 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 thirty-two consecutive years. We believe that our current report continues to meet the Certificate of Achievement Program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

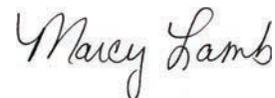
**Acknowledgments.** The preparation of this report could not be accomplished without the dedicated services of the entire Department of Finance staff, with special thanks to Tammy Brown, Christy Cluck and Kelli Couch and the professional assistance of the City's independent auditors, Berberich Trahan & Company, P.A. 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 Lamb  
CFO



# MUNICIPAL BUILDING

The Police and Municipal Building, 723 S. Lewis Street, serves as the City of Stillwater's administrative headquarters.



## CITY OFFICIALS AND AUDIT COMMITTEE

As of June 30, 2014

### MAYOR AND CITY COUNCIL

---



**JOHN BARTLEY**  
Mayor



**JOE WEAVER**  
Vice Mayor



**GINA NOBLE**  
Councilor



**PAT DARLINGTON**  
Councilor



**MIGUEL NAJERA**  
Councilor

### AUDIT COMMITTEE

---

**KELLY COX**  
Committee Chair

**KATHY ELLIOTT**  
Member

**ROD GOODNER**  
Member

**JOHN KILLAM**  
Member

**JERRY FRANKLIN**  
Member

**JOE WEAVER**  
Ex-Officio  
Council Member

### CITY ADMINISTRATION

---

**DAN GALLOWAY**  
City Manager

**DAN BLANKENSHIP**  
Director of Stillwater  
Utilities Authority

**MARCY LAMB**  
Chief Financial Officer

**JOHN McCLENNY**  
Director of  
Services

**NORMAN McNICKE**  
Director of  
Public Safety

**JOHN DORMAN**  
City Attorney

**LYNDA REYNOLDS**  
Director of  
Stillwater Public Library

**GARY JOHNSON**  
Director of  
Stillwater Regional Airport

**JASON PEEK**  
Director of  
Transportation

**PAULA DENNISON**  
Director of  
Development Services

**BILL MILLIS**  
Director of  
Water Utilities

**J. TOM BRADLEY**  
Fire Chief

**RYAN McCAGHREN**  
Police Chief

**BRAD STEWART**  
Director of  
Information Technology

**ANGELA McLAUGHLIN**  
Director of Consumer  
Business Development

**SHERRY FLETCHER**  
Director of Marketing  
and Public Relations

### DEPARTMENT OF FINANCE—ACCOUNTING DIVISION

---

**TAMMY BROWN**  
Accounting Supervisor

**CHRISTY CLUCK**  
Trust Authority Accountant

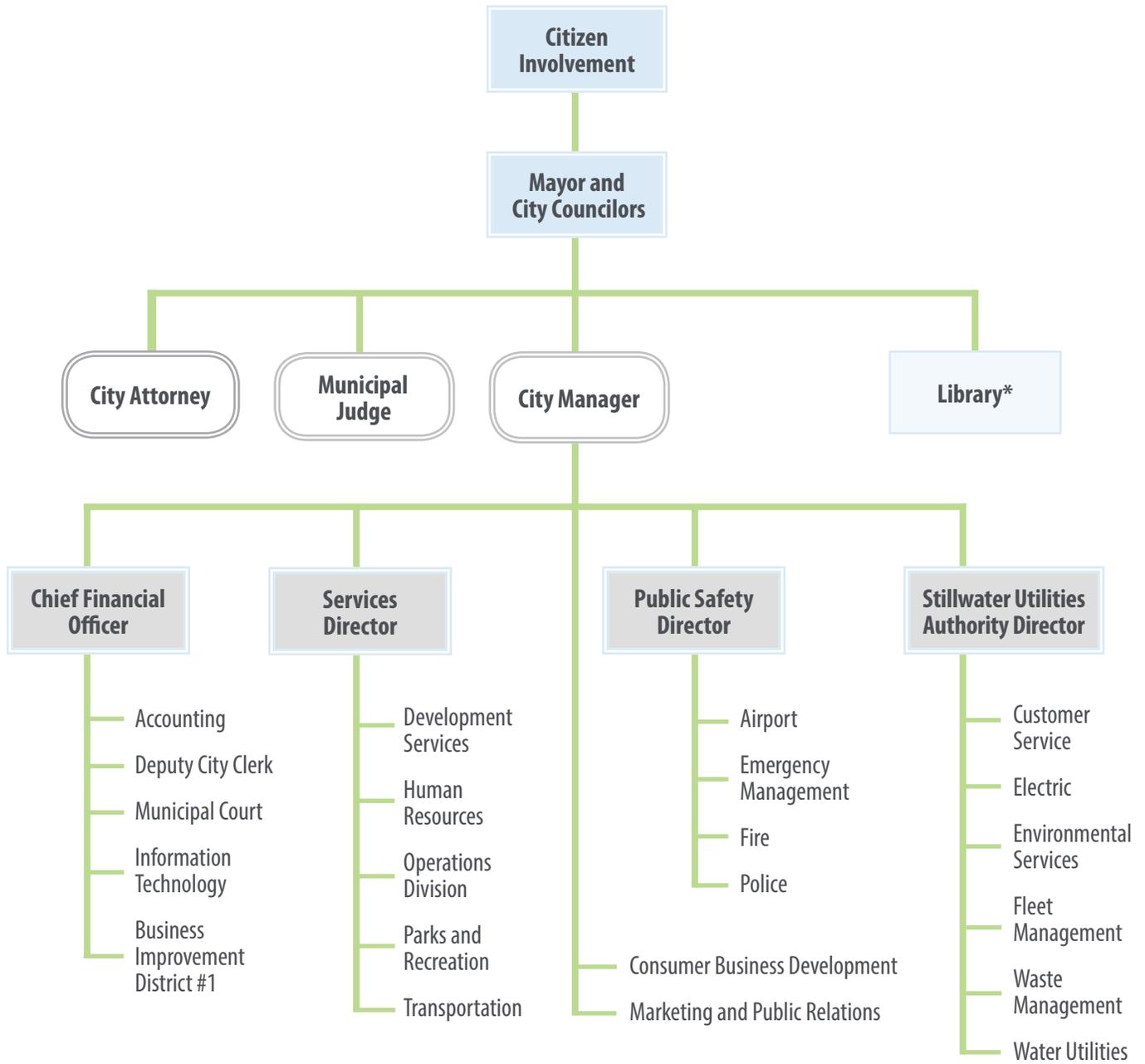
**ELIZABETH CHRZ**  
Deputy City Clerk

**KELLI COUCH**  
Staff Accountant

Phone: (405) 372-0025 | Website: <http://stillwater.org>

# CITY ADMINISTRATION ORGANIZATION CHART

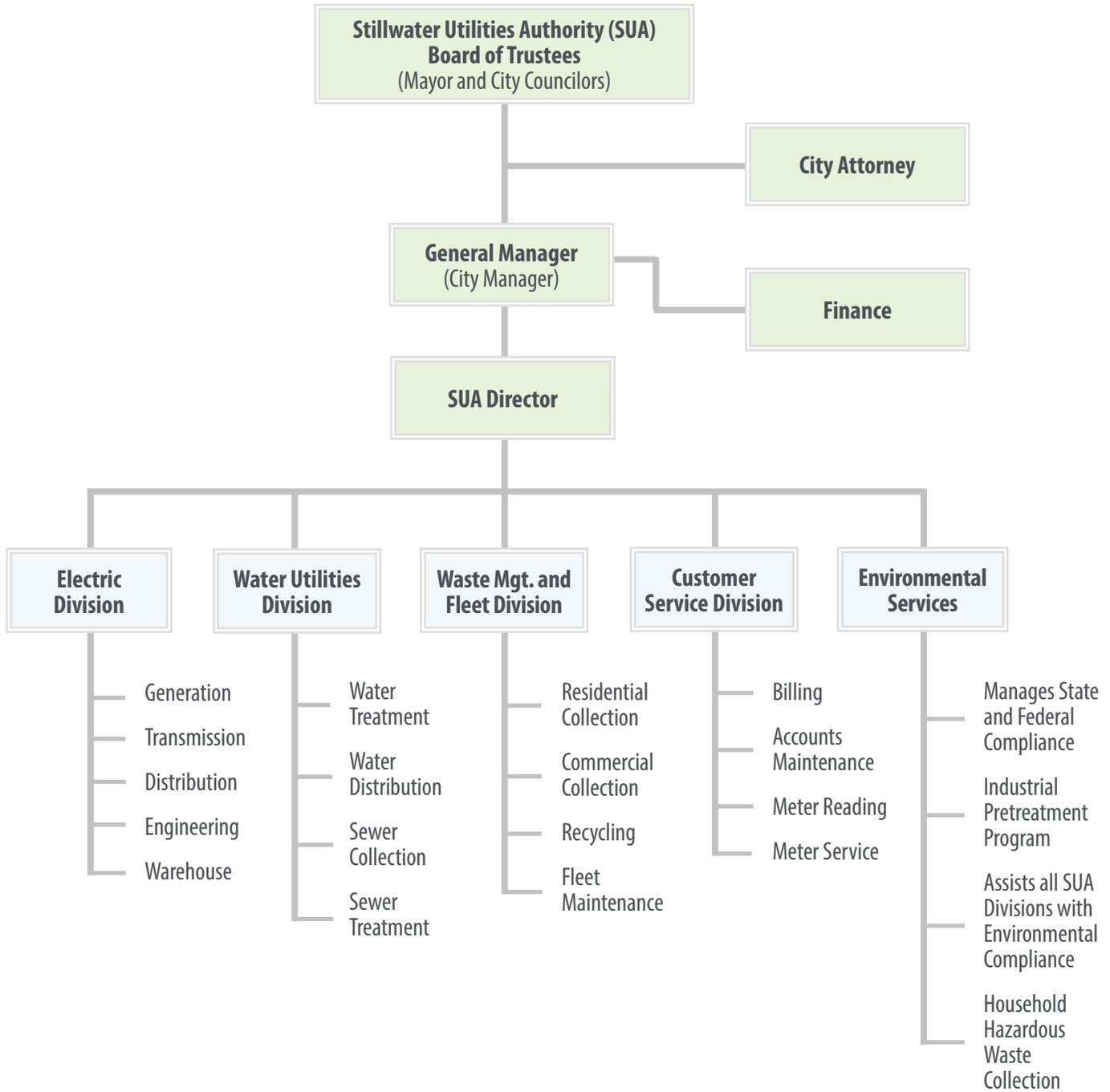
As of June 30, 2014



\* 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 ORGANIZATION CHART

As of June 30, 2014



# FINANCIAL SECTION

2014

A close-up photograph of a person's hands typing on a keyboard. The image is overlaid with large, stylized numbers '2014'. The '2' and '4' are dark grey with a white outline. The '0' is a light green square with a white outline. The '1' is a light green vertical bar with a white outline. A small graphic consisting of three squares (white, green, black) is positioned between the '0' and '1'. The background is a blurred office setting with a wooden desk.



## FIREWISE

As a result of the Stillwater Fire Department's dedicated efforts to reduce the vulnerability of homes and landscapes to wildfire, Stillwater recently earned the Firewise Communities/USA Recognition from the National Firewise Communities Program. Stillwater is now the largest Oklahoma community to be declared "Firewise."

# INDEPENDENT AUDITOR'S REPORT



## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, 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, 2014, and the related notes to the financial statements which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Stillwater Medical Center Authority, the discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Stillwater Medical Center Authority, is based solely on the report 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation of the financial statements.



McGladrey Alliance is a premier affiliation of independent accounting and consulting firms. McGladrey Alliance member firms maintain their name, autonomy and independence and are responsible for their own client fee arrangements, delivery of services and maintenance of client relationships.

## INDEPENDENT AUDITOR'S REPORT

...continued

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Opinions

In our opinion, based on our audit and the report of 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Emphasis of Matter – Change in Accounting Principle

As discussed in Note 1 to the financial statements, on July 1, 2013, the City changed its method of accounting to adopt Government Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion on the financial statements is not modified with respect to this matter.

### Emphasis of Matter – Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2013, the discretely presented component unit changed to exclude the Stillwater Medical Center Foundation, Inc., as part of the combined financial statements as a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34*. Our opinion, based on the report of other auditors, is not modified with respect to this matter.

### Other Matters

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 25 through 31 and the Schedule of Funding Progress on page 85 and Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Budget Basis) – General Fund on pages 81 through 82 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.

#### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining nonmajor fund financial statements and schedules, and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

## INDEPENDENT AUDITOR'S REPORT

...continued

The combining nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections 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 them.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2014 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Berberich Trahan & Co., P.A.*

December 11, 2014  
Topeka, Kansas



## SHARROWS

Many city streets are marked with sharrows, a portmanteau of “share” and “arrow,” that serve as visual cues for drivers to expect bicyclists along routes.

**City of Stillwater, Oklahoma**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**JUNE 30, 2014**



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, 2014. 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 Position 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 one discretely-presented component unit.

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 POSITION 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 Position 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 position and changes from the prior year. The City’s net position — 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 position 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 Position 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 airport.

**Discretely-presented component units** — The City’s report has one discretely presented component unit, the Stillwater Medical Authority. Although a legally separate entity, this “component unit” is 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.

## 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 from fiscal 2013 by \$1,130,828 mostly due to increased sales and use tax.

The Transportation Fund receives a transfer from the general fund of a ½ percent sales tax dedicated for transportation improvements. The Transportation Fund’s fund balance decreased from fiscal year 2013 by \$458,699 due to expenditures on approved transportation capital projects.

**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 Position and the Statement of Revenues, Expenses and Changes in Fund Net Position. 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. The net position of the Stillwater Utilities Authority (SUA) has increased by \$17,248,315 or 12.73%. Operating revenues increased \$7.4 million. Increased consumption billed to customers and rate increases implemented for electric, water, wastewater, and solid waste collection contributed \$5.5 million to operating revenues. The remaining \$1.9 million of the increase in operating revenues was due to capacity payments received under a new Power Purchase and Sale Agreement and Capacity Purchase Agreement with the Grand River Dam Authority. Operating Expenses increased by \$2.9 million due to the rise in purchased power costs. Transfers to the City’s general fund increased \$711,442 over the prior year.

## THE CITY AS TRUSTEE

The City is the trustee for other assets that are held for the benefit of third parties. All of the City’s fiduciary activities are reported in the Statements of Fiduciary Net Position. 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, 2014, the net position for the governmental activities and business-type activities changed as follows:

| <b>The City of Stillwater's Net Position</b><br>(expressed in \$ 000's) |                                    |                                     |              |
|---|------------------------------------|-------------------------------------|--------------|
|   | <b>Governmental<br/>Activities</b> | <b>Business-type<br/>Activities</b> | <b>Total</b> |
| Beginning net position  | \$ 101,177                         | \$ 151,419                          | \$ 252,596   |
| Increase/(Decrease)   | (524)                              | 17,038                              | 16,514       |
| Ending net position   | \$ 100,653                         | \$ 168,457                          | \$ 269,110   |

The above numbers reflect a decrease of .52% in net position for governmental activities and an increase of 11.25% in net position for business-type activities. Overall, the net position for both governmental and business type activities increased 6.54% for this fiscal year.

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

| <b>The City of Stillwater's Net Position</b><br>(expressed in \$ 000's) |                                    |                  |                                     |                  |                  |                  |
|---|------------------------------------|------------------|-------------------------------------|------------------|------------------|------------------|
|   | <b>Governmental<br/>Activities</b> |                  | <b>Business-type<br/>Activities</b> |                  | <b>Total</b>     |                  |
|   | <b>2014</b>                        | <b>2013</b>      | <b>2014</b>                         | <b>2013</b>      | <b>2014</b>      | <b>2013</b>      |
| <b>ASSETS:</b>  |                                    |                  |                                     |                  |                  |                  |
| Current and other assets  | \$ 24,168                          | \$ 22,880        | \$ 81,273                           | \$ 66,209        | \$ 105,441       | \$ 89,089        |
| Capital assets  | 92,392                             | 93,796           | 122,279                             | 123,337          | 214,671          | 217,133          |
| <b>Total assets</b>   | <b>116,560</b>                     | <b>116,676</b>   | <b>203,552</b>                      | <b>189,546</b>   | <b>320,112</b>   | <b>306,222</b>   |
| <b>LIABILITIES:</b>   |                                    |                  |                                     |                  |                  |                  |
| Long-term liabilities   | 10,667                             | 11,131           | 29,738                              | 32,375           | 40,405           | 43,506           |
| Other liabilities   | 5,240                              | 4,266            | 5,356                               | 5,531            | 10,596           | 9,797            |
| <b>Total liabilities</b>  | <b>15,907</b>                      | <b>15,397</b>    | <b>35,094</b>                       | <b>37,906</b>    | <b>51,001</b>    | <b>53,303</b>    |
| <b>Net position:</b>  |                                    |                  |                                     |                  |                  |                  |
| Invested in capital assets  | 86,794                             | 87,320           | 100,789                             | 100,709          | 187,583          | 188,029          |
| Restricted  | 6,373                              | 4,836            | 985                                 | 764              | 7,358            | 5,600            |
| Unrestricted  | 7,486                              | 9,122            | 66,683                              | 50,166           | 74,169           | 59,288           |
| <b>Total net position</b>   | <b>\$100,653</b>                   | <b>\$101,278</b> | <b>\$168,457</b>                    | <b>\$151,639</b> | <b>\$269,110</b> | <b>\$252,917</b> |

At the end of the current fiscal year, the City of Stillwater is able to report positive balances in net position 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 position, 69.70%, 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 position, 2.73%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the City's ongoing obligations to citizens and creditors.

## GOVERNMENTAL ACTIVITIES

Governmental activities decreased the City of Stillwater's net position by \$523,820, which contributed to a .21% decrease of the net position of the City of Stillwater. The following provides details of the decrease:

| <b>The City of Stillwater's Net Position</b><br>(expressed in \$ 000's) |                                |                 |                                 |                 |                 |                 |
|---|--------------------------------|-----------------|---------------------------------|-----------------|-----------------|-----------------|
|   | <b>Governmental Activities</b> |                 | <b>Business-type Activities</b> |                 | <b>Total</b>    |                 |
|   | <b>2014</b>                    | <b>2013</b>     | <b>2014</b>                     | <b>2013</b>     | <b>2014</b>     | <b>2013</b>     |
| <b>REVENUES:</b>  |                                |                 |                                 |                 |                 |                 |
| Program revenues:   |                                |                 |                                 |                 |                 |                 |
| Charges for services  | \$3,958                        | \$4,444         | \$74,538                        | \$67,178        | \$78,496        | \$71,622        |
| Operating grants & contributions  | 1,076                          | 177             | 0                               | 0               | 1,076           | 177             |
| Capital grants & contributions  | 660                            | 927             | 297                             | 3,932           | 957             | 4,859           |
| General revenues:   |                                |                 |                                 |                 |                 |                 |
| Sales and Use taxes   | 31,097                         | 28,250          | 0                               | 0               | 31,097          | 28,250          |
| Other taxes   | 4,061                          | 3,741           | 0                               | 0               | 4,061           | 3,741           |
| Other general revenues  | (100)                          | 75              | 767                             | 254             | 667             | 329             |
| <b>Total Revenues</b>   | <b>40,752</b>                  | <b>37,614</b>   | <b>75,602</b>                   | <b>71,364</b>   | <b>116,354</b>  | <b>108,978</b>  |
| <b>PROGRAM EXPENSES:</b>  |                                |                 |                                 |                 |                 |                 |
| General Government  | 4,661                          | 5,048           |                                 |                 | 4,661           | 5,048           |
| Financial Administration  | 610                            | 621             |                                 |                 | 610             | 621             |
| Public Safety   | 18,468                         | 17,133          |                                 |                 | 18,468          | 17,133          |
| Streets & Sewers  | 9,464                          | 7,335           |                                 |                 | 9,464           | 7,335           |
| Engineering & Public Works Administration                               | 494                            | 475             |                                 |                 | 494             | 475             |
| Recreation & Culture  | 5,928                          | 5,505           |                                 |                 | 5,928           | 5,505           |
| Economic Development  | 739                            | 622             |                                 |                 | 739             | 622             |
| Health and Welfare  | 2,192                          | 1,298           |                                 |                 | 2,192           | 1,298           |
| Interest on Long-term Debt  | 173                            | 206             |                                 |                 | 173             | 206             |
| Stillwater Utilities Authority  |                                |                 | 53,625                          | 50,681          | 53,625          | 50,681          |
| Business Area Development   |                                |                 | 772                             | 494             | 772             | 494             |
| Airport Operations  |                                |                 | 2,714                           | 2,749           | 2,714           | 2,749           |
| <b>Total Expenses</b>   | <b>42,729</b>                  | <b>38,243</b>   | <b>57,111</b>                   | <b>53,924</b>   | <b>99,840</b>   | <b>92,167</b>   |
| Increase/(Decrease) in Net  |                                |                 |                                 |                 |                 |                 |
| Position Before Transfers   | (1,977)                        | (629)           | 18,491                          | 17,440          | 16,514          | 16,811          |
| Net Transfers   | 1,453                          | 2,710           | (1,453)                         | (2,710)         | 0               | 0               |
| <b>Increase/(Decrease) in Net Position</b>                              | <b>\$ (524)</b>                | <b>\$ 2,081</b> | <b>\$17,038</b>                 | <b>\$14,730</b> | <b>\$16,514</b> | <b>\$16,811</b> |

Sales and use tax received in fiscal year 2014 resulted in an increase from the prior year of \$2,847,124. Transfers from the SUA to the general fund increased by \$711,442. Property taxes decreased by \$14,026. Increases in expenses for public safety and streets and sewers of 7.8% and 29% respectively contributed to the decrease of net position for governmental activities.

## BUSINESS-TYPE ACTIVITIES

Business-type activities increased the City of Stillwater's net position by \$17,037,513 which contributed a 6.74% increase in the net position of the City of Stillwater. Details are presented in the preceding chart.

## GENERAL FUND BUDGETARY HIGHLIGHTS

Fiscal years 2012 and 2013 results indicate that there are signs of an economic recovery locally. The budget for fiscal year 2014 was still approached in a conservative manner, although a higher level of capital expenditures was approved over the previous few years.

The FY14 budget was prepared to focus on the delivery of core service operations. The FY2014 budget includes a 3% cost of living increase for all employees. The capital budget is concentrated in the areas of public safety, infrastructure improvements, neighborhood street projects, and key areas of children's playground upgrades.

## CAPITAL ASSET & DEBT ADMINISTRATION

The following is a summary of changes in capital assets and debt administration for FY2014. More detailed information on capital asset activity and long-term debt activity is contained in the accompanying notes to the financial statements on pages 59 and 60 and pages 61 to 66, respectively.

## CAPITAL ASSETS

At the end of June 30, 2014, the City had \$215 million invested in capital assets including police and fire equipment, buildings, park facilities, water and sewer lines, electric systems and roads.

|                          | <b>Governmental Activities</b> |                 | <b>Business-type Activities</b> |                  | <b>Total</b>     |                  |
|--------------------------|--------------------------------|-----------------|---------------------------------|------------------|------------------|------------------|
|                          | <b>2014</b>                    | <b>2013</b>     | <b>2014</b>                     | <b>2013</b>      | <b>2014</b>      | <b>2013</b>      |
| Land                     | \$8,330                        | \$7,658         | \$2,026                         | \$2,026          | \$10,356         | \$9,684          |
| Buildings                | 24,158                         | 24,158          | 4,945                           | 4,945            | 29,103           | 29,103           |
| Other Improvements       | 0                              | 0               | 29,710                          | 29,710           | 29,710           | 29,710           |
| Equipment                | 21,791                         | 20,958          | 28,607                          | 28,010           | 50,398           | 48,968           |
| Infrastructure           | 164,338                        | 152,635         | 195,452                         | 193,045          | 359,790          | 345,680          |
| Intangible Assets        | 0                              | 0               | 1,604                           | 1,604            | 1,604            | 1,604            |
| Construction-in-progress | 3,587                          | 11,511          | 6,263                           | 2,714            | 9,850            | 14,225           |
|                          | 222,204                        | 216,920         | 268,607                         | 262,054          | 490,811          | 478,974          |
| Less Depreciation        | 129,812                        | 123,124         | 146,328                         | 138,717          | 276,140          | 261,841          |
| <b>Totals</b>            | <b>\$92,392</b>                | <b>\$93,796</b> | <b>\$122,279</b>                | <b>\$123,337</b> | <b>\$214,671</b> | <b>\$217,133</b> |

## DEBT ADMINISTRATION

At year-end, the City had \$32 million in long term debt. These debts are further detailed below as follows:

|                              | <b>Governmental Activities</b> |                | <b>Business-type Activities</b> |                 | <b>Total</b>    |                 |
|------------------------------|--------------------------------|----------------|---------------------------------|-----------------|-----------------|-----------------|
|                              | <b>2014</b>                    | <b>2013</b>    | <b>2014</b>                     | <b>2013</b>     | <b>2014</b>     | <b>2013</b>     |
| General Obligation Bonds     | \$5,598                        | \$6,476        | \$0                             | \$0             | \$5,598         | \$6,476         |
| Capital Lease Obligations    | 0                              | 0              | 2,443                           | 3,233           | 2,443           | 3,233           |
| Notes Payable                | 0                              | 0              | 23,692                          | 25,779          | 23,692          | 25,779          |
| Refundable Grant Obligations | 162                            | 183            | 60                              | 39              | 222             | 222             |
| <b>Totals</b>                | <b>\$5,760</b>                 | <b>\$6,659</b> | <b>\$26,195</b>                 | <b>\$29,051</b> | <b>\$31,955</b> | <b>\$35,710</b> |

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

During FY 2014, the City was fortunate to see additional signs of recovery as nearly all of the City's revenue sources have shown significant stability and growth compared with the last four years. For FY 2015, the City has projected an approximate 1.8% increase in Sales Tax revenues. The budget for FY2015 includes a cost of living increase of 3%. Capital expenditures are concentrated in the areas of public safety, infrastructure improvements, street projects, library repairs and parks and playground upgrades. Total expenditures budgeted reflect a 2.67% increase from the original FY2014 budget. The budget maintains FY2014 staffing levels and the associated employee benefits. The budget also includes a reserve for emergencies and capital projects in the electric, water and wastewater utilities.

In July of 2012, ASCO Industries, a Belgium aerospace manufacturer, announced plans to bring up to 600 jobs to Stillwater, locating its operations in the former Mercruiser plant. ASCO designs and makes high strength aircraft components and assemblies for Airbus, Boeing, Bombardier and Embraer commercial jets. This is the second U.S. facility for the company. The company also has facilities in Germany, Brazil and Canada. Company officials indicated that one of the main factors in locating in Stillwater is Meridian Technology Center's ability to train industrial workers. The company completed renovation of the facility in 2014 and currently employs about 150 people. The company began production on certain lines in 2014. As new equipment arrives and the plant becomes fully productive for all lines, the remaining jobs will be added within the next two years.

In August 2012, Total Energy purchased the former Quad/Graphics facility and announced plans to bring 200 jobs to Stillwater. The company makes storage tanks, towers and custom pressure vessels and opened a fabricating facility in Stillwater. However; after hiring approximately 55 employees the plant announced in June 2014 that it was closing and planned to sell their facility. According to company officials the closing is the result of significant operational challenges and weakening market conditions in the large pressure vessel industry.

The City's first Business Improvement District has welcomed more than 30 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. Current activity in the district includes creation of residential living properties above many of the retail properties in the area.

Oklahoma State University (OSU) has planned expansion projects representing over \$800 million dollars as part of the OSU's Master Plan 2025 generating a \$1.2 billion economic impact on the Stillwater area.

OSU continues to excel in the academic arena making the university attractive to students and faculty. For the second year, the university has set a new record for combined enrollment in excess of 25,000 students of which over 24,000 take classes on the Stillwater campus. The freshman class is the second largest in school history at 4,100. 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. 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. In April 2013, the campaign surpassed the \$1 billion goal, however university officials have said the campaign will continue to its scheduled completion date due to a number of priority projects that remain to be funded and the generosity of donors so far.

Renovations to the student union have been completed and the renovation of the Atherton Hotel located on campus continues. Ground was broken for a new business building in 2014.

Commercial permits were 103 for both calendar years 2012 and 2013. Single family home building permits increased by 10 for the same time period. There have been 81 commercial permits issued in the current year at the time of this report. There were 92 single family residential permits issued in calendar year 2013 and 75 so far in 2014. Residential properties have kept their value in the local market.

### **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.



# PLACEMAKING

Salmon Plaza at 9th and Main in Downtown Stillwater

**City of Stillwater, Oklahoma**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2014**

|  | <b>PRIMARY GOVERNMENT</b>      |                                 |                      | <b>COMPONENT UNIT</b>                      |
|--|--------------------------------|---------------------------------|----------------------|--|
|  | <b>Governmental Activities</b> | <b>Business-type Activities</b> | <b>Total</b>         | <b>Stillwater Medical Center Authority</b> |
| <b>ASSETS</b>  |                                |                                 |                      |  |
| Cash and cash equivalents                                | \$17,937,554                   | \$53,749,351                    | \$71,686,905         | \$12,840,303                               |
| Investments  | 0                              | 8,969,691                       | 8,969,691            | 37,208,278                                 |
| Accounts receivable, net                                 | 484,282                        | 10,389,929                      | 10,874,211           | 16,674,453                                 |
| Internal balances  | 3,122                          | (3,122)                         | 0                    | 0  |
| Interest receivable                                      | 0                              | 38,684                          | 38,684               | 0  |
| Installment loans receivable                             | 57,500                         | 180,093                         | 237,593              | 0  |
| Leasehold receivable                                     | 0                              | 161,666                         | 161,666              | 0  |
| Inventories  | 127,598                        | 5,112,683                       | 5,240,281            | 2,513,728                                  |
| Due from other governments                               | 5,558,190                      | 0                               | 5,558,190            | 0  |
| Other assets   | 0                              | 0                               | 0                    | 1,362,932                                  |
| Restricted cash and cash equivalents                     | 0                              | 2,674,040                       | 2,674,040            | 1,049,654                                  |
| Restricted investments                                   | 0                              | 0                               | 0                    | 1,612,974                                  |
| Capital assets:  |                                |                                 |                      |  |
| Land and construction in progress                        | 11,917,553                     | 9,818,536                       | 21,736,089           | 5,870,954                                  |
| Other capital assets,<br>net of accumulated depreciation | 80,474,489                     | 112,460,227                     | 192,934,716          | 45,979,494                                 |
| Investments in joint ventures                            | 0                              | 0                               | 0                    | 2,257,357                                  |
| Goodwill, net  | 0                              | 0                               | 0                    | 6,798,976                                  |
| <b>Total assets</b>                                      | <b>116,560,288</b>             | <b>203,551,778</b>              | <b>320,112,066</b>   | <b>134,169,103</b>                         |
| <b>LIABILITIES</b>                                       |                                |                                 |                      |  |
| Accounts payable   | 2,524,498                      | 4,641,256                       | 7,165,754            | 2,371,820                                  |
| Accrued liabilities                                      | 2,698,521                      | 521,235                         | 3,219,756            | 8,772,031                                  |
| Accrued interest payable                                 | 17,183                         | 193,821                         | 211,004              | 0  |
| Long-term liabilities:                                   |                                |                                 |                      |  |
| Due within one year                                      | 882,400                        | 5,174,138                       | 6,056,538            | 1,127,309                                  |
| Due in more than one year                                | 9,785,010                      | 24,564,344                      | 34,349,354           | 13,442,327                                 |
| <b>Total liabilities</b>                                 | <b>15,907,612</b>              | <b>35,094,794</b>               | <b>51,002,406</b>    | <b>25,713,487</b>                          |
| <b>NET POSITION</b>                                      |                                |                                 |                      |  |
| Net investment in capital assets                         | 86,794,143                     | 100,788,701                     | 187,582,844          | 37,185,672                                 |
| Restricted for:  |                                |                                 |                      |  |
| Capital projects   | 63,053                         | 637,596                         | 700,649              | 0  |
| Debt service   | 316,318                        | 344,724                         | 661,042              | 2,602,974                                  |
| Street improvements                                      | 2,804,030                      | 0                               | 2,804,030            | 0  |
| Specific operating activities                            | 3,189,626                      | 2,712                           | 3,192,338            | 0  |
| Unrestricted   | 7,485,506                      | 66,683,251                      | 74,168,757           | 68,666,970                                 |
| <b>Total net position</b>                                | <b>\$100,652,676</b>           | <b>\$168,456,984</b>            | <b>\$269,109,660</b> | <b>\$108,455,616</b>                       |

*The accompanying notes are an integral part of this statement.*

**City of Stillwater, Oklahoma**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2014**

| Function/Programs                                     | Expenses      | PROGRAM REVENUES     |                                    |                                  | Net (Expense) Revenue and Changes in Net Position |                          |                | COMPONENT UNIT                     |
|---|---------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|----------------|------------------------------------|
|   |               | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities                           | Business-type Activities | Total          | Stillwater Medial Center Authority |
| <b>PRIMARY GOVERNMENT</b>                             |               |                      |                                    |                                  |   |                          |                |                                    |
| Government activities                                 |               |                      |                                    |                                  |   |                          |                |                                    |
| Public safety   | \$18,468,117  | \$354,296            | \$851,405                          | \$59,428                         | \$(17,202,988)                                    | \$0                      | \$(17,202,988) | \$0                                |
| Recreation and culture                                | 5,927,464     | 1,218,766            | 224,439                            | 0                                | (4,484,259)                                       | 0                        | (4,484,259)    | 0                                  |
| General government                                    | 4,661,263     | 638,624              | 0                                  | 0                                | (4,022,639)                                       | 0                        | (4,022,639)    | 0                                  |
| Financial administration                              | 609,518       | 1,026,063            | 0                                  | 0                                | 416,545   | 0                        | 416,545        | 0                                  |
| Street and sewers                                     | 9,463,507     | 437,901              | 0                                  | 600,673                          | (8,424,933)                                       | 0                        | (8,424,933)    | 0                                  |
| Engineering and public works administration           | 493,598       | 0                    | 0                                  | 0                                | (493,598)   | 0                        | (493,598)      | 0                                  |
| Economic development                                  | 739,409       | 0                    | 0                                  | 0                                | (739,409)   | 0                        | (739,409)      | 0                                  |
| Health and welfare                                    | 2,192,472     | 282,297              | 0                                  | 0                                | (1,910,175)                                       | 0                        | (1,910,175)    | 0                                  |
| Interest on long-term debt                            | 173,262       | 0                    | 0                                  | 0                                | (173,262)   | 0                        | (173,262)      | 0                                  |
| Total governmental activities                         | 42,728,610    | 3,957,947            | 1,075,844                          | 660,101                          | (37,034,718)                                      | 0                        | (37,034,718)   | 0                                  |
| <b>BUSINESS-TYPE ACTIVITIES</b>                       |               |                      |                                    |                                  |   |                          |                |                                    |
| Electric, water, wastewater and sanitation operations | 53,624,597    | 72,927,436           | 0                                  | 117,059                          | 0   | 19,419,898               | 19,419,898     | 0                                  |
| Business area development                             | 772,631       | 28,130               | 0                                  | 154,281                          | 0   | (590,220)                | (590,220)      | 0                                  |
| Airport operations                                    | 2,714,304     | 1,582,906            | 0                                  | 25,473                           | 0   | (1,105,925)              | (1,105,925)    | 0                                  |
| Total business-type activities                        | 57,111,532    | 74,538,472           | 0                                  | 296,813                          | 0   | 17,723,753               | 17,723,753     | 0                                  |
| Total primary government                              | \$99,840,142  | \$78,496,419         | \$1,075,844                        | \$956,914                        | (37,034,718)                                      | 17,723,753               | (19,310,965)   | 0                                  |
| <b>COMPONENT UNIT</b>                                 |               |                      |                                    |                                  |   |                          |                |                                    |
| Medical Center  | \$116,309,584 | \$121,144,925        | \$44,485                           | \$23,384                         | 0   | 0                        | 0              | 4,903,210                          |
| General revenues                                      |               |                      |                                    |                                  |   |                          |                |                                    |
| Taxes:  |               |                      |                                    |                                  |   |                          |                |                                    |
| Sales and use taxes                                   |               |                      |                                    |                                  | 31,096,996  | 0                        | 31,096,996     | 0                                  |
| Property taxes  |               |                      |                                    |                                  | 1,296,462   | 0                        | 1,296,462      | 0                                  |
| Franchise and public service taxes                    |               |                      |                                    |                                  | 1,729,912   | 0                        | 1,729,912      | 0                                  |
| E911 taxes  |               |                      |                                    |                                  | 64,278  | 0                        | 64,278         | 0                                  |
| Hotel/motel taxes                                     |               |                      |                                    |                                  | 970,100   | 0                        | 970,100        | 0                                  |
| Investment Income                                     |               |                      |                                    |                                  | (99,634)  | 181,875                  | 82,241         | 5,788,073                          |
| Miscellaneous   |               |                      |                                    |                                  | 0   | 584,669                  | 584,669        | 0                                  |
| Transfers-internal activity                           |               |                      |                                    |                                  | 1,452,784   | (1,452,784)              | 0              | 0                                  |
| Total general revenues and transfers                  |               |                      |                                    |                                  | 36,510,898  | (686,240)                | 35,824,658     | 5,788,073                          |
| Change in net position                                |               |                      |                                    |                                  | (523,820)   | 17,037,513               | 16,513,693     | 10,691,283                         |
| Net position-beginning, as originally stated          |               |                      |                                    |                                  | 101,278,456                                       | 151,638,953              | 252,917,409    | 102,062,282                        |
| Cumulative effect of a change in accounting principle |               |                      |                                    |                                  | (101,960)   | (219,482)                | (321,442)      | (4,297,949)                        |
| Net position-beginning, as restated                   |               |                      |                                    |                                  | 101,176,496                                       | 151,419,471              | 252,595,967    | 97,764,333                         |
| Net position-ending                                   |               |                      |                                    |                                  | \$100,652,676                                     | \$168,456,984            | \$269,109,660  | \$108,455,616                      |

The accompanying notes are an integral part of this statement.

## City of Stillwater, Oklahoma

## BALANCE SHEET

## GOVERNMENTAL FUNDS

JUNE 30, 2014

|  | General             | Transportation<br>Improvement | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|---------------------|-------------------------------|--------------------------------|--------------------------------|
| <b>ASSETS</b>  |                     |                               |                                |                                |
| Cash and cash equivalents  | \$13,868,101        | \$3,657,123                   | \$308,444                      | \$17,833,668                   |
| Due from other governments   | 5,435,525           | 0                             | 122,665                        | 5,558,190                      |
| Accounts receivable, net   | 482,667             | 1,615                         | 0                              | 484,282                        |
| Inventories  | 127,598             | 0                             | 0                              | 127,598                        |
| <b>Total assets</b>  | <b>\$19,913,891</b> | <b>\$3,658,738</b>            | <b>\$431,109</b>               | <b>\$24,003,738</b>            |
| <b>LIABILITIES</b>   |                     |                               |                                |                                |
| Accounts payable   | \$1,675,150         | \$849,348                     | \$0                            | \$2,524,498                    |
| Accrued liabilities  | 1,379,782           | 4,949                         | 0                              | 1,384,731                      |
| Due to other funds   | 127,413             | 411                           | 30,720                         | 158,544                        |
| Unearned revenue-prepaid fees  | 28,659              | 0                             | 0                              | 28,659                         |
| <b>Total liabilities</b>   | <b>3,211,004</b>    | <b>854,708</b>                | <b>30,720</b>                  | <b>4,096,432</b>               |
| <b>DEFERRED INFLOWS OF RESOURCES</b>   |                     |                               |                                |                                |
| Unavailable revenue-property taxes   | 0                   | 0                             | 21,018                         | 21,018                         |
| Unavailable revenue-court fines  | 38,561              | 0                             | 0                              | 38,561                         |
| <b>Total deferred inflows of resources</b>                                     | <b>38,561</b>       | <b>0</b>                      | <b>21,018</b>                  | <b>59,579</b>                  |
| <b>FUND BALANCES</b>   |                     |                               |                                |                                |
| Non-spendable: inventories   | 127,598             | 0                             | 0                              | 127,598                        |
| Restricted for:  |                     |                               |                                |                                |
| Debt service   | 0                   | 0                             | 316,318                        | 316,318                        |
| Police equipment   | 58,280              | 0                             | 0                              | 58,280                         |
| Police undercover operations   | 40,113              | 0                             | 0                              | 40,113                         |
| Capital improvements   | 0                   | 2,804,030                     | 63,053                         | 2,867,083                      |
| Visitor and event recruitment  | 936,095             | 0                             | 0                              | 936,095                        |
| Sales tax transfer   | 2,155,138           | 0                             | 0                              | 2,155,138                      |
| Committed to:  |                     |                               |                                |                                |
| Rural fire activities  | 431,081             | 0                             | 0                              | 431,081                        |
| Fire training activities   | 27,314              | 0                             | 0                              | 27,314                         |
| Assigned to:   |                     |                               |                                |                                |
| Self insurance   | 1,898,069           | 0                             | 0                              | 1,898,069                      |
| Parks and recreation   | 176,613             | 0                             | 0                              | 176,613                        |
| Unassigned   | 10,814,025          | 0                             | 0                              | 10,814,025                     |
| <b>Total fund balances</b>   | <b>16,664,326</b>   | <b>2,804,030</b>              | <b>379,371</b>                 | <b>19,847,727</b>              |
| <b>Total liabilities, deferred inflows of resources,<br/>and fund balances</b> | <b>\$19,913,891</b> | <b>\$3,658,738</b>            | <b>\$431,109</b>               |                                |

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

|   |                      |
|---|----------------------|
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$129,812,465                    | 91,946,542           |
| Certain long-term receivables are not available to pay for current fund liabilities and, therefore, are deferred in the funds   | 88,238               |
| Installment note receivable received for sale of asset is not reported in the fund statements   | 57,500               |
| 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 Position | 549,386              |
| 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  | (1,313,790)          |
| Accrued interest payable  | (17,183)             |
| General obligation bonds payable  | (5,597,899)          |
| Accrued compensated absences  | (2,341,865)          |
| Accrued post employment obligations   | (2,565,980)          |
| <b>Net position of governmental activities</b>  | <b>\$100,652,676</b> |

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, 2014**

|  | <b>General</b> | <b>Transportation<br/>Improvement</b> | <b>Other<br/>Governmental<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|--|----------------|---------------------------------------|---|---|
| <b>REVENUES</b>  |                |                                       |   |   |
| Taxes  | \$33,861,286   | \$0                                   | \$1,295,379                             | \$35,156,665                            |
| Intergovernmental  | 387,175        | 0                                     | 835,309                                 | 1,222,484                               |
| Charges for services   | 584,908        | 0                                     | 0                                       | 584,908                                 |
| Fines and forfeits   | 742,037        | 0                                     | 0                                       | 742,037                                 |
| Fees and rentals   | 1,197,563      | 0                                     | 0                                       | 1,197,563                               |
| Investment income (loss)                                     | (115,709)      | 16,023                                | 0                                       | (99,686)                                |
| Licenses and permits   | 311,218        | 0                                     | 0                                       | 311,218                                 |
| Other miscellaneous revenues                                 | 1,080,085      | 18,270                                | 14,703                                  | 1,113,058                               |
| Total revenues   | 38,048,563     | 34,293                                | 2,145,391                               | 40,228,247                              |
| <b>EXPENDITURES</b>  |                |                                       |   |   |
| Current  |                |                                       |   |   |
| Public safety  | 17,685,468     | 0                                     | 0                                       | 17,685,468                              |
| Recreation and culture                                       | 5,252,317      | 0                                     | 0                                       | 5,252,317                               |
| General government   | 3,643,832      | 0                                     | 0                                       | 3,643,832                               |
| Financial administration                                     | 600,062        | 0                                     | 0                                       | 600,062                                 |
| Streets and sewers   | 2,367,004      | 168,977                               | 0                                       | 2,535,981                               |
| Operations   | 492,586        | 0                                     | 0                                       | 492,586                                 |
| Economic development   | 755,344        | 0                                     | 0                                       | 755,344                                 |
| Human services   | 1,079,545      | 0                                     | 724,250                                 | 1,803,795                               |
| Debt service:  |                |                                       |   |   |
| Principal retirements  | 0              | 0                                     | 815,000                                 | 815,000                                 |
| Interest and fiscal charges                                  | 0              | 0                                     | 239,200                                 | 239,200                                 |
| Capital outlay   | 4,638,015      | 2,396,673                             | 154,662                                 | 7,189,350                               |
| Total expenditures   | 36,514,173     | 2,565,650                             | 1,933,112                               | 41,012,935                              |
| Excess (deficiency) of revenues over<br>(under) expenditures | 1,534,390      | (2,531,357)                           | 212,279                                 | (784,688)                               |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                |                                       |   |   |
| Transfers in   | 13,834,860     | 4,185,382                             | 0                                       | 18,020,242                              |
| Transfers out  | (14,238,422)   | (2,112,724)                           | (251,912)                               | (16,603,058)                            |
| Total other financing sources (uses)                         | (403,562)      | 2,072,658                             | (251,912)                               | 1,417,184                               |
| Net change in fund balances                                  | 1,130,828      | (458,699)                             | (39,633)                                | 632,496                                 |
| FUND BALANCES, beginning                                     | 15,533,498     | 3,262,729                             | 419,004                                 | 19,215,231                              |
| FUND BALANCES, ending  | \$16,664,326   | \$2,804,030                           | \$379,371                               | \$19,847,727                            |

... continued

**City of Stillwater, Oklahoma**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

...continued

Reconciliation to Statement of Activities:

|  |                     |
|--|---------------------|
| Net change in fund balances  | \$632,496           |
| 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  | 5,262,630           |
| Depreciation   | (7,215,621)         |
| Net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins and donations)  | 549,061             |
| Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:   |                     |
| Unavailable revenue  | 10,225              |
| Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position                          | 815,000             |
| Internal Service Fund net revenue  | 73                  |
| Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds |                     |
| Accrued interest payable   | 65,938              |
| Accrued compensated absences   | (50,733)            |
| Accrued workers' compensation claims   | (207,572)           |
| Accrued post employment benefits   | (385,317)           |
| Change in net position-governmental activities   | <u>\$ (523,820)</u> |

*The accompanying notes are an integral part of this statement.*

**City of Stillwater, Oklahoma**  
**STATEMENT OF NET POSITION—PROPRIETARY FUNDS**  
**JUNE 30, 2014**

|  | BUSINESS-TYPE ACTIVITIES: ENTERPRISE FUNDS |                                  |               | Govern-<br>mental<br>Activities<br>Internal<br>Service<br>Fund |
|--|--|----------------------------------|---------------|--|
|  | Stillwater<br>Utilities<br>Authority       | Non Major<br>Enterprise<br>Funds | Totals        |  |
| ASSETS   |  |                                  |               |  |
| CURRENT ASSETS   |  |                                  |               |  |
| Cash and cash equivalents  | \$52,613,408                               | \$1,135,943                      | \$53,749,351  | \$103,886  |
| Investments  | 8,969,691                                  | 0                                | 8,969,691     | 0  |
| Restricted cash and cash equivalents   | 1,476,429                                  | 0                                | 1,476,429     | 0  |
| Accounts receivable, net of allowance<br>for uncollectible accounts of \$243,382 | 10,386,913                                 | 3,016                            | 10,389,929    | 0  |
| Due from other funds   | 234,860                                    | 0                                | 234,860       | 0  |
| Interest receivable  | 38,684                                     | 0                                | 38,684        | 0  |
| Installment loans receivable   | 0  | 180,093                          | 180,093       | 0  |
| Leasehold receivable   | 0  | 21,667                           | 21,667        | 0  |
| Inventories  | 5,062,750                                  | 49,933                           | 5,112,683     | 0  |
| Total current assets   | 78,782,735                                 | 1,390,652                        | 80,173,387    | 103,886  |
| NONCURRENT ASSETS  |  |                                  |               |  |
| Advances to other funds  | 0  | 0                                | 0             | 161,666  |
| Leasehold receivable   | 0  | 139,999                          | 139,999       | 0  |
| Restricted cash and equivalents  | 1,197,611                                  | 0                                | 1,197,611     | 0  |
| Capital assets, non depreciable  | 8,731,895                                  | 1,086,641                        | 9,818,536     | 445,500  |
| Capital assets, net of accumulated depreciation                                  | 98,704,304                                 | 13,755,923                       | 112,460,227   | 0  |
| Total noncurrent assets  | 108,633,810                                | 14,982,563                       | 123,616,373   | 607,166  |
| Total assets   | 187,416,545                                | 16,373,215                       | 203,789,760   | 711,052  |
| LIABILITIES  |  |                                  |               |  |
| CURRENT LIABILITIES  |  |                                  |               |  |
| Accounts payable   | 4,500,410                                  | 140,846                          | 4,641,256     | 0  |
| Accrued liabilities  | 499,419                                    | 21,816                           | 521,235       | 0  |
| Current portion of compensated absences  | 64,660                                     | 2,738                            | 67,398        | 0  |
| Accrued interest payable   | 193,821                                    | 0                                | 193,821       | 0  |
| Current portion of customer deposits payable                                     | 1,047,077                                  | 0                                | 1,047,077     | 0  |
| Current portion of long-term debt obligations, net                               | 3,999,427                                  | 0                                | 3,999,427     | 21,667   |
| Due to other funds   | 73,032                                     | 3,284                            | 76,316        | 0  |
| Current portion of advances from other funds                                     | 0  | 20,000                           | 20,000        | 0  |
| Current portion of refundable grant obligations                                  | 0  | 60,236                           | 60,236        | 0  |
| Total current liabilities  | 10,377,846                                 | 248,920                          | 10,626,766    | 21,667   |
| NONCURRENT LIABILITIES   |  |                                  |               |  |
| Noncurrent portion of customer deposits payable                                  | 572,155                                    | 11,680                           | 583,835       | 0  |
| Noncurrent portion of compensated absences                                       | 720,724                                    | 37,039                           | 757,763       | 0  |
| Noncurrent portion of refundable grant obligations                               | 0  | 0                                | 0             | 139,999  |
| Noncurrent portion of advances from other funds                                  | 0  | 141,666                          | 141,666       | 0  |
| Noncurrent portion of long-term debt obligations, net                            | 22,135,635                                 | 0                                | 22,135,635    | 0  |
| Other postemployment benefits  | 1,087,111                                  | 0                                | 1,087,111     | 0  |
| Total noncurrent liabilities   | 24,515,625                                 | 190,385                          | 24,706,010    | 139,999  |
| Total liabilities  | 34,893,471                                 | 439,305                          | 35,332,776    | 161,666  |
| NET POSITION   |  |                                  |               |  |
| Net investment in capital assets   | 85,946,137                                 | 14,842,564                       | 100,788,701   | 0  |
| Restricted:  |  |                                  |               |  |
| Restricted for debt service  | 344,724                                    | 0                                | 344,724       | 0  |
| Restricted donation  | 0  | 2,712                            | 2,712         | 0  |
| Restricted for capital projects  | 637,596                                    | 0                                | 637,596       | 0  |
| Unrestricted   | 65,594,617                                 | 1,088,634                        | 66,683,251    | 549,386  |
| Total net position   | \$152,523,074                              | \$15,933,910                     | \$168,456,984 | \$549,386  |

The accompanying notes are an integral part of this statement.

**City of Stillwater, Oklahoma**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND NET POSITION—PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

|  | BUSINESS-TYPE ACTIVITIES: ENTERPRISE FUNDS |                                  |               | Governmental<br>Activities<br>Internal<br>Service<br>Fund |
|--|--|----------------------------------|---------------|---|
|  | Stillwater<br>Utilities<br>Authority       | Non Major<br>Enterprise<br>Funds | Totals        |   |
| <b>OPERATING REVENUES</b>                                |  |                                  |               |   |
| Charges for services, net of bad debt expense            | \$68,719,373                               | \$1,264,737                      | \$69,984,110  | \$21  |
| Other  | 4,208,063                                  | 346,299                          | 4,554,362     | 0   |
| Total operating revenues                                 | 72,927,436                                 | 1,611,036                        | 74,538,472    | 21  |
| <b>OPERATING EXPENSES</b>                                |  |                                  |               |   |
| Operations and maintenance                               | 45,766,076                                 | 2,533,545                        | 48,299,621    | 0   |
| Depreciation   | 7,057,762                                  | 953,390                          | 8,011,152     | 0   |
| Total operating expenses                                 | 52,823,838                                 | 3,486,935                        | 56,310,773    | 0   |
| Operating income (loss)                                  | 20,103,598                                 | (1,875,899)                      | 18,227,699    | 21  |
| <b>NONOPERATING REVENUES (EXPENSES)</b>                  |  |                                  |               |   |
| Investment income  | 176,267                                    | 5,608                            | 181,875       | 52  |
| Interest expense and fiscal charges                      | (800,759)                                  | 0                                | (800,759)     | 0   |
| Miscellaneous  | 549,069                                    | 0                                | 549,069       | 0   |
| Net nonoperating revenues (expenses)                     | (75,423)                                   | 5,608                            | (69,815)      | 52  |
| Income (loss) before capital contributions and transfers | 20,028,175                                 | (1,870,291)                      | 18,157,884    | 73  |
| <b>CAPITAL CONTRIBUTIONS AND TRANSFERS</b>               |  |                                  |               |   |
| Capital contributions                                    | 117,059                                    | 179,754                          | 296,813       | 0   |
| Transfers in   | 10,663,456                                 | 1,482,275                        | 12,145,731    | 0   |
| Transfers out  | (13,560,375)                               | (2,540)                          | (13,562,915)  | 0   |
| Net capital contributions and transfers                  | (2,779,860)                                | 1,659,489                        | (1,120,371)   | 0   |
| Change in net position                                   | 17,248,315                                 | (210,802)                        | 17,037,513    | 73  |
| Net position, beginning of year, as originally stated    | 135,494,241                                | 16,144,712                       | 151,638,953   | 549,313   |
| Cumulative effect of a change in accounting principle    | (219,482)                                  | 0                                | (291,482)     | 0   |
| Net position—beginning as restated                       | 135,274,759                                | 16,144,712                       | 151,419,471   | 549,313   |
| Net position, end of year                                | \$152,523,074                              | \$15,933,910                     | \$168,456,984 | \$549,386   |

*The accompanying notes are an integral part of this statement.*

| City of Stillwater, Oklahoma<br>STATEMENT OF CASH FLOWS—PROPRIETARY FUNDS<br>FOR THE YEAR ENDED JUNE 30, 2014 | BUSINESS-TYPE ACTIVITIES: ENTERPRISE FUNDS |                                  |              | Governmental<br>Activities<br>Internal<br>Service<br>Fund |
|---|--|----------------------------------|--------------|---|
|   | Stillwater<br>Utilities<br>Authority       | Non Major<br>Enterprise<br>Funds | Totals       |   |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |  |                                  |              |   |
| Receipts from customers, including deposits   | \$67,265,684                               | \$1,288,555                      | \$68,554,239 | \$0   |
| Payments to suppliers   | (33,738,253)                               | (1,768,449)                      | (35,506,702) | 0   |
| Payments to employees   | (11,058,607)                               | (470,376)                        | (11,528,983) | 0   |
| Payments of business development incentives   | 0  | (218,227)                        | (218,227)    | 0   |
| Business development incentive loans issued   | 0  | (42,500)                         | (42,500)     | 0   |
| Collections of business development incentive loan principal  | 0  | 13,320                           | 13,320       | 0   |
| Inter fund activity-payments to other funds   | (1,178,370)                                | (1,824)                          | (1,180,194)  | 11  |
| Other receipts  | 4,208,063                                  | 344,268                          | 4,552,331    | 10  |
| Net cash provided by (used for) operating activities  | 25,498,517                                 | (855,233)                        | 24,643,284   | 21  |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>  |  |                                  |              |   |
| Transfers out to other funds  | (13,222,144)                               | (2,540)                          | (13,224,684) | 0   |
| Transfers in from other funds   | 8,370,765                                  | 1,482,275                        | 9,853,040    | 0   |
| Net cash provided by (used for) noncapital financing activities   | (4,851,379)                                | 1,479,735                        | (3,371,644)  | 0   |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>   |  |                                  |              |   |
| Capital contributions   | 0  | 399,149                          | 399,149      | 0   |
| Purchases of capital assets   | (6,277,098)                                | (168,060)                        | (6,445,158)  | 0   |
| Proceeds from sale of capital assets  | 66,593                                     | 0                                | 66,593       | 0   |
| Proceeds from capital debt  | 848,439                                    | 0                                | 848,439      | 0   |
| Transfers in related to capital financing   | 2,292,691                                  | 0                                | 2,292,691    | 0   |
| Principal (paid) received on capital debt   | (4,051,018)                                | 21,667                           | (4,029,351)  | 0   |
| Interest paid on capital debt   | (793,484)                                  | 0                                | (793,484)    | 0   |
| Net cash provided by (used for) capital and related financing activities                                      | (7,913,877)                                | 252,756                          | (7,661,121)  | 0   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |  |                                  |              |   |
| Purchases of investments  | (8,111,264)                                | 0                                | (8,111,264)  | 0   |
| Proceeds from maturity of investments   | 8,111,264                                  | 0                                | 8,111,264    | 0   |
| Interest received   | 52,982                                     | 5,560                            | 58,542       | 52  |
| Net cash provided by investing activities   | 52,982                                     | 5,560                            | 58,542       | 52  |
| Net increase (decrease) in cash and cash equivalents  | 12,786,243                                 | 882,818                          | 13,669,061   | 73  |
| CASH AND CASH EQUIVALENTS, beginning of year  | 42,501,205                                 | 253,125                          | 42,754,330   | 103,813   |
| CASH AND CASH EQUIVALENTS, end of year  | \$55,287,448                               | \$1,135,943                      | \$56,423,391 | \$103,886   |
| <b>Reconciliation of operating income (loss) to net cash provided (used for) operating activities</b>         |  |                                  |              |   |
| Operating income (loss)   | \$20,103,598                               | \$(1,875,899)                    | \$18,227,699 | \$21  |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:     |  |                                  |              |   |
| Depreciation  | 7,057,762                                  | 953,390                          | 8,011,152    | 0   |
| Changes in assets and liabilities   |  |                                  |              |   |
| Receivables, net  | (1,441,721)                                | (7,393)                          | (1,449,114)  | 0   |
| Inventories   | (183,064)                                  | 3,183                            | (179,881)    | 0   |
| Accounts and other payables   | (320,492)                                  | 59,308                           | (261,184)    | 0   |
| Accrued expenses  | 94,134                                     | 12,178                           | 106,312      | 0   |
| Other postemployment benefits   | 188,300                                    | 0                                | 188,300      | 0   |
| Net cash provided by (used for) operating activities  | \$25,498,517                               | \$(855,233)                      | \$24,643,284 | \$21  |
| <b>Non cash activities:</b>   |  |                                  |              |   |
| Capital assets contributed  | \$117,059                                  | \$154,281                        | \$271,340    | \$0   |
| Borrowings under capital lease  | 324,915                                    | 0                                | 324,915      | 0   |
| Change in fair value of investments   | 6,655                                      | 0                                | 6,655        | 0   |

The accompanying notes are an integral part of this statement.

**City of Stillwater, Oklahoma**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUND**  
**JUNE 30, 2014**

|                           | <b>Agency Fund</b> |
|---------------------------|--------------------|
| <b>ASSETS</b>             |                    |
| Cash and cash equivalents | \$214,674          |
| Certificates of deposit   | 106,905            |
| Common stock mutual funds | 144,122            |
| Assessment receivables    | 11,142             |
| <b>Total assets</b>       | <b>\$476,843</b>   |
| <b>LIABILITIES</b>        |                    |
| Amounts held in escrow    | \$476,843          |
| <b>Total liabilities</b>  | <b>\$476,843</b>   |

*The accompanying notes are an integral part of this statement.*

A photograph of a utility pole with several power lines. The pole is a light blue-grey color and has three horizontal arms extending from it. Each arm has a black insulator and a power line. The background is a dense forest of trees with autumn foliage in shades of yellow, orange, and green. The sky is a clear, bright blue. The overall scene is a mix of industrial infrastructure and natural beauty.

## POWER

The City of Stillwater is beginning the process of building a 56 megawatt high efficiency quick start natural gas fired power plant. This project was conceived from a resource feasibility evaluation commissioned in the fall of 2012 to determine if a new electric generation resource was economically feasible because the current Boomer Lake Power Generation Station, built in the 1950s, is nearing the end its useful life.

City of Stillwater, Oklahoma  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2014



## 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," and as amended by GASB Statement No. 61, "The Financial Reporting Entity: Omnibus," 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.

**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 Economic Development Authority:** The Stillwater Economic Development Authority (the “SEDA”) was established by resolution of the City Council on February 19, 1990 as the Stillwater Industrial Redevelopment Authority, 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 authority was renamed via an amendment to the trust on November 5, 2012 as the Stillwater Economic Development Authority. The SEDA 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 SEDA are reported in the accompanying basic financial statements as an enterprise fund.

### Discretely Presented Component Units

**Stillwater Medical Center Authority:** The Stillwater Medical Center Authority (the “Hospital”) was created by a trust indenture dated December 14, 1971, pursuant to Title 60, Oklahoma Statutes 1961, Sections 176 to 180.4, and the Oklahoma Trust Act, to construct, maintain and operate facilities for various types of health care delivery, for use by the State or any political subdivision or municipality of the State and to lease properties from the City. The Hospital is administered by a seven member Board of Trustees consisting of the Mayor, or one other City Councilor, and six other individuals appointed by the City Council. Although the Hospital Board of Trustees hires hospital management, monitors the activities of the Hospital and establishes the rates and charges of the Hospital, the City may remove the Hospital Trustees at will. The Hospital’s operating and capital expenditures, including debt service, are financed entirely by the Hospital’s operating income. All indebtedness of the Hospital is the obligation of the Hospital Trustees, payable solely from the Hospital’s assets. However, approval from the City is required for debt issues in excess of 5% of the then outstanding Hospital debt. The City leases land to the Hospital and is the beneficiary of the trust estate but has no responsibility to fund deficits or subsidize operations. The Hospital has a December 31 year-end. To obtain separate financial statements for the Hospital, contact the Chief Financial Officer, Stillwater Medical Center, 1323 West Sixth Street, Stillwater, Oklahoma 74074.

## BASIS OF PRESENTATION

**Government-wide Financial Statements:** The statement of net position 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 within 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. The Community Development Block Grant Fund is the only special revenue fund active during the fiscal year ending June 30, 2014.

#### 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 long term debt principal, interest and related costs.

#### Capital Projects Fund

The capital projects funds are used to account for the resources restricted for the acquisition or construction of specific capital projects or items and include the following:

- Police/Municipal Building
- Transportation Improvement Fund

#### Enterprise Fund

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 Economic Development 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:

- Property Rehabilitation Escrow
- Business Improvement District Assessments
- Right of Way Escrow
- Performance Guarantee Escrow
- Public Library Donations
- Bond Escheatment Escrow
- Sidewalk Escrow
- Street Assessments

#### Discretely Presented Component Units

A discretely presented component unit is a separate legal entity 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 this component unit is not as closely associated with the City as are the blended component units, it is reported in a discretely presented column on the government-wide financial statements labeled “Component Unit.” The reporting entity includes the following discretely presented component unit:

- Stillwater Medical Center Authority

| <b>Major Governmental Funds:</b>                            | <b>Description</b>  |
|---|---|
| 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.   |
| <b>Major Enterprise Fund:</b>                               |   |
| Stillwater Utilities Authority (SUA)                        | Accounts for the operations of the electric, water, sewer and sanitation system under the Stillwater Utilities Authority, a public trust existing under a Trust Indenture dated April 1, 1979, which was created by an ordinance of the City. |
| <b>Non-Major Funds:</b>                                     |   |
| Governmental Funds:   |   |
| Special Revenue Fund:<br>Community Development Block Grants | Accounts for funds used for the improvements in the community. Funding is provided by the Community Development Block Grant Small Cities Set Aside program, other state and federal grants and local matching funds.                          |
| Debt Service Fund   | Accounts 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 Project Fund:<br>Police/Municipal Building          | Accounts for the resources restricted for the acquisition or construction of the Police/Municipal building.   |
| 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 Economic Development Authority                   | Accounts for expenditures for industrial redevelopment. Financing provided from federal grants, federal loans, city contributions and citizen participation.  |
| <b>Internal Service Fund:</b>                               |   |
| 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 position and statement of activities are presented using the *economic resources measurement focus and the accrual basis of accounting* as are the proprietary fund financial statements. Agency funds have no measurement focus. 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.

## ASSETS, LIABILITIES AND NET POSITION 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. 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 and at the Board’s discretion may subsequently be used for other purposes. As of June 30, 2014, cash and cash equivalents in the amount of \$38,729,991 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 \$830,828 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, and court fines.

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 \$243,382 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 \$5,010,000 for uncollectible accounts receivable based upon historical trends and the existing economic conditions.

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

**INVENTORIES** — Inventories, consisting primarily of materials and supplies, are stated at weighted average cost. The consumption method of accounting is used by the governmental funds; therefore, inventory purchases are recorded in these funds as expenditures as they are used. Inventories are adjusted to annual physical count. 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** — Debt discount and premium are amortized using the straight-line method, which approximates the effective interest method, over the life of the applicable debt. Amortized debt discount and premium are reported as a component of interest expense.

**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 \$800,759. There was no interest capitalized on construction in progress during 2014.

The City acquired water storage space in 1981 for \$1,530,403 which is reported in the SUA fund and business-type activities column in the government-wide financial statements as a capital asset. The water storage space acquired is considered to have an indefinite life. As a result, no amortization will be taken on the space rights.

*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 Position. 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:

| <b>Class of Asset</b>  | <b>Estimated Useful Life</b> |
|------------------------|------------------------------|
| Buildings              | 10 to 70 Years               |
| Other Improvements     | 2 to 70 Years                |
| Equipment and vehicles | 1 to 58 Years                |
| Infrastructure         | 25 to 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, other post-employment benefits, 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 plus hours over 1,000 accrue in the catastrophic leave bank. Catastrophic leave hours are available for use only after all other sick and annual leave has been exhausted. 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%. Hours in an employee's catastrophic leave bank are not eligible for payout.

#### *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.

**DEFERRED INFLOWS** — Deferred inflows of resources arise in governmental funds using the modified accrual basis of accounting to indicate that, although an enforceable legal claim to resources exists, that those resources are not available within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City of Stillwater General Fund has deferred inflows related to municipal court fines receivable at the end of the fiscal year that were not available to pay the liabilities of the current fiscal year. The Debt Service Fund has deferred inflows related to property taxes receivable at the end of the fiscal year that were not available to pay the liabilities of the current fiscal year. Both types of deferred inflows will be recognized as revenue in the next fiscal year when they are available.

## EQUITY CLASSIFICATIONS

### Government-Wide Financial Statements:

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

1. Net investment in capital assets — This component of net position consists of 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. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
2. Restricted — This component of net position consists of constraints placed on net position use either by external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.
3. Unrestricted — This component of net position consists of net positions that do not meet the definition of “net investment in capital assets” or “restricted.”

When both restricted and unrestricted net positions are available for use, it is the City’s policy to use restricted resources first.

### Fund Financial Statements:

As prescribed by GASB Statement No. 54, governmental funds report fund balance classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2014, fund balances for governmental funds are made up of the following:

*Nonspendable fund balance* — includes amounts that are (a) not in spendable form, or (b) legally or contractually required to remain intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.

*Restricted fund balance* — includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. These restrictions arise from bond indentures, City Charter, and votes of the citizens of Stillwater. Restrictions may effectively be changed or lifted only with the consent of the applicable resource providers.

*Committed fund balance* — includes amounts that can only be used for specific purposes determined by a formal action (resolution) of the City’s highest level of decision-making authority, the City Council. Commitments may be changed or lifted only by the City taking the same formal action (resolution) that imposed the constraint originally.

*Assigned fund balance* — comprised of amounts intended to be used by the City for specific purposes that are neither restricted nor committed. Intent is expressed by (1) the City’s Council or (2) a body or official to which the City’s Council has delegated the authority to assign amounts to be used for specific purposes. Such delegation is made to the City Manager, CFO, or applicable department manager at a City Council meeting and is recorded in the meeting minutes.

*Unassigned fund balance* — is the residual classification for the General Fund and includes all amounts not contained in other classifications. Unassigned amounts are technically available for any purpose.

The City considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Additionally, although the City Council has not adopted a formal fund balance policy, the City considers committed, then assigned, then unassigned amounts to have been spent when an expenditure is incurred for purposes for which amounts in any of these unrestricted fund balance classifications could be used.

## NEWLY ADOPTED STANDARDS

During the year, the City or its component unit, adopted the following accounting standards:

- GASB Statement No. 61, “The Financial Reporting Entity: Omnibus, an amendment of SASB Statement No. 14 and No. 34” — This Statement modified certain requirements for inclusion of components units in the financial reporting entity. Under the provisions of this statement, the Hospital changed its reporting entity to exclude the Stillwater Medical Foundation, Inc. as it did not meet the criteria for inclusion as a component unit. Statement No. 61 became effective for reporting periods beginning after June 15, 2012. The implementation of this statement resulted in a decrease of opening position of \$4,297,949 for the Hospital which is reported as a discretely presented component unit on the entity-wide financial statements.
- GASB Statement No. 65, “Items Previously Reported as Assets and Liabilities” — This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The implementation of this statement resulted in a decrease of opening net position of \$219,482 in business type activities as well as a decrease of opening net position of \$101,960 in governmental activities.
- GASB Statement No. 66, “Technical Corrections-2012-and Amendment of GASB Statements No. 10 and No. 62” — The objective of this Statement is to improve accounting and financial reporting by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions” and No. 62, “Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.” This Statement did not have an impact on the City’s financial statements.
- GASB Statement No. 67, “Financial Reporting for Pension Plans-an Amendment of GASB Statement No. 25” — The objective of this Statement is to improve financial reporting by state and local government pension plans. This Statement did not have an impact on the City’s financial 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, 2014 was used to fund the annual debt service requirements of the 2010 General Obligation Refunding bonds.

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 position 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 position, 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.

**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:

| <b>Fund</b>                               | <b>Required by</b> |
|---|--------------------|
| Debt Service Fund                         | State Law          |
| Stillwater Utilities Authority            | Trust Indenture    |
| Stillwater Economic Development 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, 2014, 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:

| Revenue Source                           | Legal Restrictions of Use                   |
|--|---|
| 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, 2014, 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, 2014, 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, 2014, 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, 2014.

| Requirement  | Level of Compliance  |
|--|--|
| Flow of funds:<br>Sales Tax Account<br>Bond Account              | All required accounts have been established and are used per Bond Indenture requirements.  |
| Revenue Bond and Oklahoma Water Resources Board Note Requirement | For the year ended June 30, 2014, available sales tax and revenues, as defined by the bond indentures, was \$77,395,899; bond coverage requirement is operating and maintenance excluding depreciation or \$42,098,204 plus 125% of primary principal and interest plus 100% of subordinate principal and interest or \$1,672,347. Excess coverage was \$33,625,348 or over 20 times the required principal and interest coverage. |

## FUND EQUITY/ NET POSITION 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, 2014, the City did not incur any fund balance deficits.

## 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, 2014 the City's bank balance of \$63,656,984 was not exposed to custodial credit risk. At December 31, 2013, \$1,722,000 of the Hospital's bank balance of \$7,887,000 was uninsured and uncollateralized.

### INTEREST RATE RISK

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. 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 with an average overall portfolio duration greater than 7.5 years.

**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.

At June 30, 2014, 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 |
| Certificates of deposit | **         | \$5,637,237  | \$5,637,237         | \$0 | \$0  | \$0          |
| Mutual Fund             | Not avail. | 144,122      | 144,122             | 0   | 0    | 0            |
| US Agencies-FHLMC       | AA         | 7,479,822    | 0                   | 0   | 0    | 7,479,822    |
|                         |            | \$13,261,181 | \$5,781,359         | \$0 | \$0  | \$7,479,822  |

\*\* Not subject to rating

At December 31, 2013, 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  | \$0                 | \$0         | \$1,245,000 | \$0          |
| U.S. treasury obligations       | 407,115      | 34,992              | 238,527     | 97,216      | 36,380       |
| U.S. agencies obligations       | 3,900,189    | 335,412             | 552,107     | 866,977     | 2,145,693    |
| Corporate bonds                 | 5,590,474    | 98,475              | 1,177,663   | 2,957,421   | 1,356,915    |
| Money market mutual funds       | 13,650,376   | 13,650,376          | 0           | 0           | 0            |
| Mutual funds                    | 9,464,309    | 5,009,365           | 1,993,962   | 2,460,982   | 0            |
|                                 | 34,257,463   | \$19,128,620        | \$3,962,259 | \$7,627,596 | \$3,538,988  |
| Corporate stocks                | 10,761,812   |                     |             |             |              |
| Accrued investment income       | 103,851      |                     |             |             |              |
|                                 | \$45,123,126 |                     |             |             |              |

*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 City's defined benefit plan invests in domestic common stocks with ratings ranging from C to A+ as well as some that do not have a rating available and some that are not rated. Foreign stocks of the City's defined benefit plan have ratings from B to B+ with some that do not have a rating available and some that are not rated. The real estate investments of the City's defined benefits plan has ratings ranging from B- to B+.

The Hospital's policy is to limit its investments to a credit rating of no less than investment grade and 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 AAA by Standard and Poor's. The money market mutual funds of the Hospital are rated AAAM by Standard and Poor's. Certain Hospital investments, which include guaranteed investment contracts, U.S. agencies obligations, and mutual funds 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 issuer, other than the U.S. government or its agencies, to 10% of the fair value of the fixed income portfolio and to 5% of the fair value of the equity portfolio. At December 31, 2013, no investments exceeded 5% of the total value of all Hospital investments.

*Custodial Risk* — Custodial risk is the risk that, in the event of the failure of the counterparty, the Government will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The City's investment policy does not address custodial risk. However, the City's investments are in the City's name, thus the City has no custodial risk at June 30, 2014. The Hospital's investment policy does not address how these securities are to be held.

#### SUMMARY OF CARRYING VALUES

| <b>Carrying Amounts</b>  | <b>Primary Government</b> | <b>Component Unit</b> | <b>Total</b>  |
|--|---------------------------|-----------------------|---------------|
| Deposits   | \$70,535,156              | \$7,588,083           | \$78,123,239  |
| Investments  | 13,261,181                | 45,123,126            | 58,384,307    |
|  | \$83,796,337              | \$52,711,209          | \$136,507,546 |
| <i>Reconciliation to Government-wide Statement of Net Position</i> |                           |                       |               |
| <i>Included in the Following captions:</i>                         |                           |                       |               |
| Cash and cash equivalents  | \$71,686,905              | \$12,840,303          | \$84,527,208  |
| Investments  | 8,969,691                 | 37,208,278            | 46,177,969    |
| Restricted cash and cash equivalents                               | 2,674,040                 | 1,049,654             | 3,723,694     |
| Restricted investments   | 0                         | 1,612,974             | 1,612,974     |
| Fiduciary funds  | 465,701                   | 0                     | 465,701       |
|  | \$83,796,337              | \$52,711,209          | \$136,507,546 |

## ACCOUNTS RECEIVABLE

The accounts receivable of the governmental activities consist of franchise taxes, police fines, E-911, rural fire charges, and stormwater fee receivables. Rural fire charges are 11% of the total. Police fines are 14 percent of the total while cable franchise taxes are 25 percent of the total. The remaining receivables are intergovernmental and/or 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 \$344,724 at June 30, 2014, 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, 2014, 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, 2014, cash and cash equivalents, classified as current, in the amount of \$12,140 was restricted for this purpose.

Cash and cash equivalents received from customers as a water tie-on charge for new connections to the water distribution system are restricted by an ordinance of the City for the purpose of financing future construction of extensions and improvements to the water distribution system of the City. Cash and cash equivalents, classified as non-current, in the amount of \$570,700 at June 30, 2014, were restricted for this purpose.

Cash and cash equivalents received from utility customers for payment of the Western Payne County Ambulance Trust Authority (WPCATA) subscription fee are restricted in their use. Per agreement, the SUA remits to the WPCATA, on a monthly basis, all money collected from said charge. As of June 30, 2014, cash and equivalents, classified as current, in the amount of \$72,488 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, 2014, cash and cash equivalents in the amount of \$1,619,232 of which \$1,047,077 is classified as current and \$572,155 is classified as non-current, have been restricted for customer deposits.

## CAPITAL ASSETS

Capital asset activity was as follows:

|   | Balance<br>June 30, 2013     | Increases    | Decreases    | Balance<br>June 30, 2014     |
|---|------------------------------|--------------|--------------|------------------------------|
| <b>PRIMARY GOVERNMENT:</b>                    |                              |              |              |                              |
| <i>Governmental Activities:</i>               |                              |              |              |                              |
| Capital assets not being depreciated:         |                              |              |              |                              |
| Land  | \$7,657,918                  | \$679,908    | \$7,600      | \$8,330,226                  |
| Construction-in-progress                      | 11,510,970                   | 2,956,494    | 10,880,137   | 3,587,327                    |
| Total capital assets not being depreciated    | 19,168,888                   | 3,636,402    | 10,887,737   | 11,917,553                   |
| Other capital assets:                         |                              |              |              |                              |
| Buildings                                     | 24,157,929                   | 0            | 0            | 24,157,929                   |
| Other improvements                            | 152,635,363                  | 11,715,331   | 12,736       | 164,337,958                  |
| Machinery and equipment                       | 20,958,308                   | 1,389,238    | 556,479      | 21,791,067                   |
| Total other capital assets at historical cost | 197,751,600                  | 13,104,569   | 569,215      | 210,286,954                  |
| Less accumulated depreciation for:            |                              |              |              |                              |
| Buildings                                     | 8,615,290                    | 534,502      | 0            | 9,149,792                    |
| Other improvements                            | 97,977,472                   | 5,893,009    | 12,736       | 103,857,745                  |
| Machinery and equipment                       | 16,531,754                   | 788,110      | 514,936      | 16,804,928                   |
| Total accumulated depreciation                | 123,124,516                  | 7,215,621    | 527,672      | 129,812,465                  |
| Other capital assets, net                     | 74,627,084                   | 5,888,948    | 41,543       | 80,474,489                   |
| Governmental activities capital assets, net   | \$93,795,972                 | \$9,525,350  | \$10,929,280 | \$92,392,042                 |
| <i>Business-type Activities:</i>              |                              |              |              |                              |
| Capital assets not being depreciated:         |                              |              |              |                              |
| Land  | \$2,025,595                  | \$0          | \$0          | \$2,025,595                  |
| Intangible assets                             | 1,530,403                    | 0            | 0            | 1,530,403                    |
| Construction-in-progress                      | 2,714,309                    | 5,537,266    | 1,989,037    | 6,262,538                    |
| Total capital assets not being depreciated    | 6,270,307                    | 5,537,266    | 1,989,037    | 9,818,536                    |
| Other capital assets:                         |                              |              |              |                              |
| Buildings                                     | 4,945,212                    | 0            | 0            | 4,945,212                    |
| Other improvements                            | 29,709,716                   | 0            | 0            | 29,709,716                   |
| Machinery and equipment                       | 28,009,807                   | 1,004,949    | 408,008      | 28,606,748                   |
| Intangible assets                             | 74,054                       | 0            | 0            | 74,054                       |
| Utility plant in service                      | 193,044,736                  | 2,467,557    | 59,823       | 195,452,470                  |
| Total other capital assets at historical cost | 255,783,525                  | 3,472,506    | 467,831      | 258,788,200                  |
| Less accumulated depreciation for:            |                              |              |              |                              |
| Buildings                                     | 3,305,372                    | 185,379      | 0            | 3,490,751                    |
| Other improvements                            | 15,239,488                   | 920,942      | 0            | 16,160,430                   |
| Machinery and equipment                       | 15,321,590                   | 1,355,187    | 343,222      | 16,333,555                   |
| Utility plant in service                      | 104,776,181                  | 5,549,644    | 56,642       | 110,269,183                  |
| Less amortization for intangible assets:      | 74,054                       | 0            | 0            | 74,054                       |
| Total accumulated depreciation/amortization   | 138,716,685                  | 8,011,152    | 399,864      | 146,327,973                  |
| Other capital assets, net                     | 117,066,840                  | (4,538,646)  | 67,967       | 112,460,227                  |
| Business-type activities capital assets, net  | \$123,337,147                | \$998,620    | \$2,057,004  | \$122,278,763                |
| <b>COMPONENT UNITS:</b>                       |                              |              |              |                              |
|   | Balance<br>December 31, 2012 | Increases    | Decreases    | Balance<br>December 31, 2013 |
| <i>Stillwater Medical Center Authority:</i>   |                              |              |              |                              |
| Capital assets not being depreciated:         |                              |              |              |                              |
| Land  | \$2,115,409                  | \$2,354,664  | \$0          | \$4,470,073                  |
| Construction-in-progress                      | 4,175,064                    | 4,713,388    | 7,487,571    | 1,400,881                    |
| Total capital assets not being depreciated    | 6,290,473                    | 7,068,052    | 7,487,571    | 5,870,954                    |
| Other capital assets:                         |                              |              |              |                              |
| Land improvements                             | 1,343,974                    | 0            | 0            | 1,343,974                    |
| Building, improvements and fixed equipment    | 52,228,271                   | 5,725,963    | 36,649       | 57,917,585                   |
| Major moveable equipment                      | 57,283,253                   | 4,572,786    | 423,340      | 61,432,699                   |
| Total other at capital assets                 | 110,855,498                  | 10,298,749   | 459,989      | 120,694,258                  |
| Less accumulated depreciation:                |                              |              |              |                              |
| Other capital assets, net                     | 68,467,366                   | 6,566,029    | 318,631      | 74,714,764                   |
| Other capital assets, net                     | 42,388,132                   | 3,732,720    | 141,358      | 45,979,494                   |
| Capital assets, net                           | \$48,678,605                 | \$10,800,772 | \$7,628,929  | \$51,850,448                 |

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

| <b>PRIMARY GOVERNMENT:</b>                              |                    |
|---|--------------------|
| <i>Governmental Activities:</i>                         |                    |
| Public Safety   | \$484,271          |
| Recreation and Culture                                  | 604,647            |
| General Government                                      | 575,991            |
| Streets and Sewers                                      | 5,546,454          |
| Health and Welfare                                      | 4,258              |
| Total depreciation expense for governmental activities  | <u>\$7,215,621</u> |
| <i>Business-type Activities:</i>                        |                    |
| Stillwater Utilities Authority                          | \$7,057,762        |
| Airport (includes amortization of intangible assets)    | 951,157            |
| Stillwater Economic Development Authority               | 2,233              |
| Total depreciation expense for business-type activities | <u>\$8,011,152</u> |
| <b>COMPONENT UNITS:</b>                                 |                    |
| Stillwater Medical Center Authority                     | <u>\$6,566,029</u> |

## INTERFUND RECEIVABLES AND PAYABLES

Individual interfund receivable and payable balances at June 30, 2014 were as follows:

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

| <b>Advances from</b>              | <b>Advances to</b>                      |
|-----------------------------------|---|
| Stillwater Public Works Authority | Non Major Enterprise Funds<br>\$161,666 |

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.

| <b>DUE TO</b>                   | <b>DUE FROM</b>     |                                       |                  |
|---------------------------------|---------------------|---------------------------------------|------------------|
|                                 | <b>General Fund</b> | <b>Stillwater Utilities Authority</b> | <b>Total</b>     |
| General Fund                    | \$0                 | \$234,860                             | \$234,860        |
| Non Major Governmental funds    | 30,720              | 0                                     | 30,720           |
| Transportation Improvement fund | 411                 | 0                                     | 411              |
| Non Major Proprietary funds     | 3,284               | 0                                     | 3,284            |
| Stillwater Utilities Authority  | 73,032              | 0                                     | 73,032           |
|                                 | <u>\$107,447</u>    | <u>\$234,860</u>                      | <u>\$342,307</u> |

## INTERFUND TRANSFERS

Interfund transfers were made to fund cash shortages in the various funds as needed. These shortages occurred due to operating expenditures exceeding fund revenues. Interfund transfers reported in the fund financial statements for the year ended June 30, 2014, consisted of the following:

| TRANSFER IN                     | TRANSFER OUT |                                 |                       |                            |                                | Total        |
|---------------------------------|--------------|---------------------------------|-----------------------|----------------------------|--------------------------------|--------------|
|                                 | General Fund | Transportation Improvement Fund | Non Major Gov't Funds | Non Major Enterprise Funds | Stillwater Utilities Authority |              |
| General Fund                    | \$0          | \$20,033                        | \$251,912             | \$2,540                    | \$13,560,375                   | \$13,834,860 |
| Transportation Improvement Fund | 4,185,382    | 0                               | 0                     | 0                          | 0                              | 4,185,382    |
| Stillwater Utilities Authority  | 8,570,765    | 2,092,691                       | 0                     | 0                          | 0                              | 10,663,456   |
| Non Major Enterprise Funds      | 1,482,275    | 0                               | 0                     | 0                          | 0                              | 1,482,275    |
|                                 | \$14,238,422 | \$2,112,724                     | \$251,912             | \$2,540                    | \$13,560,375                   | \$30,165,973 |

## 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, 2014, the governmental activities long-term debt consisted of the following:

|  |                    |
|--|--------------------|
| <b>General Obligation Bonds:</b>   |                    |
| \$8,390,000 Refunding Bonds of 2010, due in annual installments ranging from \$795,000 to \$815,000 with a final payment of \$350,000 due June 1, 2021, interest rate of 4.00%   | \$5,155,000        |
| Plus unamortized premium   | 442,899            |
| Total general obligation bonds   | <u>\$5,597,899</u> |
| Current portion  | 810,000            |
| Non-current portion  | 4,787,899          |
| Total general obligation bonds   | <u>\$5,597,899</u> |
| <b>Accrued Compensated Absences-Governmental Activities:</b>   |                    |
| Current portion  | \$50,733           |
| Non-current portion  | 2,291,132          |
| Total accrued compensated absences   | <u>\$2,341,865</u> |
| <b>Stillwater Public Works Authority</b>   |                    |
| <b>Refundable Grant Obligations:</b>   |                    |
| 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 SEDA and Nomadics, Inc. |                    |
| Total refundable grant obligations   | \$161,666          |
| Current portion  | \$21,667           |
| Non-current portion  | 139,999            |
| Total general obligation bonds   | <u>\$161,666</u>   |

**BUSINESS-TYPE ACTIVITIES:**

As of June 30, 2014, 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  | \$1,280,056         |
| 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   | 2,072,337           |
| 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   | 4,768,716           |
| 2007 Revenue Note Payable dated December 5, 2007, original amount of \$6,010,000, secured by dedicated 1/2 cent sales tax revenues, interest rate of 3.68%, semiannual installments of principal and interest commencing December 1, 2008, through December 1, 2016  | 2,025,000           |
| 2009 OWRB DWSRF Note Payable dated November 24, 2009, original amount of \$11,645,000, \$2,000,000 in principal forgiveness from American Recovery and Reinvestment Act (ARRA) grant funds, secured by utility revenues, 2.84% interest plus an administrative fee of 0.5%, semiannual principal and interest commencing March 15, 2013 through September 15, 2032 | 8,958,745           |
| 2009 OWRB CWSRF Notes Payable dated November 24, 2009, original amount of \$1,875,000, \$578,999 in principal forgiveness from ARRA grant funds, secured by utility revenues, 2.34% interest plus an administrative fee of 0.5%, semiannual principal and interest commencing March 15, 2011 through September 15, 2030  | 1,058,971           |
| 2010 Revenue Note dated September 23, 2010, original amount of \$6,075,000, secured by dedicated 1/2 cent sales tax revenues, interest at 2.33%, semiannual installments of principal and interest commencing December 1, 2010 through December 1, 2016  | 2,620,000           |
| United States Army Corp of Engineers Note dated September 26, 1980, original amount of \$1,530,403, 3.222% interest, annual interest and principal installments commencing August 27, 1984 through August 27, 2034   | 908,594             |
| Total notes payable  | <u>\$23,692,419</u> |
| Current portion  | \$3,025,949         |
| Non-current portion  | <u>20,666,470</u>   |
| Total notes payable  | <u>\$23,692,419</u> |

**Capital Lease Obligations:**

|   |                    |
|---|--------------------|
| Total machinery and equipment financed by capital lease obligations | \$5,008,124        |
| Less accumulated depreciation                                       | <u>(1,616,794)</u> |
| Net assets financed by leases                                       | <u>\$3,391,330</u> |

Borrowings have been advanced pursuant to a credit agreement with Bank of America, N.A. that provides for the purchase of equipment until February 28, 2018. Total borrowings are limited to \$5.2 million with a fixed interest rate determined at the time of funding. Total borrowing under this credit agreement at June 30, 2014 was \$2.5 million. Certain schedules under the Bank of America, N.A. master lease agreement were assigned to Capital One Public Financing, LLC on March 22, 2012. Those schedules are denoted with a (\*) below.

|  |                  |
|--|------------------|
| \$20,161 capital lease with Capital One for equipment, fixed interest rate of 3.0902%, monthly installments commencing April 15, 2010 through March 15, 2015*          | \$3,226          |
| \$391,032 capital lease with Capital One for equipment, fixed interest rate of 3.1942%, monthly installments commencing April 30, 2010 through March 30, 2015*         | 62,704           |
| \$481,057 capital lease with Capital One for equipment, fixed interest rate of 3.2397%, monthly installments commencing May 15, 2010 through April 15, 2015*           | 85,676           |
| \$201,802 capital lease with Capital One for equipment, fixed interest rate of 3.1617%, monthly installments commencing June 15, 2010 through June 15, 2015*           | 42,291           |
| \$54,783 capital lease with Capital One for equipment, fixed interest rate of 3.1487%, monthly installments commencing June 15, 2010 through May 15, 2015*             | 10,681           |
| \$12,524 capital lease with Capital One for equipment, fixed interest rate of 2.9342%, monthly installments commencing July 30, 2010 through June 30, 2015*            | 2,653            |
| \$245,932 capital lease with Capital One for equipment, fixed interest rate of 2.8172% monthly installments commencing August 30, 2010 through July 30, 2015*          | 56,260           |
| \$223,024 capital lease with Capital One for equipment, fixed interest rate of 2.6612%, monthly installments commencing September 30, 2010 through August 30, 2015*    | 54,721           |
| \$43,166 capital lease with Capital One for equipment, fixed interest rate of 2.6677%, monthly installments commencing October 15, 2010 through September 15, 2015*    | 11,337           |
| \$313,375 capital lease with Capital One for equipment, fixed interest rate of 2.6612%, monthly installments commencing January 15, 2011 through December 15, 2015*    | 98,423           |
| \$15,000 capital lease with Capital One for equipment, fixed interest rate of 2.9082%, monthly installments commencing April 30, 2011 through March 30, 2016*          | 5,499            |
| \$19,548 capital lease with Capital One for equipment, fixed interest rate of 2.6612%, monthly installments commencing July 30, 2011 through June 30, 2016*            | 8,132            |
| \$124,760 capital lease with Capital One for equipment, fixed interest rate of 2.4337%, monthly installments commencing October 30, 2011 through September 30, 2016*   | 58,057           |
| \$141,282 capital lease with Capital One for equipment, fixed interest rate of 2.1552%, monthly installments commencing November 15, 2011 through October 15, 2014*    | 16,153           |
| \$258,550 capital lease with Capital One for equipment, fixed interest rate of 2.5442%, monthly installments commencing January 15, 2012 through December 15, 2016*    | 133,380          |
| \$170,785 capital lease with Bank of America for equipment, fixed interest rate of 2.1422%, monthly installments commencing February 29, 2012 through January 30, 2015 | 34,081           |
| \$123,127 capital lease with Bank of America for equipment, fixed interest rate of 2.4857%, monthly installments commencing February 29, 2012 through January 30, 2017 | 65,541           |
| \$92,387 capital lease with Bank of America for equipment, fixed interest rate of 2.4597%, monthly installments commencing June 15, 2012 through May 15, 2017          | 55,267           |
| \$80,244 capital lease with Bank of America for equipment, fixed interest rate of 2.3687%, monthly installments commencing September 30, 2012 through August 30, 2017  | 51,952           |
| \$62,427 capital lease with Bank of America for equipment, fixed interest rate of 2.3167%, monthly installments commencing October 30, 20 through September 30, 2017   | 41,410           |
| \$412,263 capital lease with Bank of America for equipment, fixed interest rate of 2.2972%, monthly installments commencing January 30, 2013 through December 30, 2017 | 293,680          |
| \$223,323 capital lease with Bank of America for equipment, fixed interest rate of 2.3882%, monthly installments commencing March 30, 2013 through February 28, 2018   | 166,438          |
| \$286,920 capital lease with Bank of America for equipment, fixed interest rate of 2.3362%, monthly installments commencing April 15, 2013 through March 15, 2018      | 218,298          |
| \$78,040 capital lease with Bank of America for equipment, fixed interest rate of 2.3687%, monthly installments commencing May 15, 2013 through April 15, 2018         | 60,676           |
| \$122,925 capital lease with Bank of America for equipment, fixed interest rate of 2.3362%, monthly installments commencing May 30, 2013 through April 30, 2018        | 95,562           |
| \$524,527 capital lease with Bank of America for equipment, fixed interest rate of 2.3622%, monthly installments commencing June 30, 2013 through May 30, 2018         | 416,098          |
| \$324,915 capital lease with Bank of America for equipment, fixed interest rate of 2.4792%, monthly installments commencing January 30, 2014 through December 30, 2018 | 294,447          |
| Total capital leases   | <u>2,442,643</u> |
| Current portion  | 973,478          |
| Non-current portion  | <u>1,469,165</u> |
| Total capital leases   | <u>2,442,643</u> |

**Accrued Compensated Absences – Business-type activities:**

|                                    |                  |
|------------------------------------|------------------|
| Current portion                    | \$67,398         |
| Non-current portion                | <u>757,763</u>   |
| Total accrued compensated absences | <u>\$825,161</u> |

**COMPONENT UNIT:**

As of December 31, 2013, the long-term liabilities of the City's component unit consisted of the following:

**STILLWATER MEDICAL CENTER AUTHORITY****Revenue Bonds:**

|  |                     |
|--|---------------------|
| 2005 Series A Revenue bonds original issue amount of \$12,715,000, dated March 1, 2005, secured by gross revenues and trustee-held assets, interest rates from 4.50% to 5.25%, principal paid annually and interest paid semiannually through May 15, 2019       | \$6,285,000         |
| 2003 series Revenue bonds original issue amount of \$7,000,000 dated November 13, 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 | <u>7,000,000</u>    |
| Total revenue bonds  | <u>\$13,285,000</u> |
| Current portion  | \$990,000           |
| Non-current portion  | <u>12,295,000</u>   |
| Total revenue bonds  | <u>\$13,285,000</u> |

**Capital Lease Obligations:**

|  |                    |
|--|--------------------|
| Total capital assets financed by capital lease obligations   | \$1,316,454        |
| Less accumulated depreciation  | <u>(214,135)</u>   |
| Net assets financed by capital lease obligations   | <u>\$1,102,319</u> |
| Capital leases issued for equipment, interest rates from 1.89% to 5.00%, installments payable through 2017 | <u>\$1,284,636</u> |
| Current portion  | \$137,309          |
| Non-current portion  | <u>1,147,327</u>   |
| Total capital lease obligations  | <u>\$1,284,636</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.

The following is a summary of the changes in long-term liabilities:

| <i>Type of Debt</i>                        | <b>Balance<br/>June 30, 2013</b>     | <b>Additions</b>   | <b>Reductions</b>  | <b>Balance<br/>June 30, 2014</b>     | <b>Amounts Due<br/>Within One Year</b> |
|--|--------------------------------------|--------------------|--------------------|--------------------------------------|--|
| <b>PRIMARY GOVERNMENT</b>                  |                                      |                    |                    |                                      |  |
| <b>Governmental Activities</b>             |                                      |                    |                    |                                      |  |
| General obligation bonds                   | \$6,476,120                          | \$0                | \$878,221          | \$5,597,899                          | \$810,000                              |
| Refundable grant obligations               | 183,333                              | 0                  | 21,667             | 161,666                              | 21,667                                 |
| Accrued compensated absences               | 2,291,132                            | 2,190,934          | 2,140,201          | 2,341,865                            | 50,733                                 |
| Other post employment benefits obligations | 2,180,663                            | 430,818            | 45,501             | 2,565,980                            | 0                                      |
| <b>Total governmental activities</b>       | <b>\$11,131,248</b>                  | <b>\$2,621,752</b> | <b>\$3,085,590</b> | <b>\$10,667,410</b>                  | <b>\$882,400</b>                       |
| <b>Business-type Activities</b>            |                                      |                    |                    |                                      |  |
| Capital lease obligations                  | \$3,233,271                          | \$324,915          | \$1,115,543        | \$2,442,643                          | \$973,478                              |
| Notes payable                              | 25,779,455                           | 848,439            | 2,935,475          | 23,692,419                           | 3,025,949                              |
| Refundable grant obligation                | 38,563                               | 239,900            | 218,227            | 60,236                               | 60,236                                 |
| Customer deposits                          | 1,642,880                            | 849,841            | 861,809            | 1,630,912                            | 1,047,077                              |
| Accrued compensated absences               | 782,894                              | 830,560            | 788,293            | 825,161                              | 67,398                                 |
| Other post employment benefits obligations | 898,811                              | 212,801            | 24,501             | 1,087,111                            | 0                                      |
| <b>Total business-type activities</b>      | <b>\$32,375,874</b>                  | <b>\$3,306,456</b> | <b>\$5,943,848</b> | <b>\$29,738,482</b>                  | <b>\$5,174,138</b>                     |
|  | <b>Balance<br/>December 31, 2012</b> | <b>Addition</b>    | <b>Reductions</b>  | <b>Balance<br/>December 31, 2013</b> | <b>Amounts Due<br/>Within One Year</b> |
| <b>COMPONENT UNIT:</b>                     |                                      |                    |                    |                                      |  |
| Stillwater Medical Center Authority        |                                      |                    |                    |                                      |  |
| Revenue bonds payable; net                 | \$14,235,000                         | \$0                | \$950,000          | \$13,285,000                         | \$990,000                              |
| Capital lease obligations                  | 727,503                              | 588,827            | 31,694             | 1,284,636                            | 137,309                                |
| <b>Total component unit</b>                | <b>\$14,962,503</b>                  | <b>\$588,827</b>   | <b>\$981,694</b>   | <b>\$14,569,636</b>                  | <b>\$1,127,309</b>                     |

For governmental activities, compensated absences and net OPEB obligations are generally liquidated by the general fund.

## 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, 2014 are as follows:

| <b>GOVERNMENT ACTIVITIES</b> |                            |                  |                                     |                 |
|------------------------------|----------------------------|------------------|-------------------------------------|-----------------|
| <b>Year Ending</b>           | <u>GENERAL OBLIGATIONS</u> |                  | <u>REFUNDABLE GRANT OBLIGATIONS</u> |                 |
| <b>June 30,</b>              | <b>Principal</b>           | <b>Interest</b>  | <b>Principal</b>                    | <b>Interest</b> |
| 2015                         | \$810,000                  | \$206,200        | \$21,667                            | \$0             |
| 2016                         | 805,000                    | 173,800          | 21,677                              | 0               |
| 2017                         | 800,000                    | 141,600          | 21,677                              | 0               |
| 2018                         | 800,000                    | 109,600          | 21,677                              | 0               |
| 2019                         | 795,000                    | 77,600           | 21,677                              | 0               |
| 2020-2024                    | 1,145,000                  | 59,800           | 53,331                              | 0               |
| <b>Total</b>                 | <b>\$5,155,000</b>         | <b>\$768,600</b> | <b>\$161,666</b>                    | <b>\$0</b>      |

| <b>BUSINESS-TYPE ACTIVITIES</b> |                      |                    |                       |                 |
|---------------------------------|----------------------|--------------------|-----------------------|-----------------|
| <b>Year Ending</b>              | <u>NOTES PAYABLE</u> |                    | <u>CAPITAL LEASES</u> |                 |
| <b>June 30,</b>                 | <b>Principal</b>     | <b>Interest</b>    | <b>Principal</b>      | <b>Interest</b> |
| 2015                            | \$3,025,949          | \$624,184          | \$973,478             | \$48,275        |
| 2016                            | 3,126,033            | 543,841            | 603,342               | 28,171          |
| 2017                            | 2,234,381            | 458,112            | 501,879               | 14,844          |
| 2018                            | 1,302,434            | 413,965            | 329,585               | 4,371           |
| 2019                            | 1,331,401            | 382,921            | 34,359                | 249             |
| 2020-2024                       | 6,331,816            | 1,407,980          | 0                     | 0               |
| 2025-2029                       | 3,751,152            | 740,604            | 0                     | 0               |
| 2030-2034                       | 2,530,922            | 187,134            | 0                     | 0               |
| 2035-2039                       | 58,331               | 1,879              | 0                     | 0               |
| <b>Total</b>                    | <b>\$23,692,419</b>  | <b>\$4,760,620</b> | <b>\$2,442,643</b>    | <b>\$95,910</b> |

| <b>COMPONENT UNIT</b> |                      |                    |                       |                  |
|-----------------------|----------------------|--------------------|-----------------------|------------------|
| <b>Year Ending</b>    | <u>REVENUE BONDS</u> |                    | <u>CAPITAL LEASES</u> |                  |
| <b>December 31,</b>   | <b>Principal</b>     | <b>Interest</b>    | <b>Principal</b>      | <b>Interest</b>  |
| 2014                  | \$990,000            | \$689,862          | \$87,537              | \$74,511         |
| 2015                  | 1,050,000            | 636,312            | 597,746               | 17,713           |
| 2016                  | 1,100,000            | 579,875            | 475,584               | 10,329           |
| 2017                  | 1,155,000            | 522,125            | 123,769               | 2,801            |
| 2018                  | 1,180,000            | 469,000            | 0                     | 0                |
| 2019-2023             | 7,810,000            | 1,412,906          | 0                     | 0                |
| <b>Total</b>          | <b>\$13,285,000</b>  | <b>\$4,310,080</b> | <b>\$1,284,636</b>    | <b>\$105,354</b> |

## 4. EMPLOYEE PENSION AND OTHER BENEFIT PLANS

### NONUNIFORMED EMPLOYEES

#### Defined Contribution Plan - OMRF

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, subject to Internal Revenue Service limitations. 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, 2014, was \$1,873,542 which consisted of \$900,145 (net of \$176,548 in forfeitures) from the City and \$973,397 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 \$1,987,000 from the Hospital and \$1,097,000 from employees for the year ended December 31, 2013. Forfeitures of \$238,161 were applied to the Hospital's required 6% contribution.

#### Defined Contribution Plan – OMRF – City Manager Plan

The City also provides a defined contribution plan available to any person who is in the position of City Manager. Employees are eligible on the employee's employment commencement date. The City has elected the variable funding option. The City intends to make a contribution to the Plan for the benefit of the participants on a monthly basis. The contribution may be varied from year to year by the City. The City's contributions for each employee (and interest allocated to the employee's account) are vested at 100% immediately upon the participation date. Benefits depend solely on amounts contributed to the plan plus investment earnings. The authority to establish and amend the provisions of the plan rests with the City Council. The City contributes 13% to the plan and the employee contributes 3% to the plan. The total contributions for the year ended June

30, 2014 was \$24,348 which consisted of \$19,783 from the City and \$4,565 from employees.

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. This plan is closed to new entrants. The plan is administered and reported by the Oklahoma Municipal Retirement Fund (OMRF) as an agent multiple-employer plan. There is no annual pension cost or annual required contribution associated with this plan. Although this plan is considerably overfunded, the plan assets are not available for City operations until such time as the obligation to pay the two remaining retirees is exhausted.

The administrator’s investment policy limits the concentration of each portfolio manager. No direct investment in any one organization represents 5% or more of the net assets held in trust for pension benefits.

Contributions to the plan and actuarial information are reported based on an interest rate assumption of 7.5% per annum, an UP 94 projected mortality, 3% per annum cost of living adjustments and a retirement age of 65. Due to the changing nature of these assumptions, it is at least reasonably possible that changes in these assumptions may occur in the near term and, due to uncertainties inherent in setting assumptions, that the effect of such changes could be material. A separately issued financial report is available at: OMRF, 525 Central Park Drive, Suite 320, Oklahoma City, OK 73105.

As of January 1, 2014 the funded status of the defined benefit plan was as follows:

|   |               |
|---|---------------|
| Actuarial accrued liability (AAL)                 | \$27,943      |
| Actuarial value of plan assets                    | 7,266,000     |
| (Overfunded) actuarial accrued liability (UAAL)   | \$(7,238,057) |
| Funded ratio (actuarial value of plan assets/AAL) | 26003%        |
| 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.

|  | <b>Oklahoma Police Pension and Retirement System</b>   | <b>Oklahoma Firefighter's Pension and Retirement System</b>  |
|--|--|--|
| Obtaining separately issued financial statements                   | Police Pension and Retirement<br>1001 N.W. 63rd St. Suite 305<br>Oklahoma City Ok 73116-7335   | Firefighters Pension & Retirement<br>4545 N. Lincoln Blvd. Suite 265<br>Oklahoma City, Ok. 73105-3414  |
| Authority establishing contribution obligations and benefits       | State Statute  | State Statute  |
| 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 participating municipality hired before age 45  |
| Employee's required contribution rate (percent of covered payroll) | 8%   | 9%   |
| City's required contribution rate (percent of covered payroll)     | 13%  | 14%  |
| 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; reduced benefits if vested at or after age 50 or after 10 but before 20 years of credited service | 20 years credited service, 2.5% of final average salary multiplied by the years of credited service with a maximum of 30 years considered; reduced benefits if vested at or after age 50 or after 10 but before 20 years of credited service |
| Deferred retirement option   | Yes. 20 years credited service with continued service for a maximum of 30 years  | Yes. 20 years credited service with continued service for a maximum of 30 years  |
| Provisions for: Cost of living adjustments (normal retirement)     | Yes  | Yes  |
| Death (duty, non-duty, post-retirement)                            | Yes  | Yes  |
| Disability (duty, non-duty)  | Yes  | Yes  |
| Cost of living allowances  | Yes  | Yes  |

Retirement System Trend Information:

Contributions required by State statute:

| Fiscal Year | OKLAHOMA POLICE AND PENSION RETIREMENT SYSTEM        |      | OKLAHOMA FIREFIGHTER'S PENSION AND RETIREMENT SYSTEM |      |
|-------------|--|------|--|------|
|             | City's Required Contribution /Percentage Contributed |      | City's Required Contribution/Percentage Contributed  |      |
| 2010        | \$574,277  | 100% | \$583,934  | 100% |
| 2011        | 569,206  | 100% | 583,934  | 100% |
| 2012        | 612,606  | 100% | 571,980  | 100% |
| 2013        | 649,483  | 100% | 577,517  | 100% |
| 2014        | 650,255  | 100% | 651,083  | 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 \$580,711 and \$1,333,897, respectively.

Related Party Investments

As of June 30, 2014 the Systems held no related-party investments of the City or of its related entities.

**5. RISK MANAGEMENT**

As of June 30, 2014, claims outstanding against the City and its public authorities were \$1,637,920 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 \$120,000 per individual. 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 position. All claims are paid from the consolidated cash account, funded by the General Fund. Changes in the balances of claims liabilities during fiscal years 2013-2014 and 2012-2013 were as follows:

|           | Beginning Liability Balance | Current Year Claims and Changes in Estimates | Claim Payments | Ending Liability Balance |
|-----------|-----------------------------|--|----------------|--------------------------|
| 2013-2014 | \$1,773,238                 | \$4,436,853                                  | \$4,572,171    | \$1,637,920              |
| 2012-2013 | 2,343,687                   | 2,917,534                                    | 3,487,983      | 1,773,238                |

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 and workers compensation claims. Settled claims have not exceeded any commercial insurance coverage in any three preceding years.

The Hospital is self-insured for health claims of participating employees and dependents up to an annual aggregate amount of approximately \$150,000 and any amounts over \$1,000,000. The Hospital purchases annual stop-loss insurance coverage for claims in excess of \$150,000 up to \$1,000,000.

The Hospital is self-insured for risks related to workers' compensation claims up to \$400,000 per occurrence with an annual liability of \$1,000,000 in the aggregate.

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 2013 and 2012 is summarized as follows:

|      | <b>Beginning Liability Balance</b> | <b>Current Year Claims and Changes in Estimates</b> | <b>Claim Payments</b> | <b>Ending Liability Balance</b> |
|------|------------------------------------|---|-----------------------|---------------------------------|
| 2013 | \$2,288,155                        | \$7,075,619   | \$7,844,326           | \$1,519,448                     |
| 2012 | 892,681                            | 5,700,510   | 4,305,036             | 2,288,155                       |

## 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.

In July 2006, SUA and Rural Water Corporation No 3 entered into a purchase agreement in which the Authority agreed to consolidate the two water distribution systems. 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 specific improvements and upgrades to be made

to the system and provides a timeline for completion. All improvements and upgrades are subject to funding availability.

The Hospital has commitments for noncancellable operating leases for equipment and building space which expire in various years through December 2027. 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, 2013, were approximately:

|              |                    |
|--------------|--------------------|
| 2014         | \$953,000          |
| 2015         | 962,000            |
| 2016         | 972,000            |
| 2017         | 935,000            |
| 2018         | 868,000            |
| 2019-2022    | 3,362,000          |
| 2023-2027    | 1,482,000          |
| <b>Total</b> | <b>\$9,534,000</b> |

## 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 post-retirement health care benefits to all employees who retire from the City on or after attaining age 55 with at least 10 years of service. Police and Fire personnel are eligible based on the retirement requirements for their pension plans. The election to participate must be made at the time of separation from service. At June 30, 2014, fourteen retiree-related participants (retirees, and/or spouses, and/or families) were participating in the City health care plan. There were three retirees who met the eligibility requirements at June 30 who did not choose to participate. The City requires a monthly premium based on City-wide claim trends of the previous fiscal year. The premium rate for retirees is adjusted each July 1st. Upon monthly payment of this premium, the City covers all medical expenses just as for active employees on a pay-as-you-go basis. Coverage is available until the first day of the month in which the retiree reaches his or her Medicare eligibility age (currently 65). If the spouse of a retiree is covered at the time the retiree comes off of the plan at age 65, that spouse is COBRA-eligible until age 65 or for 36 months, whichever is less. During the fiscal year ended June 30, 2014, net expenditures of \$124,485 were attributable to post-retirement health care. The plan does not issue a stand-alone report.

### 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 2014 range from \$45 to \$375 for active employees, \$449 to \$1,658 for retired participants, and \$458 to \$1,691 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, was equal to the annual required contribution (ARC). In subsequent years, the annual OPEB cost is 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               | \$757,279   |
| Interest on prior year net OPEB obligation | 135,497     |
| Adjustment to annual required contribution | (249,157)   |
| Annual OPEB cost                           | 643,619     |
| Employer contributions                     | 70,002      |
| Increase in net OPEB obligation            | 573,617     |
| Beginning OPEB obligation                  | 3,079,474   |
| Ending OPEB obligation                     | \$3,653,091 |

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 the two preceding years are as follows:

| Fiscal Year Ended | Annual OPEB Cost | Net Employer Contribution | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|-------------------|------------------|---------------------------|--|---------------------|
| 6/30/2014         | \$643,619        | \$70,002                  | 11.0%                                      | \$3,653,091         |
| 6/30/2013         | 584,575          | 55,679                    | 10.0%                                      | 3,079,474           |
| 6/30/2012         | 479,973          | 54,659                    | 11.0%                                      | 2,550,578           |

#### **FUNDING STATUS AND FUNDING PROGRESS.**

The unfunded actuarial liability is being amortized using a closed period level dollar amortization over 30 years, beginning July 1, 2008. As of June 30, 2014, the funded status of the retiree health plan was as follows:

|   |              |
|---|--------------|
| Actuarial accrued liability (AAL)                 | \$5,764,940  |
| Actuarial value of plan assets                    | 0            |
| Unfunded actuarial accrued liability (UAAL)       | \$5,764,940  |
| Funded ratio (actuarial value of plan assets/AAL) | 0.00%        |
| Annual covered payroll (active plan members)      | \$26,240,000 |
| UAAL as a percentage of annual covered payroll    | 22.0%        |

#### **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. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the actuarial valuation as of July 1, 2014, 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 4.4% discount rate and a healthcare trend rate for both retirees and dependents graded from 4.62% in 2013 to 4.87% in 2060. Other assumptions used included inflation at 2.5%, real GNP growth of 1.7%, and an income multiplier of 1.4%. 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 and a \$6,075,000 note issued in September 2010 to finance transportation improvement projects identified in the 2006 Transportation Sales Tax Ordinance. The notes are 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 notes. At June 30, 2014, total principal and interest remaining on the 2007 note is \$2,138,252, payable semiannually commencing December 2008 and concluding December 2016. Total principal and interest remaining on the 2010 note is \$2,712,618 payable semiannually commencing December 2010 and concluding December 2016. For the current year, total sales tax revenues were \$2,092,691.

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 \$8,370,765 and net revenues were \$21,665,199.

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 \$5,923,600. Ad valorem taxes received in the current year were \$1,295,379. Debt service payments of \$1,053,800 in the current fiscal year were 81% of the total ad valorem taxes received.

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

| Debt Issue                              | Issue Amount | Issue Date | Maturity Date | Remaining Principal and Interest | Current Year Principal and Interest |
|---|--------------|------------|---------------|----------------------------------|-------------------------------------|
| 2007 Revenue Bonds                      | \$6,010,000  | Dec 2007   | Dec 2016      | \$2,138,252                      | \$852,344                           |
| 2010 Revenue Bonds                      | 6,075,000    | Sept 2010  | Dec 2016      | 2,712,618                        | 1,075,163                           |
| 2002 OWRB SRF Note                      | 3,413,483    | Feb 2002   | Sept 2021     | 1,306,046                        | 176,949                             |
| 2002 OWRB SRF Note                      | 4,876,086    | Dec 2002   | Sept 2022     | 2,119,669                        | 254,003                             |
| 2005 OWRB Fixed Rate Note               | 7,620,000    | Jun 2005   | Mar 2025      | 5,441,308                        | 494,548                             |
| 2009 OWRB DWSRF Note                    | 11,645,000   | Nov 2009   | Sept 2032     | 12,132,605                       | 655,817                             |
| 2009 OWRB CWSRF Note                    | 1,875,000    | Nov 2009   | Sept 2030     | 1,338,134                        | 81,099                              |
| 2010 Refunding General Obligation Bonds | 8,390,000    | June 2011  | June 2021     | 5,923,600                        | 1,016,200                           |

## 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 excess of the purchase price of the Stillwater Surgery Center, L.L.C. 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 \$388,000 each year through 2024.

On December 31, 2012, the Hospital acquired 100% of the assets of OrthoOklahoma, P.C. and W.S. & J. Management, L.L.C. (Ortho-Oklahoma). Ortho-Oklahoma is an orthopedic medical practice providing orthopedic surgery services to patients of the surrounding geographic area.

The excess of the purchase price of Ortho-Oklahoma over the fair value of the assets and liabilities is attributable to goodwill. Goodwill will be amortized on the straight-line basis over five years. Amortization expense is estimated to be approximately \$632,000 each year through 2017.

## 10. COMPONENT UNIT INVESTMENTS IN JOINT VENTURES

The Hospital's investments in joint ventures relate to a 10% ownership in Heartland Healthcare Reciprocal Risk Retention Group which is accounted for using the equity method of accounting; a 62% 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 \$190,000 to purchase its professional liability (medical malpractice) and general liability insurance from Heartland during the year ended December 31, 2013. The Hospital's investment in Heartland was \$825,853 at December 31, 2013.

Stillwater Medical Imaging, LLC (SMI) owns and operates MRI, CT and other imaging equipment. The Hospital purchases imaging services for its patients from the joint venture. Included in accrued expenses of the Hospital is approximately \$478,000 at December 31, 2013 due from the joint venture. During the year ended December 31, 2013, the Hospital earned approximately \$886,000 in fees from billing and collection services related to SMI. The Hospital's investment in SMI was \$919,677 at December 31, 2013.

The Hospital purchases digital mammography and bone density services for its patients from Women First, LLC. Approximately \$50,000 is included in accrued expenses of the Hospital at December 31, 2013 due to the joint venture. During the year ended December 31, 2013, Women First reimbursed the Hospital approximately \$144,000 for expenses the Hospital incurred to manage its operations. The Hospital's investment in Women First was \$266,432 at December 31, 2013.

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, 2013. The Hospital's investment in Fresenius was \$245,395 at December 31, 2013.

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

## 11. SUBSEQUENT EVENTS

### BUSINESS-TYPE ACTIVITIES:

On August 12, 2014 the Stillwater Utility Authority issued Series 2014A Utility System and Sales Tax Revenue Bonds at the par amount of \$61.8 million. The proceeds of the Series 2014A Bonds, together with an equity contribution of \$6.5 million from the Stillwater Utilities Authority's internally designated funds, will be used for the purpose of designing and constructing a 56 MW Reciprocating Engine Power Plant and associated 69kV to 12.46kV electrical substation, providing for deposit to a debt service reserve fund, and paying certain costs of issuance. The Bonds are secured by a pledge of the one cent sales tax revenue dedicated to the Stillwater Utilities Authority by Ordinance No. 1835 and from net revenue derived from the existence of operation of the utility system. The indebtedness will be primarily funded by the proceeds of capacity and energy purchase payments received by the Stillwater Utilities Authority pursuant to the terms of a Power Purchase and Sale Agreement and a Capacity Purchase Agreement dated September 1, 2013, between the Stillwater Utilities Authority and the Grand River Dam Authority.

### COMPONENT UNIT:

In January 2014, the Hospital purchased a physician office building from the Warren Professional Building Corporation for \$4,850,000 using cash reserves.

In March 2014, the Hospital issued refunding bonds in the amount of \$15,570,000 for the purpose of refunding the Series 2003 and Series 2005 Hospital Revenue Bonds and to restore cash reserves utilized to purchase the Warren Professional Building. The new bonds bear interest at 1.69%, payable semiannually, with principal payable in annual installments through May 2019.

## 12. RECENTLY ISSUED ACCOUNTING STANDARDS

The following accounting standards have been recently issued and will be adopted as applicable by the Authority. Unless otherwise noted below, management has not yet determined the impact of these Statements on the City's financial statements.

- GASB Statement No. 68, "Accounting and Financial Reporting for Pensions-an Amendment of GASB Statement No. 27" — The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. This Statement will become effective for the City in the fiscal year ended June 30, 2015.
- GASB Statement No. 69, "Government Combinations and Disposals of Government Operations" — This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. This Statement will become effective for the City in the fiscal year ended June 30, 2015.
- GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date-an Amendment of GASB Statement No. 68" — The objective of this statement is to address an issue regarding application of the transition provision of Statement No. 38, "Accounting and Financial Reporting for Pensions." The issue relates to amounts associated with contribution, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68 which will be effective for the City in the fiscal year ending June 30, 2015.

# EXCELLENCE

Fleet has maintained the National Institute of Automotive Service Excellence (ASE) Blue Seal of Excellence designation. All Fleet technicians are ASE Master Certified.



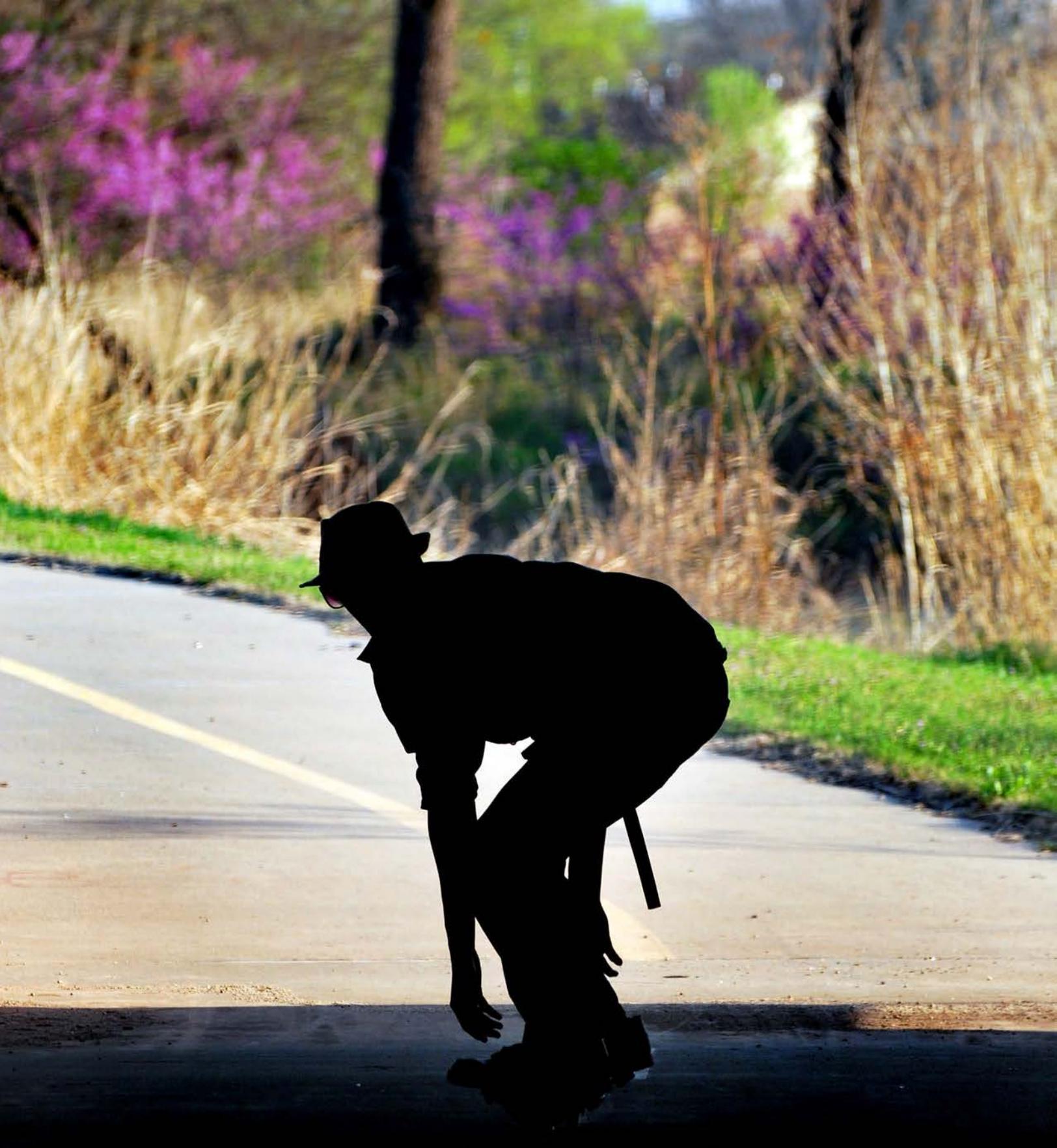


REQUIRED SUPPLEMENTARY INFORMATION

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## BOOMER LAKE PARK

Stillwater is served by a number of paved and unpaved bicycle and walking trails for non-motorized forms of transit, including the Kameoka Trail Corridor.

**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, 2014**

|                                       | <b>Original<br/>Budget</b> | <b>Final<br/>Budget</b> | <b>Actual</b>     | <b>Variance from<br/>Final Budget</b> |
|---------------------------------------|----------------------------|-------------------------|-------------------|---------------------------------------|
| <b>REVENUES</b>                       |                            |                         |                   |                                       |
| Sales tax                             | \$28,003,500               | \$30,253,500            | \$30,899,350      | \$645,850                             |
| Other taxes                           | 2,253,000                  | 2,570,000               | 2,762,299         | 192,299                               |
| Intergovernmental                     | 57,000                     | 307,676                 | 414,258           | 106,582                               |
| Charges for services                  | 596,100                    | 578,100                 | 609,477           | 31,377                                |
| Fines and forfeits                    | 682,900                    | 707,700                 | 733,291           | 25,591                                |
| Fees and rentals                      | 1,258,880                  | 1,113,380               | 1,236,856         | 123,476                               |
| Investment income                     | 65,000                     | 65,000                  | (103,102)         | (168,102)                             |
| Licenses and permits                  | 205,400                    | 245,400                 | 311,218           | 65,818                                |
| Other miscellaneous revenue           | 689,800                    | 876,700                 | 1,063,064         | 186,364                               |
| <b>Total revenues</b>                 | <b>33,811,580</b>          | <b>36,717,456</b>       | <b>37,926,711</b> | <b>1,209,255</b>                      |
| <b>EXPENDITURES</b>                   |                            |                         |                   |                                       |
| <b>Public safety:</b>                 |                            |                         |                   |                                       |
| <b>Police:</b>                        |                            |                         |                   |                                       |
| Personal services                     | 10,574,805                 | 10,177,025              | 9,194,621         | 982,404                               |
| Materials and supplies                | 885,715                    | 818,529                 | 719,231           | 99,298                                |
| Contract services                     | 414,413                    | 403,326                 | 309,890           | 93,436                                |
| <b>Fire:</b>                          |                            |                         |                   |                                       |
| Personal services                     | 7,443,976                  | 7,306,976               | 6,980,488         | 326,488                               |
| Materials and supplies                | 333,568                    | 304,068                 | 212,554           | 91,514                                |
| Contract services                     | 337,798                    | 305,033                 | 268,684           | 36,349                                |
| <b>Total public safety</b>            | <b>19,990,275</b>          | <b>19,314,957</b>       | <b>17,685,468</b> | <b>1,629,489</b>                      |
| <b>Recreation and culture:</b>        |                            |                         |                   |                                       |
| <b>Parks and recreation:</b>          |                            |                         |                   |                                       |
| Personal services                     | 2,549,570                  | 2,529,870               | 2,313,206         | 216,664                               |
| Materials and supplies                | 629,352                    | 623,748                 | 620,376           | 3,372                                 |
| Contract services                     | 724,654                    | 940,748                 | 950,083           | (9,335)                               |
| <b>Library:</b>                       |                            |                         |                   |                                       |
| Personal services                     | 1,045,914                  | 292,958                 | 965,294           | (672,336)                             |
| Materials and supplies                | 176,968                    | 193,132                 | 178,979           | 14,153                                |
| Contract services                     | 145,222                    | 305,768                 | 224,379           | 81,389                                |
| <b>Total recreation and culture</b>   | <b>5,271,680</b>           | <b>4,886,224</b>        | <b>5,252,317</b>  | <b>(366,093)</b>                      |
| <b>General government:</b>            |                            |                         |                   |                                       |
| Personal services                     | 7,132,554                  | 7,118,979               | 2,143,627         | 4,975,352                             |
| Materials and supplies                | 173,543                    | 179,771                 | 155,957           | 23,814                                |
| Contract services                     | 4,238,138                  | 3,709,773               | 1,344,248         | 2,365,525                             |
| <b>Total general government</b>       | <b>11,544,235</b>          | <b>11,008,523</b>       | <b>3,643,832</b>  | <b>7,364,691</b>                      |
| <b>Financial administration:</b>      |                            |                         |                   |                                       |
| Personal services                     | 633,447                    | 623,697                 | 555,350           | 68,347                                |
| Materials and supplies                | 58,500                     | 59,350                  | 50,482            | 8,868                                 |
| Contract services                     | 29,743                     | 21,293                  | (5,770)           | 27,063                                |
| <b>Total financial administration</b> | <b>721,690</b>             | <b>704,340</b>          | <b>600,062</b>    | <b>104,278</b>                        |

... continued

| ... continued  | Original Budget | Final Budget | Actual       | Variance from Final Budget |
|--|-----------------|--------------|--------------|----------------------------|
| <b>Public works administration:</b>  |                 |              |              |                            |
| Personal services  | 383,280         | 371,930      | 358,316      | 13,614                     |
| Materials and supplies   | 112,455         | 113,055      | 110,440      | 2,615                      |
| Contract services  | 26,800          | 26,200       | 23,830       | 2,370                      |
| Total public works administration  | 522,535         | 511,185      | 492,586      | 18,599                     |
| <b>Street and sewers:</b>  |                 |              |              |                            |
| Personal services  | 1,618,592       | 1,544,892    | 1,441,959    | 102,933                    |
| Materials and supplies   | 604,717         | 489,317      | 434,561      | 54,756                     |
| Contract services  | 521,880         | 869,134      | 490,484      | 378,650                    |
| Total street and sewers  | 2,745,189       | 2,903,343    | 2,367,004    | 536,339                    |
| <b>Human services:</b>   |                 |              |              |                            |
| <b>Health:</b>   |                 |              |              |                            |
| Materials and supplies   | 28,500          | 14,000       | 5,957        | 8,043                      |
| Contract services  | 27,500          | 21,500       | 18,910       | 2,590                      |
| <b>Community development:</b>  |                 |              |              |                            |
| Personal services  | 1,137,260       | 1,045,260    | 928,964      | 116,296                    |
| Materials and supplies   | 32,743          | 32,743       | 23,221       | 9,522                      |
| Contract services  | 92,300          | 170,300      | 102,493      | 67,807                     |
| Total human services   | 1,318,303       | 1,283,803    | 1,079,545    | 204,258                    |
| <b>Economic development:</b>   |                 |              |              |                            |
| Personal services  | 318,834         | 289,454      | 237,337      | 52,117                     |
| Materials and supplies   | 98,975          | 98,975       | 71,573       | 27,402                     |
| Contract services  | 510,358         | 539,738      | 446,434      | 93,304                     |
| Total economic development   | 928,167         | 928,167      | 755,344      | 172,823                    |
| <b>Capital Outlay:</b>   |                 |              |              |                            |
| Police   | 706,000         | 1,068,027    | 1,003,581    | 64,446                     |
| Fire   | 175,200         | 549,838      | 438,609      | 111,229                    |
| Recreation and culture   | 914,000         | 870,884      | 825,145      | 45,739                     |
| General government   | 547,100         | 685,886      | 425,598      | 260,288                    |
| Human services   | 310,000         | 320,000      | 275,335      | 44,665                     |
| Economic development   | 0               | 0            | 0            | 0                          |
| Street and sewers  | 4,617,209       | 5,617,739    | 1,669,747    | 3,947,992                  |
| Total capital outlay   | 7,269,509       | 9,112,374    | 4,638,015    | 4,474,359                  |
| Total expenditures   | 50,311,583      | 50,652,916   | 36,514,173   | 14,138,743                 |
| Excess (deficiency) of revenues over (under) expenditures                                  | (16,500,003)    | (13,935,460) | 1,412,538    | 15,347,998                 |
| <b>OTHER FINANCING SOURCES(USES):</b>  |                 |              |              |                            |
| Transfers in   | 25,369,290      | 20,369,290   | 13,834,860   | (6,534,430)                |
| Transfers out  | (17,142,140)    | (18,554,283) | (14,238,422) | 4,315,861                  |
| Total other financing sources (uses)   | 8,227,150       | 1,815,007    | (403,562)    | (2,218,569)                |
| Excess (deficiency) of revenues and other sources over (under) expenditures and other uses | (8,272,853)     | (12,120,453) | 1,008,976    | 13,129,429                 |
| FUND BALANCES, beginning   | 15,533,498      | 15,533,498   | 15,533,498   | 0                          |
| FUND BALANCES, ending  | \$7,260,645     | \$3,413,045  | \$16,542,474 | \$13,129,429               |
| Reconciliation to GAAP   |                 |              |              |                            |
| Changes in receivables   |                 |              | 121,852      |                            |
| Fund balances on the basis of GAAP   |                 |              | \$16,664,326 |                            |

**City of Stillwater, Oklahoma**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**JUNE 30, 2014**



**REPORTING ENTITY**

*Budget Law*

The City operates under the Oklahoma Municipal Budget Act of 1979 (the “Budget Act”). The budget, as adopted by the City Council, 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 Council. 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 Council 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 council 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 Council.

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 Council.

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 Council 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 Council approval. The City Manager may transfer appropriations between object categories within a fund with City Council 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.

Budgetary Compliance

For the year ended June 30, 2014 the City complied, in all material respects, with the applicable budget laws.

Reconciliation of budgetary basis and GAAP basis amounts

The City Council 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:

|  | <b>General Fund</b> |
|--|---------------------|
| Revenues on budget basis   | \$37,926,711        |
| Revenues received during fiscal year and measurable and available at June 30, 2013 | (5,790,793)         |
| Revenues received during fiscal year and measurable and available at June 30, 2014 | <u>5,912,645</u>    |
| Revenues on GAAP basis   | <u>\$38,048,563</u> |

**City of Stillwater, Oklahoma**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2014**

**POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

*Schedule of Funding Progress*

| <b>Actuarial Valuation Date</b> | <b>Actuarial Accrued Liability (AAL) (a)</b> | <b>Actuarial Value of Assets (b)</b> | <b>Unfunded AAL (UAAL) (a-b)</b> | <b>Funded Ratio (b/a)</b> | <b>Covered Payroll</b> | <b>UAAL as a Percentage of Covered Payroll</b> |
|---------------------------------|--|--------------------------------------|----------------------------------|---------------------------|------------------------|--|
| 7/1/2013                        | \$5,764,940                                  | \$0                                  | \$5,764,940                      | 0.0%                      | \$26,240,000           | 22%  |
| 7/1/2012                        | 5,792,018                                    | 0                                    | 5,792,018                        | 0.0%                      | 24,075,000             | 24%  |
| 7/1/2011                        | 4,581,662                                    | 0                                    | 4,581,662                        | 0.0%                      | 23,850,000             | 19%  |

**City of Stillwater, Oklahoma**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2014**

**DEFINED BENEFIT (RETIREE) PLAN**

*Schedule of Funding Progress*

| <b>Actuarial Valuation Date</b> | <b>Actuarial Accrued Liability (AAL) (a)</b> | <b>Actuarial Value of Assets (b)</b> | <b>Unfunded AAL (UAAL) (a-b)</b> | <b>Funded Ratio (b/a)</b> | <b>Covered Payroll</b> | <b>UAAL as a Percentage of Covered Payroll</b> |
|---------------------------------|--|--------------------------------------|----------------------------------|---------------------------|------------------------|--|
| 1/1/2014                        | \$27,943                                     | \$7,266,000                          | \$(7,238,057)                    | 26002.9%                  | N/A                    | N/A  |
| 1/1/2013                        | 29,030                                       | 6,174,934                            | (6,145,904)                      | 21270.9%                  | N/A                    | N/A  |
| 1/1/2012                        | 72,736                                       | 5,505,421                            | (5,432,685)                      | 7569.0%                   | N/A                    | N/A  |



# GROWING

With a population of 85,000 within a 30-minute drive, Stillwater was recognized as the sixth fastest growing small city in the U.S. by Forbes.com, and CNN/Money listed it as one of "America's Best Small Cities."

# OTHER SUPPLEMENTARY INFORMATION

2014



## STILL PIONEERING

Our civic leadership is dedicated to attracting new businesses, fostering entrepreneurial growth, and promoting local shopping.

## City of Stillwater, Oklahoma

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND

BALANCES — BUDGET AND ACTUAL (BUDGET BASIS) — TRANSPORTATION IMPROVEMENT FUND  
FOR THE YEAR ENDED JUNE 30, 2014

|  | <b>Original<br/>Budget</b> | <b>Final<br/>Budget</b> | <b>Actual</b>      | <b>Variance from<br/>Final Budget</b> |
|--|----------------------------|-------------------------|--------------------|---------------------------------------|
| <b>REVENUES</b>  |                            |                         |                    |                                       |
| Investment income  | \$15,000                   | \$15,000                | \$16,023           | \$1,023                               |
| Miscellaneous  | 0                          | 7,250                   | 18,270             | 11,020                                |
| <b>Total revenues</b>  | <b>15,000</b>              | <b>22,250</b>           | <b>34,293</b>      | <b>12,043</b>                         |
| <b>EXPENDITURES</b>  |                            |                         |                    |                                       |
| Street and sewers:   |                            |                         |                    |                                       |
| Personal services  | 149,094                    | 149,094                 | 154,545            | (5,451)                               |
| Materials and supplies   | 19,000                     | 19,000                  | 13,613             | 5,387                                 |
| Contract services  | 2,000                      | 2,000                   | 819                | 1,181                                 |
| <b>Total street and sewers</b>   | <b>170,094</b>             | <b>170,094</b>          | <b>168,977</b>     | <b>1,117</b>                          |
| Capital outlay   |                            |                         |                    |                                       |
| Street and sewers  | 3,485,011                  | 5,501,887               | 2,396,673          | 3,105,214                             |
| <b>Total expenditures</b>  | <b>3,655,105</b>           | <b>5,671,981</b>        | <b>2,565,650</b>   | <b>3,106,331</b>                      |
| Excess (deficiency) of revenues<br>over (under) expenditures                                     | (3,640,105)                | (5,649,731)             | (2,531,357)        | 3,118,374                             |
| <b>OTHER FINANCING SOURCES(USES):</b>  |                            |                         |                    |                                       |
| Transfers in   | 3,808,786                  | 4,092,500               | 4,185,382          | 92,882                                |
| Transfers out  | (1,933,026)                | (2,075,883)             | (2,112,724)        | (36,841)                              |
| <b>Total other financing sources (uses)</b>  | <b>1,875,760</b>           | <b>2,016,617</b>        | <b>2,072,658</b>   | <b>56,041</b>                         |
| Excess (deficiency) of revenues<br>and other sources over (under)<br>expenditures and other uses | (1,764,345)                | (3,633,114)             | (458,699)          | 3,174,415                             |
| <b>FUND BALANCES, beginning</b>  | <b>3,262,729</b>           | <b>3,262,729</b>        | <b>3,262,729</b>   | <b>0</b>                              |
| <b>FUND BALANCES, ending</b>   | <b>\$1,498,384</b>         | <b>(370,385)</b>        | <b>\$2,804,030</b> | <b>\$3,174,415</b>                    |

**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.

**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, 2014**

|  | <b>Special Revenue Fund<br/>Community Development Block Grant</b> | <b>Debt Service<br/>Sinking Fund</b> | <b>Capital Project Fund<br/>Police/Municipal Building</b> | <b>Total Nonmajor Governmental Funds</b> |
|--|---|--------------------------------------|---|--|
| <b>ASSETS</b>  |   |                                      |   |  |
| Cash and cash equivalents  | \$0   | \$308,444                            | \$0   | \$308,444                                |
| Due from other governments   | 93,773  | 28,892                               | 0   | 122,665                                  |
| <b>Total assets</b>  | <b>\$93,773</b>   | <b>\$337,336</b>                     | <b>\$0</b>  | <b>\$431,109</b>                         |
| <b>LIABILITIES</b>   |   |                                      |   |  |
| Due to other funds   | \$30,720  | 0                                    | 0   | \$30,720                                 |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                       |   |                                      |   |  |
| Unavailable revenue-property taxes   | 0   | 21,018                               | 0   | 21,018                                   |
| <b>FUND BALANCES</b>   |   |                                      |   |  |
| Restricted for:  |   |                                      |   |  |
| Debt service   | 0   | 316,318                              | 0   | 316,318                                  |
| Capital projects   | 63,053  | 0                                    | 0   | 63,053                                   |
| <b>Total fund balances</b>   | <b>63,053</b>   | <b>316,318</b>                       | <b>0</b>  | <b>379,371</b>                           |
| <b>Total liabilities, deferred inflows of resources, and fund balances</b> | <b>\$93,773</b>   | <b>\$337,336</b>                     | <b>\$0</b>  | <b>\$431,109</b>                         |

## City of Stillwater, Oklahoma

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES — NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2014

|  | <b>Special<br/>Revenue Fund<br/>Community<br/>Development<br/>Block Grant</b> | <b>Debt<br/>Service<br/><br/>Sinking<br/>Fund</b> | <b>Capital<br/>Project Fund<br/><br/>Police/Municipal<br/>Building</b> | <b>Total<br/>Nonmajor<br/>Governmental<br/>Funds</b> |
|--|---|---|--|--|
| <b>REVENUES</b>  |   |   |  |  |
| Taxes  | \$0   | \$1,295,379                                       | \$0  | \$1,295,379  |
| Intergovernmental  | 835,309   | 0   | 0  | 835,309  |
| Other miscellaneous revenue                                  | 14,703  | 0   | 0  | 14,703   |
| Total revenues   | 850,012   | 1,295,379   | 0  | 2,145,391  |
| <b>EXPENDITURES</b>  |   |   |  |  |
| Current operating  |   |   |  |  |
| Public safety  | 724,250   | 0   | 0  | 724,250  |
| Debt service   |   |   |  |  |
| Principal retirements  | 0   | 815,000   | 0  | 815,000  |
| Interest and fiscal charges                                  | 0   | 239,200   | 0  | 239,200  |
| Capital outlay   | 117,059   | 0   | 37,603   | 154,662  |
| Total expenditures   | 841,309   | 1,054,200   | 37,603   | 1,933,112  |
| Excess (deficiency) of<br>revenues over (under) expenditures | 8,703   | 241,179   | (37,603)   | 212,279  |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |   |   |  |  |
| Transfers out  | 0   | (251,912)   | 0  | (251,912)  |
| Total other financing sources (uses)                         | 0   | (251,912)   | 0  | (251,912)  |
| Net change in Fund Balances                                  | 8,703   | (10,733)  | (37,603)   | (39,633)   |
| <b>FUND BALANCES, beginning</b>                              | 54,350  | 327,051   | 37,603   | 419,004  |
| <b>FUND BALANCES, ending</b>                                 | \$63,053  | \$316,318   | \$0  | \$379,371  |

**City of Stillwater, Oklahoma**  
**BUDGETARY COMPARISON SCHEDULE — NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

|   | <b>Special Revenue<br/>Community Development Block Grant</b> |                  |                 |                   | <b>Debt Service</b> |                  |                  |                | <b>Capital Projects Fund</b> |                 |                 |              |
|---|--|------------------|-----------------|-------------------|---------------------|------------------|------------------|----------------|------------------------------|-----------------|-----------------|--------------|
|   | BUDGETED<br>AMOUNT   |                  | Variance From   |                   | BUDGETED<br>AMOUNT  |                  | Variance From    |                | BUDGETED<br>AMOUNT           |                 | Variance From   |              |
|   | Original   | Final            | Actual          | Final Budget      | Original            | Final            | Actual           | Final Budget   | Original                     | Final           | Actual          | Final Budget |
| <b>REVENUES</b>   |  |                  |                 |                   |                     |                  |                  |                |                              |                 |                 |              |
| Taxes   | \$0  | \$0              | \$0             | \$0               | \$1,285,000         | \$1,285,000      | \$1,292,900      | \$7,900        | \$0                          | \$0             | \$0             | \$0          |
| Intergovernmental   | 105,399  | 1,638,104        | 741,536         | (896,568)         | 0                   | 0                | 0                | 0              | 0                            | 0               | 0               | 0            |
| Miscellaneous   | 0  | 0                | 14,703          | 14,703            | 0                   | 0                | 0                | 0              | 0                            | 0               | 0               | 0            |
| Investment income   | 0  | 0                | 0               | 0                 | 0                   | 0                | 0                | 0              | 0                            | 0               | 532             | 532          |
| <b>Total revenues</b>                                     | <b>105,399</b>   | <b>1,638,104</b> | <b>756,239</b>  | <b>(881,865)</b>  | <b>1,285,000</b>    | <b>1,285,000</b> | <b>1,292,900</b> | <b>7,900</b>   | <b>0</b>                     | <b>0</b>        | <b>532</b>      | <b>532</b>   |
| <b>EXPENDITURES</b>                                       |  |                  |                 |                   |                     |                  |                  |                |                              |                 |                 |              |
| <b>Current operating</b>                                  |  |                  |                 |                   |                     |                  |                  |                |                              |                 |                 |              |
| Streets and sewers  | 105,399  | 222,458          | 117,059         | 105,399           | 0                   | 0                | 0                | 0              | 0                            | 0               | 0               | 0            |
| Public Safety   | 0  | 1,451,543        | 724,250         | 727,293           |                     |                  |                  |                |                              |                 |                 |              |
| Human services  | 0  | 19,162           | 0               | 19,162            | 0                   | 0                | 0                | 0              | 0                            | 0               | 0               | 0            |
| <b>Debt service</b>                                       |  |                  |                 |                   |                     |                  |                  |                |                              |                 |                 |              |
| Principal retirements                                     | 0  | 0                | 0               | 0                 | 815,000             | 815,000          | 815,000          | 0              | 0                            | 0               | 0               | 0            |
| Interest and fiscal charges                               | 0  | 0                | 0               | 0                 | 239,200             | 239,200          | 239,200          | 0              | 0                            | 0               | 0               | 0            |
| Capital outlay  | 0  | 0                | 0               | 0                 | 0                   | 0                | 0                | 0              | 5,820                        | 37,070          | 37,603          | (533)        |
| <b>Total expenditures</b>                                 | <b>105,399</b>   | <b>1,693,163</b> | <b>841,309</b>  | <b>851,854</b>    | <b>1,054,200</b>    | <b>1,054,200</b> | <b>1,054,200</b> | <b>0</b>       | <b>5,820</b>                 | <b>37,070</b>   | <b>37,603</b>   | <b>(533)</b> |
| Excess (deficiency) of revenues over (under) expenditures | 0  | (55,059)         | (85,070)        | (30,011)          | 230,800             | 230,800          | 238,700          | 7,900          | (5,820)                      | (37,070)        | (37,071)        | (1)          |
| <b>OTHER FINANCING SOURCES (USES)</b>                     |  |                  |                 |                   |                     |                  |                  |                |                              |                 |                 |              |
| Transfers in  | 0  | 0                | 0               | 0                 | 0                   | 0                | 0                | 0              | 0                            | 0               | 0               | 0            |
| Transfers out   | 0  | 0                | 0               | 0                 | (251,912)           | (251,912)        | (251,912)        | 0              | 0                            | 0               | 0               | 0            |
| <b>Total other financing sources (uses)</b>               | <b>0</b>   | <b>0</b>         | <b>0</b>        | <b>0</b>          | <b>(251,912)</b>    | <b>(251,912)</b> | <b>(251,912)</b> | <b>0</b>       | <b>0</b>                     | <b>0</b>        | <b>0</b>        | <b>0</b>     |
| <b>Net change in Fund Balances</b>                        | <b>0</b>   | <b>(55,059)</b>  | <b>(85,070)</b> | <b>(30,011)</b>   | <b>(21,112)</b>     | <b>(21,112)</b>  | <b>(13,212)</b>  | <b>7,900</b>   | <b>(5,820)</b>               | <b>(37,070)</b> | <b>(37,071)</b> | <b>(1)</b>   |
| <b>FUND BALANCES, beginning</b>                           | <b>154,343</b>   | <b>154,343</b>   | <b>154,343</b>  | <b>0</b>          | <b>407,602</b>      | <b>407,602</b>   | <b>407,602</b>   | <b>0</b>       | <b>37,603</b>                | <b>37,603</b>   | <b>37,603</b>   | <b>0</b>     |
| <b>FUND BALANCES, ending</b>                              | <b>\$154,343</b>   | <b>\$99,284</b>  | <b>\$69,273</b> | <b>\$(30,011)</b> | <b>\$386,490</b>    | <b>\$386,490</b> | <b>\$394,390</b> | <b>\$7,900</b> | <b>\$31,783</b>              | <b>\$533</b>    | <b>\$532</b>    | <b>\$(1)</b> |

## 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 Economic Development Authority** — to account for expenditures for economic development. Financing is provided from federal grants, federal loans, city contributions and citizen participation.

**City of Stillwater, Oklahoma**  
**COMBINING STATEMENT OF NET POSITION—NONMAJOR PROPRIETARY FUNDS**  
**JUNE 30, 2014**

| <b>ASSETS</b>                                   | <b>Airport</b>      | <b>Stillwater Economic<br/>Development Authority</b> | <b>Total</b>        |
|---|---------------------|--|---------------------|
| <b>CURRENT ASSETS</b>                           |                     |  |                     |
| Cash and cash equivalents                       | \$542,629           | \$593,314  | \$1,135,943         |
| Accounts receivable, net of allowance           | 340                 | 2,676  | 3,016               |
| Due from other funds                            | 0                   | 0  | 0                   |
| Installment loans receivable                    | 0                   | 180,093  | 180,093             |
| Leasehold receivable                            | 0                   | 21,667   | 21,667              |
| Inventories                                     | 49,933              | 0  | 49,933              |
| <b>Total current assets</b>                     | <b>592,902</b>      | <b>797,750</b>                                       | <b>1,390,652</b>    |
| <b>NONCURRENT ASSETS</b>                        |                     |  |                     |
| Leasehold receivable                            | 0                   | 139,999  | 139,999             |
| Capital assets, non depreciable                 | 1,086,641           | 0  | 1,086,641           |
| Capital assets, net of accumulated depreciation | 13,720,597          | 35,326   | 13,755,923          |
| <b>Total noncurrent assets</b>                  | <b>14,807,238</b>   | <b>175,325</b>                                       | <b>14,982,563</b>   |
| <b>Total assets</b>                             | <b>15,400,140</b>   | <b>973,075</b>                                       | <b>16,373,215</b>   |
| <b>LIABILITIES</b>                              |                     |  |                     |
| <b>CURRENT LIABILITIES</b>                      |                     |  |                     |
| Accounts payable                                | 122,095             | 18,751   | 140,846             |
| Accrued liabilities                             | 14,328              | 7,488  | 21,816              |
| Current portion of compensated absences         | 1,468               | 1,270  | 2,738               |
| Due to other funds                              | 2,073               | 1,211  | 3,284               |
| Current portion of advances from other funds    | 0                   | 20,000   | 20,000              |
| Current portion of refundable grant obligations | 0                   | 60,236   | 60,236              |
| <b>Total current liabilities</b>                | <b>139,964</b>      | <b>108,956</b>                                       | <b>248,920</b>      |
| <b>NONCURRENT LIABILITIES</b>                   |                     |  |                     |
| Noncurrent portion of advances from other funds | 0                   | 141,666  | 141,666             |
| Noncurrent portion of compensated absences      | 30,737              | 6,302  | 37,039              |
| Noncurrent portion of customer deposits payable | 11,680              | 0  | 11,680              |
| <b>Total noncurrent liabilities</b>             | <b>42,417</b>       | <b>147,968</b>                                       | <b>190,385</b>      |
| <b>Total liabilities</b>                        | <b>182,381</b>      | <b>256,924</b>                                       | <b>439,305</b>      |
| <b>NET POSITION</b>                             |                     |  |                     |
| Net investment in capital assets                | 14,807,238          | 35,326   | 14,842,564          |
| Restricted donation                             | 0                   | 2,712  | 2,712               |
| Unrestricted                                    | 410,521             | 678,113  | 1,088,634           |
| <b>Total net position</b>                       | <b>\$15,217,759</b> | <b>\$716,151</b>                                     | <b>\$15,933,910</b> |

**City of Stillwater, Oklahoma**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND NET POSITION—NONMAJOR PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

|   | <b>Airport</b> | <b>Stillwater Economic<br/>Development Authority</b> | <b>Total</b> |
|---|----------------|--|--------------|
| <b>OPERATING REVENUES</b>                                   |                |  |              |
| Charges for services  | \$1,264,737    | \$0  | \$1,264,737  |
| Other   | 318,169        | 28,130   | 346,299      |
| Total operating revenues                                    | 1,582,906      | 28,130   | 1,611,036    |
| <b>OPERATING EXPENSES</b>                                   |                |  |              |
| Operating and maintenance                                   | 1,763,147      | 770,398  | 2,533,545    |
| Depreciation  | 951,157        | 2,233  | 953,390      |
| Total operating expenses                                    | 2,714,304      | 772,631  | 3,486,935    |
| Operating loss  | (1,131,398)    | (744,501)  | (1,875,899)  |
| <b>NONOPERATING REVENUES (EXPENSES)</b>                     |                |  |              |
| Investment income   | 4,802          | 806  | 5,608        |
| Net nonoperating revenues (expenses)                        | 4,802          | 806  | 5,608        |
| Income (loss) before<br>capital contributions and transfers | (1,126,596)    | (743,695)  | (1,870,291)  |
| <b>CAPITAL CONTRIBUTIONS AND TRANSFERS</b>                  |                |  |              |
| Capital contributions                                       | 25,473         | 154,281  | 179,754      |
| Transfers in  | 522,601        | 959,674  | 1,482,275    |
| Transfers out   | (2,540)        | 0  | (2,540)      |
| Net capital contributions and transfers                     | 545,534        | 1,113,955  | 1,659,489    |
| Change in net position                                      | (581,062)      | 370,260  | (210,802)    |
| Net position, beginning of year                             | 15,798,821     | 345,891  | 16,144,712   |
| Net Position, end of year                                   | \$15,217,759   | \$716,151  | \$15,933,910 |

**City of Stillwater, Oklahoma**  
**COMBINING STATEMENT OF CASH FLOWS --NONMAJOR PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

|   | <u>Airport</u> | <u>Stillwater Economic<br/>Development Authority</u> | <u>Total</u>  |
|---|----------------|--|---------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                       |                |  |               |
| Receipts from customers   | \$1,288,555    | \$0  | \$1,288,555   |
| Payments to suppliers   | (1,388,142)    | (380,307)  | (1,768,449)   |
| Payments to employees   | (319,989)      | (150,387)  | (470,376)     |
| Payments of business development incentives                                       | 0              | (218,227)  | (218,227)     |
| Business development incentive loans issued                                       | 0              | (42,500)   | (42,500)      |
| Collections of business development incentive loan principal                      | 0              | 13,320   | 13,320        |
| Inter activity-payments to other funds  | (1,830)        | 6  | (1,824)       |
| Other receipts  | 318,169        | 26,099   | 344,268       |
| Net cash used for operating activities  | (103,237)      | (751,996)  | (855,233)     |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>                            |                |  |               |
| Transfers out to other funds  | (2,540)        | 0  | (2,540)       |
| Transfers from other funds  | 522,601        | 959,674  | 1,482,275     |
| Net cash provided by noncapital financing activities                              | 520,061        | 959,674  | 1,479,735     |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>                   |                |  |               |
| Capital contributions   | 244,868        | 154,281  | 399,149       |
| Purchases of assets   | (168,060)      | 0  | (168,060)     |
| Principal received on capital debt  | 0              | 21,667   | 21,667        |
| Net cash provided by capital activities   | 76,808         | 175,948  | 252,756       |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                       |                |  |               |
| Interest  | 4,802          | 758  | 5,560         |
| Net cash provided by investing activities   | 4,802          | 758  | 5,560         |
| Net increase in cash and cash equivalents   | 498,434        | 384,384  | 882,818       |
| <b>CASH AND CASH EQUIVALENTS, beginning of year</b>                               | 44,195         | 208,930  | 253,125       |
| <b>CASH AND CASH EQUIVALENTS, end of year</b>                                     | \$542,629      | \$593,314  | \$1,135,943   |
| Reconciliation of operating loss to net cash used for operating activities        |                |  |               |
| Operating loss  | \$(1,131,398)  | \$(744,501)  | \$(1,875,899) |
| Adjustments to reconcile operating loss to net cash used for operating activities |                |  |               |
| Depreciation expense  | 951,157        | 2,233  | 953,390       |
| Changes in assets and liabilities   |                |  |               |
| Receivables, net  | 23,818         | (31,211)   | (7,393)       |
| Inventories   | 3,183          | 0  | 3,183         |
| Accounts and other payables   | 47,404         | 11,904   | 59,308        |
| Accrued expenses  | 2,599          | 9,579  | 12,178        |
| Net cash used for operating activities  | \$(103,237)    | \$(751,996)  | \$(855,233)   |
| Non-cash activities:  |                |  |               |
| Capital assets contributed  | \$0            | \$154,281  | \$154,281     |

**City of Stillwater, Oklahoma**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2014**

|                           | <b>Balance<br/>June 30, 2013</b> | <b>Additions</b> | <b>Reductions</b> | <b>Balance<br/>June 30, 2014</b> |
|---------------------------|----------------------------------|------------------|-------------------|----------------------------------|
| <b>ASSETS</b>             |                                  |                  |                   |                                  |
| Cash and cash equivalents | \$332,395                        | \$276,421        | \$496,730         | \$112,086                        |
| Pooled investments        | 41,364                           | 35,528           | 0                 | 76,892                           |
| Other investments         | 259,768                          | 261,955          | 245,000           | 276,723                          |
| Assessment receivable     | 12,665                           | 158,761          | 160,284           | 11,142                           |
| <b>Total assets</b>       | <b>\$646,192</b>                 | <b>\$732,665</b> | <b>\$902,014</b>  | <b>\$476,843</b>                 |
| <b>LIABILITIES</b>        |                                  |                  |                   |                                  |
| Accounts payable          | \$187                            | \$0              | \$187             | \$0                              |
| Amounts held in escrow    | 646,005                          | 732,852          | 902,014           | 476,843                          |
| <b>Total liabilities</b>  | <b>\$646,192</b>                 | <b>\$732,852</b> | <b>\$902,201</b>  | <b>\$476,843</b>                 |



# PROTECT

The vision of the Stillwater Police Department is an enhanced quality of life for those we serve through excellence in law enforcement.

Our mission is to protect life, liberty, property, and preserve the peace in the City of Stillwater by:

- Aggressively pursuing all criminals and vigorously seeking their prosecution.
- Working in partnership with the community and educating citizens in crime prevention.
- Patrolling all city streets in a highly visible manner to deter criminal activity.
- Responding promptly to calls for service.
- Continually improving our skills and knowledge.
- Providing effective emergency services communications.
- Protecting the rights of all citizens
- Being ever vigilant in our duties and maintaining our integrity”

STATISTICAL SECTION

2014





CENTRAL  
DRUG

VESTIGE

NEW YORK

NEW YORK  
KINGSTON  
NEW YORK



OPEN

## City of Stillwater, Oklahoma

### STATISTICAL



This section of the City's CAFR presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health. This information has not been audited by the independent auditor.

- **Financial Trends** — These schedules contain trend information to help the reader understand how the City's financial performance and well-being changed over time. *See pages 102 – 106.*
- **Revenue Capacity** — These schedules contain information to help the reader assess the City's significant local revenue sources, the sales tax and the property tax, as well as other revenue sources. *See pages 107 – 114.*
- **Debt Capacity** — These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and City's ability to issue additional debt in the future. *See pages 115 – 119.*
- **Operating Information** — These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs. *See pages 120 – 123.*
- **Economic and Demographic Information** — These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other government. *See pages 124 – 125.*

*Sources: Unless otherwise noted, the information in these schedules is derived from the City's comprehensive annual financial reports for the relevant year.*

**City of Stillwater, Oklahoma**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
**(ACCRUAL BASIS OF ACCOUNTING)**

|  | 2005                 | 2006                 | 2007                 | 2008                 | 2009                 | 2010                 | 2011                 | 2012                 | 2013                 | 2014                 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Governmental activities</b>                     |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Net investment in capital assets                   | \$71,724,485         | \$70,865,043         | \$75,874,538         | \$78,005,755         | \$82,079,030         | \$87,623,606         | \$84,399,362         | \$85,208,395         | \$87,319,852         | \$86,794,143         |
| Restricted for capital projects                    | 227,641              | 182,859              | 156,719              | 99,216               | 14,093               | 703,907              | 6,633,915            | 578,769              | 37,603               | 63,053               |
| Restricted for debt service                        | 696,375              | 168,999              | 96,746               | 129,488              | 279,996              | 245,659              | 384,409              | 320,160              | 327,051              | 316,318              |
| Restricted for street improvements                 | 7,158,849            | 9,582,135            | 10,044,476           | 9,609,597            | 6,199,305            | 3,382,031            | 5,964,692            | 6,003,859            | 3,262,729            | 2,804,030            |
| Restricted for specific operating activities       | 536,641              | 615,844              | 558,210              | 630,646              | 745,814              | 876,105              | 1,022,401            | 1,228,415            | 1,263,008            | 3,189,626            |
| Unrestricted                                       | 3,327,269            | 5,620,201            | 4,075,193            | 1,575,602            | 787,697              | 3,537,015            | (1,655,568)          | 5,857,898            | 9,068,213            | 7,485,506            |
| <b>Total governmental activities net position</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>\$96,749,211</b>  | <b>\$99,197,496</b>  | <b>\$101,278,456</b> | <b>\$100,652,676</b> |
| <b>Business-type activities</b>                    |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Net investment in capital assets                   | \$74,539,974         | \$77,374,975         | \$80,898,110         | \$84,155,142         | \$88,903,110         | \$92,324,322         | \$92,794,475         | \$95,439,173         | \$100,709,423        | \$100,788,701        |
| Restricted for capital projects                    | 0                    | 0                    | 0                    | 54,756               | 54,756               | 1,827,220            | 5,017,007            | 741,699              | 601,298              | 637,596              |
| Restricted for debt service                        | 1,376,664            | 1,582,124            | 1,912,627            | 2,208,517            | 2,248,810            | 2,440,346            | 2,609,803            | 1,366,601            | 159,714              | 344,724              |
| Restricted for specific operating activities       | 0                    | 0                    | 0                    | 0                    | 0                    | 2,712                | 2,712                | 2,712                | 2,712                | 2,712                |
| Unrestricted                                       | 26,489,143           | 24,471,836           | 21,526,947           | 22,594,009           | 22,271,698           | 23,198,816           | 28,632,774           | 39,359,091           | 50,165,806           | 66,683,251           |
| <b>Total business-type activities net position</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>\$129,056,771</b> | <b>\$136,909,276</b> | <b>\$151,638,953</b> | <b>\$168,456,984</b> |
| <b>Primary government</b>                          |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Net investment in capital assets                   | \$146,264,459        | \$148,240,018        | \$156,772,648        | \$162,160,897        | \$170,982,140        | \$179,947,928        | \$177,193,837        | \$180,647,568        | \$188,029,275        | \$187,582,844        |
| Restricted for capital projects                    | 227,641              | 182,859              | 156,719              | 153,972              | 68,849               | 2,531,127            | 11,650,922           | 1,320,468            | 638,901              | 700,649              |
| Restricted for debt service                        | 2,073,039            | 1,751,123            | 2,009,373            | 2,338,005            | 2,528,806            | 2,686,005            | 2,994,212            | 1,686,761            | 486,765              | 661,042              |
| Restricted for street improvements                 | 7,158,849            | 9,582,135            | 10,044,476           | 9,609,597            | 6,199,305            | 3,382,031            | 5,964,692            | 6,003,859            | 3,262,729            | 2,804,030            |
| Restricted for specific operating activities       | 536,641              | 615,844              | 558,210              | 630,646              | 745,814              | 876,105              | 1,025,113            | 1,231,127            | 1,265,720            | 3,192,338            |
| Unrestricted                                       | 29,816,412           | 30,092,037           | 25,602,140           | 24,169,611           | 23,059,395           | 26,735,831           | 26,977,206           | 45,216,989           | 59,234,019           | 74,168,757           |
| <b>Total primary government net position</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>\$216,159,027</b> | <b>\$225,805,982</b> | <b>\$236,106,772</b> | <b>\$252,917,409</b> | <b>\$269,109,660</b> |

**City of Stillwater, Oklahoma**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
**(ACCRUAL BASIS OF ACCOUNTING)**

|  | 2005                | 2006                | 2007                | 2008                | 2009                | 2010                | 2011                | 2012                | 2013                | 2014                |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Expenses</b>  |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| <b>Governmental activities:</b>                          |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Public Safety  | \$13,485,558        | \$14,091,743        | \$15,590,805        | \$17,238,579        | \$16,473,868        | \$17,560,992        | \$16,700,682        | \$18,235,770        | \$17,133,051        | \$18,468,117        |
| Recreation and culture                                   | 5,176,504           | 5,185,248           | 5,428,234           | 5,645,050           | 5,778,583           | 5,989,071           | 6,134,272           | 5,850,043           | 5,505,481           | 5,927,464           |
| General government                                       | 2,475,642           | 2,522,896           | 3,466,609           | 3,811,781           | 4,362,965           | 4,289,502           | 3,750,252           | 4,067,084           | 5,047,562           | 4,661,263           |
| Financial administration                                 | 604,803             | 751,577             | 635,329             | 648,327             | 614,382             | 732,379             | 627,877             | 619,486             | 621,148             | 609,518             |
| Street and sewers  | 5,520,360           | 5,726,635           | 6,454,425           | 7,009,091           | 7,393,163           | 6,779,917           | 7,484,979           | 8,444,721           | 7,334,958           | 9,463,507           |
| Engineering and public works administration              | 1,008,922           | 914,956             | 767,258             | 630,423             | 858,882             | 554,088             | 569,523             | 479,849             | 475,008             | 493,598             |
| Tourism  | 331,483             | 370,356             | 0                   | 0                   | 0                   | 0                   | 0                   | 0                   | 0                   | 0                   |
| Economic development                                     | 605,611             | 602,346             | 1,004,617           | 1,035,287           | 1,056,928           | 481,197             | 422,624             | 577,816             | 621,820             | 739,409             |
| Health and welfare                                       | 1,613,431           | 1,441,499           | 1,593,649           | 1,669,649           | 1,786,891           | 1,793,027           | 1,534,775           | 1,885,038           | 1,298,401           | 2,192,472           |
| Interest on long-term debt                               | 681,061             | 628,333             | 578,703             | 528,335             | 478,827             | 463,252             | 271,253             | 238,855             | 206,045             | 173,262             |
| <b>Total governmental activities expenses</b>            | <b>\$31,503,375</b> | <b>\$32,235,589</b> | <b>\$35,519,629</b> | <b>\$38,216,522</b> | <b>\$38,804,489</b> | <b>\$38,643,425</b> | <b>\$37,496,237</b> | <b>\$40,398,662</b> | <b>\$38,243,474</b> | <b>\$42,728,610</b> |
| <b>Business-type activities:</b>                         |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Electric, water, wastewater<br>and sanitation operations | 37,756,145          | 43,453,117          | 46,993,426          | 45,651,630          | 45,926,941          | 45,446,929          | 49,122,135          | 52,823,732          | 50,680,617          | 53,624,597          |
| Stillwater Public Golf Authority                         | 1,161,042           | 1,101,923           | 1,194,269           | 1,204,793           | 1,149,566           | 399,188             | 0                   | 0                   | 0                   | 0                   |
| Stillwater Industrial Redevelopment Authority            | 101,129             | 0                   | 0                   | 0                   | 0                   | 0                   | 0                   | 0                   | 0                   | 0                   |
| Business area development                                | 0                   | 0                   | 0                   | 45,740              | 208,731             | 203,470             | 240,027             | 173,476             | 494,190             | 772,631             |
| Airport operations                                       | 1,959,733           | 2,161,111           | 2,113,932           | 2,670,192           | 2,032,704           | 1,884,854           | 2,132,392           | 2,695,168           | 2,749,481           | 2,714,304           |
| <b>Total business-type activities expenses</b>           | <b>40,978,049</b>   | <b>46,716,151</b>   | <b>50,301,627</b>   | <b>49,572,355</b>   | <b>49,317,942</b>   | <b>47,934,441</b>   | <b>51,494,554</b>   | <b>55,692,376</b>   | <b>53,924,288</b>   | <b>57,111,532</b>   |
| <b>Total primary government expenses</b>                 | <b>\$72,481,424</b> | <b>\$78,951,740</b> | <b>\$85,821,256</b> | <b>\$87,788,877</b> | <b>\$88,122,431</b> | <b>\$86,577,866</b> | <b>\$88,990,791</b> | <b>\$96,091,038</b> | <b>\$92,167,762</b> | <b>\$99,840,142</b> |
| <b>Program Revenues</b>                                  |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| <b>Governmental activities</b>                           |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| <b>Charges for services:</b>                             |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Public safety  | \$118,593           | \$171,172           | \$164,246           | \$189,049           | \$261,425           | \$416,131           | \$282,866           | \$261,900           | \$447,420           | \$354,296           |
| Recreation and culture                                   | 632,614             | 831,725             | 757,084             | 765,242             | 781,810             | 1,170,983           | 1,433,340           | 1,397,513           | 1,284,758           | 1,218,766           |
| General government                                       | 5,908               | 30,738              | 277,421             | 393,280             | 1,030,075           | 419,156             | 323,591             | 387,053             | 815,659             | 638,624             |
| Financial administration                                 | 923,756             | 834,381             | 1,116,601           | 890,515             | 1,065,196           | 1,162,439           | 829,461             | 1,182,234           | 1,058,148           | 1,026,063           |
| Streets and sewers                                       | 413,023             | 523,616             | 449,124             | 445,976             | 547,636             | 920,188             | 561,452             | 698,777             | 674,190             | 437,901             |
| Engineering and public works administration              | 5,405               | 0                   | 0                   | 0                   | 0                   | 0                   | 0                   | 0                   | 0                   | 0                   |
| Economic Development                                     | 0                   | 0                   | 3,261               | 0                   | 0                   | 0                   | 0                   | 0                   | 0                   | 0                   |
| Health and welfare                                       | 956,444             | 1,257,203           | 1,412,587           | 1,408,365           | 1,235,782           | 891,780             | 693,700             | 29,551              | 163,907             | 282,297             |
| Operating grants and contributions                       | 725,092             | 178,129             | 119,845             | 120,693             | 213,327             | 129,901             | 178,380             | 310,693             | 177,373             | 1,075,844           |
| Capital grants and contributions                         | 102,907             | 822,889             | 2,166,742           | 853,309             | 783,066             | 1,171,658           | 784,756             | 805,756             | 927,215             | 660,101             |
| <b>Total governmental activities program revenues</b>    | <b>3,883,742</b>    | <b>4,649,853</b>    | <b>6,466,911</b>    | <b>5,066,429</b>    | <b>5,918,317</b>    | <b>6,282,236</b>    | <b>5,087,546</b>    | <b>5,073,477</b>    | <b>5,548,670</b>    | <b>5,693,892</b>    |

**City of Stillwater, Oklahoma**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS (1)**  
**(ACCRUAL BASIS OF ACCOUNTING)**  
**(CONTINUED)**

|   | 2005                  | 2006                  | 2007                  | 2008                  | 2009                  | 2010                  | 2011                  | 2012                  | 2013                  | 2014                  |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Business-type activities:</b>                          |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Charges for services:                                     |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Electric, water, wastewater,<br>and sanitation operations | \$43,595,811          | \$48,197,848          | \$51,315,037          | \$52,517,022          | \$53,076,534          | \$56,340,873          | \$61,199,054          | \$65,532,650          | \$65,531,694          | \$72,927,436          |
| Stillwater Public Golf Authority                          | 775,913               | 820,232               | 697,495               | 730,872               | 724,559               | 280,237               | 0                     | 0                     | 0                     | 0                     |
| Stillwater Industrial Redevelopment Authority             | 932                   | 751                   | 0                     | 0                     | 0                     | 0                     | 0                     | 0                     | 0                     | 0                     |
| Business area development                                 | 0                     | 0                     | 0                     | 2,712                 | 10,480                | 22,766                | 15,671                | 23,328                | 23,207                | 28,130                |
| Airport operations  | 787,127               | 1,156,881             | 1,150,365             | 1,509,281             | 1,169,831             | 1,180,915             | 1,429,150             | 1,637,831             | 1,623,080             | 1,582,906             |
| Operating grants and contributions                        | 255,892               | 100,640               | 0                     | 0                     | 0                     | 0                     | 0                     | 0                     | 0                     | 0                     |
| Capital grants and contributions                          | 3,926,570             | 1,276,045             | 2,185,284             | 2,155,469             | 3,288,383             | 7,884,246             | 2,507,495             | 3,407,199             | 3,932,591             | 296,813               |
| <b>Total business-type activities program revenues</b>    | <b>49,342,245</b>     | <b>51,552,397</b>     | <b>55,348,181</b>     | <b>56,915,356</b>     | <b>58,269,787</b>     | <b>65,709,037</b>     | <b>65,151,370</b>     | <b>70,601,008</b>     | <b>71,110,572</b>     | <b>74,835,285</b>     |
| <b>Total primary government program revenues</b>          | <b>\$53,225,987</b>   | <b>\$56,202,250</b>   | <b>\$61,815,092</b>   | <b>\$61,981,785</b>   | <b>\$64,188,104</b>   | <b>\$71,991,273</b>   | <b>\$70,238,916</b>   | <b>\$75,674,485</b>   | <b>\$76,659,242</b>   | <b>\$80,529,177</b>   |
| <b>Net (Expense)/Revenue</b>                              |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Governmental activities                                   | (27,619,633)          | (27,585,736)          | (29,052,718)          | (33,150,093)          | (32,886,172)          | (32,361,189)          | (32,408,691)          | (35,325,185)          | (32,694,804)          | (37,034,718)          |
| Business-type activities                                  | 8,364,196             | 4,836,246             | 5,046,554             | 7,343,001             | 8,951,845             | 17,774,596            | 13,656,816            | 14,908,632            | 17,186,284            | 17,723,753            |
| <b>Total primary government net expense</b>               | <b>\$(19,255,437)</b> | <b>\$(22,749,490)</b> | <b>\$(24,006,164)</b> | <b>\$(25,807,092)</b> | <b>\$(23,934,327)</b> | <b>\$(14,586,593)</b> | <b>\$(18,751,875)</b> | <b>\$(20,416,553)</b> | <b>\$(15,508,520)</b> | <b>\$(19,310,965)</b> |
| <b>General Revenues and Other Changes in Net Position</b> |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Governmental activities:                                  |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Taxes:  |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Sales and use taxes                                       | \$19,822,637          | \$21,824,709          | \$22,857,240          | \$23,860,004          | \$24,129,712          | \$23,410,504          | \$24,389,442          | \$25,787,401          | \$28,249,872          | \$31,096,996          |
| Property taxes  | 1,979,773             | 1,368,897             | 1,315,487             | 1,343,353             | 991,643               | 1,377,028             | 1,448,266             | 1,343,480             | 1,310,488             | 1,296,462             |
| Franchise and public service taxes                        | 1,380,775             | 1,437,986             | 1,330,835             | 1,502,845             | 2,047,096             | 1,595,344             | 1,548,118             | 1,544,506             | 1,564,301             | 1,729,912             |
| E911 taxes  | 98,792                | 93,739                | 84,444                | 81,681                | 81,928                | 81,621                | 66,529                | 63,870                | 60,338                | 64,278                |
| Hotel/motel taxes   | 332,727               | 368,826               | 406,552               | 439,953               | 437,781               | 494,145               | 560,749               | 615,997               | 805,941               | 970,100               |
| Investment income   | 284,037               | 382,339               | 616,842               | 464,024               | 105,909               | 29,969                | 104,666               | 78,162                | 74,677                | (99,634)              |
| Miscellaneous   | 139,247               | 514,193               | 532,498               | 587,117               | 0                     | 0                     | 0                     | 0                     | 0                     | 0                     |
| Transfers-internal activity                               | 2,299,435             | 4,758,359             | 5,679,621             | 4,115,538             | 5,147,735             | 11,634,966            | 4,671,809             | 8,217,054             | 2,710,147             | 1,452,784             |
| <b>Total governmental activities</b>                      | <b>26,337,423</b>     | <b>30,749,048</b>     | <b>32,823,519</b>     | <b>32,394,515</b>     | <b>32,941,804</b>     | <b>38,623,577</b>     | <b>32,789,579</b>     | <b>37,650,470</b>     | <b>34,775,764</b>     | <b>36,510,898</b>     |
| Business-type activities:                                 |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Investment income   | 461,770               | 908,708               | 1,212,709             | 847,390               | 232,822               | 144,148               | 114,643               | 275,937               | (167,141)             | 181,875               |
| Miscellaneous   | 202,682               | 237,068               | 329,107               | 599,887               | 429,018               | 31,263                | 163,705               | 350,312               | 420,681               | 584,669               |
| Transfers-internal activity                               | (2,299,435)           | (4,758,359)           | (5,679,621)           | (4,115,538)           | (5,147,735)           | (11,634,966)          | (4,671,809)           | (8,217,054)           | (2,710,147)           | (1,452,784)           |
| <b>Total business-type activities</b>                     | <b>(1,634,983)</b>    | <b>(3,612,583)</b>    | <b>(4,137,805)</b>    | <b>(2,668,261)</b>    | <b>(4,485,895)</b>    | <b>(11,459,555)</b>   | <b>(4,393,461)</b>    | <b>(7,590,805)</b>    | <b>(2,456,607)</b>    | <b>(686,240)</b>      |
| <b>Total primary government</b>                           | <b>\$24,702,440</b>   | <b>\$27,136,465</b>   | <b>\$28,685,714</b>   | <b>\$29,726,254</b>   | <b>\$28,455,909</b>   | <b>\$27,164,022</b>   | <b>\$28,396,118</b>   | <b>\$30,059,665</b>   | <b>\$32,319,157</b>   | <b>\$35,824,658</b>   |
| <b>Change in Net Position</b>                             |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Governmental activities                                   | \$(1,282,210)         | \$3,163,312           | \$3,770,801           | \$(755,578)           | \$55,632              | \$6,262,388           | \$380,888             | \$2,325,285           | \$2,080,960           | \$(523,820)           |
| Business-type activities                                  | 6,729,213             | 1,223,663             | 908,749               | 4,674,740             | 4,465,950             | 6,315,041             | 9,263,355             | 7,317,827             | 14,729,677            | 17,037,513            |
| <b>Total primary government</b>                           | <b>\$5,447,003</b>    | <b>\$4,386,975</b>    | <b>\$4,679,550</b>    | <b>\$3,919,162</b>    | <b>\$4,521,582</b>    | <b>\$12,577,429</b>   | <b>\$9,644,243</b>    | <b>\$9,643,112</b>    | <b>\$16,810,637</b>   | <b>\$16,513,693</b>   |

**City of Stillwater, Oklahoma**  
**FUND BALANCES, GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

|   | 2005               | 2006                | 2007                | 2008                | 2009               | 2010               | 2011               | 2012                | 2013                | 2014                |
|---|--------------------|---------------------|---------------------|---------------------|--------------------|--------------------|--------------------|---------------------|---------------------|---------------------|
| <b>General fund</b>                       |                    |                     |                     |                     |                    |                    |                    |                     |                     |                     |
| Non-spendable: inventories                | \$171,519          | \$196,965           | \$178,914           | \$215,927           | \$270,012          | \$332,316          | \$163,741          | \$178,437           | \$142,282           | \$127,598           |
| Restricted for public safety              | 110,373            | 111,150             | 102,174             | 103,845             | 105,158            | 104,082            | 100,713            | 107,914             | 114,724             | 98,393              |
| Restricted for economic development       | 40,930             | 28,797              | 47,115              | 51,781              | 47,111             | 60,059             | 235,673            | 386,097             | 668,398             | 936,095             |
| Restricted for sales tax transfer         | 1,334,010          | 1,496,905           | 1,543,166           | 1,617,836           | 1,647,182          | 1,647,181          | 1,654,153          | 1,654,153           | 2,070,451           | 2,155,138           |
| Committed to public safety                | 228,212            | 236,210             | 230,006             | 259,093             | 323,533            | 379,648            | 522,274            | 555,967             | 283,254             | 458,395             |
| Assigned to self insurance                | 855,704            | 1,072,554           | 1,484,580           | 855,704             | 855,704            | 606,958            | 828,670            | 280,841             | 1,233,143           | 1,898,069           |
| Assigned to recreation and culture        | 169,065            | 99,291              | 76,976              | 105,920             | 111,504            | 125,484            | 150,445            | 167,036             | 172,350             | 176,613             |
| Unassigned                                | 1,342,491          | 3,160,167           | 1,317,341           | 219,459             | (115,077)          | 3,730,961          | 5,806,453          | 8,518,485           | 10,848,896          | 10,814,025          |
| <b>Total general fund</b>                 | <b>\$4,252,304</b> | <b>\$6,402,039</b>  | <b>\$4,980,272</b>  | <b>\$3,429,565</b>  | <b>\$3,245,127</b> | <b>\$6,986,689</b> | <b>\$9,462,122</b> | <b>\$11,848,930</b> | <b>\$15,533,498</b> | <b>\$16,664,326</b> |
| <b>All other governmental funds</b>       |                    |                     |                     |                     |                    |                    |                    |                     |                     |                     |
| Restricted for debt service               | \$696,375          | \$168,999           | \$96,746            | \$129,488           | \$279,996          | \$245,659          | \$384,409          | \$320,160           | \$327,051           | \$316,318           |
| Restricted for capital improvements       | 227,641            | 182,859             | 156,719             | 99,216              | 14,093             | 703,907            | 6,633,915          | 6,582,628           | 3,300,332           | 2,867,083           |
| Unassigned                                | 7,979,196          | 10,620,862          | 11,077,427          | 10,436,732          | 6,961,761          | 4,369,761          | 101,368            | (57,525)            | 54,350              | 0                   |
| <b>Total all other governmental funds</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> | <b>\$7,119,692</b> | <b>\$6,845,263</b>  | <b>\$3,681,733</b>  | <b>\$3,183,401</b>  |

(1) GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, was implemented in FY2011. The objective of this Statement is to improve the usefulness, including understandability, of governmental fund balance information. This Statement provides more clearly defined categories to make the nature and extent of the constraints placed on a government's fund balance more transparent.

**City of Stillwater, Oklahoma**  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

|  | 2005                 | 2006               | 2007                 | 2008                 | 2009                 | 2010                 | 2011               | 2012               | 2013               | 2014              |
|--|----------------------|--------------------|----------------------|----------------------|----------------------|----------------------|--------------------|--------------------|--------------------|-------------------|
| <b>Revenues</b>  |                      |                    |                      |                      |                      |                      |                    |                    |                    |                   |
| Taxes  | \$23,460,061         | \$24,995,004       | \$25,893,302         | \$27,326,131         | \$27,682,289         | \$26,963,407         | \$28,024,398       | \$29,371,854       | \$31,991,402       | \$35,156,665      |
| Intergovernmental  | 742,105              | 245,939            | 308,548              | 422,028              | 373,768              | 493,720              | 963,136            | 533,384            | 408,338            | 1,222,484         |
| Charges for service  | 1,428,079            | 1,653,785          | 1,468,896            | 1,357,411            | 1,427,691            | 1,343,284            | 1,449,277          | 650,145            | 802,270            | 584,908           |
| Fines and forfeits   | 889,850              | 877,165            | 807,431              | 789,481              | 810,280              | 786,164              | 656,201            | 776,389            | 793,076            | 742,037           |
| Fees and rentals   | 526,700              | 642,259            | 802,179              | 816,051              | 932,655              | 1,220,295            | 1,466,352          | 1,438,373          | 1,357,756          | 1,197,563         |
| Investment income  | 192,169              | 377,479            | 609,562              | 458,761              | 103,463              | 29,323               | 104,175            | 77,854             | 74,525             | (99,686)          |
| Licenses and permits   | 182,293              | 222,355            | 303,354              | 246,636              | 242,593              | 207,401              | 187,563            | 268,209            | 319,497            | 311,218           |
| Other miscellaneous revenues                                   | 397,285              | 686,876            | 1,092,042            | 1,328,187            | 1,428,570            | 1,392,714            | 726,410            | 880,825            | 1,219,642          | 1,113,058         |
| <b>Total revenues</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>33,577,512</b>  | <b>33,997,033</b>  | <b>36,966,506</b>  | <b>40,228,247</b> |
| <b>Expenditures</b>  |                      |                    |                      |                      |                      |                      |                    |                    |                    |                   |
| <b>Current:</b>  |                      |                    |                      |                      |                      |                      |                    |                    |                    |                   |
| Public safety  | \$12,919,050         | \$13,663,801       | \$15,147,760         | \$16,682,553         | \$15,987,890         | \$16,547,892         | \$16,420,643       | \$17,649,898       | \$16,537,022       | \$17,685,468      |
| Recreation and culture   | 4,050,919            | 4,256,098          | 4,791,101            | 5,015,086            | 5,061,282            | 386,147              | 5,462,498          | 5,062,437          | 4,858,451          | 5,252,317         |
| General government   | 2,156,559            | 2,172,095          | 2,624,051            | 2,986,340            | 3,603,225            | 3,027,262            | 2,837,873          | 3,330,545          | 3,670,808          | 3,643,832         |
| Financial administration                                       | 525,900              | 614,774            | 612,413              | 578,968              | 578,460              | 703,529              | 600,203            | 591,712            | 602,812            | 600,062           |
| Streets and sewers   | 1,889,400            | 2,025,858          | 2,375,075            | 2,621,006            | 2,658,212            | 2,663,639            | 2,380,470          | 2,670,103          | 2,415,451          | 2,535,981         |
| Operations   | 902,206              | 882,005            | 741,181              | 583,597              | 872,035              | 553,600              | 589,376            | 478,606            | 471,523            | 492,586           |
| Economic development   | 937,095              | 972,702            | 1,004,617            | 1,035,287            | 1,056,929            | 481,197              | 422,624            | 527,896            | 562,422            | 755,344           |
| Human services   | 1,527,309            | 1,365,664          | 1,647,385            | 1,946,693            | 1,791,442            | 1,402,018            | 1,436,499          | 1,455,121          | 1,255,899          | 1,803,795         |
| <b>Debt service:</b>   |                      |                    |                      |                      |                      |                      |                    |                    |                    |                   |
| Principal retirements  | 790,000              | 790,000            | 790,000              | 790,000              | 790,000              | 790,000              | 775,000            | 825,000            | 820,000            | 815,000           |
| Interest and fiscal charges                                    | 685,465              | 632,465            | 582,865              | 532,525              | 483,045              | 432,225              | 385,408            | 305,000            | 272,000            | 239,200           |
| Capital outlay   | 5,175,092            | 2,864,516          | 6,402,132            | 6,113,834            | 8,578,055            | 9,269,917            | 3,397,358          | 7,210,392          | 7,689,227          | 7,189,350         |
| <b>Total expenditures</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>34,707,952</b>  | <b>40,106,710</b>  | <b>39,155,615</b>  | <b>41,012,935</b> |
| <b>Excess of revenues over (under) expenditures</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>(1,130,440)</b> | <b>(6,109,677)</b> | <b>(2,189,109)</b> | <b>(784,688)</b>  |
| <b>Other Financing Sources (Uses)</b>                          |                      |                    |                      |                      |                      |                      |                    |                    |                    |                   |
| Proceeds of refunding bonds and other debt                     | 0                    | 0                  | 0                    | 0                    | 0                    | 9,105,336            | 53,488             | 0                  | 0                  | 0                 |
| Payment to refunded bond escrow agent                          | 0                    | 0                  | 0                    | 0                    | 0                    | (8,392,089)          | 0                  | 0                  | 0                  | 0                 |
| Proceeds from sale of assets                                   | 0                    | 0                  | 0                    | 0                    | 0                    | 0                    | 575,655            | 0                  | 0                  | 0                 |
| Transfers in   | 11,755,379           | 14,541,601         | 13,534,835           | 15,260,534           | 17,361,233           | 17,361,233           | 16,802,447         | 20,810,346         | 16,838,631         | 18,020,242        |
| Transfers out  | (9,455,944)          | (9,783,242)        | (9,165,164)          | (11,335,494)         | (12,495,991)         | (12,495,991)         | (12,025,352)       | (12,588,290)       | (14,128,484)       | (16,603,058)      |
| Transfer out to component unit                                 | 0                    | 0                  | 0                    | 0                    | 0                    | 0                    | 0                  | 0                  | 0                  | 0                 |
| <b>Total other financing sources (uses)</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>5,406,238</b>   | <b>8,222,056</b>   | <b>2,710,147</b>   | <b>1,417,184</b>  |
| <b>Net change in fund balances</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>\$4,275,798</b> | <b>\$2,112,379</b> | <b>\$521,038</b>   | <b>\$632,496</b>  |
| <b>Debt service as a percentage of noncapital expenditures</b> | <b>5.56%</b>         | <b>5.19%</b>       | <b>4.51%</b>         | <b>4.06%</b>         | <b>3.84%</b>         | <b>3.88%</b>         | <b>3.71%</b>       | <b>3.32%</b>       | <b>3.42%</b>       | <b>2.95%</b>      |

**City of Stillwater, Oklahoma**  
**TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(ACCRUAL BASIS OF ACCOUNTING)**

| <b>Fiscal Year</b> | <b>Sales &amp; Use Taxes</b> | <b>Property Taxes</b> | <b>Franchise and<br/>Public Service Taxes</b> | <b>E911 Taxes</b> | <b>Hotel/Motel Taxes</b> | <b>Total Taxes</b> | <b>Sales Tax as Percentage<br/>of Total Taxes</b> |
|--------------------|------------------------------|-----------------------|---|-------------------|--------------------------|--------------------|---|
| 2005               | \$19,822,637                 | \$1,979,773           | \$1,380,775                                   | \$98,792          | \$332,727                | \$23,614,704       | 83.94%  |
| 2006               | 21,824,709                   | 1,368,897             | 1,437,986                                     | 93,739            | 368,826                  | 25,094,157         | 86.97%  |
| 2007               | 22,857,240                   | 1,315,487             | 1,330,835                                     | 84,444            | 406,552                  | 25,994,558         | 87.93%  |
| 2008               | 23,860,004                   | 1,343,353             | 1,502,845                                     | 81,681            | 439,953                  | 27,227,836         | 87.63%  |
| 2009               | 24,129,712                   | 991,643               | 2,047,096                                     | 81,928            | 437,781                  | 27,688,160         | 87.15%  |
| 2010               | 23,410,504                   | 1,377,028             | 1,595,344                                     | 81,621            | 494,145                  | 26,958,642         | 86.84%  |
| 2011               | 24,389,442                   | 1,448,266             | 1,548,118                                     | 66,529            | 560,749                  | 28,013,104         | 87.06%  |
| 2012               | 25,787,401                   | 1,343,480             | 1,544,506                                     | 63,870            | 615,997                  | 29,355,254         | 87.85%  |
| 2013               | 28,249,872                   | 1,310,488             | 1,564,301                                     | 60,338            | 805,941                  | 31,990,940         | 88.31%  |
| 2014               | 31,096,996                   | 1,296,462             | 1,729,912                                     | 64,278            | 970,100                  | 35,157,748         | 88.45%  |

## City of Stillwater, Oklahoma

### ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY (1)

#### LAST TEN FISCAL YEARS

(IN THOUSANDS)

| Fiscal Year | Real Property | Personal Property | Public Service Property | Total Valuation | Homestead Exemption | Other Exemption | Net Total Valuation | Total Direct Tax Rate | Total Estimate Actual Value | Ratio of Total Assessed to Actual Value |
|-------------|---------------|-------------------|-------------------------|-----------------|---------------------|-----------------|---------------------|-----------------------|-----------------------------|---|
| 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%                                  |
| 2011        | 233,860       | 40,031            | 9,692                   | 283,583         | 5,334               |                 | 278,249             | 5.23                  | 2,487,570                   | 11.19%                                  |
| 2012        | 237,228       | 28,578            | 9,444                   | 275,250         | 5,199               |                 | 270,051             | 4.95                  | 2,414,474                   | 11.18%                                  |
| 2013        | 242,749       | 22,543            | 8,953                   | 274,245         | 5,173               |                 | 269,072             | 4.90                  | 2,405,658                   | 11.18%                                  |
| 2014        | 252,163       | 23,619            | 6,481                   | 282,263         | 5,054               | \$1,033         | 276,176             | 4.69                  | 2,475,991                   | 11.15%                                  |

The assessed value of the taxable property as certified by the Payne County Assessor to be used for the 2014-2015 fiscal year is as follows:

| Fiscal Year | Real Property | Personal Property | Public Service Property | Total Valuation | Homestead Exemption | Other Exemption (2) | Net Total Valuation | Total Direct Tax Rate | Total Estimate Actual Value |
|-------------|---------------|-------------------|-------------------------|-----------------|---------------------|---------------------|---------------------|-----------------------|-----------------------------|
| 2015        | \$261,644     | \$27,453          | \$5,718                 | \$294,815       | \$4,925             | \$1,156             | \$288,734           | 4.16                  | \$2,586,096                 |

(1) Source: Payne County Assessor

(2) Prior to Fiscal Year 2013, "Other Exemptions" were included in "Total Valuation" by the Payne County Assessor.

**City of Stillwater, Oklahoma**  
**DIRECT AND OVERLAPPING PROPERTY TAX RATES (1)**  
**LAST TEN FISCAL YEARS**  
**(RATE PER \$1,000 OF ASSESSED VALUE)**

| <b>Fiscal Year</b> | <b>City of Stillwater Debt Service Fund</b> | <b>Independent School District No. 16</b> | <b>Meridian Technology Center</b> | <b>Payne County</b> | <b>Total</b> |
|--------------------|---|---|-----------------------------------|---------------------|--------------|
| 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        |
| 2011               | 5.23  | 64.82                                     | 15.00                             | 16.00               | 101.05       |
| 2012               | 4.95  | 68.96                                     | 15.47                             | 16.43               | 105.81       |
| 2013               | 4.90  | 64.53                                     | 15.47                             | 16.43               | 101.33       |
| 2014               | 4.69  | 68.92                                     | 15.47                             | 16.43               | 105.51       |

The direct and overlapping tax rates for FY 2014-2015 are as follows:

| <b>Fiscal Year</b> | <b>City of Stillwater Debt Service Fund</b> | <b>Independent School District No. 16</b> | <b>Meridian Technology Center</b> | <b>Payne County</b> | <b>Total</b> |
|--------------------|---|---|-----------------------------------|---------------------|--------------|
| 2015               | 4.16  | 68.54                                     | 15.47                             | 16.43               | 104.60       |

(1) Source: Payne County Assessor

**City of Stillwater, Oklahoma**  
**PRINCIPAL PROPERTY TAX PAYERS (1)**  
**CURRENT YEAR AND NINE YEARS AGO**

| Taxpayer                             | Type of Business                             | 2014                    |  |      | 2005                    |  |      |
|--------------------------------------|--|-------------------------|--|------|-------------------------|--|------|
|                                      |  | 2014 Assessed Valuation | Percentage of Total Assessed Valuation | Rank | 2015 Assessed Valuation | Percentage of Total Assessed Valuation | Rank |
| Breckenridge Group Stillwater OK LLC | Off campus student housing                   | 3,387,771               | 1.17%                                  | 1    |                         |  |      |
| Links at Stillwater                  | Apartments/golf/fitness development          | 2,780,113               | 0.96%                                  | 2    |                         |  |      |
| Lakeview Pointe                      | Shopping Center                              | 2,393,520               | 0.83%                                  | 3    |                         |  |      |
| Wal-Mart Real Estate                 | Discount supercenter                         | 2,326,243               | 0.81%                                  | 4    | 1,769,0050              | 0.90%                                  | 7    |
| Sifty One at Tradan Heights          | Apartments                                   | 2,222,478               | 0.77%                                  | 5    |                         |  |      |
| Campus Crest at Stillwater           | Apartments                                   | 2,015,497               | 0.70%                                  | 6    |                         |  |      |
| ASCO Aerospace USA, LLC              | Aerospace                                    | 1,692,578               | 0.59%                                  | 7    |                         |  |      |
| Lowe's Home Center, Inc.             | Home improvement store                       | 1,568,205               | 0.54%                                  | 8    | 1,350,6550              | 0.68%0                                 | 10   |
| Henry Wells White Barn               | Apartments/golf                              | 1,375,405               | 0.48%                                  | 9    |                         |  |      |
| Stillwater Retirement, LLC           | Senior living                                | 1,237,021               | 0.43%                                  | 10   |                         |  |      |
| National Standard Co.                | Manufacturer of steel cord for radial tires  |                         |  |      | 1,807,065               | 0.92%                                  | 6    |
| Oklahoma Natural Gas                 | Gas Utility                                  |                         |  |      | 1,366,318               | 0.69%                                  | 9    |
| Armstrong World Industries, Inc.     | Manufacturer of floor coverings              |                         |  |      | 5,964,129               | 3.02%                                  | 2    |
| Southwestern Bell Telephone, LP      | Telephone utility                            |                         |  |      | 4,893,082               | 2.48%                                  | 3    |
| Brunswick Corporation                | Manufacturer of stern-drive boat motors      |                         |  |      | 9,653,161               | 4.89%                                  | 1    |
| Chickasaw Telecom Services, Inc.     | Telephone utility                            |                         |  |      | 2,353,436               | 1.19%                                  | 5    |
| Quebecor World Inc.                  | Printer of magazines and advertising inserts |                         |  |      | 3,118,284               | 1.58%                                  | 4    |
| Cingular Wireless LLC                | Wireless telephone utility                   |                         |  |      | 1,388,784               | 0.70%                                  | 8    |
|                                      |  | \$20,998,831            | 7.27%                                  |      | \$33,663,919            | 17.08%                                 |      |

(1) 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<br>THE FISCAL YEAR<br>OF THE LEVY |                    | COLLECTED PRIOR<br>YEAR'S LEVIES (1) |
|-------------|---------------------------|--|--------------------|--------------------------------------|
|             |                           | Amount   | Percentage of Levy | Amount                               |
| 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                                   |
| 2011        | 1,456                     | 1,420  | 98%                | 40                                   |
| 2012        | 1,337                     | 1,313  | 98%                | 47                                   |
| 2013        | 1,314                     | 1,294  | 98%                | 17                                   |
| 2014        | 1,296                     | 1,275  | 98%                | 21                                   |

(1) 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, 2014 are \$5 thousand in current taxes and \$4 thousand in delinquent taxes.

**City of Stillwater, Oklahoma**  
**TAXABLE SALES BY CATEGORY (1)**  
**LAST TEN FISCAL YEARS**  
**(IN THOUSANDS OF DOLLARS)**

|  | 2005             | 2006             | 2007             | 2008             | 2009             | 2010             | 2011             | 2012             | 2013             | 2014             |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Retail Trade*  |                  |                  |                  |                  |                  |                  |                  |                  | \$445,548        | \$483,038        |
| Accommodation and Food Services*                                 |                  |                  |                  |                  |                  |                  |                  |                  | 137,002          | 148,363          |
| Wholesale*   |                  |                  |                  |                  |                  |                  |                  |                  | 44,145           | 70,324           |
| Utilities*   |                  |                  |                  |                  |                  |                  |                  |                  | 42,350           | 44,616           |
| Information*   |                  |                  |                  |                  |                  |                  |                  |                  | 23,014           | 25,105           |
| Education services   | \$10,580         | \$10,947         | \$12,768         | \$10,555         | \$19,021         | \$16,804         | \$17,867         | \$18,788         | 18,567           | 18,517           |
| Manufacturing*   |                  |                  |                  |                  |                  |                  |                  |                  | 14,419           | 16,697           |
| Unclassified*  |                  |                  |                  |                  |                  |                  |                  |                  |                  | 8,847            |
| Other services (except Public Administration)*                   |                  |                  |                  |                  |                  |                  |                  |                  | 11,425           | 7,190            |
| Real Estate, Rental, and Leasing*                                |                  |                  |                  |                  |                  |                  |                  |                  | 8,911            | 13,102           |
| Arts, Entertainment and Recreation*                              |                  |                  |                  |                  |                  |                  |                  |                  | 4,925            | 3,995            |
| Professional, Scientific and Technical Services*                 |                  |                  |                  |                  |                  |                  |                  |                  | 2,228            | 3,002            |
| Transportation and Warehousing*                                  |                  |                  |                  |                  |                  |                  |                  |                  | 1,809            | 2,496            |
| Finance and Insurance*   |                  |                  |                  |                  |                  |                  |                  |                  | 1,522            | 2,349            |
| Construction*  |                  |                  |                  |                  |                  |                  |                  |                  | 1,094            | 1,392            |
| Mining, Quarring, and Oil and Gas Extraction*                    |                  |                  |                  |                  |                  |                  |                  |                  | 60               | 842              |
| Administrative and Support and Waste Management and Remediation* |                  |                  |                  |                  |                  |                  |                  |                  |                  | 261              |
| Agriculture, Forestry, Fishing and Hunting*                      |                  |                  |                  |                  |                  |                  |                  |                  | 346              | 55               |
| Health Care and Social Assistance*                               |                  |                  |                  |                  |                  |                  |                  |                  | 39               | 27               |
| Public Admin*  |                  |                  |                  |                  |                  |                  |                  |                  |                  | 3                |
| All other outlets  | 40,427           | 47,200           | 14,811           | 51,539           | 53,009           | 49,662           | 54,324           | 57,182           | 889              |                  |
| General merchandise stores                                       | 128,097          | 141,576          | 144,281          | 165,326          | 168,961          | 163,369          | 163,683          | 171,170          | 0                |                  |
| Eating and drinking places                                       | 68,314           | 79,720           | 84,125           | 88,711           | 95,953           | 95,055           | 100,179          | 108,943          | 0                |                  |
| Miscellaneous retail   | 52,776           | 53,655           | 59,973           | 63,590           | 60,811           | 58,989           | 61,044           | 65,576           | 0                |                  |
| Building material, hardware, garden supply                       | 48,395           | 52,357           | 51,659           | 58,193           | 56,626           | 48,296           | 44,602           | 47,178           | 0                |                  |
| Food stores  | 42,733           | 38,049           | 35,924           | 34,492           | 35,269           | 35,101           | 36,763           | 39,301           | 0                |                  |
| Electric, gas, and sanitary services                             | 31,763           | 36,563           | 39,310           | 38,680           | 39,300           | 39,922           | 39,611           | 40,763           | 0                |                  |
| Wholesale trade 0 durable goods                                  | 23,857           | 28,128           | 25,108           | 26,072           | 27,365           | 23,481           | 24,607           | 24,995           | 0                |                  |
| Apparel & accessory stores                                       | 26,549           | 25,996           | 35,824           | 34,128           | 32,717           | 33,376           | 35,328           | 39,194           | 0                |                  |
| Furniture, home furnishings & equipment                          | 21,611           | 24,266           | 24,478           | 26,142           | 26,924           | 23,240           | 35,526           | 35,764           | 0                |                  |
| Communications   | 24,831           | 22,357           | 23,368           | 23,531           | 22,948           | 23,564           | 20,890           | 22,985           | 0                |                  |
| Automotive dealers & gasoline service                            | 14,544           | 13,862           | 15,227           | 14,103           | 13,847           | 13,765           | 15,732           | 16,055           | 0                |                  |
| Business services  | 9,237            | 10,125           | 14,276           | 13,639           | 13,604           | 11,122           | 14,629           | 12,360           | 0                |                  |
| <b>Total</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> | <b>\$664,785</b> | <b>\$700,254</b> | <b>\$758,293</b> | <b>\$850,221</b> |
| City general sales tax rate                                      | 2.0%             | 2.0%             | 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%             | 1.0%             | 1.0%             |
| Dedicated sales tax - transportation projects (2)                | 0.5%             | 0.5%             | 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>      |

(1) Source: Oklahoma Tax Commission

(2) 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.

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

Note: Beginning Fiscal Year 2013, collections are reported by NAICS code in place of SIC code. \*

## City of Stillwater, Oklahoma

### DIRECT AND OVERLAPPING SALES TAX RATES (1)

#### LAST TEN CALENDAR YEARS

| Fiscal Year | City of Stillwater (2) | State of Oklahoma | Payne County (3) |
|-------------|------------------------|-------------------|------------------|
| 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%            |
| 2011        | 2.50%                  | 4.50%             | 0.75%            |
| 2012        | 2.50%                  | 4.50%             | 0.75%            |
| 2013        | 2.50%                  | 4.50%             | 0.75%/0.813%     |
| 2014        | 2.50%                  | 4.50%             | 0.813%           |

- (1) 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.
- (2) The City portion of sales tax increased 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.
- (3) 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 Payne County sales tax was increased to 0.813% effective April 1, 2013.

**City of Stillwater, Oklahoma**  
**ELECTRIC UTILITY CUSTOMERS AND SALES BY TYPE**  
**LAST TEN FISCAL YEARS**

|                          |                                  | 2005       | 2006       | 2007       | 2008       | 2009       | 2010       | 2011       | 2012       | 2013       | 2014       |
|--------------------------|----------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Commercial               | Ave monthly customers            | 1,665      | 1,740      | 1,801      | 1,873      | 1,920      | 1,956      | 1,958      | 1,983      | 2,060      | 2,088      |
|                          | Annual Sales                     | 4,115,871  | 4,704,547  | 5,097,084  | 5,239,488  | 5,481,954  | 5,914,254  | 5,772,953  | 5,807,202  | 5,978,102  | 6,706,022  |
|                          | Percentage of Total Annual Sales | 14%        | 14%        | 13%        | 14%        | 15%        | 15%        | 14%        | 13%        | 15%        | 15%        |
| Residential              | Ave monthly customers            | 16,182     | 16,760     | 16,690     | 16,874     | 17,060     | 17,280     | 17,434     | 17,341     | 17,549     | 17,996     |
|                          | Annual Sales                     | 13,100,486 | 15,647,337 | 16,803,705 | 16,639,744 | 16,793,576 | 17,710,450 | 18,350,527 | 20,445,780 | 20,035,777 | 21,896,747 |
|                          | Percentage of Total Annual Sales | 43%        | 45%        | 44%        | 45%        | 45%        | 46%        | 46%        | 47%        | 49%        | 50%        |
| Industrial/Institutional | Ave monthly customers            | 206        | 212        | 220        | 225        | 237        | 237        | 250        | 264        | 261        | 252        |
|                          | Annual Sales                     | 13,204,681 | 14,428,839 | 16,256,536 | 15,475,209 | 15,135,507 | 15,295,266 | 16,101,435 | 17,054,738 | 14,712,661 | 15,443,933 |
|                          | Percentage of Total Annual Sales | 43%        | 41%        | 43%        | 41%        | 40%        | 39%        | 40%        | 39%        | 36%        | 35%        |

**City of Stillwater, Oklahoma**

**LEGAL DEBT MARGIN INFORMATION**

**LAST TEN FISCAL YEARS**

**(IN THOUSANDS)**

Legal Debt Margin Calculation for Fiscal Year 2014:

|  |                 |
|--|-----------------|
| Net assessed valuation   | \$288,733       |
| Allowable debt of nonpublic utility bonds, limited by State Constitution, Article 10, Section 26, to 10% of net assessed valuation | \$28,873        |
| Less - Debt applicable to debt limit:  |                 |
| Municipal/police building general obligation bonds   | (5,598)         |
| <b>Legal Debt Margin</b>   | <b>\$23,275</b> |

|  | <b>2005</b>    | <b>2006</b>     | <b>2007</b>     | <b>2008</b>     | <b>2009</b>     | <b>2010</b>     | <b>2011</b>     | <b>2012</b>     | <b>2013</b>     | <b>2014</b>     |
|--|----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Debt limit   | 19,723         | 21,511          | 23,381          | 24,971          | 26,522          | 27,825          | 27,005          | 26,819          | 27,618          | 28,873          |
| Less - Total net debt applicable to limit                            | (12,200)       | (11,410)        | (10,620)        | (9,830)         | (9,040)         | (9,086)         | (8,248)         | (7,359)         | (6,476)         | (5,598)         |
| <b>Legal debt margin</b>   | <b>\$7,523</b> | <b>\$10,101</b> | <b>\$12,761</b> | <b>\$15,141</b> | <b>\$17,482</b> | <b>\$18,739</b> | <b>\$18,757</b> | <b>\$19,460</b> | <b>\$21,142</b> | <b>\$23,275</b> |
| Total net debt applicable to the limit as a percentage of debt limit | 61.9%          | 53.0%           | 45.4%           | 39.4%           | 34.1%           | 32.7%           | 30.5%           | 27.4%           | 23.4%           | 19.4%           |

**City of Stillwater, Oklahoma**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT (1) (2)**  
**AS OF JUNE 30, 2014**  
**(IN THOUSANDS OF DOLLARS)**

| <b>Government Unit</b>                         | <b>Bonds Outstanding</b> | <b>Debt Service Cash Available (3)</b> | <b>Net Bonds Outstanding</b> | <b>Percentage Applicable to City of Stillwater Property Owners/Patrons</b> | <b>Estimate Share of Overlapping Debt</b> |
|--|--------------------------|--|------------------------------|--|---|
| Debt repaid with property taxes                |                          |  |                              |  |   |
| Stillwater Independent School District #16 (4) | \$8,300                  | \$6,696                                | \$1,604                      | 82.77%   | \$1,328                                   |
| Debt repaid with sales taxes                   |                          |  |                              |  |   |
| Payne County Facilities Authority (4)          | \$11,585                 | \$2,265                                | \$9,320                      | 57.38%   | 5,348                                     |
| Subtotal - overlapping debt                    |                          |  |                              |  | \$6,676                                   |
| City of Stillwater direct debt                 | \$5,155                  | \$308                                  | \$4,847                      | 100.00%  | 4,847                                     |
| Total direct and overlapping debt              |                          |  |                              |  | \$11,523                                  |

- (1) 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.
- (2) Computation assumptions: For debt repaid with property taxes, the percentage of assessed property within the City of Stillwater in relation to the assessed value of the school district (which extends beyond the city limits) was used. For the County debt repaid with sales taxes, the percentage of taxable sales for the City of Stillwater in relation to the taxable sales for the entire county was used.
- (3) Restricted in use by bond indentures and/or trustee agreements.
- (4) Sources: Assessed value data, School and County amounts - Payne County Assessor's office

**City of Stillwater, Oklahoma**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN FISCAL YEARS**

| Fiscal Year | GOVERNMENTAL ACTIVITIES  | BUSINESS-TYPE ACTIVITIES |                          |               |                | Total Primary Government | Personal Income (in thousands of dollars) | Debt as Percentage of Personal Income | Population | Total Debt per Capita |
|-------------|--------------------------|--------------------------|--------------------------|---------------|----------------|--------------------------|---|---------------------------------------|------------|-----------------------|
|             | General Obligation Bonds | Revenue Bonds            | General Obligation Bonds | Notes Payable | Capital Leases |                          |   |                                       |            |                       |
| 2005        | \$12,200,000             | \$21,492,541             | \$505,000                | \$14,702,699  | \$1,018,953    | \$49,919,193             | \$1,759,533                               | 2.8%                                  | 41,940     | \$1,190.25            |
| 2006        | 11,410,000               | 19,185,018               | 0                        | 14,009,350    | 1,563,305      | 46,167,673               | 1,925,139                                 | 2.4%                                  | 45,674     | 1,010.81              |
| 2007        | 10,620,000               | 16,557,496               | 0                        | 13,307,167    | 1,663,711      | 42,148,374               | 2,102,451                                 | 2.0%                                  | 46,383     | 908.70                |
| 2008        | 9,830,000                | 13,824,750               | 0                        | 18,606,464    | 1,030,812      | 43,292,026               | 2,306,093                                 | 1.9%                                  | 46,976     | 921.58                |
| 2009        | 9,040,000                | 10,967,229               | 0                        | 17,390,784    | 938,198        | 38,336,211               | 2,314,505                                 | 1.7%                                  | 47,653     | 804.49                |
| 2010        | 9,085,959                | 7,989,348                | 0                        | 17,914,992    | 1,904,495      | 36,894,794               | 2,402,414                                 | 1.5%                                  | 45,688     | 807.54                |
| 2011        | 8,247,737                | 4,877,590                | 0                        | 26,066,740    | 2,127,695      | 41,319,762               | 2,523,379                                 | 1.6%                                  | 46,048     | 897.32                |
| 2012        | 7,359,342                | 1,605,608                | 0                        | 27,159,609    | 2,347,169      | 38,471,728               | 2,836,935                                 | 1.4%                                  | 46,560     | 826.28                |
| 2013        | 6,476,120                | 0                        | 0                        | 25,779,455    | 3,233,271      | 35,488,846               | **  | **                                    | 47,186     | 752.11                |
| 2014        | 5,597,899                | 0                        | 0                        | 23,692,419    | 2,442,643      | 31,732,962               | **  | **                                    | **         | **                    |

\*\* Data not available at time of publication

**City of Stillwater, Oklahoma**  
**RATIO OF GENERAL BONDED DEBT TO ASSESSED VALUES**  
**AND PER CAPITA BONDED DEBT**  
**LAST TEN FISCAL YEARS**

| Fiscal Year | GENERAL OBLIGATION BONDS |                          | Total Primary Government | Accumulated Resources Restricted to repayment of General Bonded Debt | Net General Bonded Debt | Population | Net Bonded Debt per Capita | Total Estimated Actual Value (in thousands of dollars) | Net Bonded Debt per \$1,000 of Assessed Value |
|-------------|--------------------------|--------------------------|--------------------------|--|-------------------------|------------|----------------------------|--|---|
|             | Governmental Activities  | Business-Type Activities |                          |  |                         |            |                            |  |   |
| 2005        | \$12,200,000             | \$505,000                | \$12,705,000             | \$696,375  | \$12,008,625            | 41,940     | \$286.33                   | \$1,660,991  | \$7.23  |
| 2006        | 11,410,000               | 0                        | 11,410,000               | 168,999  | 11,241,001              | 45,674     | 246.11                     | 1,774,711  | 6.33  |
| 2007        | 10,620,000               | 0                        | 10,620,000               | 96,746   | 10,523,254              | 46,383     | 226.88                     | 1,932,553  | 5.45  |
| 2008        | 9,830,000                | 0                        | 9,830,000                | 129,488  | 9,700,512               | 46,976     | 206.50                     | 2,097,439  | 4.62  |
| 2009        | 9,040,000                | 0                        | 9,040,000                | 279,996  | 8,760,004               | 47,653     | 183.83                     | 2,236,947  | 3.92  |
| 2010        | 9,085,959                | 0                        | 9,085,959                | 245,659  | 8,840,300               | 45,688     | 193.49                     | 2,373,184  | 3.73  |
| 2011        | 8,247,737                | 0                        | 8,247,737                | 384,409  | 7,863,328               | 46,048     | 170.76                     | 2,487,570  | 3.16  |
| 2012        | 7,359,342                | 0                        | 7,359,342                | 320,160  | 7,039,182               | 46,560     | 151.19                     | 2,414,474  | 2.92  |
| 2013        | 6,476,120                | 0                        | 6,476,120                | 327,051  | 6,149,069               | 47,186     | 130.32                     | 2,405,658  | 2.56  |
| 2014        | 5,597,899                | 0                        | 5,597,899                | 316,318  | 5,281,581               | **         | **                         | 2,475,991  | 2.13  |

\*\* Data not available at time of publication

**City of Stillwater, Oklahoma**  
**PLEDGED REVENUE COVERAGE (1)**  
**LAST TEN FISCAL YEARS**  
**(DOLLARS IN THOUSANDS)**

| Fiscal Year | <u>Oklahoma Water Resources Board (OWRB) Notes and 2002 and 2005 Revenue Bonds</u> |                          |                       |              |       |          | <u>2007 and 2010 Revenue Notes (2)</u> |              |     |          |
|-------------|--|--------------------------|-----------------------|--------------|-------|----------|--|--------------|-----|----------|
|             | Utility Operating Revenues   | Less: Operating Expenses | Net Available Revenue | DEBT SERVICE |       | Coverage | Pledge Transportation Sales Tax        | DEBT SERVICE |     | Coverage |
|             |  |                          | Principal             | Interest     |       |          | Principal                              | Interest     |     |          |
| 2005        | \$43,596   | \$37,498                 | \$6,098               | \$2,515      | \$823 | 1.83     | \$0                                    | \$0          | \$0 | 0        |
| 2006        | 48,198   | 42,396                   | 5,802                 | 2,305        | 709   | 1.93     | 0                                      | 0            | 0   | 0        |
| 2007        | 51,315   | 45,907                   | 5,408                 | 2,625        | 693   | 1.63     | 0                                      | 0            | 0   | 0        |
| 2008        | 52,517   | 44,519                   | 7,998                 | 2,730        | 619   | 2.39     | 929                                    | 0            | 0   | 0        |
| 2009        | 53,052   | 44,698                   | 8,354                 | 2,855        | 535   | 2.46     | 1,644                                  | 495          | 326 | 2.00     |
| 2010        | 56,341   | 44,535                   | 11,806                | 3,660        | 666   | 2.73     | 1,576                                  | 645          | 197 | 1.87     |
| 2011        | 61,199   | 48,358                   | 12,841                | 2,930        | 440   | 3.81     | 1,646                                  | 1,270        | 269 | 1.07     |
| 2012        | 65,533   | 52,026                   | 13,507                | 4,015        | 582   | 2.94     | 1,712                                  | 1,615        | 270 | 0.91     |
| 2013        | 65,532   | 49,960                   | 15,572                | 2,654        | 520   | 4.91     | 1,876                                  | 1,675        | 223 | 0.99     |
| 2014        | 72,927   | 52,824                   | 20,103                | 1,190        | 481   | 12.03    | 2,093                                  | 1,740        | 174 | 1.09     |

- (1) Details regarding the City's outstanding debt can be found in the notes to the financial statements.
- (2) 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 TEN FISCAL YEARS**

|   | 2005         | 2006         | 2007         | 2008         | 2009         | 2010         | 2011         | 2012         | 2013         | 2014         |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Function/Program</b>                     |              |              |              |              |              |              |              |              |              |              |
| Governmental activities:                    |              |              |              |              |              |              |              |              |              |              |
| Public safety                               | 189.5        | 189.5        | 188.0        | 193.0        | 193.0        | 199.0        | 196.0        | 194.0        | 197.0        | 199.0        |
| Recreation and culture                      | 101.0        | 91.6         | 102.0        | 93.8         | 87.8         | 75.5         | 67.0         | 56.3         | 72.3         | 80.5         |
| General government                          | 24.5         | 27.8         | 25.0         | 38.0         | 40.5         | 38.0         | 33.0         | 36.5         | 45.0         | 56.5         |
| Financial administration                    | 13.0         | 13.0         | 13.5         | 15.0         | 15.0         | 15.0         | 13.0         | 16.0         | 18.5         | 14.8         |
| Street and sewers                           | 28.0         | 28.0         | 22.0         | 33.0         | 35.0         | 37.5         | 35.0         | 37.3         | 26.0         | 26.0         |
| Engineering and public works administration | 25.5         | 22.5         | 28.0         | 17.0         | 14.5         | 9.5          | 6.0          | 4.0          | 11.0         | 6.0          |
| Health and welfare                          | 18.0         | 19.0         | 18.0         | 23.0         | 15.0         | 22.0         | 19.0         | 18.3         | 16.5         | 18.0         |
| Business-type activities:                   |              |              |              |              |              |              |              |              |              |              |
| Electric, water and wastewater operations   | 136.0        | 137.8        | 130.0        | 138.5        | 132.1        | 137.3        | 128.0        | 136.0        | 142.3        | 146.8        |
| Sanitation operations                       | 35.0         | 35.0         | 30.0         | 34.5         | 31.0         | 37.5         | 31.0         | 29.5         | 30.0         | 30.0         |
| Stillwater Public Golf Authority (1)        | 22.0         | 21.0         | 19.5         | 21.0         | 20.0         | 20.0         | 0.0          | 0.0          | 0.0          | 0.0          |
| Airport Operations                          | 5.0          | 5.0          | 5.0          | 5.0          | 6.0          | 5.5          | 5.0          | 5.0          | 5.3          | 5.8          |
| <b>Total</b>                                | <b>597.5</b> | <b>590.2</b> | <b>581.0</b> | <b>611.8</b> | <b>589.9</b> | <b>596.8</b> | <b>533.0</b> | <b>532.9</b> | <b>563.8</b> | <b>583.3</b> |

(1) Stillwater Public Golf Authority was dissolved by ordinance in 2010. Beginning in 2011, golf employees are included with recreation and culture.

## City of Stillwater, Oklahoma

### CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

#### LAST TEN FISCAL YEARS

|  | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|--|------|------|------|------|------|------|------|------|------|------|
| <b>Function/Program</b>                |      |      |      |      |      |      |      |      |      |      |
| <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   | 24   | 24   | 24   | 24   | 24   | 24   | 24   | 24   | 23   |
| Tennis Courts                          | 14   | 14   | 14   | 10   | 10   | 10   | 10   | 10   | 10   | 10   |
| Neighborhood/community parks           | 22   | 24   | 24   | 22   | 22   | 22   | 22   | 22   | 22   | 22   |
| Lakeside Golf Course - acreage         | 160  | 160  | 160  | 160  | 160  | 160  | 160  | 160  | 160  | 160  |
| Street and sewers                      |      |      |      |      |      |      |      |      |      |      |
| Streets (miles)                        | 295  | 297  | 230  | 230  | 526  | 531  | 526  | 526  | 532  | 532  |
| Traffic signals                        | 51   | 53   | 61   | 61   | 61   | 61   | 60   | 60   | 62   | 64   |
| <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 | 20.9 | 20.9 | 20.9 | 20.1 | 20.1 | 20.1 | 20.1 | 20.2 | 20.8 |
| Water                                  |      |      |      |      |      |      |      |      |      |      |
| Water Plant                            | 1    | 1    | 1    | 1    | 1    | 1    | 1    | 1    | 1    | 1    |
| Water storage towers (away from plant) | 4    | 4    | 5    | 5    | 5    | 5    | 5    | 5    | 5    | 6    |
| Wastewater                             |      |      |      |      |      |      |      |      |      |      |
| Wastewater Plant                       | 1    | 1    | 1    | 1    | 1    | 1    | 1    | 1    | 1    | 1    |
| Lift Stations                          | 13   | 15   | 15   | 15   | 15   | 15   | 15   | 15   | 15   | 15   |

Sources: Various City departments

**City of Stillwater, Oklahoma**  
**OPERATING INDICATORS BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**

|   | 2005    | 2006    | 2007    | 2008    | 2009    | 2010    | 2011    | 2012    | 2013    | 2014    |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| <b>Function/Program</b>                     |         |         |         |         |         |         |         |         |         |         |
| Governmental activities:                    |         |         |         |         |         |         |         |         |         |         |
| Public safety                               |         |         |         |         |         |         |         |         |         |         |
| Traffic citations                           | 5,621   | 5,700   | 5,075   | 5,010   | 4,196   | 4,018   | 3,468   | 2,481   | 3,065   | 2,779   |
| Parking tickets                             | 12,967  | 14,000  | 13,662  | 11,601  | 13,682  | 16,493  | 17,076  | 13,419  | 16,610  | 14,709  |
| Police calls for service                    | 42,721  | 44,697  | 39,841  | 33,810  | 43,713  | 42,136  | 44,683  | 43,518  | 33,213  | 31,548  |
| Animals handled by Animal Welfare           | 2,411   | 4,034   | 738     | 2,434   | 2,208   | 2,434   | 2,530   | 2,387   | 2,398   | 2,465   |
| Fire calls for service                      | 1,390   | 1,517   | 1,632   | 1,447   | 1,520   | 1,544   | 1,948   | 1,927   | 4,077   | 4,130   |
| Ambulance calls for service                 | 3,486   | 3,512   | 3,971   | 3,574   | 4,026   | 3,939   | 4,268   | 0       | 0       | 0       |
| Recreation and culture                      |         |         |         |         |         |         |         |         |         |         |
| Acres mowed (1)                             | 12,229  | 8,532   | 11,552  | 11,240  | 8,296   | 7,493   | 5,735   | 5,735   | 5,490   | 5,490   |
| Program participants                        | 6,154   | 6,303   | 7,490   | 2,296   | 6,030   | 4,765   | 5,046   | 4,987   | 5,100   | 2,618   |
| Senior Center daily average attendance      | 73      | 67      | 60      | 70      | 42      | 34      | 40      | 40      | 22      | 25      |
| Multi Arts participants (2)                 | 1,341   | 2,978   | 2,236   | 6,000   | 6,000   | 6,000   | 6,200   | 4,700   | 0       | 0       |
| Swimming pool admissions                    | 29,148  | 17,342  | 18,094  | 18,056  | 15,280  | 16,759  | 12,859  | 12,356  | 10,804  | 10,840  |
| Lakeside golf course - rounds of golf       | 28,735  | 31,218  | 25,717  | 25,088  | 24,515  | 25,577  | 29,247  | 29,764  | 31,237  | 29,563  |
| Mini bus rides (3)                          | 17,284  | 15,554  | 9,699   | 4,390   | 1,974   | 516     | 0       | 0       | 0       | 0       |
| Volumes in library                          | 89,059  | **      | **      | 91,674  | 95,219  | 97,555  | 100,119 | 110,918 | 110,728 | 111,072 |
| Total circulation of library materials      | 352,258 | 372,998 | 349,502 | 340,421 | 364,243 | 370,043 | 369,340 | 369,191 | 360,423 | 353,860 |
| General government                          |         |         |         |         |         |         |         |         |         |         |
| Supported micro-computers by IT             | 418     | 411     | 407     | 430     | 421     | 468     | 511     | 590     | 450     | 450     |
| Helpdesk/trouble calls by IT                | 1,624   | 2,122   | 1,858   | 2,547   | 2,084   | 2,429   | 2,785   | 3,355   | 2,500   | 2,100   |
| Ordinances drafted                          | 71      | **      | 35      | 35      | 36      | 32      | 35      | 37      | 52      | 35      |
| Financial administration                    |         |         |         |         |         |         |         |         |         |         |
| Computer generated accounts payable checks  | 5,995   | 4,262   | 4,123   | 2,963   | 2,888   | 3,382   | 3,945   | 2,598   | 2,218   | 2,399   |
| Budget revisions/amendments processed       | 478     | 430     | 325     | 328     | 388     | 428     | 325     | 274     | 317     | 289     |
| Requisitions reviewed                       | 3,427   | 1,902   | 1,608   | 1,709   | 1,794   | 1,541   | 1,355   | 1,231   | 1,228   | 1,639   |
| Municipal court cases                       | 11,000  | 11,000  | 10,008  | 10,318  | 9,289   | 7,815   | 8,165   | 6,880   | 7,568   | 7,263   |
| Street and sewers                           |         |         |         |         |         |         |         |         |         |         |
| Blocks of striping (4)                      | 150     | 89      | 96      | 82      | 103     | 76      | 8,755   | 80      | 80      | 31,680  |
| Signs made                                  | 450     | 270     | 305     | 159     | 346     | 571     | 251     | 1,142   | 814     | 736     |
| Crack sealant (blocks) (5)                  | 62      | 68      | 252     | 10,765  | 143     | 117     | 216     | 0       | 49      | 6,237   |
| Slurry sealant (blocks)                     | 175     | 74      | 72      | 23      | 8       | 39      | 29      | 26      | 40      | 0       |
| Concrete replacement (cu. yds.)             | 900     | 900     | 758     | 834     | 1,162   | 1,207   | 1,714   | 1,229   | 1,169   | 1,252   |
| Engineering and public works administration |         |         |         |         |         |         |         |         |         |         |
| Developments reviewed                       | 166     | 201     | 140     | 95      | 69      | 39      | 80      | 52      | 73      | 66      |
| Permits issued                              | 3,730   | 3,494   | 3,478   | 3,047   | 2,650   | 2,963   | 3,406   | 4,116   | 3,285   | 3,124   |
| Vehicles maintained                         | 285     | 293     | 323     | 340     | 346     | 271     | 305     | 362     | 494     | 539     |
| Fleet job orders completed                  | 3,686   | 3,085   | 3,388   | 3,619   | 3,789   | 3,721   | 3,754   | 3,848   | 4,284   | 4,540   |
| Health and welfare                          |         |         |         |         |         |         |         |         |         |         |
| Code enforcement inspections                | 4,400   | 7,584   | 8,595   | 3,163   | 4,722   | 4,975   | 5,574   | 5,638   | 7,059   | 8,114   |
| High grass and weed cases                   | 592     | 593     | 490     | 746     | 373     | 1,055   | 1,076   | 266     | 40      | 309     |
| Trees and shrubs planted                    | 210     | 197     | 54      | 22      | 94      | 56      | 0       | 70      | 50      | 42      |

**City of Stillwater, Oklahoma**  
**OPERATING INDICATORS BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**  
**(CONTINUED)**

|   | 2005   | 2006    | 2007    | 2008    | 2009    | 2010    | 2011    | 2012    | 2013    | 2014    |
|---|--------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Business-type activities                  |        |         |         |         |         |         |         |         |         |         |
| Electric, water and wastewater operations |        |         |         |         |         |         |         |         |         |         |
| Electric connections                      | 19,113 | 19,800  | 18,338  | 19,605  | 20,580  | 20,338  | 20,208  | 20,856  | 21,399  | 20,336  |
| Water connections                         | 14,067 | 14,932  | 15,274  | 16,200  | 16,654  | 16,312  | 16,218  | 16,390  | 16,256  | 16,607  |
| Water line repairs (6)                    | 126    | 292     | 281     | 272     | 176     | 85      | 900     | 252     | 349     | 340     |
| Water treated (million gallons)           | 2,768  | 3,079   | **      | 2,604   | 2,567   | 2,338   | 2,282   | 2,438   | 2,407   | 2,321   |
| Sewage treated (million gallons)          | 2,098  | 2,277   | 1,940   | 2,035   | 1,957   | 2,048   | 1,648   | 1,651   | 1,825   | 1,905   |
| Sanitation operations                     |        |         |         |         |         |         |         |         |         |         |
| Landfill usage (tons)                     | 18,513 | 20,002  | 22,884  | 21,000  | 19,602  | 18,986  | 19,713  | 18,631  | 18,605  | 18,602  |
| Yard waste hauled (tons)                  | 960    | 961     | 1,198   | 1,183   | 1,135   | 1,002   | 1,403   | 1,021   | 1,071   | 1,040   |
| Community Center operations               |        |         |         |         |         |         |         |         |         |         |
| Admissions                                | 77,404 | 107,228 | 104,129 | 118,310 | 130,141 | 131,202 | 118,082 | 132,251 | 137,541 | 159,548 |
| Airport Operations                        |        |         |         |         |         |         |         |         |         |         |
| Operations (avg month)                    | 5,267  | 5,912   | 6,292   | **      | 5,976   | 4,324   | 4,994   | 4,885   | 4,945   | 4,911   |

\*\*unavailable

- (1) Changed measure of acres mowed in fiscal year 2005 to acres mowed times number of mowings.
- (2) Operation of the multi arts programming assumed by the Friends of the Multi Arts Center, Inc. on May 1, 2012
- (3) Mini bus program ended March 2010
- (4) Measured in ft. in 2011
- (5) Measured in lbs. in 2008
- (6) 2005-2010 includes water main repairs only. Beginning in 2011, both water main and service line repairs are included.

Sources: Various City departments

**City of Stillwater, Oklahoma**  
**PRINCIPAL EMPLOYERS (2)**  
**CURRENT YEAR AND NINE YEARS AGO**

| Employers                       | CURRENT YEAR |      |                                     | NINE YEARS AGO |      |                                     |
|---------------------------------|--------------|------|-------------------------------------|----------------|------|-------------------------------------|
|                                 | Employees    | Rank | Percentage of Total City Employment | Employees      | Rank | Percentage of Total City Employment |
| Oklahoma State University       | 5,659        | 1    | 19%                                 | 5,913          | 1    | 30%                                 |
| Stillwater Medical Center       | 886          | 2    | 3%                                  | 736            | 4    | 4%                                  |
| Stillwater Public Schools       | 809          | 3    | 3%                                  | 742            | 3    | 4%                                  |
| City of Stillwater              | 583          | 4    | 2%                                  | 597            | 6    | 3%                                  |
| Wal-Mart (1)                    | 505          | 5    | 2%                                  | 628            | 5    | 3%                                  |
| OK State Dept. of Career Tech   | 240          | 6    | 1%                                  | 261            | 8    | 1%                                  |
| Stillwater Designs/Kicker Audio | 185          | 7    | 1%                                  |                |      |                                     |
| National Standard               | 175          | 8    | 1%                                  | 216            | 10   | 1%                                  |
| Stillwater National Bank        | 150          | 9    | 0%                                  | 216            | 10   | 1%                                  |
| Stan Clark Companies (1)        | 145          | 10   | 0%                                  |                |      |                                     |
| Mercury MerCruiser              | 0            |      |                                     | 930            | 2    | 5%                                  |
| Quebecor World/Quad Graphics    | 0            |      |                                     | 310            | 7    | 2%                                  |
| Creative Labs                   | 0            |      |                                     | 235            | 9    | 1%                                  |
| Others:                         |              |      |                                     |                |      |                                     |
| Oncue Marketing                 | 171          |      |                                     |                |      |                                     |
| Meridian Technology Center      | 124          |      |                                     |                |      |                                     |
| Armstrong World Industries      | 110          |      |                                     |                |      |                                     |
| Frontier Electronics            | 102          |      |                                     |                |      |                                     |
| Nomadics, Inc./ICX Technologies | 60           |      |                                     |                |      |                                     |
| Stillwater Milling              | 58           |      |                                     |                |      |                                     |

(1) Although these employers were in business nine years ago, employee counts for retail employers for that time period is not readily available.

(2) Sources: Human Resource departments of various local employers

## City of Stillwater, Oklahoma

### DEMOGRAPHIC AND ECONOMIC STATISTICS

#### LAST TEN FISCAL YEARS

| Fiscal Year | Population (1) | Personal Income<br>(in thousands)<br>of dollar) (2) | Per Capita<br>Personal Income | Median Age (3) | EDUCATION LEVEL<br>IN YEARS OF SCHOOLING (3)    |  | K-12 School<br>Enrollment (4) | Post-Secondary<br>Enrollment (4) | Unemployment<br>Rate (5) |
|-------------|----------------|---|-------------------------------|----------------|---|--|-------------------------------|----------------------------------|--------------------------|
|             |                |   |                               |                | Percentage High<br>School Graduate<br>or Higher | Percentage<br>Bachelor's Degree<br>or Higher |                               |                                  |                          |
| 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         | 2,314,505   | 29,030                        |                |   |  | 5,596                         | 23,719                           | 6.3%                     |
| 2010        | 45,688         | 2,402,414   | 31,021                        | 23.9           | 92.5%   | 46.6%  | 5,780                         | 24,018                           | 5.8%                     |
| 2011        | 46,048         | 2,523,379   | 32,356                        | 24.1           | 93.3%   | 47.0%  | 5,960                         | 24,622                           | 5.9%                     |
| 2012        | 46,560         | 2,836,935   | 36,186                        | 23.7           | 93.4%   | 49.0%  | 6,061                         | 25,623                           | 5.1%                     |
| 2013        | 47,186         | **  | **                            | **             | **  | **   | 6,147                         | 26,312                           | 5.5%                     |
| 2014        | **             | **  | **                            | **             | **  | **   | 6,212                         | 27,974                           | 4.8%                     |

\*\* Data not available at time of publication

- (1) Population estimates provided by the City of Stillwater Department of Community Development and the U.S. Census Bureau.  
2005 population estimate reflects the acceptance of the City's estimate challenge by the U.S. Census Bureau.  
2007 population estimate reflects the acceptance of the City's estimate challenge by the U.S. Census Bureau.
- (2) 2005 personal income estimates provided by Oklahoma Department of Commerce. "Total Personal Income for Counties and MSAs: 2000 - 2005"  
2006 through 2010 personal income estimates provided by U.S. Department of Commerce.  
2011 through 2012 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 Bureau of Labor Statistics and is for Payne County.



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