



**COMPREHENSIVE ANNUAL FINANCIAL REPORT
AND INDEPENDENT AUDITOR'S REPORTS**

**AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2012**

CITY OF SAPULPA, OKLAHOMA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
AND ACCOMPANYING
INDEPENDENT AUDITOR'S REPORTS
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February 27, 2013

To the Honorable Mayor Reg Green, City Councilors, and Citizens:

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the City of Sapulpa for the fiscal year ended June 30, 2012. The report was prepared by the Finance Department of the City of Sapulpa to present the financial position of the City and the results of the City's financial operations in accordance with generally accepted accounting principles. 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, and all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included. The Management's Discussion and Analysis provide additional narrative and detailed analysis of the City's financial affairs, and we encourage readers to consider that information in conjunction with the information presented here.

To facilitate the understanding of the City's financial affairs, the CAFR is divided into the following sections:

- **Introductory Section** – Includes a table of contents, a letter of transmittal, the City's organizational chart, and a list of City Officials.
- **Financial Section** – Consists of the independent auditor's report, management's discussion and analysis, the basic financial statements, required supplementary information, and other supplementary information.
- **Statistical Section** – Presents unaudited financial, economic and demographic data and other information relative to the community.

Governmental Structure

The City of Sapulpa, the County seat of Creek County, Oklahoma, is located in the extreme northeast corner of the County, only twelve miles from the City of Tulsa, Oklahoma. The City lies astride Interstate Highway 44 (Turner Turnpike) connecting the cities of Tulsa and Oklahoma City. First incorporated prior to Oklahoma statehood, its first City Charter was adopted in 1910, with major revisions thereto in 1922, 1970, 2002, and 2005. Currently operating under a Municipal Charter form of Government pursuant to Oklahoma Statutes 1991, Sect. 13-101, et seq., the city is governed by a Board of Councilors consisting of ten councilors, two council members from each of five wards. The mayor is chosen from among the council itself. The City Council also serves as trustees of the Sapulpa Municipal Authority. The Mayor and Council appoint a City Manager, a City Attorney, and a City Treasurer. The responsibility for the day-to-day operations of the City rests with the City Manager.

Economic Conditions and Outlook

The City continues to recover from the economic recession but has not yet recovered fully to revenue levels prior to the downturn. The primary measure of local economic activity is sales tax revenue which increased approximately 4.7% from the prior fiscal year. Another major revenue is the Sapulpa Municipal Authority (SMA) charges for service, which include water, sewer, and refuse revenue. SMA charges for service increased slightly, 1.2%, for the year.

City officials continue to anticipate a slow recovery which resulted in a budget for fiscal year 2012/2013 which continues to pose several challenges. Departments are still operating with lower budgets for materials and other services, and with lower staffing levels. Several goals were however accomplished including non-uniform salary adjustments, changes in insurance, some major capital outlay purchases and projects, and long term debt restructuring.

Acknowledgments

The preparation of this report is a combined effort of the staff of the Finance Department with the professional assistance of our consultants, Crawford & Associates, P.C., and our independent auditors, Arledge & Associates, P.C. We would like to express our appreciation to all individuals who assisted in the preparation of this report.

We would also like to thank the Mayor and the members of the City Council for their leadership, encouragement and support in our effort to provide the citizens with quality services, management and financial reporting.

Respectfully submitted,



Tom DeArman
City Manager



Pamela Vann
Finance Director

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CITY OF SAPULPA
LIST OF CITY OFFICIALS
FOR THE FISCAL YEAR
JULY 1, 2011 – JUNE 30, 2012

REG GREEN, MAYOR
LOUIS MARTIN, JR, VICE-MAYOR

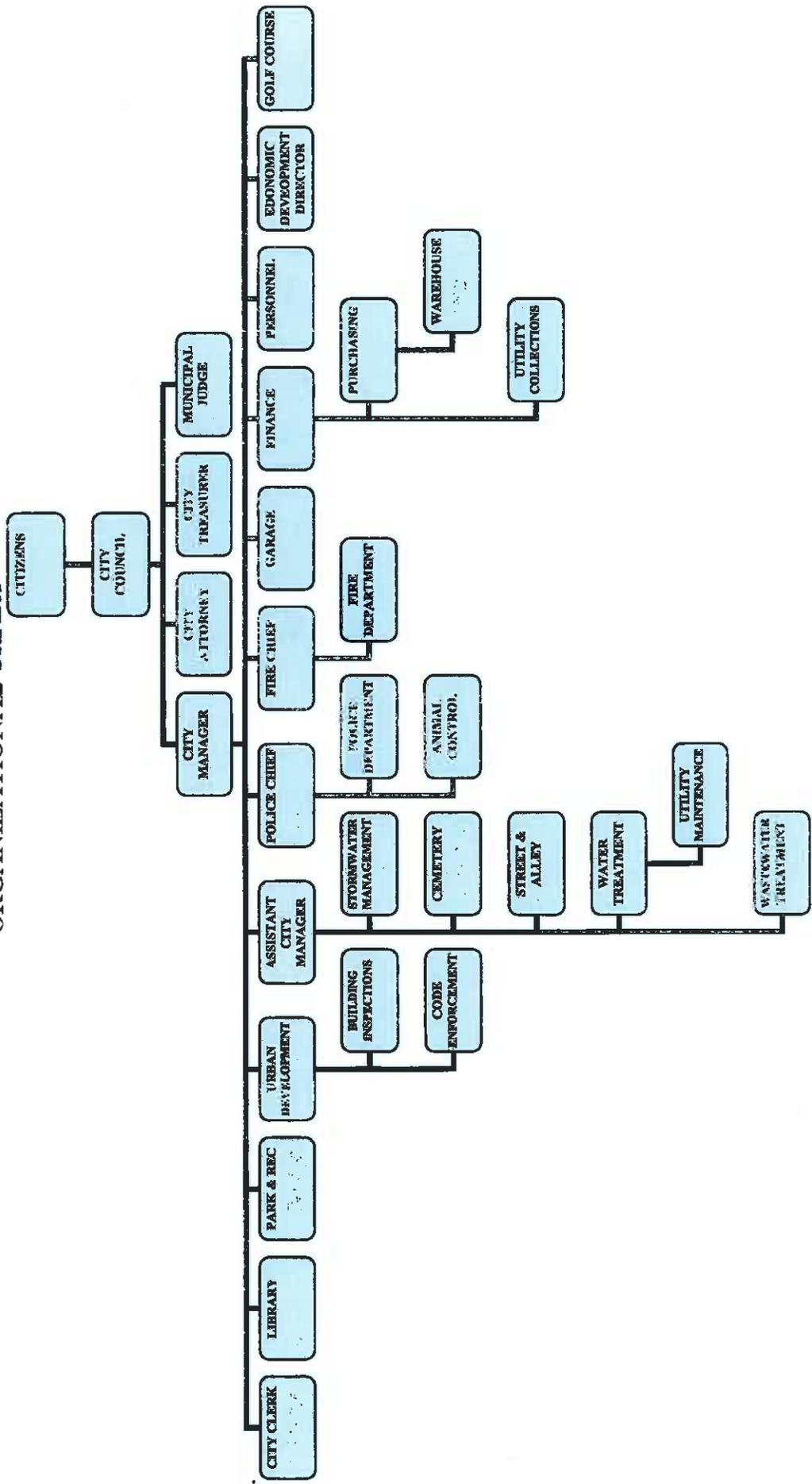
COUNCIL:

CRAIG HENDERSON
THERESA JONES
CHARLES STEPHENS
JOHN ANDERSON

MARTY CUMMINS
CARLOS HERNANDEZ
ALAN H. JONES
BILL ROLLINGS

Tom M. DeArman, City Manager
David Widdoes, City Attorney
David E. Gilliland, Assistant City Manager
Shirley Burzio, City Clerk
Pamela Vann, Finance Director

CITY OF SAPULPA ORGANIZATIONAL CHART





INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Council
City of Sapulpa, Oklahoma

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sapulpa, Oklahoma, (the "City") as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We 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 *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 5, 2013, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedule, and schedule of funding progress, as listed in the Table of Contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the

basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, other supplementary information, and statistical section, as listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The other supplementary 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken 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.

Arledge & Associates, P.C.

Edmond, Oklahoma
February 5, 2013

Our discussion and analysis of the City of Sapulpa's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2012. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- For the fiscal year ended June 30, 2012, the City's total net assets decreased by \$2.0 million from the prior year.
- During the year, the City's expenses for governmental activities were \$18.5 million and were funded by program revenues of \$3.6 million and further funded with taxes, other general revenues and transfers that totaled \$13.7 million.
- In the City's business-type activities, such as utilities and golf course, total expenses exceeded program revenues by \$3.4 million, funded with general revenues and transfers of \$2.7 million.
- At June 30, 2012, the General Fund reported an unassigned fund balance of \$0.5 million.
- For budgetary reporting purposes, the General Fund reported revenues more than estimates by \$0.2 million or 0.8%, while expenditures were less than final appropriations by \$0.6 million or 3%.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements presented herein include all of the activities of the City of Sapulpa (the "City") and its component units using the integrated approach as prescribed by GASB Statement No. 34. Included in this report are government-wide statements for each of two categories of activities – governmental and business-type. 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. These statements include all assets of the City (including infrastructure capital assets) as well as all liabilities (including all long-term debt).

Reporting the City as a Whole

The Statement of Net Assets and the Statement of Activities

One of the most frequently asked questions about the City's finances is, "Has the City's overall financial condition improved, declined or remained steady over the past year?" The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. 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 government-wide statements report the City's net assets and changes in them from the prior year. You can think of the City's net assets – the difference between assets and liabilities – as one way to measure the City's financial condition, or position. Over time, increases or decreases in the City's net assets are one indicator of whether its financial health is improving, deteriorating, or remaining steady. However, you must consider other nonfinancial factors, such as changes in the City's tax base, the condition of the City's roads, and the quality of services to assess the overall health and performance of the City.

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

- **Governmental activities** -- Most of the City's basic services are reported here, including the police, fire, general administration, streets, and parks. Sales taxes, franchise fees, fines, and state and federal grants finance most of these activities.
- **Business-type activities** -- The City charges a fee to customers to help cover all or most of the cost of certain services it provides. The City's water, wastewater, sanitation, stormwater and golf course activities are reported here.

Reporting the City's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds – not the City as a whole. 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.

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.

Proprietary funds -- When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Fund Net Assets. In fact, the City's enterprise funds are essentially the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows.

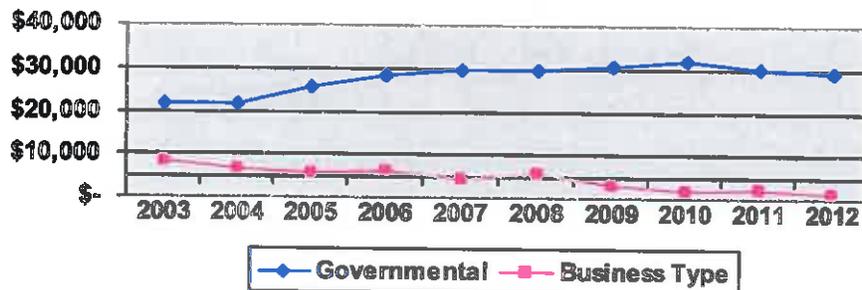
A FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Assets

The City's combined net assets decreased from \$32.6 million to \$30.6 million between fiscal years 2011 and 2012. Looking at the net assets of governmental and business-type activities separately, governmental activities decreased \$1.2 million and business-type activities decreased \$0.7 million. A comparative, condensed presentation of net assets follows (reported in thousands).

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Current and other assets	\$9,641	\$12,294	\$9,467	\$9,854	\$19,108	\$22,148
Capital assets, net	37,473	37,525	60,152	60,102	97,625	97,627
Total assets	<u>47,114</u>	<u>49,819</u>	<u>69,619</u>	<u>69,956</u>	<u>116,733</u>	<u>119,775</u>
Long-term debt outstanding	17,235	18,427	66,133	65,770	83,368	84,197
Other liabilities	665	936	2,096	2,075	2,761	3,011
Total liabilities	<u>17,900</u>	<u>19,363</u>	<u>68,229</u>	<u>67,845</u>	<u>86,129</u>	<u>87,208</u>
Net assets						
Invested in capital assets, net of related debt	25,865	25,254	(5,594)	(5,290)	20,271	19,964
Restricted	2,440	3,492	2,853	3,198	5,293	6,690
Unrestricted	909	1,710	4,131	4,203	5,040	5,913
Total net assets	<u>\$29,214</u>	<u>\$30,456</u>	<u>\$1,390</u>	<u>\$2,111</u>	<u>\$30,604</u>	<u>\$32,567</u>

**Net Assets
(In 000's)**



Explanations for the more significant changes include:

Governmental Activities Current and Other Assets - \$2.7 million (21.6%) decrease due primarily to a reduction in investments that were spent on street and other capital projects.

Governmental Activities Restricted Net Assets - \$1million (30%) decrease due primarily to restricted bond revenue that was spent on capital projects during the year.

Changes in Net Assets

For the year ended June 30, 2012, the change in net assets of the primary government was the result of the following (amounts are reported in thousands):

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Expenses						
Administration	\$ 1,111	\$ 1,070	\$ -	\$ -	\$ 1,111	\$ 1,070
General government	1,408	1,251	-	-	1,408	1,251
Legal and judicial	311	290	-	-	311	290
Public safety	10,504	10,075	-	-	10,504	10,075
Urban development	436	421	-	-	436	421
Streets	2,704	2,175	-	-	2,704	2,175
Culture and recreation	1,396	1,383	-	-	1,396	1,383
Interest on long-term debt	627	661	-	-	627	661
Water	-	-	4,304	4,200	4,304	4,200
Wastewater	-	-	6,784	6,521	6,784	6,521
Sanitation	-	-	1,318	1,255	1,318	1,255
Stormwater	-	-	364	389	364	389
Golf	-	-	778	729	778	729
Interest charges - governmental activities	-	-	136	159	136	159
Total expenses	<u>18,497</u>	<u>17,326</u>	<u>13,684</u>	<u>13,253</u>	<u>32,181</u>	<u>30,579</u>
Program revenues						
Charges for services	1,835	1,721	10,283	10,171	12,118	11,892
Operating grants and contributions	1,480	1,381	-	-	1,480	1,381
Capital grants and contributions	248	280	-	-	248	280
Total program revenues	<u>3,563</u>	<u>3,382</u>	<u>10,283</u>	<u>10,171</u>	<u>13,846</u>	<u>13,553</u>
Net revenues (expenses)	(14,934)	(13,944)	(3,401)	(3,082)	(18,335)	(17,026)
General revenues						
Taxes:						
Sales and use taxes	12,526	11,726	-	-	12,526	11,726
Property taxes	1,709	1,755	-	-	1,709	1,755
Franchise and public service taxes	567	518	-	-	567	518
Payment in lieu of tax	429	439	-	-	429	439
Hotel/motel tax	191	189	-	-	191	189
E-911 taxes	202	215	-	-	202	215
Intergovernmental revenue not restricted to specific programs	276	269	-	-	276	269
Interest income	57	88	13	34	70	122
Miscellaneous	251	326	150	142	401	468
Transfers - Internal activity	(2,517)	(3,232)	2,517	3,232	-	-
Total general revenues and transfers	<u>13,691</u>	<u>12,293</u>	<u>2,680</u>	<u>3,408</u>	<u>16,371</u>	<u>15,701</u>
Change in Net Assets	<u>(\$1,243)</u>	<u>(\$1,651)</u>	<u>(\$721)</u>	<u>\$326</u>	<u>(\$1,964)</u>	<u>(\$1,325)</u>

Explanations for the more significant changes include:

Streets Expense - \$529,000 increase (24.3%) due to a construction project expensed in current year.

Governmental activities transfers - \$715,000 (22.1%) due to less capital asset transfer activity in special revenue funds that are business-type activities.

Governmental Activities

To aid in the understanding of the Statement of Activities some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses, and Changes in Fund Balance. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net (Expense)/Revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the City's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants or contributions. All other governmental revenues are reported as general. It is important to note all taxes are classified as general revenue even if restricted for a specific purpose.

The following table compares fiscal year 2012 and 2011 total Governmental Activities expenses and net revenue (expense) of services:

Net Revenue (Expense) of Governmental Activities (In thousands of dollars)				
	<u>Total Expense of Services</u>		<u>Net Revenue (Expense) of Services</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Administration	\$1,111	\$1,070	(\$1,111)	(\$1,070)
General government	1,408	1,251	(1,103)	(1,008)
Legal and judicial	311	290	(311)	(290)
Public safety	10,504	10,075	(8,126)	(7,801)
Urban development	436	421	(256)	(246)
Streets	2,704	2,175	(2,305)	(1,752)
Culture and recreation	1,396	1,383	(1,093)	(1,117)
Interest on long-term debt	627	661	(628)	(661)
Total	<u>\$18,497</u>	<u>\$17,326</u>	<u>(\$14,933)</u>	<u>(\$13,945)</u>

In addition to explanations given for significant changes in total revenues and expenses, additional reasons for major changes in Net Revenue (Expenses) are as follows:

Streets – Increase of \$553,000 (31.6%) in net expense due mainly to the timing of construction projects.

Business-type Activities

In reviewing the business-type activities net (expense)/revenue, the following highlights should be noted:

Golf – Increase of \$129,000 (41.8%) in net expense due primarily to replacement of sod for greens damaged by drought conditions and purchase of new golf carts.

Net Revenue (Expense) of Business-Type Activities				
(In thousands of dollars)				
	<u>Total Expense</u>		<u>Net Revenue</u>	
	<u>of Services</u>		<u>(Expense)</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Water	\$4,304	\$4,200	\$185	\$155
Wastewater	6,784	6,521	(3,555)	(3,290)
Sanitation	1,318	1,255	57	86
Stormwater	364	389	486	435
Golf	778	729	(438)	(309)
Interest charges - govt'l activities	136	159	(136)	(159)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$13,684</u>	<u>\$13,253</u>	<u>(\$3,401)</u>	<u>(\$3,082)</u>

The \$3.56 million net expense of the wastewater activities is funded with dedicated sales taxes, which amounted to \$3.25 million in 2012.

A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed its 2012 fiscal year, the governmental funds reported a combined fund balance of \$7.5 million or a 28.8% decrease from the prior year due the use of prior year G. O. bond proceeds for capital projects. The enterprise funds reported combined net assets of \$.6 million or a 51.9% decrease from 2011 due to capital assets transferred to the governmental activities.

<u>Fund Balance/Net Assets</u>				
(In thousands of dollars)				
<u>Governmental Funds</u>			<u>Enterprise Funds</u>	
Nonspendable	\$	131		
Restricted		4,606	Invested in capital assets, net of related debt	\$ (5,594)
Assigned		2,282	Restricted for debt service	2,287
Unassigned		530	Unrestricted	4,131
		<u> </u>		<u> </u>
Total Fund Balance	\$	<u>7,549</u>	Total Net Assets	<u>\$ 824</u>

Other fund highlights include:

- For the year ended June 30, 2012, the General Fund's total fund balance decreased by \$0.3 million or 14.3%.
- The Sapulpa Municipal Authority enterprise fund reported a decrease in net assets, after transfers, of \$0.3 million.

General Fund Budgetary Highlights

Over the course of the year, the City Council revised the General Fund budget various times. The revised budget included an increase in overall revenue projections of less than 4.8% or \$0.9 million mainly related to increased sales tax collections over original estimates; and an increase in appropriations of 3.5% or \$0.7 million and most of the increased appropriations were related to required sales tax transfers.

For budgetary reporting purposes, the General Fund reported revenues more than final estimates by \$0.2 million or 0.8%, while expenditures were less than the final appropriations by \$0.6 million or 3%.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2012, the City had \$97.6 million invested in capital assets, net of depreciation, including police and fire equipment, buildings, park facilities, water lines and sewer lines. (See table below). This remains consistent with last year.

Primary Government Capital Assets
(Net of accumulated depreciation - in thousands of dollars)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Land	\$4,614	\$4,354	\$52	\$52	\$4,666	\$4,406
Buildings	7,836	7,703	2,767	2,863	10,603	10,566
Imp. other than buildings	2,470	2,611	607	673	3,077	3,284
Equipment	4,301	4,282	1,578	1,465	5,879	5,747
Intangible water rights	-	-	4,914	4,915	4,914	4,915
Utility property	-	-	45,866	44,456	45,866	44,456
Infrastructure	17,486	17,543	1,874	1,505	19,360	19,048
Construction in progress	766	1,031	2,494	4,173	3,260	5,204
Totals	\$37,473	\$37,524	\$60,152	\$60,102	\$97,625	\$97,626

This year's more significant capital asset additions included:

- \$272,857 – 2009 Gradall XL 3100 Series
- \$184,968 – Davis Park Restroom Project
- \$417,006 – Storm Sewer System/Drainage Construction
- \$269,473 – 2011 Vactor 2105 Sewer Truck

\$110,760 – Hawthorne Park Maintenance Building
\$500,477 – E Line Street Resurfacing
\$112,684 – (4) 2011 Dodge Charger Police Vehicles
\$80,199 – (3) 2012 Dodge Charger Police Vehicle

See Note 3.D. to the financial statements for more detail information on the City's capital assets and changes therein.

Long-Term Debt

At year-end, the City had \$88.5 million in long-term debt outstanding which represents a \$2.1 million or 2.3% decrease from the prior year resulting mainly from normal debt service payments. The City's changes in long-term debt by type of debt are as follows (excludes unamortized premiums/discounts and loss on refunding):

**Primary Government Long-Term Debt
(In thousands of dollars)**

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Accrued absences	\$1,666	\$1,678	\$128	\$128	\$1,794	\$1,806
Revenue bonds	-	-	68,007	68,506	68,007	68,506
Due to depositors	-	-	259	249	259	249
Water contract obligations	-	-	2,648	2,923	2,648	2,923
Notes payable	-	-	267	393	267	393
General obligation bonds	13,895	14,905	-	-	13,895	14,905
Judgments payable	416	18	-	-	416	18
Estimated claims payable	50	384	-	-	50	384
OPEB liability	837	672	-	-	837	672
Capital leases	349	746	-	-	349	746
Totals	\$17,213	\$18,403	\$71,309	\$72,199	\$88,522	\$90,602

See Note 3.F. to the financial statements for more detail information on the City's long-term debt and changes therein.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Economic factors play a key role in developing the City's Budget. The overall economic outlook for the City of Sapulpa seems to be fairly positive. Total sales tax collections, which is the major revenue for the General fund, had an increase of \$533,155, or 4.7%, from fiscal year 2010-2011 (\$11,279,673) to fiscal year 2011-2012 (\$11,812,788). However, due to some continued uncertainty of the national economy, the City projected a slight decrease, 3.9%, for fiscal year 2012-2013 (\$11,351,760) from 2011-2012 (\$11,812,788).

The Sapulpa Municipal Authority (SMA) charges for service, which include water, sewer, and refuse revenues, shows a slight increase, 1.2%, for fiscal year 2011-2012 (\$9,050,052) from 2010-2011 actual (\$8,942,091). Total revenues for fiscal 2013, excluding transfers in, were projected only 1.1% higher than fiscal year 2011-2012 actual. This included a 2.4 rate increase in refuse revenue.

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 Director's office at 425 E. Dewey, P. O. Box 1130, Sapulpa, Oklahoma 74067-1130 or by phone at (918) 248-5911.

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**City of Sapulpa
Statement of Net Assets
June 30, 2012**

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,635,059	\$ 4,354,271	\$ 5,989,330
Investments	4,599,863	1,099,116	5,698,979
Deposits with insurance pool	158,675	-	158,675
Deposits with fiscal agent	188	-	188
Internal balances	56,768	(56,768)	-
Interest receivable	21,036	-	21,036
Accounts receivable, net of allowance	-	944,374	944,374
Franchise tax receivable	42,053	-	42,053
Court fine receivable, net of allowance	713,537	-	713,537
Due from other governments	1,762,405	405,216	2,167,621
Deferred inflows	-	103,560	103,560
Other receivables	266,773	187,100	453,873
Inventory	57,014	99,425	156,439
Capital assets:			
Land and construction in progress	5,380,378	7,461,164	12,841,542
Other capital assets, net of depreciation	32,093,009	52,691,108	84,784,117
Unamortized bond issuance costs	327,302	2,330,854	2,658,156
Total assets	47,114,060	69,619,420	116,733,480
LIABILITIES			
Accounts payable	449,760	463,263	913,023
Accrued payroll liabilities	84,584	40,729	125,313
Accrued interest payable	57,885	1,587,859	1,645,744
Due to other governments	10,372	-	10,372
Escrow deposits	13,005	-	13,005
Due to bondholders	48,969	-	48,969
Unearned revenue	1,025	4,311	5,336
Long-term liabilities:			
Due within one year	1,524,343	1,060,889	2,585,232
Due in more than one year	15,710,916	65,072,449	80,783,365
Total liabilities	17,900,859	68,229,500	86,130,359
NET ASSETS			
Invested in capital assets, net of related debt	25,864,472	(5,593,983)	20,270,489
Restricted for:			
Capital projects	238,130	-	238,130
Debt service	1,173,071	2,286,573	3,459,644
Public safety	1,029,021	-	1,029,021
Water or sewer maintenance	-	186,707	186,707
Water capital projects	-	243,205	243,205
Sewer capital projects	-	136,150	136,150
Unrestricted	908,507	4,131,268	5,039,775
Total net assets	\$ 29,213,201	\$ 1,389,920	\$ 30,603,121

See accompanying notes to the basic financial statements

City of Sapulpa
Statement of Activities
For the Year Ended June 30, 2012

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets				
	Expenses	Charges for Services	Program Revenue and Contributions	Capital Grants and Contributions	Primary Government
					Governmental Activities
Governmental activities:					
Administration	\$ 1,111,318	\$ -	\$ -	\$ -	\$ (1,111,318)
General government	1,408,140	305,011	208	-	(1,102,921)
Legal and judicial	311,262	-	-	-	(311,262)
Public safety	10,504,023	1,296,598	1,081,305	-	(8,126,120)
Urban development	435,816	-	179,232	-	(256,384)
Streets	2,703,737	2,200	181,101	215,066	(2,305,370)
Culture and recreation	1,395,653	231,450	38,252	32,776	(1,093,175)
Interest on long-term debt	627,376	-	-	-	(627,376)
Total governmental activities	18,497,125	1,835,259	1,480,098	247,842	(14,933,926)
Business-type activities					
Water	4,304,460	4,489,675	-	-	185,215
Wastewater	6,783,694	3,227,839	-	-	(3,555,855)
Sanitation	1,318,230	1,375,304	-	-	57,074
Stormwater	363,981	850,247	-	-	486,266
Golf operations	777,581	339,711	-	-	(437,870)
Interest charges	135,689	-	-	-	(135,689)
Total business-type activities	13,683,635	10,282,776	-	-	(3,400,859)
Total primary government	\$ 32,180,760	\$ 12,118,035	\$ 1,480,098	\$ 247,842	(14,933,926)
					(3,400,859)
					(18,334,785)
General revenues:					
Taxes:					
Sales and use taxes				12,526,584	12,526,584
Property taxes				1,708,703	1,708,703
Franchise and public service taxes				566,894	566,894
Payment in lieu of tax				428,810	428,810
Hotel/motel taxes				191,443	191,443
E-911 taxes				201,751	201,751
Intergovernmental revenue not restricted to specific programs				275,705	275,705
Investment income				57,462	57,462
Miscellaneous				250,669	148,998
Transfers - Internal activity				(2,517,292)	2,517,292
Total general revenues and transfers				13,690,729	2,679,453
Change in net assets				(1,243,197)	(721,406)
Net assets - beginning				30,456,398	2,111,326
Net assets - ending				\$ 29,213,201	\$ 1,389,920
					\$ 30,603,121

See accompanying notes to the basic financial statements

**City of Sapulpa
Balance Sheet
Governmental Funds
June 30, 2012**

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 232,595	\$ 920,823	\$ 1,153,418
Investments	659,831	3,967,591	4,627,422
Deposits with insurance pool	158,675	-	158,675
Deposits with fiscal agent	-	188	188
Accrued interest receivable	-	21,036	21,036
Due from other funds	12,738	264,569	277,307
Due from other governments	783,475	1,384,146	2,167,621
Franchise tax receivable	42,053	-	42,053
Court fine receivable, net	658,039	55,498	713,537
Other receivables	229,974	36,745	266,719
Inventory	28,251	102,348	130,599
Total assets	<u>\$ 2,805,631</u>	<u>\$ 6,752,944</u>	<u>\$ 9,558,575</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 204,849	\$ 270,502	\$ 475,351
Accrued payroll liabilities	62,695	29,873	92,568
Accrued interest payable	-	-	-
Due to other funds	-	208,137	208,137
Due to other governments	9,709	663	10,372
Escrow deposit	13,005	-	13,005
Refundable court bonds	46,202	2,767	48,969
Deferred revenue	582,652	578,168	1,160,820
Total liabilities	<u>919,112</u>	<u>1,090,110</u>	<u>2,009,222</u>
Fund balances:			
Non-spendable	28,251	102,348	130,599
Restricted	-	4,605,853	4,605,853
Committed	-	-	-
Assigned	1,327,870	954,633	2,282,503
Unassigned	530,398	-	530,398
Total fund balances	<u>1,886,519</u>	<u>5,662,834</u>	<u>7,549,353</u>
Total liabilities and fund balances	<u>\$ 2,805,631</u>	<u>\$ 6,752,944</u>	<u>\$ 9,558,575</u>

See accompanying notes to the basic financial statements.

City of Sapulpa
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets
June 30, 2012

Fund Balance - Net Asset Reconciliation: **\$ 7,549,353**

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

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds, net of accumulated depreciation of \$20,042,568 37,473,387

Certain long-term assets are not reported in the funds on the modified accrual basis of accounting; however, at the government-wide financial statements are reported due to the accrual basis of accounting:
 Unamortized bond issuance costs 327,302

Internal service funds are used by management to charge costs of certain activities that benefit multiple funds, such as self-insurance costs, to individual funds. The assets and liabilities of these internal service funds are reported in the governmental activities of the Statement of Net Assets:
 Internal service funds' net assets 512,570

Certain special revenue funds are used by management to perform business-type activities. The assets and liabilities of these special revenue funds are included in business-type activities in the Statement of Net Assets:

Water & sewer sales tax fund	(186,707)
Water resources fund	(243,205)
Sewer plant sales tax fund	(136,150)
	(566,062)

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

Deferred revenue	1,159,795
Accrued interest payable	(57,885)
Capital lease obligation	(349,476)
Judgments payable	(416,000)
General obligation bond	(13,895,000)
Unamortized premium on general obligation bonds	(22,531)
OPEB liability	(836,606)
Accrued compensated absences	(1,665,646)
	(16,083,349)

Net Assets of Governmental Activities in the Statement of Net Assets **\$ 29,213,201**

See accompanying notes to the basic financial statements.

City of Sapulpa
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2012

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES			
Taxes	\$ 7,178,487	\$ 8,249,521	\$ 15,428,008
Intergovernmental	1,322,937	533,513	1,856,450
Charges for services	731,273	299,860	1,031,133
Fines and forfeitures	757,513	34,945	792,458
Licenses and permits	144,708	-	144,708
Investment income	6,789	50,773	57,562
Miscellaneous	345,145	97,279	442,424
Total revenues	<u>10,486,852</u>	<u>9,265,891</u>	<u>19,752,743</u>
EXPENDITURES			
Current:			
Administration	1,101,748	-	1,101,748
General government	800,462	396,035	1,196,497
Legal and judicial	283,797	-	283,797
Public safety	10,088,785	174,015	10,262,800
Urban development	261,122	169,409	430,531
Streets	-	837,637	837,637
Culture and recreation	525,768	589,360	1,115,128
Water	-	762,727	762,727
Wastewater	-	-	-
Capital Outlay	204,005	4,602,239	4,806,244
Debt Service:			
Principal	28,918	1,395,965	1,424,883
Interest	6,615	616,609	623,224
Total expenditures	<u>13,301,220</u>	<u>9,543,996</u>	<u>22,845,216</u>
Excess (deficiency) of revenues over expenditures	<u>(2,814,368)</u>	<u>(278,106)</u>	<u>(3,092,473)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	4,861,132	1,564,334	6,425,466
Transfers out	(2,360,681)	(4,354,617)	(6,715,298)
Judgment proceeds	-	416,000	416,000
Total other financing sources (uses)	<u>2,500,451</u>	<u>(2,374,283)</u>	<u>126,168</u>
Net change in fund balances	(313,917)	(2,652,388)	(2,966,305)
Fund balances - beginning	2,200,436	8,315,222	10,515,658
Fund balances - ending	<u>\$ 1,886,519</u>	<u>\$ 5,662,834</u>	<u>\$ 7,549,353</u>

See accompanying notes to the basic financial statements.

City of Sapulpa
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2012

Changes in Fund Balance - Changes in Net Asset Reconciliation: **\$ (2,966,305)**

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures while governmental activities report depreciation and amortization expense to allocate those expenditures over the life of the assets:

Capital asset purchases capitalized	1,611,546
Book value of disposed capital assets	(103,735)
Depreciation expense	<u>(1,559,261)</u>
	<u>(51,450)</u>

Governmental funds report bond issuance costs as expenditures while governmental activities report amortization expense to allocate those expenditures over the term of the bonds:

Amortization expense	(22,413)
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:

Deferred revenue	47,340
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Certain special revenue funds are used by management to perform business-type activities. The net change in fund balances of these special revenue funds are included in business-type activities in the Statement of Net Assets:

Water & Sewer Sales Tax Fund	120,335
Water Resources Fund	72,121
Sewer Plant Sales Tax Fund	<u>158,830</u>
	<u>351,286</u>

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets:

Principal payment on capital lease obligation	396,549
Principal payment on judgments payable	18,333
Principal payment on G.O. bonds payable	1,010,000
G.O. Bond premium amortized	1,252
Increase in judgments payable	<u>(416,000)</u>
	<u>1,010,134</u>

Some expenses reported in the Statement of Activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:

Change in accrued interest payable	(5,402)
Change in OPEB liability	(165,077)
Change in accrued compensated absences	<u>12,460</u>
	<u>(158,019)</u>

Internal service fund activity is reported as a proprietary fund in the fund financial statements, but certain net revenues are reported in governmental activities on the Statement of Activities:

Change in net assets for internal service funds	546,230
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Change in net assets of governmental activities	<u>\$ (1,243,197)</u>
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See accompanying notes to the basic financial statements.

**City of Sapulpa
Statement of Net Assets
Proprietary Funds
June 30, 2012**

Enterprise Funds				
	SMA Utility Fund	Golf Course Fund	Total	Internal Service Fund
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 312,392	\$ 59,569	\$ 371,961	\$ 562,518
Restricted cash and cash equivalents	2,042,458	-	2,042,458	-
Investments	839,440	-	839,440	-
Accounts receivable, net	939,428	4,946	944,374	-
Other receivables	187,100	-	187,100	54
Due from other funds	11,200	-	11,200	-
Deferred inflows	103,560	-	103,560	-
Inventory	-	25,840	25,840	-
Total current assets	4,435,578	90,355	4,525,933	562,570
Non-current assets:				
Restricted cash and cash equivalents	1,858,977	-	1,858,977	-
Restricted Investments	232,117	-	232,117	-
Capital assets:				
Land and other non-depreciable assets	7,440,504	20,860	7,461,164	-
Other capital assets, net of depreciation	51,918,955	772,153	52,691,108	-
Unamortized debt issuance costs	2,330,854	-	2,330,854	-
Total non-current assets	63,781,407	792,813	64,574,220	-
Total assets	68,216,985	883,168	69,100,153	562,570
LIABILITIES				
Current liabilities:				
Accounts payable	424,412	12,747	437,159	-
Accrued payroll liabilities	24,744	8,514	33,258	-
Due to other funds	80,370	-	80,370	-
Accrued interest payable	1,587,859	-	1,587,859	-
Deferred revenue	-	4,311	4,311	-
Estimated liability for claims	-	-	-	50,000
Current portion of:				
Due to depositors	51,824	-	51,824	-
Notes payable	91,875	37,929	129,804	-
Water contract obligations	286,465	-	286,465	-
Revenue bonds payable	580,000	-	580,000	-
Accrued compensated absences	10,513	2,283	12,796	-
Total current liabilities	3,138,062	86,784	3,203,846	50,000
Non-current liabilities:				
Due to depositors	207,296	-	207,296	-
Notes payable	137,079	-	137,079	-
Water contract obligations	2,361,225	-	2,361,225	-
Revenue bonds payable, net	62,251,682	-	62,251,682	-
Accrued compensated absences	94,619	20,548	115,167	-
Total non-current liabilities	65,051,901	20,548	65,072,449	-
Total liabilities	68,189,963	88,332	68,276,295	50,000
NET ASSETS				
Invested in capital assets, net of related debt	(6,348,867)	754,884	(5,593,983)	-
Restricted for debt service	2,286,573	-	2,286,573	-
Unrestricted	4,089,316	41,962	4,131,268	512,570
Total net assets (deficit)	\$ 27,022	\$ 796,836	\$ 823,858	\$ 512,570

Amounts reported for business-type activities in the Statement of Net Assets are different because:

Certain special revenue funds are used by management to perform business-type activities. The assets and liabilities of certain special revenue funds are included in the business-type activities in the Statement of Net Assets.

566,062

Net assets of business-type activities

\$ 1,389,920

See accompanying notes to the basic financial statements.

City of Sapulpa
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2012

	Enterprise Funds			Internal Service Fund
	SMA Utility Fund	Golf Course Fund	Total	
REVENUES				
Water charges	\$ 4,136,499	\$ -	\$ 4,136,499	\$ -
Sewer charges	3,191,804	-	3,191,804	-
Sanitation	1,343,566	-	1,343,566	-
Water taps	13,000	-	13,000	-
Sewer taps	36,035	-	36,035	-
Late charges	186,497	-	186,497	-
Trucked water	31,738	-	31,738	-
Stormwater	850,247	-	850,247	-
Golf course	-	336,497	336,497	-
Self insurance charges	-	-	-	3,294,244
Miscellaneous	153,679	1,955	155,634	-
Total operating revenues	9,943,065	338,452	10,281,517	3,294,244
OPERATING EXPENSES				
General government	192,508	-	192,508	-
Administration	147,508	-	147,508	-
Utility collections	332,528	-	332,528	-
Water treatment plant	1,654,037	-	1,654,037	-
Industrial pretreatment	69,916	-	69,916	-
Wastewater treatment plant	1,100,809	-	1,100,809	-
Stormwater management	278,756	-	278,756	-
Sanitation	1,178,297	-	1,178,297	-
Golf course operations	-	649,623	649,623	-
Amortization expense	264,414	-	264,414	-
Depreciation expense	1,796,414	125,507	1,921,921	-
Claims expense	-	-	-	2,748,299
Total operating expenses	7,015,187	775,130	7,790,317	2,748,299
Operating income (loss)	2,927,878	(436,678)	2,491,200	545,945
NON-OPERATING REVENUES (EXPENSES)				
Investment income	9,140	100	9,240	285
Miscellaneous	142,628	-	142,628	-
Gain/loss on disposal of capital assets	(56,278)	(591)	(56,869)	-
Interest expense and fiscal charges	(4,842,346)	(2,451)	(4,844,797)	-
Total non-operating revenue (expenses)	(4,746,856)	(2,942)	(4,749,798)	285
Income (loss) before contributions and transfers	(1,818,978)	(439,620)	(2,258,598)	545,230
Capital contributions	1,580,426	38,220	1,598,646	-
Transfers in	6,524,143	346,500	6,870,643	-
Transfers out	(6,580,811)	-	(6,580,811)	-
Change in net assets	(315,220)	(54,900)	(370,120)	546,230
Total net assets (deficit) - beginning	342,242	851,736	1,193,978	(33,660)
Total net assets (deficit) - ending	\$ 27,022	\$ 796,836	\$ 823,858	\$ 512,570

Change in net assets

\$ (370,120)

Amounts reported for business-type activities in the Statement of Activities are different because:

Certain special revenue funds are used by management to perform business-type activities. The activities of these special revenue funds are included in the business-type activities in the Statement of Activities.

Water & sewer sales tax fund	(120,335)
Water resources fund	(72,121)
Sewer plant sales tax fund	(158,830)
	<u>(351,286)</u>

Change in net assets of the business-type activities

\$ (721,406)

See accompanying notes to the basic financial statements.

City of Sapulpa
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2012

	SMA Utility Fund	Golf Course Fund	Total Enterprise Funds	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 10,083,599	\$ 336,344	\$ 10,419,943	\$ -
Payments to suppliers	(2,167,329)	(234,685)	(2,402,014)	(3,082,377)
Payments to employees	(2,752,061)	(431,980)	(3,184,041)	-
Receipts of customer meter deposits	89,255	-	89,255	-
Refunds of customer meter deposits	(79,125)	-	(79,125)	-
Interfund receipts/payments	(105,615)	786	(104,829)	-
Receipts from others	-	-	-	-
Net cash provided by (used in) operating activities	<u>5,068,724</u>	<u>(329,535)</u>	<u>4,739,189</u>	<u>3,299,567</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	6,524,143	346,500	6,870,643	-
Transfers to other funds	(6,580,811)	-	(6,580,811)	-
Net cash provided by (used in) noncapital financing activities	<u>(56,668)</u>	<u>346,500</u>	<u>289,832</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	(418,159)	(11,767)	(429,946)	-
Proceeds from issuance of capital debt	80,788	-	80,788	-
Principal paid on capital debt	(944,096)	(36,561)	(980,657)	-
Interest and fiscal agent fees paid on capital debt	(3,481,460)	(2,451)	(3,483,911)	-
Net cash provided by (used in) capital and related financing activities	<u>(4,762,927)</u>	<u>(50,799)</u>	<u>(4,813,726)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	(137,606)	-	(137,606)	-
Interest and dividends	9,140	100	9,240	285
Net cash provided by (used in) investing activities	<u>(128,466)</u>	<u>100</u>	<u>(128,366)</u>	<u>285</u>
Net increase (decrease) in cash and cash equivalents	120,681	(33,734)	86,927	217,475
Balances - beginning of year	4,093,166	93,303	4,186,469	345,041
Balances - end of year	\$ 4,213,827	\$ 59,569	\$ 4,273,396	\$ 562,516
Reconciliation to Statement of Net Assets:				
Cash and cash equivalents	\$ 312,392	\$ 59,569	\$ 371,961	\$ 562,516
Restricted cash and cash equivalents - current	2,042,458	-	2,042,458	-
Restricted cash and cash equivalents - noncurrent	1,858,977	-	1,858,977	-
Total cash and cash equivalents, end of year	<u>\$ 4,213,827</u>	<u>\$ 59,569</u>	<u>\$ 4,273,396</u>	<u>\$ 562,516</u>

(Continued)

See accompanying notes to the financial statements.

**City of Sapulpa
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2012**

	<u>SMA Utility Fund</u>	<u>Golf Course Fund</u>	<u>Total Enterprise Funds</u>	<u>Internal Service Funds</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 2,927,878	\$ (436,678)	\$ 2,491,200	\$ 545,945
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:				
Depreciation expense	1,798,414	125,507	1,921,921	-
Amortization expense	264,414	-	264,414	-
Miscellaneous income	142,628	-	142,628	-
Change in assets and liabilities:				
Accounts receivable	2,365	(2,108)	257	5,323
Other receivables	(4,459)	-	(4,459)	-
Inventory	-	(711)	(711)	-
Accounts payable	67,957	(5,738)	62,219	-
Accrued payroll payable	(32,630)	(10,562)	(43,192)	-
Due to other funds	(105,615)	786	(104,829)	-
Deferred revenue	-	-	-	-
Claims liability	-	-	-	(334,078)
Deposits subject to refund	10,130	-	10,130	-
Accrued compensated absences	(358)	(31)	(389)	-
Net cash provided by (used in) operating activities	<u>\$ 5,068,724</u>	<u>\$ (329,535)</u>	<u>\$ 4,739,189</u>	<u>\$ 217,190</u>
Noncash activities:				
Contributed capital assets	\$ 1,560,426	\$ 38,220	\$ 1,598,646	\$ -
Fair value of hedging derivative	103,554	-	103,554	-
Total noncash activities	<u>\$ 1,663,980</u>	<u>\$ 38,220</u>	<u>\$ 1,702,200</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City's accounting and financial reporting policies conform to accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. For business-type activities and enterprise funds, GASB Statement Nos. 20 and 34 provide the City the option of electing to apply FASB pronouncements issued after November 30, 1989. The City has elected not to apply those pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

1.A. FINANCIAL REPORTING ENTITY

The City's financial reporting entity is comprised of the following:

Primary Government:	City of Sapulpa
Component Unit:	Sapulpa Municipal Authority

In determining the financial reporting entity, the City complies with the provisions of Governmental Accounting Standards Board Statement No. 14, The Financial Reporting Entity, and includes all component units of which the City is fiscally accountable.

The component unit listed above is a Public Trust established pursuant to Title 60 of Oklahoma State law. A Public Trust (Authority) has no taxing power. The Authority is generally created to finance City services through issuance of revenue bonds or other non-general obligation debt and to enable the City Council to delegate certain functions to the governing body (Trustees) of the Authority. The Authority generally retains title to assets which are acquired or constructed with Authority debt or other Authority generated resources. In addition, the City has leased certain existing assets at the creation of the Authority to the Trustees on a long-term basis. The City, as beneficiary of the Public Trust, receives title to any residual assets when a Public Trust is dissolved.

BLENDED COMPONENT UNITS

A blended component unit is a separate legal entity that meets the component unit criteria described above and whose governing body is the same or substantially the same as the City Council or the component unit provides services entirely to the City. These component units' funds are blended into those of the City's by appropriate fund category to comprise the primary government presentation.

The component unit that is blended into the primary government's fund categories is presented below.

<u>Component Unit</u>	<u>Brief Description/Inclusion Criteria</u>	<u>Included Funds</u>
Sapulpa Municipal Authority	Created February 19, 1968, to finance, develop and operate the water, wastewater, solid waste and golf activities of the City. Current City Council serves as the entire governing body (Trustees). Debt issued by the Authority requires 2/3rds approval of the City Council.	SMA Utility and SMA Golf Course Enterprise Funds

1.B. BASIS OF PRESENTATION

Government-Wide Financial Statements:

The statement of net assets and statement of activities display information about the City as a whole including component units. They include all financial activities of the reporting entity. Eliminations have been made to minimize the double reporting of transactions involving internal activities. Individual funds are not displayed in these statements. Instead, 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.

The statement of activities presents a comparison between the expenses and program revenues directly associated with the different governmental functions and business-type activities to arrive at the net revenue or expense of the function or activity prior to the use of taxes and other general revenues. Program revenues include (1) fees, fines, and service charges generated by the program or activity, (2) operating grants and contributions that are restricted to meeting the operational requirements of the program or activity, and (3) capital grants and contributions that are restricted to meeting the capital requirements of the program or activity.

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary. The City presently has no fiduciary funds. 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 percent of the corresponding total for all funds of that category or type, and
- b. Total assets, liabilities, revenues or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.
- c. A fund that does not meet the criteria of (a) and (b), but for which management has determined is of such significance to be reported as a major fund.

All remaining governmental and enterprise funds not meeting the above criteria are aggregated and reported as nonmajor funds. The funds of the financial reporting entity are described below:

GOVERNMENTAL FUNDS

General Fund (Major Fund)

The General Fund is the primary operating fund of the City. It is used to account for and report all financial resources not accounted for and reported in another fund. Included or combined with the General Fund are the following Funds that, in addition to the General Fund, comprise the General Fund Accounts:

<u>Fund</u>	<u>Description</u>
Hunting & Fishing Fund	Accounts for revenues from hunting and fishing fees and other sources and expenditures made there from.

CITY OF SAPULPA, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

Library Fund	Accounts for revenues received from sales tax (2.5% of the second and third penny), grants, fines and other sources for library maintenance and operations.
Swimming Pool Fund	Accounts for revenues received from donations and charges for services for swimming pool expenditures.

Special Revenue Funds (Nonmajor Funds)

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The reporting entity includes the following special revenue funds:

<u>Fund</u>	<u>Description</u>
Cemetery Maintenance Fund	Accounts for revenues received from sales tax (2.5% of the second and third penny), lot sales and charges for interment to be used for maintenance and operations of the cemetery. Additional monies are transferred into this fund for right-of-way mowing operations.
Street & Alley Fund	Accounts for revenues received from gasoline excise tax, motor vehicle tax and expenditures made for street maintenance and operations.
Parks & Recreation Fund	Accounts for revenues received from sales tax (5% of the second and third penny) and from other sources to be used for parks and leisure services.
Federal SAF Fund	Accounts for monies received from federal drug seizures. All monies and property received must be used for law enforcement purposes only.
Major Thoroughfare Fund	Accounts for revenue received from sales tax (5% of the second and third penny) and expenditures for major thoroughfares.
Water & Sewer Sales Tax Fund	Accounts for revenues received from sales tax (10% of the second and third penny) and expenditures made for maintenance, operations and capital outlay.
Spay & Neuter Fund	Accounts for monies received for and expenditures related to spaying and neutering.
E911 Fund	Accounts for revenues received from tariff rates on base line telephone charges and expenditures for operations and maintenance of the E-911 system.
Juvenile Justice Fund	Accounts for revenues received and expenditures related to the municipal juvenile court and/or any juvenile programs.
Hotel/Motel Tax Fund	Accounts for revenues received from Hotel/Motel Tax and expenditures for operations of the Sapulpa Economic Development Department, promoting tourism, and park capital improvements.

CITY OF SAPULPA, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

Grants & Aid Fund	Accounts for revenue received and expenditures made for all grant projects, except for library grants and aid.
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Capital Project Fund (Nonmajor Funds)

Capital Project Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays. The reporting entity includes the following capital project funds:

<u>Fund</u>	<u>Description</u>
Restricted Construction Park & Recreation Fund	Accounts for revenue received and expenditures made exclusively for the acquisition of new park lands and/or capital and maintenance improvements of such new parks.
Park Development Fund	Accounts for revenue received from the Hotel/Motel Tax fund and expenditures for the acquisition of new park lands and/or making capital improvements to parks.
Fire Cash Fund	Accounts for revenue received from sales tax (2.5% of the second and third penny) and for expenditures for capital improvements.
Police Cash Fund	Accounts for revenue received from sales tax (2.5% of the second and third penny) and for expenditures for capital improvements.
Cemetery Care Fund	Accounts for revenues received from 12.5% of cemetery lot sales and interments. Per state statute, the principal can only be used for the purchase of land and for making permanent capital improvements. The interest can be used for improving, caring for and embellishing lots, walks, drives, parks and other improvements in such cemeteries and maintenance of office and care of records.
Capital Improvement Fund	Accounts for revenues received from sales tax (10% of the second and third penny) and other sources and expenditures for capital improvements in an amount of \$4,500 or greater in value with an estimated life of three years or more.
Water Resources Fund	Accounts for revenues received from sales tax (20% of the second and third penny) and expenditures made for water systems capital improvements.
Street Improvement Sales Tax	Accounts for revenues received from ½ cent dedicated sales tax, transfers made to the SMA for debt service payments, and expenditures made for capital outlay.
Sewer Plant Sales Tax	Accounts for revenues received from ½ cent dedicated sales tax, transfers made to the SMA for debt service payments, and expenditures made for capital outlay.
GO Bond Construction Fund	Accounts for the financing and construction of specified capital improvements.

Debt Service Fund (Nonmajor Fund)

The Debt Service Fund is used to account for ad-valorem taxes levied by the City for use in retiring court-assessed judgments and general obligation bonds and their related interest expense. In State Statutes this fund is referred to as the Sinking Fund.

PROPRIETARY FUNDS

Proprietary funds include both enterprise funds and internal service funds. Enterprise funds are used to account for business-like activities provided to the general public. Internal service funds are used to account for business-like activities provided and charged to other funds or entities within the reporting entity. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes the following enterprise funds and internal service fund:

Enterprise Funds (Major Funds)

<u>Fund</u>	<u>Description</u>
Sapulpa Municipal Authority Utility	Accounts for revenues of the public trust from providing water, wastewater and sanitation services to the public.
Included accounts of the SMA: Sewer System Development & Extension Fee Fund	Accounts for revenues received from sewer system development and extension fees associated with the sewer expansion program, related expenses, and to account for funds being placed in escrow which are received from developers.
Stormwater Management Fund	Accounts for revenues received from stormwater management fees and expenditures made for stormwater maintenance and operations.
SMA Golf Course	Accounts for revenues received from fees and operational expenses associated with the golf course.

Internal Service Fund

Insurance Fund	Accounts for revenues and expenses of insurance costs for employees with the City, including police and fire retirees.
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1.C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

Measurement Focus

Government-wide and Proprietary Fund Financial Statements

In the government-wide Statement of Net Assets and the Statement of Activities, and the proprietary fund statements the "economic resources" measurement focus is applied. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position and cash flows. All assets and liabilities (whether current or noncurrent, financial or nonfinancial) associated with their activities are reported. Fund equity is classified as net assets.

Governmental Fund Financial Statements

In the governmental fund financial statements, a “*current financial resources*” measurement focus is applied. Under this focus, only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting

Government-wide and Proprietary Fund Financial Statements

In the government-wide Statement of Net Assets and Statement of Activities, and the proprietary fund financial statements the accrual basis of accounting is applied. 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.

Governmental Fund Financial Statements

In the governmental fund financial statements, the modified accrual basis of accounting is applied. Under this 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 collectible within the current period or soon enough thereafter to pay current liabilities. The City has defined “available” as collected within 60 days after year end. Sales and use taxes, franchise taxes, hotel/motel taxes, court fines and interest are considered susceptible to accrual. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general long-term debt principal and interest, claims and judgments, and accrued compensated absences, which are recorded as expenditures to the extent they have matured. Proceeds of general long-term debt and capital leases are reported as other financial sources.

1.D. ASSETS, LIABILITIES AND EQUITY

Cash and Cash Equivalents

Cash and cash equivalents include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less. Investments in open-ended mutual funds held in the trustee accounts are considered cash equivalents.

Investments

Investments consist of certificates of deposit whose original maturity term exceeds three months, certain U.S. Government securities and an interest rate cap investment. Investments that do not have an established market are reported at estimated fair value as estimated by a broker/dealer. The U.S. Government securities are reported at fair value. All non-negotiable certificates of deposit whose original maturity term exceeds three months are carried at cost.

Receivables

Material receivables in governmental funds and governmental activities include revenue accruals such as sales tax, franchise tax, and grants and other similar intergovernmental revenues since they are usually both measurable and available. Revenue from non-exchange transactions collectible but not available are deferred in accordance with GASB 33 at the fund level.

Proprietary funds and business-type activities material receivables consist of all revenues earned at year-end and not yet received. Billed and unbilled utility accounts receivable comprise the majority of these receivables. They are reported net of allowances for uncollectible accounts.

Inventories

Inventory recorded in governmental funds and governmental activities is valued at average cost and consists of material and supplies used for vehicle maintenance and office and janitorial activities. The cost is allocated to the various user departments based upon their consumption. The consumption method of accounting treatment is utilized by the City's governmental funds.

Special reporting treatments are applied to governmental fund inventories to indicate that they do not represent available spendable resources even though they are a component of net current assets. Such amounts are generally offset by fund balance nonspendable accounts.

Proprietary fund and business-type activities inventories are recorded on an average cost basis. Inventory of the enterprise funds consists of materials and supplies used for golf.

Capital Assets and Depreciation

The accounting treatment of property, plant and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-Wide Statements and Proprietary Funds

In the government-wide financial statements and proprietary funds, property, plant and equipment are accounted for as capital assets. The City's capitalization threshold was \$2,000 for the year ended June 30, 2012. 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. General infrastructure assets (such as roads, bridges, and traffic systems) acquired prior to July 1, 2002, are reported at estimated historical cost using deflated replacement costs. The cost of normal maintenance and repairs to these assets that do not add materially to the value of the asset or materially extend the assets' useful lives are not capitalized.

Depreciation of all exhaustible capital assets is recorded as an operating expense in proprietary fund financial statements and an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation.

The range of estimated useful lives by type of asset is as follows:

Buildings	25 - 50 years
Other Improvements	5 - 50 years
Infrastructure	25-100 years
Machinery and Equipment	3 - 20 years
Utility System	25 - 50 years

In the governmental fund financial statements, capital assets acquired are accounted for as capital outlay expenditures.

Restricted Assets

Restricted assets include current and noncurrent assets of enterprise funds and business-type activities that are legally restricted as to their use. The primary restricted assets are related to trustee accounts restricted for debt service and deposits held for refund.

Long-Term Debt

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

All long-term debt to be repaid from governmental activities, business-type activities and proprietary funds are reported as liabilities as incurred. The long-term debt presently is primarily comprised of general obligation bonds, capital lease obligations payable, judgments payable, water contract obligations, revenue bonds payable and accrued compensated absences. This long-term debt is reported net of unamortized discounts, premiums, and gains and losses from refunding.

Long-term debt of governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payments of principal and interest are reported as expenditures.

Compensated Absences

The City's policies regarding vacation, sick and compensatory time permit employees to accumulate varying amounts as determined by management and contracts with employee groups.

Compensated absences are reported as accrued in the government-wide and proprietary financial statements. Governmental funds report only the matured compensated absences payable to currently terminating employees.

Equity Classification

Government-Wide and Proprietary Fund Financial Statements:

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

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

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

Governmental Fund Financial Statements:

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned and unassigned. These classifications are defined as:

- a. **Nonspendable** – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- b. **Restricted** – consists of fund balance with constraints placed on the use of resources either by (a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (b) law through constitutional provisions or enabling legislation.
- c. **Committed** – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City's highest level of decision-making authority. The City's highest level of decision-making authority is made by ordinance.
- d. **Assigned** – includes amounts that are constrained by the City's intent to be used for specific purposes but are neither restricted or committed. Assignments of fund balance may be made by city council action or management decision when the city council has delegated that authority. Assignments for transfers and interest income for governmental funds are made through the budgetary process.
- e. **Unassigned** – represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the general fund.

It is the City's policy to first use restricted fund balances prior to the use of unrestricted fund balance when an expense is incurred for purposes for which both restricted and unrestricted fund balances are available. The City's policy for the use of unrestricted fund balance amounts require that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Proprietary fund equity is classified the same as in the government-wide statements.

1.E. INTERNAL AND INTERFUND BALANCES AND ACTIVITIES

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

Government-Wide Financial Statements:

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

1. **Internal balances** - amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the governmental and business-type activities columns of the statement of net assets, except for the net residual amounts due between governmental and business-type activities, which are reported as Internal Balances.
2. **Internal activities** - amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide statement of activities except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers - Internal Activities. The effect of interfund services between funds are not eliminated in the statement of activities.

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/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.

1.F. REVENUES, EXPENDITURES AND EXPENSES

Sales Tax

The City presently levies a four 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. One cent of the sales tax received is to be recorded as sales tax revenue within the General Fund, one-half cent in the Street Improvement Sales Tax Fund, one-half cent in the Series 1998 Capital Improvement Sales Tax Fund and the remaining two cents distributed to various funds based on various percentages. These percentages, initially set by ordinance, have been further restricted by management and governing body approval as follows:

General Fund	40.00%
Cemetery Maintenance Fund	2.50%
Library Fund	2.50%
Parks & Recreation Fund	5.00%
Fire Cash Fund	2.50%
Police Cash Fund	2.50%
Major Thoroughfare Fund	5.00%
Capital Improvement Fund	10.00%
Water & Sewer Sales Tax Fund	10.00%
Water Resources Fund	<u>20.00%</u>
Total	<u>100.00%</u>

In accordance with the 2002, 2003 and 2009 sales tax agreements of their respective bond indentures, sales tax has been pledged for the payment of principal and interest on the indebtedness. The 2002, 2003 and 2009 revenue bond indentures state that 40% of two cents of the sales tax levied and assessed pursuant to the City's ordinances is pledged for the payment of those debt issues. In addition, ½ of one cent recorded in the Street Improvement Sales Tax Fund has been pledged for payment on the 2004 Capital Improvement Revenue Bonds.

Sales tax resulting from sales occurring prior to year-end and received by the City after year end have been accrued and are included under the caption *Due from Other Governments* because they represent taxes on sales occurring during the reporting period.

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 bonded debt approved by voters and any court-assessed judgments. At the present time the City levies a property tax, in addition to dedicated sales tax, to fund the annual debt service requirements of the following general obligation bonds:

General Obligation Bonds

2003 General Obligation Bonds
2004 General Obligation Bonds
2005 General Obligation Bonds
2006 General Obligation Bonds
2010 General Obligation Bonds

The property tax levy, as determined by the City's debt service needs, is submitted to the County Excise Board for approval. County assessors, elected officials, determine the taxable value of real estate and personal property in the County. A State Board of Equalization hears complaints on real estate values with the power to equalize assessments. Under present State law, the ratio of assessed value to true value cannot be less than 11 percent or more than 13 ½ percent.

Property taxes levied by the City are billed and collected by the County Treasurer's office and remitted to the City in the month following collection. Property taxes are levied normally in October and are due in equal installments on December 31 and March 31. Property taxes unpaid for the fiscal year are attached by an enforceable lien on property in the following October.

For the year ended June 30, 2012, the City's net assessed valuation of taxable property was \$120,213,501. The taxes levied by the City per \$1,000 of net assessed valuation for the year ended June 30, 2012, was \$14.19.

Expenditures/Expenses

In the government-wide statement of activities, expenses, including depreciation of capital assets, are reported by function or activity. In the governmental fund financial statements, expenditures are reported by class as current (further reported by function), capital outlay and debt service. In proprietary fund financial statements, expenses are reported by object or activity.

1.G. 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 certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

By its nature as a local government unit, the City and its component unit 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:

2.A. DEPOSITS AND INVESTMENT LAWS AND REGULATIONS

In accordance with State law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral valued at no more than market value. Acceptable collateral includes certain U.S. Government or Government Agency securities, certain State of Oklahoma or political subdivision debt obligations, surety bonds

CITY OF SAPULPA, OKLAHOMA
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June 30, 2012

or certain letters of credit. As required by 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the City must have a written collateral agreement approved by the board of directors or loan committee. For the year ended June 30, 2012, the City's uninsured deposits were fully collateralized.

Investments of a City (excluding Public Trusts) are limited by State Law to the following:

- a. Direct obligations of the U. S. Government, its agencies and instrumentalities to which the full faith and credit of the U. S. Government is pledged, or obligations to the payment of which the full faith and credit of the State of Oklahoma is pledged.
- b. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- c. With certain limitation, negotiable certificates of deposit, prime bankers acceptances, prime commercial paper and repurchase agreements with certain limitations.
- d. County, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality or school district.
- e. Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.
- f. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs a., b., c., and d.

Public trusts created under O.S. Title 60, are not subject to the above noted investment limitations and are primarily governed by any restrictions in their trust or bond indentures.

2.B. DEBT RESTRICTIONS AND COVENANTS

General Obligation Debt

Article 10, Sections 26 and 27 of the Oklahoma Constitution limits the amount of certain 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, 2012, 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 first obtaining voter approval.

Revenue Bond Debt

The bond indentures relating to the revenue bond issues of the Sapulpa Municipal Authority contain a number of restrictions or covenants that are financial related. These include covenants such as a required flow of funds through special accounts, debt service coverage requirements and required reserve account balances.

The following schedule presents a brief summary of the most significant requirements and the Authority's level of compliance, thereon, as of June 30, 2012:

CITY OF SAPULPA, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

<u>Requirement</u>	<u>Level of Compliance</u>
a. Flow of Funds	
1. 2003 Refunding Revenue Bonds:	
- Revenue Fund	The Authority maintained all required accounts and made the required payments into such accounts.
- Construction Fund	
- Bond Fund	
- Bond Reserve Fund	
2. 2002 Revenue Bonds:	
- Revenue Account	The Authority maintained all required accounts and made the required payments into such accounts.
- Construction Fund	
- Bond Account	
- Sinking Fund	
3. 2004 Capital Improvement Revenue Bonds:	
- Revenue Account	The Authority maintained all required accounts and made the required payments into such accounts.
- Construction Fund	
- Bond Account	
- Bond Reserve Fund	
4. 2006 Utility System Revenue Bonds:	
- Revenue Account	The Authority maintained all required accounts and made the required payments into such accounts.
- Construction Fund	
- Bond Account	
- Bond Reserve Fund	
5. 2006 Capital Improvement Revenue Bonds:	
- Revenue Account	The Authority maintained all required accounts and made the required payments into such accounts.
- Construction Fund	
- Bond Account	
- Bond Reserve Fund	
6. 2009 Refunding Revenue Bonds:	
- Revenue Account	The Authority maintained all required accounts and made the required payments into such accounts.
- Construction Fund	
- Bond Account	
- Bond Reserve Fund	
b. Revenue Bond Coverage:	
Net operating revenue plus transferred sales tax must equal 1.25 times average annual debt service on the 2002 and 2006 Utility Bonds.	Net revenues available amounted to \$8,988,284. The average annual debt service on the bonds amounted to \$2,975,546. Actual coverage was 3.02 times.
Net operating revenue (excluding sales tax) must equal 1.00 times average annual debt service on the 2002 Revenue Bonds.	Net revenues excluding sales tax amounted to \$4,997,846. The average annual debt service was \$2,975,546. Actual coverage was 1.68 times.
Net operating revenue plus transferred sales tax must equal 1.20 times annual debt service on the 2003 Revenue Bonds.	Net revenues available amounted to \$8,998,284. The annual debt service was \$3,158,256. Actual coverage was 2.85 times.

CITY OF SAPULPA, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

Net operating revenue plus transferred sales tax must equal 1.25 times annual debt service on the 2009 Revenue Bonds.

Net revenues available amounted to \$8,998,284. The annual debt service was \$3,158,256. Actual coverage was 2.85 times.

c. Reserve Account Requirements:

2002 Revenue Bonds:
Reserve account balance to be \$2,326,967.

The Authority purchased financial security assurance municipal bond debt service reserve insurance policy with a \$2,326,967 fair value.

2003 Revenue Bonds:
Reserve account balance to be \$2,714,875.

The Authority purchased financial security assurance municipal bond debt service reserve insurance policy with a \$2,714,875 fair value.

2004 Capital Improvement Revenue Bonds:
Reserve account balance to be \$497,000.

The balance at June 30, 2012 was \$497,000.

2006 Revenue Bonds:
Reserve account balance to be \$58,230.

The balance at June 30, 2012 was \$58,230.

2006 Capital Improvement Revenue Bonds:
Reserve account balance to be \$92,500.

The balance at June 30, 2012 was \$92,500.

2009 Refunding Revenue Bonds:
Reserve account balance to be \$1,211,135.

The balance at June 30, 2012 was \$1,211,247.

2.C. FUND EQUITY / NET ASSET RESTRICTIONS

Restricted Net Assets

Restricted net assets at the government-wide financial statements are required to restrict funds in accordance with various laws and regulations, specifically those laws and regulations dealing with debt service and the use of restricted revenues. See Note 3. I. for details of restricted net assets.

2.D. BUDGETARY COMPLIANCE

The City prepares its annual operating budget under the provisions of the Municipal Budget Act (the Budget Act). In accordance with those provisions, the following process is used to adopt the annual budget:

- a. 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.
- b. Public hearings are conducted to obtain citizen comments. At least one public hearing must be held no later than 15 days prior to July 1.
- c. Subsequent to the public hearings but no later than seven days prior to July 1, the budget is adopted by resolution of the City Council.
- d. The adopted budget is filed with the Office of State Auditor and Inspector.

The legal level of control at which expenditures may not legally exceed appropriations is the department level within a fund.

CITY OF SAPULPA, OKLAHOMA
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All fund decreases of appropriation and supplemental appropriations require City Council approval. The City Manager may transfer appropriations between departments within a fund without City Council approval. Supplemental appropriations must also be filed with the Office of State Auditor and Inspector.

In accordance with Title 60 of the Oklahoma State Statutes, the Sapulpa Municipal Authority, accounted for as a blended enterprise fund in this report, 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; and, therefore, no budget and actual financial presentation for the SMA fund is included in this report.

NOTE 3. DETAIL NOTES - TRANSACTION CLASSES/ACCOUNTS

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

3. A. DEPOSIT AND INVESTMENT RISKS

Primary Government:

The City of Sapulpa, including its blended component units held the following deposits and investments at June 30, 2012:

	<u>Carrying Value</u>	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Maturity Date</u>
Deposits:				
Demand deposits	\$ 2,732,933			
Investments:				
Money market funds - Federated Treasury Obligations Fund	\$ 3,256,397		AAA	N/A
Certificate of deposit	614,928		N/A	2/14/2013
Certificate of deposit	145,000		N/A	4/13/2013
Certificate of deposit	727,928		N/A	9/15/2012
Certificate of deposit	631,558		N/A	1/28/2013
Certificate of deposit	100,000		N/A	3/8/2013
Certificate of deposit	50,000		N/A	8/21/2012
Certificate of deposit	71,895		N/A	12/9/2012
Certificate of deposit	626,196		N/A	8/16/2012
Certificate of deposit	1,266,930		N/A	9/10/2012
Certificate of deposit	1,013,544		N/A	9/10/2012
U.S. Treasury HH Savings Bonds	35,000		N/A	7/1/2022
Judgements	416,000		N/A	N/A
Total investments	\$ 8,955,376			
Total deposits and investments	\$ 11,688,309			
Reconciliation to Statement of Net Assets:				
Cash and cash equivalents	\$ 5,989,330			
Investments	5,698,979			
	\$ 11,688,309			

Custodial Credit Risk – Exposure to custodial credit risk related to deposits exists when the City holds deposits that are uninsured and uncollateralized; collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the City’s name; or collateralized without a written or approved collateral agreement. Exposure to custodial credit risk related to investments exists when the City holds investments that are uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the City’s name.

The City’s policy as it relates to custodial credit risk is to secure its uninsured deposits with collateral, valued at no more than market value, at least at a level of 100% of the uninsured deposits and accrued interest thereon. The investment policy also limits acceptable collateral to U.S. Treasury securities and direct debt obligations of municipalities, counties, and school districts in the state of Oklahoma. As required by Federal 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the City must have a written collateral agreement approved by the board of directors or loan committee.

At June 30, 2012, the City was not exposed to custodial credit risk as defined above.

Investment Credit Risk – The City’s investment policy limits investments to those allowed in state law applicable to municipalities. These investment limitations are described in Note 2.A. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City has no formal policy limiting investments based on credit rating, but discloses any such credit risk associated with their investments by reporting the credit quality ratings of investments in debt securities as determined by nationally recognized statistical rating organizations—rating agencies—as of the year end. Unless there is information to the contrary, obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

The fair value of the City’s interest rate cap agreements are fully exposed to credit risk. The interest rate cap agreement requires the counterparty to notify the trustee, SMA, and the bond insurer if any of the long-term unsecured outstanding debt of the guarantor falls below A- by S&P and below A3 by Moody’s or is unrated by either rating agency. Upon such notice, the trustee or SMA may (1) direct the counterparty to either assign the agreements to an acceptable transferee, (2) provide a guaranty issued by an acceptable guarantor, or (3) terminate the agreements without penalty.

Investment Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City discloses its exposure to interest rate risk by disclosing the maturity dates of its various investments.

As noted in the schedule of deposits and investments above, at June 30, 2012, the investments held by the City mature at various times.

Concentration of Investment Credit Risk - Exposure to concentration of credit risk is considered to exist when investments in any one issuer represent a significant percent of total investments of the City (any over 5% are disclosed). Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this consideration.

At June 30, 2012, the City had no concentration of credit risk as defined above.

CITY OF SAPULPA, OKLAHOMA
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Hedging Derivative – Interest Rate Cap Swap Transaction:

The City has entered into a four and a half year interest rate cap swap agreement as a cash flow hedge for \$12,000,000 of its variable rate 2009A Refunding Series Capital Improvement Revenue Bonds. The City owes interest on the revenue bonds at a variable rate of LIBOR plus 275 basis points not to exceed 14%. The counterparty to the swap agreement owes the City interest if the LIBOR rate exceeds 2.25%. The counterparty has not made any payments to the City since the LIBOR rate has not yet exceeded 2.25%. The objective of the hedge is to cap the interest rate paid at 2.25% plus 275 basis points (5%). The City has achieved that objective and is reporting the derivative under hedge accounting standards. The notional amount of the hedging derivative is \$12,000,000.

The expected future net cash flows of the hedging derivative are as follows:

<u>Year Ending June 30,</u>	<u>Assumed Interest Rate</u>	<u>Hedging Derivative Cash Flow</u>
2013	>5%	-
2014	>5%	-
Total		<u>\$ -</u>

The City paid \$466,000 to the counterparty at inception. This up-front payment is being amortized as a component of interest expense over the life of the agreement using the straight-line method. The amount amortized as interest expense in fiscal year 2012 was \$103,554.

<u>Associated Debt</u>	<u>Effective Date</u>	<u>Termination Date</u>	<u>Interest Cap Rate</u>	<u>Change in Fair Value</u>	<u>Fair Value at 6-30-12</u>	<u>Counter -party</u>	<u>Credit Rating</u>
2009 Refunding Series Capital Improvement Rev Bonds:							
Interest Rate Cap	1/6/2009	7/1/2013	2.25%	(17,030)	\$ -	Bank of NY	AA

Fair market value was valued at zero since the termination date is one year.

3. B. RESTRICTED ASSETS

The amounts reported as restricted assets on the Proprietary Funds Statement of Net Assets are comprised of cash and investments held by the trustee bank on behalf of the public trust (Authority) related to its required revenue bond accounts as described in Note 2.B and amounts due to depositors related to utility deposits.

CITY OF SAPULPA, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

The restricted assets as of June 30, 2012 were as follows:

<u>Type of Restricted Assets</u>	<u>Current Cash and cash equivalents</u>	<u>Noncurrent Cash and cash equivalents</u>	<u>Noncurrent Investments</u>	<u>Total</u>
Due to Depositors	\$27,003	\$ -	\$232,117	\$259,120
Trustee Accounts:				
2002A Bond Fund	618,035	-	-	618,035
2003 Bond Fund	13	-	-	13
2003 Revenue Fund	556,695	-	-	556,695
2004 Reserve Fund	-	497,000	-	497,000
2004 Bond Fund	389,332	-	-	389,332
2006 Bond Fund - Cap. Impr.	7	-	-	7
2006 Reserve Fund - Cap. Impr.	-	92,500	-	92,500
2006 Bond Fund - Utility	9,204	-	-	9,204
2006 Revenue Fund - Utility	18,958	-	-	18,958
2006 Reserve Fund - Utility	-	58,230	-	58,230
2009 Revenue Fund	423,211	-	-	423,211
2009 Reserve Fund	-	1,211,247	-	1,211,247
	<u>\$2,042,458</u>	<u>\$1,858,977</u>	<u>\$232,117</u>	<u>\$4,133,552</u>
Total Restricted Assets	<u>\$2,042,458</u>	<u>\$1,858,977</u>	<u>\$232,117</u>	<u>\$4,133,552</u>

3. C. ACCOUNTS RECEIVABLE AND COURT FINES RECEIVABLE

Accounts receivable of the business-type activities consists of customer utilities services provided, both billed and unbilled, and golf services due at year end, reported net of allowance for uncollectible amounts.

	<u>Utilities</u>	<u>Golf</u>	<u>Total</u>
Accounts receivable	\$2,156,281	\$4,946	\$2,161,227
Allowance for doubtful accounts	<u>(1,216,853)</u>	<u>-</u>	<u>(1,216,853)</u>
Accounts receivable, net	<u>\$939,428</u>	<u>\$4,946</u>	<u>\$944,374</u>

Court fines receivable of the governmental activities consisted of the following at June 30, 2012:

Court fines receivable	\$2,467,864
Allowance for doubtful accounts	<u>(1,754,327)</u>
Court fines receivable, net	<u>\$713,537</u>

CITY OF SAPULPA, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

3. D. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2012, was as follows:

	Balance at June 30, 2011	Additions	Transfers	Disposals	Balance at June 30, 2012
Governmental activities:					
Non-depreciable:					
Land	\$ 4,354,056	\$ 260,000	\$ -	\$ -	\$ 4,614,056
Construction-in-progress	1,031,206	420,561	-	(685,445)	766,322
Total non-depreciable assets at historical cost	<u>5,385,262</u>	<u>680,561</u>	<u>-</u>	<u>(685,445)</u>	<u>5,380,378</u>
Depreciable:					
Buildings	10,538,385	340,968	-	-	10,879,353
Other improvements	3,373,460	14,841	-	(4,500)	3,383,801
Machinery and equipment	10,366,621	760,145	-	(704,052)	10,422,714
Infrastructure	27,903,676	500,477	-	(108,649)	28,295,504
Total depreciable assets at historical cost	<u>52,182,142</u>	<u>1,616,431</u>	<u>-</u>	<u>(817,201)</u>	<u>52,981,372</u>
Less accumulated depreciation					
Buildings	(2,834,963)	(208,119)	-	-	(3,043,082)
Other improvements	(762,568)	(155,542)	-	4,500	(913,610)
Machinery and equipment	(6,084,618)	(663,704)	-	626,893	(6,121,429)
Infrastructure	(10,360,419)	(531,896)	-	82,073	(10,810,242)
Total accumulated depreciation	<u>(20,042,568)</u>	<u>(1,559,261)</u>	<u>-</u>	<u>713,466</u>	<u>(20,888,363)</u>
Net depreciable assets	<u>32,139,574</u>	<u>57,170</u>	<u>-</u>	<u>(103,735)</u>	<u>32,093,009</u>
Governmental activities capital assets, net	<u>\$ 37,524,836</u>	<u>\$ 737,731</u>	<u>\$ -</u>	<u>\$ (789,180)</u>	<u>\$ 37,473,387</u>
Business-type activities					
Non-depreciable:					
Land	\$ 52,001	\$ -	\$ -	\$ -	\$ 52,001
Water rights contracts	4,915,486	-	-	-	4,915,486
Construction-in-progress	4,172,997	1,642,459	-	(3,321,779)	2,493,677
Total non-depreciable assets at historical cost	<u>9,140,484</u>	<u>1,642,459</u>	<u>-</u>	<u>(3,321,779)</u>	<u>7,461,164</u>
Depreciable:					
Buildings	3,880,040	-	-	(49,000)	3,831,040
Other improvements	1,532,622	-	-	-	1,532,622
Utility property	65,030,478	2,904,774	-	(243,387)	67,691,865
Machinery and equipment	3,292,971	387,392	-	(80,747)	3,599,616
Infrastructure	1,733,613	417,006	-	-	2,150,619
Totals depreciable assets at historical cost	<u>75,469,724</u>	<u>3,709,172</u>	<u>-</u>	<u>(373,134)</u>	<u>78,805,762</u>
Less accumulated depreciation					
Buildings	(1,017,370)	(78,233)	-	31,850	(1,063,753)
Other improvements	(860,059)	(65,576)	-	-	(925,635)
Utility property	(20,574,459)	(1,454,466)	-	204,491	(21,824,434)
Machinery and equipment	(1,827,573)	(272,449)	-	78,665	(2,021,357)
Infrastructure	(228,277)	(51,198)	-	-	(279,475)
Total accumulated depreciation	<u>(24,507,738)</u>	<u>(1,921,922)</u>	<u>-</u>	<u>315,006</u>	<u>(26,114,654)</u>
Net depreciable assets	<u>50,961,986</u>	<u>1,787,250</u>	<u>-</u>	<u>(58,128)</u>	<u>52,691,108</u>
Business-type activities capital assets, net	<u>\$ 60,102,470</u>	<u>\$ 3,429,709</u>	<u>\$ -</u>	<u>\$ (3,379,907)</u>	<u>\$ 60,152,272</u>

CITY OF SAPULPA, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

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

Depreciation expense charged to governmental activities:

General government	\$ 77,243
Legal and judicial	3,429
Public safety	580,181
Urban development	4,019
Streets	639,831
Culture and recreation	254,558
Total governmental activities depreciation expense	<u>\$ 1,559,261</u>

Depreciation expense charged to business-type activities:

Water	\$ 584,428
Wastewater	1,091,029
Sanitation	35,733
Stormwater	85,225
Golf course	125,507
Total business-type activities depreciation expense	<u>\$ 1,921,922</u>

Note: General government, administration, utility collections and utility maintenance of the business-type activities were allocated to the appropriate functions based upon a percentage of revenues.

3. E. WATER RIGHTS CONTRACT

The Sapulpa Municipal Authority (SMA) entered into three agreements with the United States of America for water storage space in Skiatook Lake. In consideration of the right to utilize the aforesaid storage space in the project for municipal and industrial supply purposes, the SMA agreed to pay costs in the amount of \$4,915,486 (which is the balance of the unamortized water rights reported as capital assets at June 30, 2012), along with maintenance and operations costs on an annual basis. The City incurred an obligation to the federal government for the water rights. The obligations were incurred in March 1993, November 1999, November 2002, and June 2006. The obligations are payable in annual installments of \$30,491, \$33,966, \$143,535 and \$184,184, respectively. The total water right obligation balance at June 30, 2012 is \$2,647,690. See Note 3.F. for further disclosures.

Due to the long-term nature of this agreement, and the infinite economic life of the water rights, the SMA's investment in the water rights contract is not being amortized.

3. F. LONG-TERM DEBT

The reporting entity's long-term debt is segregated by the amounts involving governmental activities and business-type activities.

CITY OF SAPULPA, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

Governmental Activities Long-Term Debt

At June 30, 2012, the governmental activities long-term debt consisted of the following:

General Obligation Bonds:

\$4,100,000 General Obligation Bonds of 2003, due in annual installments of \$215,000, final installment of \$230,000 due June 1, 2023, with interest rates at 2.75% to 4.0%	\$2,380,000
\$5,600,000 General Obligation Bonds of 2004, due in annual installments of \$295,000, final installment due June 1, 2024, with interest rates at 3.50% to 5.00%	3,540,000
\$1,925,000 General Obligation Bonds of 2005, due in annual installments of \$100,000, final installment of \$125,000 due June 1, 2025, with interest rates at 2.80% to 3.90%	1,325,000
\$415,000 General Obligation Bonds of 2006, due in annual installments of \$50,000, final installment due June 1, 2016, with interest rates at 4.00% to 4.20%	200,000
\$6,800,000 General Obligation Bonds of 2010, due in annual installments of \$350,000, final installment of \$500,000 due June 1, 2030, with interest rates at 3.75% to 4.25%	<u>6,450,000</u>
Total General Obligation Bonds	<u>\$13,895,000</u>
Current portion	\$ 1,010,000
Non-current portion	<u>12,885,000</u>
Total General Obligation Bonds	<u>\$13,895,000</u>

Capital Lease Obligations:

\$425,000 capital lease with American Heritage Bank for a Pierce Pumper Truck, payable in monthly installments of \$7,861, final payment due March 2013 with interest at 4.15%; lease must be renewed annually	67,705
\$135,000 capital lease with First United Bank & Trust for Freightliner truck payable in quarterly installments of \$7,481, final payment due June 2015 with interest rate at 4%; lease must be renewed annually	84,200
\$66,923 capital lease with De Lage Landen Public Finance for desktop printers payable in monthly installments of \$1,281, final payment due June 2015 with interest rate at 5.79%; lease must be renewed annually	42,243
\$87,995 capital lease with De Lage Landen Public Finance for copiers payable in monthly installments of \$1,680, final payment due September 2015 with interest rate at 5.48%; lease must be renewed annually	59,892
\$269,473 capital lease with First United Bank & Trust for Vector Combination Sewer Cleaning truck payable in quarterly installments of \$9,196, final payment due March 2015 with interest rate at 3.45%; lease must be renewed annually	<u>95,436</u>
Total Capital Lease Obligations	<u>\$349,476</u>

CITY OF SAPULPA, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

Current portion	\$159,111
Non-current portion	<u>190,365</u>
Total Capital Lease Obligations	<u>\$349,476</u>

Accrued Compensated Absences:

Accrued compensated absences reported in the governmental activities are comprised of accrued vacation leave, sick leave and compensatory time.

Current portion	\$166,565
Non-current portion	<u>1,499,081</u>
Total Accrued Compensated Absences	<u>\$1,665,646</u>

Estimated Claims Liability:

Estimated claims liability reported in the governmental activities are comprised of accrued payables and liabilities incurred but not reported.

Current portion	<u>\$50,000</u>
Total Estimated Claims Liability	<u>\$50,000</u>

Judgment Payable:

\$55,000 judgment payable (Nix), payable in annual installments of \$18,333, beginning December 2012, with interest at the statutory rate which was 5.25% for 2012, final payment due December 2014	55,000
\$325,000 judgment payable (Eurocraft), payable in annual installments of \$108,333, beginning December 2012, with interest at the statutory rate which was 5.25% for 2012, final payment due December 2014	325,000
\$36,000 judgment payable (Woodberry), payable in annual installments of \$12,000, Beginning December 2012, with interest at the statutory rate which was 5.25% for 2012, final payment due December 2012	<u>36,000</u>
Total Judgments Payable	<u>\$416,000</u>
Current portion	\$138,667
Non-current portion	<u>277,333</u>
Total Judgments Payable	<u>\$416,000</u>

CITY OF SAPULPA, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

Business-Type Activities Long-Term Debt

At June 30, 2012, the long-term debt payable from enterprise fund resources consisted of the following:

Revenue Bonds Payable:

2003A Refunding Series Capital Improvement Revenue Bonds:

Coupon Bonds – original issue amount of \$16,160,000, dated August 1, 2003, issued by Sapulpa Municipal Authority, secured by utility revenue and pledged sales tax, interest rates of 5.00%, final maturity on July 1, 2031

Zero Coupon Capital Appreciation Bonds – face amount of \$865,153 dated August 1, 2003, issued by Sapulpa Municipal Authority, secured by utility revenue and pledged sales tax, principal and all accreted interest matures in equal installments of \$2,350,000 July 1, 2032 and July 1, 2033

Total 2003A Refunding Series Capital Improvement Revenue Bonds	\$ 17,601,852
2003B Refunding Series Capital Improvement Revenue Bonds original issue amount of \$14,340,000, dated August 1, 2003, issued by Sapulpa Municipal Authority, secured by utility revenue and pledged sales tax, interest rates from 5.65% to 6.25%, final maturity on July 1, 2023	5,235,000
2002A Tax-Exempt Refunding Series Utility System Revenue Bonds original issue amount of \$24,100,000, dated February 1, 2002, issued by Sapulpa Municipal Authority, secured by utility revenues and pledged sales tax, interest rates from 5.15% to 5.125%, final maturity on January 1, 2032	24,100,000
2004 Series Capital Improvement Revenue Bonds original issue amount of \$4,970,000, dated October 14, 2004, issued by Sapulpa Municipal Authority, secured by pledged sales tax, interest rates from 3.75% to 4.35%, final maturity on October 1, 2014	2,025,000
2006 Tax-Exempt Refunding Series Utility System Revenue Bonds original issue amount of \$700,000, dated May 1, 2006, issued by Sapulpa Municipal Authority, secured by utility revenues and pledged sales tax, interest rates from 5.15% to 5.40%, final maturity on May 1, 2026	570,000
2006 Series Capital Improvement Revenue Bonds original issue amount of \$925,000, dated May 1, 2006, issued by Sapulpa Municipal Authority, secured by year-to-year appropriation of debt service payments made by city, interest rates from 4.50% to 5.00%, final maturity on May 1, 2016	475,000
2009A Refunding Series Capital Improvement Revenue Bonds original issue amount of \$12,000,000, dated January 1, 2009, issued by Sapulpa Municipal Authority, secured by utility revenue and pledged sales tax, variable interest equal to LIBOR plus 275 basis points – not to exceed 14%, final maturity on July 1, 2013	12,000,000
2009B Refunding Series Capital Improvement Revenue Bonds original issue amount of \$6,000,000, dated January 1, 2009, issued by Sapulpa Municipal Authority, secured by utility revenue and pledged sales tax, interest rate of 5.90%, final maturity on July 1, 2013	<u>6,000,000</u>
Total Revenues Bonds Payable	<u>68,006,852</u>

CITY OF SAPULPA, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

Less: Unamortized Bond Discount – 2003 Series	(291,890)
Unamortized Bond Discount – 2002 Series	(208,602)
Unamortized Bond Discount – 2009 Series	(15,480)
Unamortized Loss on 2003 Refunding	(2,482,981)
Unamortized Loss on 2002 Refunding	(1,308,239)
Unamortized Loss on 2009 Refunding	(869,211)
Add: Unamortized Bond Premium – 2004 Series	1,233
Total Revenue Bonds Payable, Net	<u>\$62,831,682</u>
Current portion	\$ 580,000
Non-current portion, net	<u>62,251,682</u>
Total Revenue Bonds Payable, net	<u>\$62,831,682</u>

Notes Payable:

\$144,100 note payable with American Heritage Bank for 55 golf carts, payable in monthly installments of \$9,753, final payment due June 2013 with interest at 3.9%	\$ 37,929
\$280,163 note payable with American Heritage Bank for sewer cleaner, payable in monthly installments of \$15,501, final payment due July 2014 with interest at 3.9%	132,318
\$200,000 capital lease with American Heritage Bank for the softball complex, payable in monthly installments of \$9,399, final payment due January 2015 with interest at 4.05%	<u>96,636</u>
Total Notes Payable	<u>\$266,883</u>
Current portion	\$129,804
Non-current portion	<u>137,079</u>
Total Notes Payable	<u>\$266,883</u>

Accrued Compensated Absences:

Accrued compensated absences reported in the business-type activities are comprised of accrued vacation leave, sick leave and compensatory time.

Current portion	\$12,796
Non-current portion	<u>115,167</u>
Total Accrued Compensated Absences	<u>\$127,963</u>

Water Contract Obligations:

The City has a number of contractual obligations with the U.S. Army Corps of Engineer for water use rights, with outstanding amounts due as follows:

Obligation payable to the U.S. Army Corps of Engineer, original amount of \$632,924, for use of water facility, payable in 41 annual installments of \$30,491, final maturity in March 2033.	\$437,848
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CITY OF SAPULPA, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

Obligation payable to the U.S. Army Corps of Engineer, original amount of \$632,924, for use of water facility, payable in 35 annual installments of \$33,966, final maturity in November, 2033.	490,273
Obligation payable to the U.S. Army Corps of Engineer, original amount of \$1,738,077, for use of water facility, payable in 16 annual installments of \$143,535, final maturity in November, 2017.	753,073
Obligation payable to the U.S. Army Corps of Engineer, original amount of \$1,727,377, for use of water facility, payable in 12 annual installments of \$184,184, final maturity in June, 2017.	<u>966,496</u>
Total Water Contract Obligations	<u>\$2,647,690</u>
Current portion	\$ 286,465
Non-current portion	<u>2,361,225</u>
Total Water Contract Obligations	<u>\$2,647,690</u>

Due to Depositors:

Outstanding deposits for utility services, refundable only upon termination of service, amounted to the following:

Current portion	\$51,824
Non-current portion	<u>207,296</u>
Total Due to Depositors	<u>\$259,120</u>

Defeased Bonds Outstanding

The City, through its various public trusts, has in substance defeased a number of outstanding bond issues by placing deposits in irrevocable trusts, escrow accounts, for the purchase of U.S. Government Securities to pay principal and interest on the refunded bonds as they are due and payable. For financial reporting purposes, both the defeased bonds outstanding and the escrowed securities have been excluded from the financial statements. At year end, the remaining outstanding defeased debt issues were as follows:

1998 Series Capital Improvement Revenue Bonds – Defeased	\$9,620,000
2002B Series Taxable Refunding Utility System Revenue Bonds – Defeased	3,110,000
2003B Series Refunding Capital Improvement Revenue Bonds – Defeased	<u>8,355,000</u>
Total Defeased Bonds Outstanding	\$ <u>21,085,000</u>

CITY OF SAPULPA, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the year ended June 30, 2012:

	Balance June 30, 2011	Additions	Deductions	Balance June 30, 2012	Amounts Due Within One Year
Governmental Activities:					
General Obligation Bonds	\$ 14,905,000	\$ -	\$ 1,010,000	\$ 13,895,000	\$ 1,010,000
Capital Lease Obligations	746,025	-	396,549	349,476	159,111
Accrued Compensated Absences	1,678,106	1,176,907	1,189,367	1,665,646	166,565
Judgments Payable	18,333	416,000	18,333	416,000	138,667
Estimated Claims Liability	384,078	2,748,299	3,082,377	50,000	50,000
Other Post-Employment Benefit Liability	671,529	189,713	24,636	836,606	-
Total Governmental Long-Term Debt	<u>\$ 18,403,071</u>	<u>\$ 4,530,919</u>	<u>\$ 5,721,262</u>	<u>\$ 17,212,728</u>	<u>\$ 1,524,343</u>
Unamortized bond premiums/discounts				22,531	
Net Long-term Debt				<u>17,235,259</u>	
Reconciliation to Government-Wide Statement of Net Assets:					
Due in One Year				\$ 1,524,343	
Due in More than One year				15,710,916	
				<u>\$ 17,235,259</u>	
Business-type Activities:					
Due to Depositors	\$ 248,990	\$ 89,255	\$ 79,125	\$ 259,120	\$ 51,824
Water Contract Obligations	2,922,612	-	274,922	2,647,690	286,465
Revenue Bonds Payable	68,506,065	80,787	580,000	68,006,852	580,000
Notes Payable	392,617	-	125,734	266,883	129,804
Accrued Compensated Absences	128,352	90,415	90,804	127,963	12,796
Total Business-type Debt	<u>\$ 72,198,636</u>	<u>\$ 260,457</u>	<u>\$ 1,150,585</u>	71,308,508	<u>\$ 1,060,889</u>
Unamortized loss on refunding				(4,660,431)	
Unamortized bond premiums/discounts				(514,739)	
Net Long-term Debt				<u>\$ 66,133,338</u>	
Reconciliation to Government-Wide Statement of Net Assets:					
Due in One Year				\$ 1,060,889	
Due in More than One year				65,072,449	
				<u>\$ 66,133,338</u>	

Annual Debt Service Requirements

The annual debt service requirements to maturity, including principal and interest, for long-term debt, excluding accrued compensated absences, due to depositors, estimated claims liability and OPEB liability as of June 30, 2012 are as follows:

CITY OF SAPULPA, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

Governmental Activities				
<u>Year Ending June 30,</u>	<u>General Obligation Bonds</u>		<u>Capital Lease Obligations</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 1,010,000	\$ 563,580	\$ 159,111	\$ 13,877
2014	1,010,000	525,438	95,463	6,778
2015	1,010,000	486,216	89,908	3,137
2016	1,010,000	446,433	4,994	46
2017	960,000	406,148	-	46
2018-2022	4,800,000	1,445,560	-	-
2023-2027	2,895,000	538,300	-	-
2028-2030	1,200,000	107,500	-	-
Total	\$ 13,895,000	\$ 4,519,175	\$ 349,476	\$ 23,884

<u>Year Ending June 30,</u>	<u>Judgments Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2013	\$ 138,667	\$ 21,840
2014	138,667	14,560
2015	138,666	7,280
Total	\$ 416,000	\$ 43,680

Business-Type Activities				
<u>Year Ending June 30,</u>	<u>Revenue Bonds Payable</u>		<u>Water Contract Obligations</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 580,000	\$ 3,250,091	\$ 286,465	\$ 105,711
2014	19,395,000	2,815,017	297,958	94,218
2015	2,055,000	2,341,731	309,912	82,264
2016	1,230,000	2,259,390	322,346	69,830
2017	1,395,000	2,186,768	335,279	56,897
2018-2022	6,700,000	10,131,947	499,687	151,185
2023-2027	14,410,000	7,686,170	221,942	100,343
2028-2032	20,775,000	3,272,420	270,182	52,103
2033-2034	890,153	3,834,848	103,919	5,055
Total	67,430,153	\$ 37,778,382	\$ 2,647,690	\$ 717,606
Plus accreted interest	576,699	-	-	-
	\$ 68,006,852	-	-	-

<u>Year Ending June 30,</u>	<u>Notes Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2013	\$ 129,804	\$ 8,867
2014	95,566	4,095
2015	41,513	714
Total	\$ 266,883	\$ 13,676

CITY OF SAPULPA, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

Pledge of Future Revenues

Sales Tax and Utility Net Revenues Pledge - The City has pledged 40% of two cents (or 20%) of future sales tax revenues and net utility revenues to repay the following revenue bonds: \$12,000,000 2009A Refunding Series Capital Improvement Revenue Bonds, \$6,000,000 2009B Refunding Series Capital Improvement Revenue Bonds, \$17,025,153 2003A Refunding Series Capital Improvement Revenue Bonds; \$14,340,000 2003B Series Capital Improvement Revenue Bonds; \$24,100,000 2002A Tax-Exempt Refunding Series Utility System Revenue Bonds; and \$1,625,000 2006 Series Capital Improvement Revenue Bonds. Proceeds from the bonds provided for the purchase or construction of capital assets. The bonds are payable from pledged sales tax revenues and net utility revenues. These bonds are payable through 2033. The total principal and interest payable for the remainder of the life of these bonds is \$102,774,425. Pledged sales taxes received in the current year were \$2,362,558 and net utility revenues were \$4,997,846 for total pledged revenues of \$7,360,404. Debt service payments of \$3,251,605 for the current fiscal year were 44% of total pledged revenues for these bonds.

Sales Tax Revenues Pledge - In addition, the City has pledged another ½ of one cent (or 12.5%) of future sales tax revenues for the payment on the \$4,970,000 2004 Capital Improvement Revenue Bonds. Proceeds from the bonds provided for the purchase or construction of capital assets. The bonds are payable from pledged sales tax revenues. These bonds are payable through 2014. The total principal and interest payable for the remainder of the life of these bonds is \$2,178,521. Pledged sales taxes received in the current year were \$1,476,599. Debt service payments of \$565,253 for the current fiscal year were 38% of the pledged sales taxes received.

3.G. INTERFUND BALANCES AND ACTIVITIES

Interfund receivables and payables at June 30, 2012, were as follows:

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>	<u>Nature of Interfund Balance</u>
Sewer System Development	Street & Alley Fund	50,000	Temporary loan of cash
Sewer System Development	Major Thoroughfare Fund	19,170	Temporary loan of cash
Sewer Plant Sales Tax Fund	Grants & Aid Fund	62,598	Temporary loan of cash
Federal SAF Fund	General Fund	12,738	Temporary loan of cash
Street Improvements Fund	Major Thoroughfare Fund	25,830	Temporary loan of cash
Street Improvements Fund	Water & Sewer Sales Tax Fund	75,000	Temporary loan of cash
Street Improvements Fund	Grants & Aid Fund	31,971	Temporary loan of cash
Sewer System Development	SMA	11,200	Temporary loan of cash
		<u>\$288,507</u>	

	<u>Due From</u>	<u>Due To</u>	<u>Reconciliation</u>	
	<u>Other Fund</u>	<u>Other Funds</u>	<u>BTA - Special Revenue Funds</u>	
Reconciliation to Fund				
Financial Statements:				
Governmental Funds	\$277,307	(\$208,137)	(\$12,402)	\$56,768
Enterprise Funds	11,200	(80,370)	12,402	(\$56,768)
Total Interfund Balances	<u>\$288,507</u>	<u>(\$288,507)</u>	<u>-</u>	<u>-</u>

CITY OF SAPULPA, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

Interfund transfers for the year ended June 30, 2012 were as follows:

Transfer From	Transfer To	Amount	Nature of Transfer
Capital Improvement Fund	SMA	\$ 333,000	Supplemental for debt service
Cemetery Maintenance Fund	Cemetery Care Fund	9,856	12.5% transfer per state law
E-911 Fund	General Fund	110,000	Operating transfer for dispatcher salaries
G.O. Sinking Fund	General Fund	10,301	Interest Earnings
Street Improvement Sales Tax Fund	SMA	560,553	Supplemental for debt service
General Fund	SMA	2,353,731	Pledged sales tax - bond indenture
General Fund	Restricted Construction Park/Rec	6,950	Required revenue transfer
Hotel/Motel Tax Fund	Park Development Fund	35,191	Required revenue transfer
Stormwater Management Fund	Street Improvement Sales Tax Fund	179,808	Supplemental for capital purchase
Park Development Fund	SMA	34,000	Supplemental for debt service
Street Improvement Sales Tax Fund	Capital Improvement Fund	371,413	Supplemental for capital purchase
SMA	General Fund	2,196,000	Supplemental operating transfer
SMA	General Fund	2,353,731	Return of pledged sales tax
SMA	Street and Alley	419,500	Supplemental operating transfer
SMA	Cemetery Maintenance Fund	144,000	Supplemental operating transfer
SMA	Hunting and Fishing Fund	22,100	Supplemental operating transfer
SMA	Hotel/Motel Tax Fund	13,500	Supplemental operating transfer
Stormwater Management Fund	Major Thoroughfare Fund	64,520	Supplemental for capital purchase
Street Improvement Sales Tax Fund	Major Thoroughfare Fund	35,240	Supplemental for capital purchase
SMA	Library Fund	169,000	Supplemental operating transfer
SMA	Park and Recreation Fund	166,000	Supplemental operating transfer
SMA	SMA Golf Course Fund	346,500	Supplemental operating transfer
Stormwater Management Fund	SMA	436,152	Supplemental for capital purchase
Major Thoroughfare Fund	Grants and Aid Fund	48,356	Supplemental for capital purchase
Major Thoroughfare Fund	Stormwater Management Fund	20,000	Supplemental for capital purchase
SMA	Water & Sewer Sales Tax Fund	70,000	Supplemental operating transfer
Sewer Plant Sales Tax Fund	SMA	1,636,707	Supplemental for debt service
Water Resources Fund	SMA	1,150,000	Supplemental for debt service
		<u>\$ 13,296,109</u>	

	Transfers In	Transfers Out	Reconciliation - BTA - Special Revenue Funds	Reconciliation - Sales tax reclass	Capital Asset Activity	Net Transfers/ Internal Activity
Reconciliation to Fund Financial Statements:						
Governmental Funds	\$ 6,425,466	\$ (6,715,298)	\$ 2,716,707	\$ (3,248,517)	\$ (1,695,650)	\$ (2,517,292)
Proprietary Funds	6,870,643	(6,580,811)	(2,716,707)	3,248,517	1,695,650	2,517,292
Total Transfers	<u>\$ 13,296,109</u>	<u>\$ (13,296,109)</u>	\$ -	\$ -	\$ -	\$ -

3.H. ALLOCATION OF INDIRECT EXPENSES

Certain indirect expenses (expenses benefiting more than one function) have been allocated to specific functions in the Statement of Activities, while other indirect expenses have not been allocated.

Indirect expenses reported in the Statement of Activities under the functions of Administration & General Government have not been allocated for governmental purposes.

Indirect expenses of the proprietary funds, classified in the proprietary funds statement of revenues, expenses and changes in net assets as General Government, Administration and Utility Collections have been allocated on a percentage of total revenues to the business-type activity functions in the Statement of Activities.

CITY OF SAPULPA, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

3.I. FUND BALANCES AND NET ASSETS

Fund Balance

The City has implemented GASB Statement 54: *Fund Balance Reporting and Governmental Fund Type Definitions*. The following table shows the fund balance classifications as shown on the Governmental Funds Balance Sheet in accordance with GASB Statement 54:

	General Fund	Other Governmental Funds	TOTAL
Fund Balances:			
Nonspendable:			
Inventory	28,251	102,348	130,599
Sub-total Nonspendable	<u>28,251</u>	<u>102,348</u>	<u>130,599</u>
Restricted for:			
Capital outlay	-	3,004,459	3,004,459
Law enforcement	-	52,165	52,165
Animal control	-	15,438	15,438
E911	-	69,611	69,611
Juvenile Justice programs	-	22,287	22,287
Capital Improvements	-	511,357	511,357
Debt Service	-	930,536	930,536
Sub-total Restricted	<u>-</u>	<u>4,605,853</u>	<u>4,605,853</u>
Assigned to:			
Subsequent Year Budget	1,263,386	-	1,263,386
Hunting & Fishing	24,913	-	24,913
Library	27,190	-	27,190
Swimming Pool	12,381	-	12,381
Streets	-	182,527	182,527
Cemetery	-	129,802	129,802
Parks	-	154,905	154,905
Law enforcement	-	513	513
Major Thoroughfares	-	124,968	124,968
Water & Sewer maintenance	-	133,405	133,405
Animal control	-	99	99
E911	-	706	706
Juvenile Justice programs	-	227	227
Economic Development	-	32,937	32,937
Grant projects	-	112,189	112,189
Capital Improvements	-	82,355	82,355
Sub-total Assigned	<u>1,327,870</u>	<u>954,633</u>	<u>2,282,503</u>
Unassigned:	530,398	-	530,398
TOTAL FUND BALANCES	<u>1,886,519</u>	<u>5,662,834</u>	<u>7,549,353</u>

**CITY OF SAPULPA, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012**

Restricted Net Assets

The restricted for debt service net assets of the business-type activities are made up of restricted assets relating to revenue bond trustee accounts. The balance at June 30, 2012, is comprised of the following:

Enterprise Funds:	
2004 Revenue Bond Trust Accounts	\$886,332
2003 Revenue Bond Trust Accounts	556,708
2002A Revenue Bond Trust Accounts	618,035
2002B Revenue Bond Trust Accounts	-
2006 Revenue Bond Trust Accounts	178,899
2009 Revenue Bond Trust Accounts	<u>1,634,458</u>
Restricted per bond indenture	3,874,432
Less: Accrued interest payable	<u>(1,587,859)</u>
Total Restricted for Debt Service	<u><u>\$2,286,573</u></u>

NOTE 4. OTHER NOTES

4.A. EMPLOYEE PENSION AND OTHER BENEFIT PLANS

The City participates in three employee pension systems as follows:

<u>Name of Plan/System</u>	<u>Type of Plan</u>
Oklahoma Police Pension and Retirement Fund	Cost Sharing Multiple Employer - Defined Benefit Plan
Oklahoma Firefighters Pension and Retirement Fund	Cost Sharing Multiple Employer - Defined Benefit Plan
Oklahoma Municipal Retirement Fund (OMRF)	Agent Multiple Employer - Defined Contribution Plan

Oklahoma Police and Firefighter's Pension and Retirement Systems

The City of Sapulpa, 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.

CITY OF SAPULPA, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

A. Eligibility Factors, Contribution Methods, and Benefit Provisions

	<u>Oklahoma Police Pension and Retirement System</u>	<u>Oklahoma Firefighter's Pension and Retirement System</u>
Obtaining separately issued financial statements	Police Pension and Retirement 1001 N.W. 63 rd St., Suite 605 Oklahoma City, OK 73116-7335	Firefighters Pension & Retirement 4545 N. Lincoln Blvd., Suite 265 Oklahoma City, OK 73105-3414
Eligibility to participate	All full-time officers, employed by a participating municipality, not less than 21 years of age or more than 45 years of age when hired.	All full-time or voluntary firefighters of a participating municipality hired before age 45.
Authority establishing contribution obligations and benefits	State Statute	State Statute
Employee's contribution rate (percent of covered payroll)	8%	8%
City's contribution rate (percent of covered payroll)	13%	13%
State obligation	10.1%	26.6%
Period required to vest	10 years	10 years
Eligibility and benefits for distribution (full-time)	20 years credited service, 2 ½ % of final average salary multiplied by the years of credited service with a maximum of 30 years considered; if vested, at or after age 50, or after 10 but before 20 years of credited service, with reduced benefits.	20 years credited service 2 ½ % of final average salary multiplied by the years of credited service with a maximum of 30 years considered; if vested, at or after age 50, or after 10 but before 20 years of credited service, with reduced benefits.
Eligibility and benefits for distribution (volunteer)		20 years credited service equal to \$5.46 per month per year of service, with a maximum of 30 years considered.
Deferred retirement option	Yes, 20 years credited service with continued service for a maximum of 5 years.	Yes, 20 years credited service with continued service for a maximum of 5 or more years.
Provisions for:		
Cost of living adjustments (normal retirement)	Yes, if vested by 5/83	Yes
Death (duty, non-duty, post retirement)	Yes	Yes
Disability (duty, non-duty)	Yes	Yes
Cost of living all	Yes	Yes

CITY OF SAPULPA, OKLAHOMA
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2012

B. Required Contributions and Trend Information

City contributions required by State statute:

<u>Fiscal Year</u>	<u>Oklahoma Police Pension and Retirement System</u>		<u>Oklahoma Firefighter's Pension and Retirement System</u>	
	<u>Required Contribution</u>	<u>Percentage Contributed</u>	<u>Required Contribution</u>	<u>Percentage Contributed</u>
2010	\$279,203	100%	\$359,463	100%
2011	\$288,840	100%	\$337,255	100%
2012	\$297,904	100%	\$348,285	100%

The state made on-behalf payments to the Oklahoma Police Pension and Retirement System and the Oklahoma Firefighter's Pension and Retirement System of \$255,338 (or 10.1% of covered payroll) and \$770,507 (26.6% of covered payroll), respectively, for the fiscal year. These are reported as both intergovernmental revenues and public safety expenses in the current year.

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

C. Related Party Investments

As of June 30, 2012, the Systems held no related-party investments of the City or of its related entities.

Defined Contribution Plan - Oklahoma Municipal Retirement Fund (OMRF)

The City has also provided a defined contribution plan and trust known as the City of Sapulpa Plan and Trust (the "Plan") in the form of The Oklahoma Municipal Retirement System Master Defined Contribution Plan (OMRF). OMRF operations are supervised by a nine-member Board of Trustees elected by the participating municipalities. The plan is administered by Bank One of Oklahoma City. The defined contribution plan is available to all full-time employees except those participating in state fire or police program. Benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate on the employee's employment commencement date, and may make contributions to the plan up to 15% at their option. By City ordinance, the City, as employer, is required to make contributions to the plan, based upon employee contributions under the thrift option, at rates presently varying from 0% - 8% of covered payroll. The City's contributions for each employee (and interest allocated to the employee's account) are vested at a rate of 20% per year of completed service, thus fully vested after five years. City contributions for, and interest forfeited by, employees who leave employment prior to fully vesting shall be added to employer contribution. The authority to establish and amend the provisions of the plan rest with the City Council.

For the year ended June 30, 2012, the following amounts related to the defined contribution plan:

Employee contributions made	\$ 132,112
Employer (City) contributions made	\$ 144,971

Other Post-Employment Benefits

Plan Description: City provides post-retirement benefit options for medical and prescription drug benefits for retired employees and their dependents that elect to make required contributions. The benefits are provided in accordance with State law, police and firefighter's union contracts and the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). The relationship for these benefits is not formalized in a contract or plan document, only a few sentences in the administrative policy. These benefits are considered for accounting purposes to be provided in

CITY OF SAPULPA, OKLAHOMA
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2012

accordance with a single employer substantive plan. A substantive plan is one in which the plan terms are understood by the city and plan members. This understanding is based on communications between the employers and plan member and the historical pattern of practice with regard to the sharing of benefit costs. Police and Fire employees may become eligible for those post-retirement benefits if they reach normal retirement age while working for the City. As of June 30, 2012, approximately 13 retired employees are receiving benefits under this plan.

Funding Policy. The contribution requirement of the City is an implicit subsidy. The implicit subsidy is not a direct payment from the employer on behalf of the member but rather stems from retiree contribution levels that are less than the claims cost as retiree ages. Since claims experience for employees and non-Medicare eligible retirees are pooled when determining premiums, these retired members pay a premium based on a pool of members that, on average, are younger and healthier. There is an implicit subsidy from the employee group since the premiums paid by the retirees are lower than they would have been if the retirees were insured separately. The subsidies are valued using the difference between the age-based claims costs and the premium paid by the retiree. The amount required to fund the implicit rate is based on projected pay-as-you-go financing requirements. For fiscal year 2012, the City contributed \$24,636 to the plan. Plan members receiving benefits contributed \$138,255, or approximately 100 percent of the total premiums, through their required contribution of \$672.64 per month for retiree-only coverage, \$1,274.13 per month for retiree and spouse, \$1,254.92 per month for retiree and children, and \$1,869.94 per month for retiree and family.

Annual OPEB Cost and Net OPEB Obligation. The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost, the amount actually contributed to the plan, and changes in the City's net OPEB obligation for the year ended June 30, 2012:

Annual required contribution	\$ 189,713
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	189,713
Contributions made	(24,636)
Increase in net OPEB obligation	165,077
Net OPEB obligation—beginning of year	671,529
Net OPEB obligation—end of year	\$ 836,606

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net unfunded OPEB obligation for 2012 was as follows:

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Unfunded OPEB Obligation</u>
6/30/10	\$299,283	15.4%	\$506,452
6/30/11	\$189,713	12.99%	\$671,529
6/30/12	\$189,713	12.99%	\$836,606

Funded Status and Funding Progress. As of June 30, 2011, the most recent actuarial valuation date, the Plan was not funded. The actuarial accrued liability (AAL) for benefits was \$1,769,991, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,769,991. The covered payroll (annual payroll of active employees covered by the plan) was \$9.4 million, and the ratio of the UAAL to the covered payroll was 18.83 percent. Because the plan is a substantive plan there are no plan assets.

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 the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions 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 about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the 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 the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2011, actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a 2.75 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 5 percent. There were no assets to determine the actuarial value of assets. The UAAL is being amortized over 30 years as level payments. The remaining amortization period at June 30, 2011, was twenty-seven years.

4.B. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; employees health and life; and natural disasters. The City manages these various risks of loss as follows:

<u>Type of Loss</u>	<u>Method Managed</u>	<u>Risk of Loss Retained</u>
a. Torts, errors and omissions; asset loss and natural disasters	Participation in Oklahoma Municipal Assurance Group risk entity pool	(1)
b. Injuries to employees (workers compensation)	Participation in Oklahoma Municipal Assurance Group risk entity pool	(2)
c. Employee health and life	Purchased commercial insurance through Community Care	No risk of loss

The City participates in the Oklahoma Municipal Assurance Group Liability Protection Plan and Worker's Compensation Plan (risk entity pool) as follows.

(1) Liability Protection Plan

The basic insurance agreements cover claims against municipalities for all government functions, utilities, and services covered in the Plan. These include bodily injury, property damage, wrongful acts, personal injury, and related torts under the state tort claims law and federal civil rights laws. All public officials, employees, services, and municipal functions are covered unless they are specifically listed as exclusions in the Plan.

The title to all assets acquired by the Plan are vested in the Group. In the event of termination of the Group, such property shall belong to the then members of the Group in equal shares. Each participating City pays all costs, premiums, or other fees attributable to its respective participation in the Plan, and is responsible for its obligation under any contract entered into with the Plan.

Reserves for claim losses include provisions for reported claims on a case basis and an estimate of claims incurred but not reported limited by aggregate and individual loss levels as specified by the Plan's reinsurance contracts. These credits, if any, represent contingent liabilities of the Plan if the reinsurer was unable to meet its obligations under the reinsurance agreement.

The Plan's insurance agreements are reinsured for excess losses based upon the contract year. The significant components of each reinsurance contract can be obtained from the Plan's annual financial report.

(2) Worker's Compensation Plan

The title to all assets acquired by the Plan are vested in the Plan. In the event of termination of the Plan, such property shall belong to the then members of the Plan in equal shares. Each participating city pays for all costs, premiums, or other fees attributable to its respective participation in the Plan, policy or service established under the agreement establishing the Oklahoma Municipal Assurance Group, and is responsible for its obligations under any contract entered into with the Plan.

Reserves for policy and contract claims provide for reported claims on a case basis and a provision for incurred but not reported claims limited to specific retention levels for each member as outlined in the Plan's reinsurance agreement.

The Plan's worker's compensation coverage is reinsured for losses in excess of respective retention levels. The reinsurance agreement covers losses incurred within the effective period of the agreement. Each Plan member's liability for claims losses is limited to their individual retention levels as outlined in the Plan's reinsurance agreement.

Management believes such coverage is sufficient to preclude any significant uninsured losses to the City. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

Claims Liability Analysis

The claims liabilities related to the above noted health and life risks of loss that are retained are determined in accordance with the requirements of Statement of Financial Accounting Standard No. 5, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

For the risk management internal service self-insurance fund, changes in the claims liability for the City from July 1, 2009, to June 30, 2012, are as follows:

CITY OF SAPULPA, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

	Health & Life
Claims liability, June 30, 2009	481,717
Claims incurred	3,598,672
Claims paid	(3,367,339)
Claims liability, June 30, 2010	713,050
Claims incurred	3,008,239
Claims paid	(3,337,211)
Claims liability, June 30, 2011	\$384,078
Claims incurred	\$2,748,299
Claims paid	(\$3,082,377)
Claims liability, June 30, 2012	\$50,000
Assets available to pay claims at June 30, 2012	\$562,516

4.C. COMMITMENTS AND CONTINGENCIES

Commitments:

Construction Commitments

The City had the following construction commitments outstanding at June 30, 2012 with balances left on the contract:

1. West Pump Station Improvements; Contractors – Helterbrand Builders, LLC., original contract \$104,700; remaining contract \$40,490
2. Sahoma Lake Dam Improvements, Contractors – Wynn Construction Company, Inc., original contract - \$244,150; remaining contract - \$179,906
3. Two-million Gallon Water Storage Tank Construction, Contractors – Natgun Corporation, original contract -\$1,441,438; change orders - \$8,777; total contract - \$1,450,215; remaining contract - \$79,386
4. Phase 7 Street Rehabilitation, Contractors – Premier Site Development, original contract - \$716,701; change orders - \$156,679; total contract - \$873,380; remaining contract - \$34,193

U.S. Army Corps of Engineer – Water Storage Space in Skiatook Lake

The City is under contract with the U.S. Army Corps of Engineer for the right to utilize an undivided 1.52 percent of the usable storage space in the Skiatook Lake Project. This storage space is to be used to impound water for anticipated future demand or need for municipal and industrial water supply. The City is also required to pay annual operations and maintenance (O&M) costs related to this contract. The total O&M costs paid during fiscal year 2011-2012 totaled \$18,936. See Note 3.F. for further debt disclosures.

Contingencies:

Grant Program Involvement

In the normal course of operations, the City participates in various federal or state grant/loan programs from year to year. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. Any liability for reimbursement which may arise as a result of these audits cannot be reasonably determined at this time.

Litigation

The City is a party to various legal proceedings which normally occur in the course of governmental operations. The financial statements do not include accrual or provisions for loss contingencies that may result from these proceedings. State statutes provide for the levy of an ad valorem tax over a three-year period by a City "Sinking Fund" for the payment of any court assessed judgment rendered against the City.

While the outcome of the above noted proceedings cannot be predicted, due to the insurance coverage maintained by the City and the State statute relating to judgments, the City feels that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the City. This statutory taxing ability is not available to the City's public trusts (Authorities).

Subsequent Events

The City issued in July 2012 \$27,675,000 Utility System Revenue Bonds that were used to refund the Series 2002A Utility Revenue Bonds and Series 2006 Utility Revenue Bonds. Proceeds of the bonds were also used to construct sewer and water system improvements, fund a debt service reserve insurance policy, and pay costs of bond issuance.

CITY OF SAPULPA, OKLAHOMA
 BUDGETARY COMPARISON SCHEDULE (Budgetary Basis)
 GENERAL FUND
 For the fiscal year ended June 30, 2012

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Beginning Budgetary Fund Balance:	\$30,856	\$120,759	\$1,844,181	\$1,723,422
Resources (inflows):				
TAXES:				
Sales tax	11,101,366	11,723,483	11,812,789	89,306
Use tax	400,000	400,000	713,795	313,795
Franchise tax	500,000	500,000	568,534	68,534
Payment in lieu of tax	425,000	425,000	432,744	7,744
Total Taxes	<u>12,426,366</u>	<u>13,048,483</u>	<u>13,527,862</u>	<u>479,379</u>
LICENSES AND PERMITS:				
Building permits	7,500	7,500	19,313	11,813
Trade permits	18,000	18,000	21,756	3,756
Resident construction park/rec fees	5,400	8,600	6,950	(1,650)
Occupation/business	40,000	40,000	48,901	8,901
Other permits	12,380	12,380	14,815	2,435
Total License and Permits	<u>83,280</u>	<u>86,480</u>	<u>111,735</u>	<u>25,255</u>
INTERGOVERNMENTAL:				
Alcoholic beverage tax	96,000	96,000	104,937	8,937
Cigarette/tobacco tax	166,000	166,000	170,768	14,768
Grant revenue	-	0	0	-
Total Intergovernmental	<u>252,000</u>	<u>252,000</u>	<u>275,705</u>	<u>23,705</u>
CHARGES FOR SERVICES:				
Fire run fees	348,000	348,000	413,945	65,945
Fire run charges	80,000	80,000	38,831	(41,169)
Inspection fees	34,000	34,000	44,109	10,109
Special assessments	1,250	1,250	2,200	950
Other fees - zoning	7,500	7,500	6,748	(752)
Court collection fees	28,000	28,000	32,736	4,736
Shelter fees	1,200	1,200	5,870	4,670
Engineering fees	1,200	1,200	150	(1,050)
Weed abatement	5,000	5,000	14,524	9,524
Pet adoption	375	375	630	255
Total Charges for Services	<u>506,525</u>	<u>506,525</u>	<u>559,743</u>	<u>53,218</u>
FINES AND FORFEITURES	<u>950,275</u>	<u>950,275</u>	<u>754,116</u>	<u>(196,159)</u>
INVESTMENT INCOME	<u>6,100</u>	<u>6,100</u>	<u>6,310</u>	<u>210</u>
MISCELLANEOUS:				
Antenna tower rental	58,101	63,101	63,020	(81)
Reimbursements	20,000	132,187	157,018	24,831
Sale of capital assets	-	9,013	17,895	8,682
Donations	15,500	24,336	23,536	(800)
Miscellaneous	7,500	30,902	28,662	(2,240)
Total Miscellaneous	<u>101,101</u>	<u>259,539</u>	<u>289,931</u>	<u>30,392</u>
OTHER FINANCING SOURCES:				
Transfers from other funds	4,784,376	4,910,997	4,670,032	(240,965)
Total Other Financing Sources	<u>4,784,376</u>	<u>4,910,997</u>	<u>4,670,032</u>	<u>(240,965)</u>
Total Resources (Inflows)	<u>19,110,023</u>	<u>20,020,399</u>	<u>20,195,434</u>	<u>175,035</u>
Amounts available for appropriation	<u>\$19,140,679</u>	<u>\$20,141,158</u>	<u>\$22,039,615</u>	<u>\$1,898,457</u>

(Continued)

CITY OF SAPULPA, OKLAHOMA
 BUDGETARY COMPARISON SCHEDULE (Budgetary Basis)
 GENERAL FUND
 For the fiscal year ended June 30, 2012

(Continued)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Charges to Appropriations (Outflows):				
ADMINISTRATION:				
City Council:				
Materials and supplies	200	200	140	60
Other services and charges	81,000	79,840	64,690	15,150
Total City Council	81,200	80,040	64,830	15,210
City Manager:				
Personal services	188,755	189,832	190,823	(991)
Materials and supplies	500	700	667	33
Other services and charges	2,325	2,125	1,928	197
Total City Manager	191,580	192,657	193,418	(761)
City Clerk:				
Personal services	173,856	176,009	174,421	1,588
Materials and supplies	4,600	4,600	3,211	1,389
Other services and charges	7,305	7,305	6,021	1,284
Total City Clerk	185,761	187,914	183,653	4,261
Finance:				
Personal services	266,255	268,947	265,569	3,378
Materials and supplies	7,500	7,500	5,017	2,483
Other services and charges	106,775	106,775	104,740	2,035
Total Finance	380,530	383,222	375,326	7,896
Treasurer:				
Personal services	14,407	14,507	14,489	18
Other services and charges	485	385	345	40
Total Treasurer	14,892	14,892	14,834	58
Personnel:				
Personal services	81,070	77,709	76,395	1,314
Materials and supplies	1,770	2,370	870	1,500
Other services and charges	13,226	16,826	6,659	10,167
Total Personnel	96,066	96,905	83,924	12,981
Central Purchasing:				
Personal services	65,317	65,856	64,565	1,291
Materials and supplies	200	490	481	9
Other services and charges	2,648	2,358	2,266	92
Total Central Purchasing	68,165	68,704	67,312	1,392
Building Inspector:				
Personal services	110,288	111,365	110,956	409
Materials and supplies	3,575	5,152	3,287	1,865
Other services and charges	8,375	8,495	4,208	4,267
Capital outlay	19,125	18,125	17,398	727
Total Building Inspector	141,363	143,137	135,849	7,288
TOTAL ADMINISTRATION	1,159,557	1,167,471	1,119,146	48,325

(Continued)

CITY OF SAPULPA, OKLAHOMA
 BUDGETARY COMPARISON SCHEDULE (Budgetary Basis)
 GENERAL FUND
 For the fiscal year ended June 30, 2012

(Continued)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
GENERAL GOVERNMENT:				
Warehouse:				
Personal services	80,739	82,216	81,321	895
Materials and supplies	3,326	2,718	1,610	1,108
Other services and charges	8,511	8,719	7,576	1,143
Total Warehouse	<u>92,576</u>	<u>93,653</u>	<u>90,507</u>	<u>3,146</u>
Central Garage:				
Personal services	116,320	118,997	118,511	486
Materials and supplies	5,875	4,525	3,820	705
Other services and charges	10,300	18,071	16,504	1,567
Total Central Garage	<u>132,495</u>	<u>141,593</u>	<u>138,835</u>	<u>2,758</u>
General Government:				
Personal services	25,980	25,930	25,899	31
Materials and supplies	22,925	22,925	15,853	7,072
Other services and charges	393,145	495,197	466,600	28,597
Capital Outlay	8,250	32,560	32,460	100
Debt Service	40,320	35,549	35,533	16
Total General Government	<u>490,620</u>	<u>612,161</u>	<u>576,345</u>	<u>35,816</u>
Reserve:				
Other services and charges	75,000	62,826	62,768	58
Capital Outlay	-	10,000	10,000	0
Total Reserve	<u>75,000</u>	<u>72,826</u>	<u>72,768</u>	<u>58</u>
TOTAL GENERAL GOVERNMENT	<u>790,691</u>	<u>920,233</u>	<u>878,455</u>	<u>41,778</u>
LEGAL AND JUDICIAL:				
City Attorney:				
Personal services	165,575	166,852	165,389	1,263
Materials and supplies	1,050	1,575	822	753
Other services and charges	32,868	44,188	33,626	10,542
Capital outlay	25,000	25,075	25,072	3
Total City Attorney	<u>224,613</u>	<u>237,470</u>	<u>224,909</u>	<u>12,561</u>
Municipal Court:				
Personal services	41,280	41,260	39,537	1,723
Materials and supplies	1,000	964	577	387
Other services and charges	55,810	55,060	43,846	11,214
Capital Outlay	-	786	785	1
Total Municipal Court	<u>98,070</u>	<u>98,070</u>	<u>84,745</u>	<u>13,325</u>
TOTAL LEGAL AND JUDICIAL	<u>322,683</u>	<u>335,540</u>	<u>309,654</u>	<u>25,886</u>

(Continued)

CITY OF SAPULPA, OKLAHOMA
 BUDGETARY COMPARISON SCHEDULE (Budgetary Basis)
 GENERAL FUND
 For the fiscal year ended June 30, 2012

(Continued)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
PUBLIC SAFETY:				
Police:				
Personal services	4,272,983	4,273,319	4,138,222	135,097
Materials and supplies	142,550	145,950	140,188	5,762
Other services and charges	196,113	210,091	154,793	55,298
Capital outlay	1,500	14,223	6,884	7,339
Total Police	4,613,146	4,643,583	4,440,087	203,496
Fire:				
Personal services	4,461,333	4,435,797	4,304,609	131,188
Materials and supplies	94,900	89,435	69,265	20,170
Other services and charges	147,740	185,582	129,273	56,309
Total Fire	4,703,973	4,710,814	4,503,147	207,667
Animal Control:				
Personal services	91,897	92,705	84,111	8,594
Materials and supplies	9,700	11,498	7,503	3,995
Other services and charges	15,140	15,320	9,973	5,347
Capital outlay	7,500	23,687	18,131	5,556
Total Animal Control	125,237	143,210	119,718	23,492
Civil Defense:				
Personal services	13,131	13,131	12,652	479
Other services and charges	13,486	13,486	12,351	1,135
Total Civil Defense	26,617	26,617	25,003	1,614
TOTAL PUBLIC SAFETY	9,468,973	9,524,224	9,087,955	436,269
URBAN DEVELOPMENT:				
Personal services	226,509	228,662	220,703	7,959
Materials and supplies	9,150	9,150	4,994	4,156
Other services and charges	109,945	156,245	35,425	120,820
TOTAL URBAN DEVELOPMENT	345,604	394,057	261,122	132,935
OTHER FINANCING USES:				
Transfers to other funds	8,331,425	8,801,214	8,857,716	(56,502)
Total Other Financing Uses	8,331,425	8,801,214	8,857,716	(56,502)
Total Charges to Appropriations	20,418,933	21,142,739	20,514,048	628,691
Ending Budgetary Fund Balance	(\$1,278,254)	(\$1,001,581)	\$1,525,567	\$2,527,148

CITY OF SAPULPA, OKLAHOMA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
For the fiscal year ended June 30, 2012

Budget Law

The City has adopted the provisions of the Municipal Budget Act of 1979 (the "Budget Act"). In accordance with the Budget Act, the following process is used to adopt the annual budget:

- a. 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.
- b. Public hearings are conducted to obtain citizen comments. At least one public hearing must be held no later than 15 days prior to July 1.
- c. Subsequent to the public hearings but no later than seven days prior to July 1, the budget is adopted by resolution of the City Council.
- d. By July 1, the adopted budget is filed with the Office of State Auditor and Inspector.

Per State law, the legal level of control at which expenditures may not legally exceed appropriations is the department level within a fund. All transfers of appropriation between departments and supplemental appropriations require City Council approval. The City Manager may transfer appropriations between object categories within a department without City Council approval. Supplemental appropriations must also be filed with the Office of State Auditor and Inspector. No departments exceeded appropriations.

Budgetary Accounting

The annual operating budgets are prepared and presented on the modified accrual basis of accounting.

However, for budgetary purposes, sales tax revenues, both dedicated and undedicated, are recognized first in the General Fund, with appropriated transfers out of the dedicated portions of sales tax to the respective dedicated sales tax funds. This differs from the City's treatment of dedicated sales taxes in the basic financial statements which recognizes sales tax as revenue in the respective dedicated sales tax funds. Also, the State on-behalf payments for the police and firefighter's pension are excluded in the budgetary schedule as are capital lease proceeds and related capital outlay.

The City utilizes encumbrance accounting under which all purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve a portion of the applicable appropriation. Encumbrances outstanding at year-end are not considered expenditures for budgetary purposes since the City intends to honor the commitments and provide for supplemental appropriations in the following budget year. All appropriations lapse at year end.

CITY OF SAPULPA, OKLAHOMA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
For the fiscal year ended June 30, 2012

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

	<u>General Fund</u>
Sources/Inflows of resources	
Actual amounts (budgetary basis) "total resources" from the budgetary comparison schedule	\$20,195,434
Differences – budget to GAAP:	
Sales tax recognized as inflows of budgetary resources but are not revenues for financial reporting purposes.	(6,497,035)
State payments made on-behalf of police and fire pension not considered a budgetary resource	1,025,845
Revenues from combined funds pursuant to GASB 54 reclassification:	
Hunting & Fishing Fund	52,776
Hunting & Fishing Fund – Transfers In	22,100
Library Fund	176,400
Library Fund – Transfer In	169,000
Swimming Pool Fund	<u>203,464</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance – governmental funds	<u>\$15,347,984</u>
Total Revenues – General Fund	\$10,486,852
Transfers In – General Fund	<u>4,861,132</u>
	<u>\$15,347,984</u>
Uses/Outflows of appropriations	
Actual amounts (budgetary basis) "total appropriations" from the budgetary comparison schedule	\$20,514,048
Differences – budget to GAAP:	
Transfer of sales tax to various funds recognized as outflows of budgetary resources but are not uses for financial reporting purposes.	(6,497,035)
State payments made on-behalf of police and fire pension not considered a budgetary expenditure	1,025,845
Expenditures from combined funds pursuant to GASB 54 reclassification:	
Hunting & Fishing Fund	59,259
Library Fund	405,834
Swimming Pool Fund	<u>153,950</u>
Total expenditures and transfers out as reported on the statement of revenues, expenditures, and changes in fund balance – governmental funds	<u>\$15,661,901</u>
Total expenditures – General Fund	\$13,301,220
Transfers out – General Fund	<u>2,360,681</u>
Total expenditures and transfers out – General Fund	<u>\$15,661,901</u>

CITY OF SAPULPA, OKLAHOMA
SCHEDULE OF FUNDING PROGRESS – OTHER POST-EMPLOYMENT BENEFITS
June 30, 2012

OPEB Actuarial Information

The funded status and funding progress of the City's defined benefit OPEB plan for the first two actuarial valuations is as follows:

Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability Projected Unit Credit (b)	Unfunded Actuarial Accrued Liability (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll [(b) - (a)] / (c)
July 1, 2008	\$ -	\$ 3,163,205	\$ 3,163,205	0.00%	\$ 9,113,077	34.71%
July 1, 2010	-	1,769,991	1,769,991	0.00%	9,399,326	18.83%

Three year trend information is not available.

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City of San Diego
 Combining Balance Sheet
 Non-Major Governmental Funds
 June 30, 2012

Special Revenue Funds

	Commodity Maintenance Fund	Street and Alley Fund	Parks & Recreation Fund	Federal SAF Fund	Rider Thoroughfare Fund	Water & Sewer Rates Tax Fund	Spay & Nester Fund	EP911 Fund	Juvenile Justice Fund	Hotel/Motel Tax Fund	Grants & Aid Fund
ASSETS											
Cash and cash equivalents	\$ 7,523	\$ 7,624	\$ 35,178	\$ 33,927	\$ 3,559	\$ 5,304	\$ 15,972	\$ 85,938	\$ 22,125	\$ 22,502	\$ 3,522
Investments	117,106	105,157	79,756	31,489	60,094	13,000	-	-	-	-	-
Deposits with fiscal agent	-	-	-	-	-	-	-	-	-	-	-
Due from other funds	-	50,000	-	-	45,000	75,000	-	-	-	-	94,569
Due from other governments	18,419	32,124	36,838	-	36,838	73,676	-	-	-	-	15,909
Escrow deposit	-	-	-	-	-	-	-	-	-	-	-
Interest receivable	47	-	-	-	-	-	-	-	-	-	-
Court fines receivable, net of allowance	-	-	-	-	-	-	-	10,491	-	-	-
Other receivables	-	-	4,890	-	-	-	-	-	58,488	21,664	-
Inventory	-	-	-	-	20,763	53,302	-	-	-	-	-
Total assets	\$ 143,096	\$ 184,905	\$ 165,260	\$ 65,416	\$ 174,254	\$ 220,282	\$ 15,972	\$ 76,430	\$ 77,623	\$ 44,166	\$ 114,000
LIABILITIES AND FUND BALANCES											
Liabilities:											
Accounts payable	\$ 8,897	\$ 4,887	\$ 20,603	\$ -	\$ 20,523	\$ 25,194	\$ 435	\$ 5,861	\$ 1,580	\$ 8,911	\$ 1,811
Accrued payroll payable	4,567	7,481	7,620	-	-	7,381	-	252	154	2,418	-
Due to other funds	-	-	-	12,738	-	-	-	-	-	-	-
Due to other governments	-	-	-	-	-	-	-	-	-	-	-
Refundable bonds	-	-	-	-	-	-	-	-	-	-	-
Accrued interest payable	-	-	-	-	-	-	-	-	2,767	-	-
Deferred revenues	28	-	-	-	-	-	-	-	-	-	-
Total liabilities	13,253	12,378	28,223	12,738	20,523	33,575	435	6,113	48,945	11,229	1,811
Fund balances:											
Non-assignable	-	-	-	-	20,763	53,302	-	-	-	-	-
Restricted	-	-	-	50,165	-	-	15,438	-	-	-	-
Assigned	129,802	162,527	138,137	50,513	124,568	135,405	-	69,611	22,267	32,837	112,189
Total fund balances	129,802	162,527	138,137	50,513	124,568	135,405	15,438	70,222	22,267	32,837	112,189
Total liabilities and fund b	\$ 143,096	\$ 184,905	\$ 165,260	\$ 65,416	\$ 174,254	\$ 220,282	\$ 15,972	\$ 76,430	\$ 77,623	\$ 44,166	\$ 114,000

City of Sapulpa
 Combining Balance Sheet
 Non-Major Governmental Funds
 June 30, 2012

	Capital Projects Funds										Debt Service Fund	
	Restricted Construction Park/Rec Fund	Park Development Fund	Fire Cash Fund	Police Cash Fund	Cemetery Care Fund	Capital Improvement Fund	Water Resources Fund	Street Improvement Sales Tax Fund	Sewer Plant Sales Tax Fund	O.D. Bond Construction Fund	O.D. Sinking Fund	Total Governmental Funds
ASSETS												
Cash and cash equivalents	\$ 5,177	\$ 1,560	\$ 19,614	\$ 12,995	\$ 43,429	\$ 169,296	\$ 75,571	\$ 338,287	\$ -	\$ 156,512	\$ 214,486	\$ 920,823
Investments	20,031	-	177,198	32,650	2,976	-	-	-	-	2,280,474	694,856	3,967,991
Deposits with fiscal agent	-	-	-	-	-	-	-	-	-	-	188	188
Due from other funds	-	-	-	-	-	-	-	-	-	-	-	-
Due from other governments	-	-	18,419	16,419	-	73,878	147,351	405,287	184,188	-	320,001	264,569
Escrow deposit	-	-	-	-	-	-	-	-	-	-	-	1,394,146
Interest receivable	-	-	-	182	17	-	-	1,006	-	18,369	1,415	21,038
Court fines receivable, net of allowance	-	-	-	-	-	-	-	-	-	-	-	55,998
Other receivable	-	-	-	-	-	-	20,283	-	-	-	-	36,748
Inventory	-	-	-	-	-	-	243,205	-	-	-	-	162,241
Total assets	\$ 25,208	\$ 1,560	\$ 215,189	\$ 64,245	\$ 46,422	\$ 241,972	\$ 243,205	\$ 747,580	\$ 189,748	\$ 2,455,355	\$ 1,230,956	\$ 6,792,844
LIABILITIES AND FUND BALANCES												
Liabilities:												
Accounts payable	-	-	-	-	-	-	-	\$ 48,371	-	\$ 121,719	-	270,502
Accrued payroll payable	-	-	-	-	-	-	-	-	-	-	-	29,873
Due to other funds	-	-	-	-	-	-	-	132,801	62,588	-	-	208,137
Due to other governments	-	-	-	-	-	-	-	-	-	-	-	683
Refundable court bonds	-	-	-	-	-	-	-	-	-	-	-	2,787
Accrued interest payable	-	-	-	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	114	10	-	-	224,804	-	2,846	300,420	578,168
Total liabilities				114	10			408,976	62,588	124,565	300,420	1,090,110
Fund balances:												
Non-spendable	-	-	-	-	-	-	20,283	-	-	-	-	102,348
Restricted	-	-	210,755	62,472	-	238,130	220,197	321,430	132,042	2,330,780	930,536	4,605,853
Assigned	25,208	1,560	4,434	1,690	48,412	3,842	2,726	19,174	6,108	-	830,536	954,533
Total fund balances	25,208	1,560	215,189	64,172	48,412	241,972	243,205	340,604	138,150	2,330,780	930,536	5,662,834
Total liabilities and fund balances	\$ 25,208	\$ 1,560	\$ 215,189	\$ 64,245	\$ 46,422	\$ 241,972	\$ 243,205	\$ 747,580	\$ 189,748	\$ 2,455,355	\$ 1,230,956	\$ 6,792,844

City of Seaside
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Non-Major Governmental Funds
 For the Year Ended June 30, 2012

	Special Revenue Funds										
	Comptroller Maintenance Fund	Street and Alley Fund	Parks & Recreation Fund	Federal SAF Fund	Major Thoroughfare Fund	Water & Sewer Sales Tax Fund	Spay & Neuter Fund	EPF11 Fund	Juvenile Justice Fund	Health/Medical Tax Fund	Grants & Aid Fund
REVENUES											
Taxes	\$ 147,660	\$ 181,101	\$ 285,320		\$ 285,320	\$ 590,639				\$ 181,443	\$ 324,860
Intergovernmental	79,375		6,124				12,610	201,761			
Charges for services											
Fines and forfeitures	695	847	938	261	545	1,335		34,945			
Investment income	32	7,526	31,460	41,720	8,383	6,370	55	118	167		197
Miscellaneous	227,762	189,474	333,842	42,000	304,248	595,846	12,685	202,088		191,610	325,057
Total revenues											
EXPENDITURES											
Current:											
General government	341,106						5,120				
Public safety					205,367			69,659			51,169
Parks and recreation		574,906									
Culture			589,360								
Urban development											
Water						757,268			169,409		5,185
Wastewater											
Capital outlay					151,971	31,411					
Debt service:	8,025		20,265	45,969							222,166
Interest:											
Total expenditures	350,132	575,895	609,615	45,969	357,338	789,679	6,120	89,659	169,409		278,330
Excess (deficiency) of revenue over expenditures	(122,370)	(389,432)	(275,773)	(3,969)	(53,090)	(193,833)	7,545	113,007	1,274	22,201	46,927
OTHER FINANCING SOURCES (USES)											
Transfers in	144,000	419,500	186,000		89,760	70,000				13,600	48,356
Transfers out	(9,859)				(66,356)			(110,000)		(85,181)	
Judgement proceeds											
Total other financing sources (uses)	134,141	419,500	186,000		31,404	70,000		(110,000)		(21,891)	48,356
Net change in fund balances	11,774	30,068	(108,773)	(3,969)	(21,686)	(120,333)	7,545	3,007	1,274	510	94,883
Fund balances - beginning	118,028	152,459	237,810	56,246	175,417	307,049	7,862	67,310	21,240	32,427	17,506
Fund balances - ending	129,802	182,527	128,137	52,276	153,731	186,716	15,407	70,317	22,514	32,937	112,189

City of Staupisa
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Non-Major Governmental Funds
 For the Year Ended June 30, 2012

	Capital Projects Funds							Debt Service Fund	Total Governmental Funds			
	Restricted Construction Purpose Fund	Park Development Fund	Fire Cash Fund	Police Cash Fund	Consistency Care Fund	Capital Improvement Fund	Water Resources Fund			Street Improvement Sales Tax Fund	Bever Plant Sales Tax Fund	G.O. Bond Construction Fund
REVENUES												
Taxes			\$ 147,660	\$ 147,660	\$ -	\$ 580,638	\$ 1,181,279	\$ 1,476,589	\$ -	\$ -	\$ 1,706,703	\$ 8,248,921
Intergovernmental								27,552				533,513
Grants and contracts												289,860
Fines and forfeitures												34,845
Investment income	112	3	1,578	738	238	680	1,310	7,569	1,278	22,986	8,831	50,773
Miscellaneous					1,590	208						87,279
Total revenues	112	3	149,238	148,398	1,818	581,536	1,182,589	1,511,720	1,477,877	22,986	1,717,534	9,265,891
EXPENDITURES												
Current:												
General government												396,035
Public safety												174,015
Streets												857,637
Culture and recreation												569,360
Urban development												169,409
Water							264					762,727
Wastewater												-
Capital outlay			71,641	239,437	3,159	716,596	104,446	1,524,663		1,045,907	416,000	4,602,239
Debt service:												1,395,965
Principal			90,018			277,613					1,028,334	1,395,965
Interest			3,212			10,132					602,165	616,609
Total expenditures			165,971	239,437	3,159	1,004,243	104,710	1,579,017		1,095,716	2,046,499	9,543,998
Excess (deficiency) of revenues over expenditures	112	3	(16,733)	(91,039)	(1,341)	(412,607)	(1,077,878)	(66,297)	1,477,877	(1,072,730)	(328,965)	(276,105)
OTHER FINANCING SOURCES (USES)												
Transfers in	6,950	35,191			9,856	374,413		179,808				1,564,334
Transfers out		(34,000)				(333,000)	(1,150,000)	(867,206)	(1,636,707)		(10,301)	(4,354,617)
Judgment proceeds												416,000
Total other financing sources (uses)	6,950	1,191			9,856	38,413	(1,150,000)	(787,398)	(1,636,707)		405,699	(2,374,283)
Net change in fund balances	7,062	1,194	(16,733)	(91,039)	6,515	(374,394)	(72,121)	(653,695)	(158,830)	(1,072,760)	76,734	(2,652,368)
Fund balances - beginning	16,146	286	231,927	155,171	37,897	616,365	315,326	1,194,269	294,980	3,403,570	653,602	8,315,222
Fund balances - ending	25,208	1,560	215,194	64,132	46,412	241,872	243,205	340,604	136,150	2,330,790	650,536	5,662,854

City of Sapuipa
Combining Balance Sheet - General Fund Accounts
June 30, 2012

	<u>General Fund</u>	<u>Hunting & Fishing Fund</u>	<u>Library Fund</u>	<u>Swimming Pool Fund</u>	<u>Total General Fund Accounts</u>
ASSETS					
Cash and cash equivalents	\$ 144,099	\$ 30,188	\$ 29,079	\$ 29,231	\$ 232,595
Investments	609,753	-	50,078	-	859,831
Deposits with insurance pool	158,675	-	-	-	158,675
Due from other funds	12,738	-	-	-	12,738
Due from other governments	765,056	-	18,419	-	783,475
Franchise tax receivable	42,053	-	-	-	42,053
Court fine receivable, net	658,039	-	-	-	658,039
Other receivables	215,812	155	-	14,007	229,974
Inventory	28,251	-	-	-	28,251
Total assets	<u>\$ 2,634,476</u>	<u>\$ 30,341</u>	<u>\$ 97,576</u>	<u>\$ 43,238</u>	<u>\$ 2,805,631</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 111,927	\$ 5,428	\$ 65,128	\$ 22,366	\$ 204,849
Accrued payroll liabilities	49,971	-	4,233	8,491	62,695
Due to other governments	9,709	-	-	-	9,709
Escrow deposits	13,005	-	-	-	13,005
Refundable court bonds	46,202	-	-	-	46,202
Deferred revenue	581,627	-	1,025	-	582,652
Total liabilities	<u>812,441</u>	<u>5,428</u>	<u>70,386</u>	<u>30,857</u>	<u>919,112</u>
Fund balances:					
Non-spendable	28,251	-	-	-	28,251
Assigned	1,263,386	24,913	27,190	12,381	1,327,870
Unassigned	530,398	-	-	-	530,398
Total fund balances (deficit)	<u>1,822,035</u>	<u>24,913</u>	<u>27,190</u>	<u>12,381</u>	<u>1,886,519</u>
Total liabilities and fund balances	<u>\$ 2,634,476</u>	<u>\$ 30,341</u>	<u>\$ 97,576</u>	<u>\$ 43,238</u>	<u>\$ 2,805,631</u>

City of Sapulpa
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - General Fund Accounts
For the Year Ended June 30, 2012

	General Fund	Hunting & Fishing Fund	Library Fund	Swimming Pool Fund	Total General Fund Accounts
REVENUES					
Taxes	\$ 7,030,827	\$ -	\$ 147,660	\$ -	\$ 7,178,487
Intergovernmental	1,302,141	-	20,796	-	1,322,937
Charges for services	559,743	14,777	120	156,633	731,273
Fines and forfeitures	754,116	-	3,397	-	757,513
Licenses and permits	111,735	32,973	-	-	144,708
Investment income	6,310	76	391	12	6,789
Miscellaneous	289,340	4,950	4,036	46,819	345,145
Total revenues	10,054,212	52,776	176,400	203,464	10,486,852
EXPENDITURES					
Current:					
Administration	1,101,748	-	-	-	1,101,748
General government	800,462	-	-	-	800,462
Legal and judicial	283,787	-	-	-	283,787
Public safety	10,088,785	-	-	-	10,088,785
Urban development	261,122	-	-	-	261,122
Culture and recreation	-	35,073	336,745	153,950	525,768
Capital Outlay	110,730	24,186	69,089	-	204,005
Debt Service:					
Principal	28,918	-	-	-	28,918
Interest	6,615	-	-	-	6,615
Total expenditures	12,682,177	59,259	405,834	153,950	13,301,220
Excess (deficiency) of revenues over expenditures	(2,627,965)	(6,483)	(229,434)	49,514	(2,814,368)
OTHER FINANCING SOURCES (USES)					
Transfers in	4,670,032	22,100	169,000	-	4,861,132
Transfers out	(2,360,681)	-	-	-	(2,360,681)
Proceeds from long-term debt	-	-	-	-	-
Total other financing sources and uses	2,309,351	22,100	169,000	-	2,500,451
Net change in fund balances	(318,614)	15,617	(60,434)	49,514	(313,917)
Fund balances (deficit) - beginning	2,140,649	9,286	87,624	(37,133)	2,200,436
Fund balances (deficit) - ending	\$ 1,822,035	\$ 24,913	\$ 27,190	\$ 12,381	\$ 1,886,519

City of Sapulpa
Combining Schedule of Net Assets
SMA Utility Fund Accounts
June 30, 2012

	<u>Enterprise Fund Accounts</u>			<u>Total</u>
	<u>SMA Utility Fund</u>	<u>Stormwater Management Fund</u>	<u>Sewer System Development Fund</u>	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 291,883	\$ 20,509	\$ -	\$ 312,392
Restricted cash and cash equivalents	2,042,458	-	-	2,042,458
Investments	839,440	-	-	839,440
Accounts Receivable, net	851,977	87,451	-	939,428
Other receivables	94,637	-	92,463	187,100
Due from other funds	11,200	-	-	11,200
Deferred inflows	103,560	-	-	103,560
Total current assets	4,235,155	107,960	92,463	4,435,578
Non-current assets:				
Restricted cash and cash equivalents	1,858,977	-	-	1,858,977
Restricted investments	232,117	-	-	232,117
Capital Assets:				
Land and other non-depreciable assets	7,440,504	-	-	7,440,504
Other capital assets, net of depreciation	51,918,955	-	-	51,918,955
Unamortized debt issuance costs	2,330,854	-	-	2,330,854
Total non-current assets	63,781,407	-	-	63,781,407
Total assets	68,016,562	107,960	92,463	68,216,985
LIABILITIES				
Current liabilities:				
Accounts payable	404,972	19,440	-	424,412
Accrued payroll liabilities	22,532	2,212	-	24,744
Due to other funds	-	-	80,370	80,370
Accrued interest payable	1,587,859	-	-	1,587,859
Current portion of:				
Due to depositors	51,824	-	-	51,824
Notes payable	91,875	-	-	91,875
Water contract obligations	286,465	-	-	286,465
Revenue bonds payable	580,000	-	-	580,000
Accrued compensated absences	10,513	-	-	10,513
Total current liabilities	3,036,040	21,652	80,370	3,138,062
Non-current liabilities:				
Due to depositors	207,296	-	-	207,296
Notes payable	137,079	-	-	137,079
Water contract obligations	2,361,225	-	-	2,361,225
Revenue bonds payable, net	62,251,682	-	-	62,251,682
Accrued compensated absences	90,413	4,206	-	94,619
Total non-current liabilities	65,047,695	4,206	-	65,051,901
Total liabilities	68,083,735	25,858	80,370	68,189,963
NET ASSETS				
Invested in capital assets, net of related debt	(6,348,867)	-	-	(6,348,867)
Restricted for debt service	2,286,573	-	-	2,286,573
Unrestricted	3,995,121	82,102	12,093	4,089,316
Total net assets	\$ (67,173)	\$ 82,102	\$ 12,093	\$ 27,022

City of Sapulpa
Combining Schedule of Revenues, Expenses and Changes in Net Assets
SMA Utility Fund Accounts
For the Year Ended June 30, 2012

	<u>Enterprise Fund Accounts</u>			<u>Total</u>
	<u>SMA Utility Fund</u>	<u>Stormwater Management Fund</u>	<u>Sewer System Development Fund</u>	
REVENUES				
Water charges	\$ 4,136,499	\$ -	\$ -	\$ 4,136,499
Sewer charges	3,191,804	-	-	3,191,804
Sanitation	1,343,566	-	-	1,343,566
Water taps	13,000	-	-	13,000
Sewer taps	24,000	-	12,035	36,035
Late charges	186,497	-	-	186,497
Trucked water	31,738	-	-	31,738
Stormwater	-	850,247	-	850,247
Miscellaneous	153,679	-	-	153,679
Total operating revenues	9,080,783	850,247	12,035	9,943,065
OPERATING EXPENSES				
General government	192,508	-	-	192,508
Administration	147,508	-	-	147,508
Utility collections	332,528	-	-	332,528
Water treatment plant	1,654,037	-	-	1,654,037
Industrial pretreatment	69,916	-	-	69,916
Wastewater treatment plant	1,100,809	-	-	1,100,809
Stormwater management	(21)	278,777	-	278,756
Sanitation	1,178,297	-	-	1,178,297
Amortization expense	264,414	-	-	264,414
Depreciation expense	1,796,414	-	-	1,796,414
Total Operating Expenses	6,736,410	278,777	-	7,015,187
Operating income	2,344,373	571,470	12,035	2,927,878
NON-OPERATING REVENUES (EXPENSES)				
Investment income	8,695	436	9	9,140
Miscellaneous	124,023	18,605	-	142,628
Gain/loss on disposal of capital assets	(56,278)	-	-	(56,278)
Interest expense and fiscal charges	(4,836,163)	(6,183)	-	(4,842,346)
Total non-operating revenue (expenses)	(4,759,723)	12,858	9	(4,746,856)
Income (loss) before contributions and transfers	(2,415,350)	584,328	12,044	(1,818,978)
Capital contributions	1,560,426	-	-	1,560,426
Transfers in	6,504,143	20,000	-	6,524,143
Transfers out	(5,900,331)	(680,480)	-	(6,580,811)
Change in net assets	(251,112)	(76,152)	12,044	(315,220)
Total net assets (deficit) - beginning	183,939	158,254	49	342,242
Total net assets - ending	\$ (67,173)	\$ 82,102	\$ 12,093	\$ 27,022

CITY OF SAPULPA, OKLAHOMA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the fiscal year ended June 30, 2012

Federal Grantor/Pass through agency Grantor/Program Title	Federal CFDA Number	Grant #	Award Amount	Federal Expenditures
FEDERAL AWARDS:				
<u>U.S. DEPARTMENT OF THE INTERIOR:</u>				
Passed through Oklahoma Tourism and Recreation Department: Davis Park Restrooms	15.916	40-01178	\$ 79,769	\$ 39,130
Total U.S. Department of the Interior			<u>79,769</u>	<u>39,130</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION:</u>				
Passed through Oklahoma Department of Transportation: Highway Planning and Construction	20.205	STP-119C(199)IG J/P 24605(05)	53,600	48,120
Highway Planning and Construction	20.205	STP-119C(200)IG J/P 24605(06)	112,000	12,473
Highway Planning and Construction	20.205	STP-119B(197)IG J/P 24604(06)	40,000	134,305
Highway Planning and Construction	20.205	STP-119B(198)IG J/P 24604(07)	80,000	7,928
Subtotal of CFDA 20.205			<u>285,600</u>	<u>202,826</u>
Passed through Oklahoma Highway Safety Office: State and Community Highway Safety	20.600	PT-12-03-26-11	47,700	36,726
State and Community Highway Safety	20.600	CE-12-03-28-11	7,000	4,575
State and Community Highway Safety	20.600	SE-11-03-10-10	53,000	13,570
Subtotal of CFDA 20.600			<u>107,700</u>	<u>54,871</u>
Total Department of Transportation			<u>393,300</u>	<u>257,697</u>
<u>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</u>				
Passed through Tulsa County: Community Development Block Grant/State's Program	14.218	CDBG 2009 Tulsa County Urban	160,353	160,353
Total Department of Housing and Urban Development			<u>160,353</u>	<u>160,353</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY:</u>				
Passed through Oklahoma Department of Emergency Management: Hazard Mitigation Grant	97.039	FEMA-1712-DR-OK Project #5	20,083	3,640
Total Department of Justice			<u>20,083</u>	<u>3,640</u>
TOTAL FEDERAL AWARDS			<u>\$653,505</u>	<u>\$460,820</u>

Notes to Schedule of Expenditures of Federal Awards

Note A - Significant Accounting Policies - The accompanying schedule of expenditures of federal awards is prepared on the basis of accounting consistent with the definition of federal awards expended in paragraph 205 of OMB Circular A-133.

CITY OF SAPULPA, OKLAHOMA
(SAPULPA MUNICIPAL AUTHORITY)
SCHEDULE OF DEBT SERVICE COVERAGE REQUIREMENTS
For the fiscal year ended June 30, 2012

	2002 A and 2006 Revenue Bond issues Coverage Requirement #1	2002 A Revenue Bond Issue Coverage Requirement #2	2003 A & B Revenue Bonds Coverage Requirement	2009 A & B Revenue Bonds Coverage Requirement
Gross Revenue Available for Debt Service:				
Operating revenues and investment income	\$9,952,205	\$9,952,205	\$9,952,205	\$9,952,205
Sales tax appropriated and transferred	3,990,438	-	3,990,438	3,990,438
Total Gross Revenues Available	13,942,643	9,952,205	13,942,643	13,942,643
Operating Expenses	4,954,359	4,954,359	4,954,359	4,954,359
Net Revenues Available for Debt Service	\$8,988,284	\$4,997,846	\$8,988,284	\$8,988,284
Debt Service Requirements:				
Average annual debt service - Refunding Revenue Bonds 2002 A, 2009 A&B and 2006 Utility System Revenue Bonds	\$2,975,546	\$2,975,546	-	-
Annual debt service - Refunding Revenue Bonds 2002 A, 2003 A&B, 2009 A&B, and 2006 Utility System Revenue Bonds	-	-	\$3,158,256	\$3,158,256
Coverage	3.02	1.68	2.85	2.85
Coverage Requirement	1.25	1.00	1.20	1.25

NOTE 1: Operating revenues consist of all water, wastewater, and sanitation revenues and investment income; operating expenses include all trust operating expenses, exclusive of depreciation, amortization and bad debt expense.

NOTE 2: According to the 2002 A bond indenture, the Authority must meet two coverage requirements:
#1 - Net revenues plus sales tax transferred to the authority must at least equal 1.25 times the average annual debt service.
#2 - Net revenues (excluding sales tax) must at least equal 1.00 times the average annual debt service.

CITY OF SAPULPA, OKLAHOMA
NET ASSETS BY COMPONENT
Last Nine Fiscal Years
TABLE 1

	FISCAL YEAR								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities									
Invested in capital assets, net of related debt	\$ 16,523,526	\$ 22,432,421	\$ 23,284,066	\$ 25,731,696	\$ 25,453,019	\$ 27,327,634	\$ 28,413,287 *	\$ 25,253,698	\$ 25,864,472
Restricted	2,162,564	2,869,357	3,182,803	3,376,260	3,651,202	3,446,938	3,651,607 *	3,482,437	2,440,222
Unrestricted	3,373,913	344,621	2,039,881	989,136	811,190	207,770	(157,338)	1,710,363	908,507
Total governmental activities net assets	\$ 22,060,003	\$ 25,646,399	\$ 28,466,770	\$ 30,099,092	\$ 29,915,381	\$ 30,981,342	\$ 32,107,566	\$ 30,456,398	\$ 29,213,201
Business-type activities									
Invested in capital assets, net of related debt	\$ 4,105,860	\$ 1,615,464	\$ 1,985,866	\$ 1,434,208	\$ 1,996,103	\$ (5,282,635)	\$ (6,587,407)	\$ (5,289,977)	\$ (5,593,983)
Restricted	994,752	1,428,243	1,923,836	1,883,075	1,219,432	2,186,122	3,076,143	3,196,285	2,852,635
Unrestricted	1,681,202	2,506,311	2,351,403	1,138,151	2,527,446	5,059,820	5,286,191 **	4,203,008	4,131,268
Total business-type activities net assets	\$ 6,781,814	\$ 5,550,018	\$ 6,240,925	\$ 4,465,432	\$ 5,741,981	\$ 2,963,307	\$ 1,764,927	\$ 2,111,326	\$ 1,389,920
Primary government									
Invested in capital assets, net of related debt	\$ 20,629,386	\$ 24,047,885	\$ 25,229,772	\$ 27,165,902	\$ 27,448,122	\$ 27,044,868	\$ 21,825,890	\$ 19,993,621	\$ 20,270,489
Restricted	3,157,316	4,297,600	5,108,639	5,261,385	4,670,634	5,632,060	6,927,750	6,690,732	5,292,857
Unrestricted	5,035,115	2,850,932	4,391,294	2,127,287	3,338,605	6,287,590	5,138,653	5,813,371	5,039,775
Total primary government net assets	\$ 28,821,817	\$ 31,196,417	\$ 34,727,695	\$ 34,554,524	\$ 35,657,382	\$ 38,944,649	\$ 33,892,483	\$ 32,567,724	\$ 30,603,121

* - 2010 restricted net assets related to unrapport bond proceeds of \$6,237,208 were reclassified to Invested in Capital Assets, Net of Related Debt.

** - 2010 unrestricted net assets related to \$778,361 of restricted governmental funds, reclassified as business-type activities at the government-wide level, were reclassified as restricted.

CITY OF SAPULPA, OKLAHOMA
 CHANGES IN NET ASSETS
 Last Nine Fiscal Years
 TABLE 2

	FISCAL YEAR								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses									
Governmental activities:									
Administration	\$ 940,635	\$ 857,024	\$ 922,218	\$ 938,846	\$ 956,165	\$ 1,073,542	\$ 1,066,277	\$ 1,070,144	\$ 1,111,316
General government	1,464,350	1,814,825	1,521,420	1,767,315	1,356,744	1,547,723	1,167,575	1,251,192	1,408,140
Legal and judicial	206,910	220,913	246,662	239,239	236,636	301,454	281,752	289,703	311,262
Public safety	6,713,637	6,851,852	8,022,350	10,178,831	10,742,549	10,587,857	10,312,829	10,075,409	10,504,023
Urban development	342,323	284,001	316,422	414,066	435,239	419,181	453,837	420,914	435,616
Streets	1,222,276	1,300,190	1,345,462	1,763,423	2,784,449	2,355,922	2,429,735	2,174,486	2,703,737
Culture and recreation	805,605	852,758	854,183	951,804	1,166,790	1,155,938	1,281,735	1,383,426	1,395,653
Interest on long-term debt	220,479	402,809	482,366	468,799	499,907	516,346	449,233	661,342	627,376
Total governmental activities expenses	11,916,215	12,595,272	13,705,083	16,723,353	16,177,479	17,759,843	17,444,973	17,326,616	18,497,125
Business-type activities:									
Water operations	3,300,634	3,150,738	3,251,849	3,665,257	3,925,793	4,483,707	3,781,367	4,200,477	4,304,460
Waste/water operations	5,093,576	5,353,600	5,348,397	5,482,432	5,246,459	6,363,922	6,437,587	6,520,715	6,763,694
Sanitation operations	1,065,914	1,102,848	1,160,526	1,127,731	1,245,713	1,478,846	1,280,756	1,254,592	1,318,230
Stormwater maintenance	31,107	34,062	25,551	60,901	333,179	75,228	581,406	569,019	563,961
Golf course operations	510,724	555,908	609,716	635,283	657,173	686,775	709,785	728,009	777,961
Interest charges - governmental activities	-	-	196,662	219,828	-	250,662	279,547	159,201	135,689
Interest charges - business-type activities	10,241,855	10,196,954	10,594,701	11,211,430	11,408,317	13,319,138	13,090,428	13,252,613	13,693,635
Total business-type activities expenses	22,766,170	22,792,226	24,289,784	27,934,783	29,565,796	31,078,981	30,526,401	30,579,429	32,160,760
Program Revenues									
Governmental activities:									
Charges for services:									
Administration	299,911	276,738	296,179	309,286	369,695	347,269	309,656	243,474	305,911
General government	-	-	-	-	-	-	-	-	-
Legal and judicial	-	-	-	-	-	-	-	-	-
Public safety	683,085	1,205,843	1,138,414	1,404,493	1,432,925	1,386,380	1,449,726	1,280,684	1,296,598
Urban development	-	-	-	-	-	-	-	-	-
Streets	-	-	-	3,580	2,835	2,465	1,880	1,410	2,200
Culture and recreation	85,042	72,919	48,471	53,858	61,019	63,596	121,714	195,097	231,450
Operating grants and contributions	414,183	347,848	392,791	1,790,870	2,190,366	1,515,902	1,545,266	1,361,450	1,460,098
Capital grants and contributions	248,938	2,210,257	2,653,930	280,910	390,706	321,276	705,061	279,978	247,842
Total governmental activities program revenues	1,741,169	4,113,605	4,507,685	3,842,987	4,437,546	3,646,790	4,133,305	3,392,093	3,563,199

(Continued)

TABLE 2
(Continued)

	FISCAL YEAR								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Business-type activities:									
Charges for services:									
Water operations	3,190,050	3,660,800	3,722,868	3,883,474	3,917,170	3,825,477	4,219,649	4,355,677	4,489,675
Wastewater operations	2,784,868	2,929,802	3,074,162	3,089,967	3,263,802	3,025,824	3,266,294	3,230,861	3,227,639
Sanitation operations	1,050,023	1,048,382	1,069,175	1,160,271	1,208,583	1,284,700	1,340,120	1,375,304	1,375,304
Stormwater operations					178,996	585,318	786,641	824,475	850,247
Golf course operations	493,915	398,246	487,726	474,354	506,902	518,383	416,658	420,077	339,711
Operating grants and contributions						654			
Capital grants and contributions					1,536,307				
Total business-type activities program revenues	7,459,654	8,037,232	8,353,971	8,908,461	10,111,740	9,210,156	10,030,007	10,171,200	10,262,776
Total primary government program revenues	\$ 9,200,023	\$ 12,150,937	\$ 12,861,659	\$ 12,751,458	\$ 15,149,286	\$ 12,856,946	\$ 14,183,312	\$ 13,553,293	\$ 13,449,975
Net (Expense)/Revenue	\$ (10,175,046)	\$ (6,481,667)	\$ (9,197,368)	\$ (12,890,358)	\$ (13,738,933)	\$ (14,113,053)	\$ (13,311,688)	\$ (13,944,523)	\$ (14,993,926)
Governmental activities:									
Business-type activities:									
Total primary government net expense	(2,783,101)	(2,159,722)	(2,240,730)	(2,302,989)	(696,577)	(4,108,982)	(3,950,421)	(3,081,613)	(3,400,659)
	\$ (12,958,147)	\$ (10,641,389)	\$ (11,438,128)	\$ (15,193,329)	\$ (14,436,510)	\$ (18,222,035)	\$ (16,362,069)	\$ (17,026,136)	\$ (18,334,785)
General Revenues and Other Changes in Net Assets									
Governmental activities:									
Taxes:									
Sales and use taxes	6,485,061	7,284,641	11,393,882	11,796,326	12,361,944	12,068,005	11,286,695	11,726,417	12,526,594
Ad valorem property taxes	689,302	1,439,711	1,222,022	1,203,846	1,386,811	1,408,760	1,443,683	1,754,808	1,708,703
Franchises and public service taxes	401,246	386,146	476,507	427,556	443,190	508,646	505,381	516,028	686,604
Payment in lieu of taxes	354,819	369,507	411,153	420,570	443,526	533,019	439,767	439,422	428,810
Hotel/motel taxes					256,112	236,929	195,885	189,002	181,443
E-911 taxes	174,811	177,281	182,757	170,803	226,004	237,292	217,442	215,068	201,751
Intergovernmental revenue not restricted to specific programs	76,338	146,964	248,464	251,638	282,624	257,051	252,839	269,260	275,705
Investment income	90,928	254,030	302,650	175,065	170,723	90,972	76,078	68,060	57,462
Miscellaneous	340,129	117,740	133,844	163,589	464,382	324,959	1,705,317	325,436	250,669
Special item - Gain on forgiveness of debt / gain on sale of capital assets									
Transfers-Internal activity	1,474,343	1,891,341	(2,510,859)	(253,100)	(1,828,329)	(1,060,094)	(1,674,075)	(3,232,145)	(2,517,292)
Total governmental activities	10,085,265	12,065,063	11,964,613	14,492,678	14,390,977	14,594,539	14,437,892	12,293,355	13,690,728
Business-type activities:									
Sales and use taxes	2,359,036	2,669,913	2,893,384	367,660	221,568	81,112	54,786	34,294	13,163
Investment earnings	366,820	115,795	121,414	63,667	139,240	209,102	143,181	141,573	148,968
Miscellaneous	87,325	90,569	2,510,659	253,100	1,628,329	1,680,094	1,674,075	3,232,145	2,517,292
Transfers - Internal activity	(1,474,343)	(1,891,341)	2,951,637	854,387	1,983,127	1,330,308	1,872,041	3,408,012	2,679,453
Total business-type activities	1,328,640	947,926	14,896,250	15,177,065	16,374,104	15,824,647	16,309,633	15,701,867	18,370,182
Total primary government	\$ 11,414,125	\$ 13,015,989	\$ 27,857,863	\$ 29,669,543	\$ 31,764,081	\$ 30,681,593	\$ 30,492,925	\$ 29,295,212	\$ 31,811,157
Change in Net Assets									
Governmental activities	\$ (89,761)	\$ 3,565,386	\$ 2,767,215	\$ 1,612,322	\$ 651,044	\$ 481,486	\$ 1,126,224	\$ (1,651,168)	\$ (1,243,197)
Business-type activities	(1,654,281)	(1,211,795)	690,907	(1,616,582)	1,286,550	(2,778,674)	(1,178,980)	326,939	(721,405)
Total primary government	\$ (1,564,022)	\$ 2,374,600	\$ 3,458,122	\$ (6,260)	\$ 1,937,594	\$ (2,297,188)	\$ (52,156)	\$ (1,324,769)	\$ (1,964,603)

CITY OF SAPULPA, OKLAHOMA
FUND BALANCES - GOVERNMENTAL FUNDS
 Last Nine Fiscal Years
TABLE 3

	Fiscal Year								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund									
Reserved	\$ 269,406	\$ 1,917,191	\$ 1,982,763	\$ 2,110,218	\$ 303,557	\$ 205,933	\$ 199,888	\$ -	\$ -
Unreserved	1,109,727	(456,024)	(289,612)	(517,555)	2,129,650	2,015,310	1,432,329	-	-
Nondistributable	-	-	-	-	-	-	-	28,044	28,251
Committed	-	-	-	-	-	-	-	9,151	-
Assigned	-	-	-	-	-	-	-	1,396,679	1,327,870
Unassigned	-	-	-	-	-	-	-	766,562	530,398
Total general fund	\$ 1,379,133	\$ 1,461,167	\$ 1,683,151	\$ 1,592,663	\$ 2,433,207	\$ 2,221,243	\$ 1,632,217	\$ 2,200,436	\$ 1,886,519
All Other Governmental Funds									
Reserved	\$ 327,472	\$ 7,303,814	\$ 1,436,477	\$ 485,980	\$ 30,000	\$ 114,805	\$ 25,437	\$ -	\$ -
Unreserved, reported in:									
Special revenue funds	2,172,754	2,327,593	2,094,841	2,909,690	3,379,874	2,938,050	3,612,778	-	-
Debt service funds	508,403	483,037	579,549	638,793	675,822	603,551	599,612	-	-
Capital project funds	8,833,164	2,621,072	987,418	226,465	9,809	9,976	6,227,208	-	-
Nondistributable	-	-	-	-	-	-	-	104,823	102,348
Restricted	-	-	-	-	-	-	-	7,319,538	4,605,853
Assigned	-	-	-	-	-	-	-	890,861	954,633
Total all other governmental funds	\$ 11,841,793	\$ 12,735,516	\$ 5,098,285	\$ 4,260,928	\$ 4,095,305	\$ 3,666,382	\$ 10,465,035	\$ 8,315,222	\$ 5,662,834
GRAND TOTAL	\$ 13,220,926	\$ 14,196,683	\$ 6,781,436	\$ 5,853,591	\$ 6,528,512	\$ 5,887,625	\$ 12,097,252	\$ 10,515,658	\$ 7,549,353

Note: For years 2005, 2006, and 2007 reserved fund balance for the General Fund includes accrued compensated absence

CITY OF SAPULPA, OKLAHOMA
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Last Nine Fiscal Years
TABLE 4

	Fiscal Year								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues									
Sales and use taxes	\$ 8,844,099	\$ 9,944,554	\$ 11,393,892	\$ 11,796,326	\$ 12,361,944	\$ 12,068,005	\$ 11,285,695	\$ 11,726,417	\$ 12,526,584
Franchise and public service taxes	401,248	383,148	476,493	437,765	435,211	506,646	506,484	519,306	568,534
Ad valorem taxes	665,053	1,312,215	1,187,400	1,187,400	1,393,472	1,351,081	1,443,683	1,754,809	1,708,703
Payment in lieu of tax	334,819	369,507	411,153	420,570	443,526	533,019	444,814	433,956	432,744
Hotel/motel taxes				136,286	250,112	226,929	185,685	189,002	191,443
Intergovernmental	594,219	2,424,695	1,256,678	2,847,067	2,658,141	2,018,637	1,839,296	1,603,417	1,856,450
Charge for services	794,350	639,135	837,007	682,600	1,007,160	681,175	812,468	957,381	1,031,133
Fines and forfeitures	650,181	768,675	764,493	504,235	1,340,620	1,081,859	986,075	854,646	792,498
Licenses and permits	214,876	165,638	146,929	150,888	183,115	169,721	152,398	103,452	144,708
Investment income	99,559	266,501	326,819	201,273	163,102	135,120	81,871	94,987	57,562
Miscellaneous	446,814	398,302	345,217	333,743	691,398	414,806	1,825,979	458,196	442,424
Total Revenues	13,045,238	16,674,450	17,109,579	18,697,853	20,951,801	19,186,998	19,564,448	18,697,569	19,732,743
Expenditures:									
Administration	930,161	854,642	914,403	927,515	1,047,491	1,064,987	1,026,696	1,053,102	1,101,748
General government	1,343,886	1,417,638	1,433,430	1,680,138	1,459,139	1,155,645	1,098,311	1,082,186	1,196,497
Legal and judicial	183,958	214,579	220,108	219,300	217,008	265,381	252,601	259,345	283,797
Public safety	6,148,767	6,682,250	7,697,333	9,306,028	9,900,490	9,410,268	9,316,475	9,536,063	10,262,800
Urban development	333,067	286,164	302,813	399,383	426,359	408,053	441,909	564,694	430,531
Streets	712,209	720,410	912,145	995,751	1,227,894	1,093,206	1,213,348	1,076,534	837,637
Culture and recreation	691,296	664,195	750,076	847,538	869,269	917,778	1,017,099	1,108,269	1,115,128
Water	371,375	636,493	726,710	643,703	907,507	818,481	670,992	657,752	762,727
Wastewater	279,526	262,065	240,733	364,420	2,090	137,510	257,700	294,054	-
Capital outlay	2,711,491	4,595,321	11,080,478	3,289,117	2,770,416	3,046,582	3,150,245	4,027,730	4,806,244
Debt service:									
Principal	1,189,903	1,045,723	933,356	1,189,559	1,189,559	1,206,180	1,160,665	1,049,457	1,434,883
Interest and fiscal charges	206,182	399,256	472,754	474,240	1,179,206	509,827	543,216	661,522	623,234
Total Expenditures	15,104,821	17,798,736	25,698,339	20,536,692	20,082,570	20,036,090	20,149,257	21,370,708	22,845,216
Excess of revenues over/(under) expenditures	(2,059,583)	(1,124,306)	(8,588,760)	(1,838,839)	869,231	(848,092)	(584,809)	(2,673,139)	(3,092,473)
Other financing sources/(uses) and special items:									
Transfers in	5,687,626	5,077,999	5,669,317	6,454,626	6,720,781	6,354,987	6,119,686	6,780,870	6,425,466
Transfers out	(5,305,459)	(4,964,758)	(5,787,969)	(6,242,907)	(7,407,382)	(6,465,333)	(6,038,545)	(6,218,191)	(6,715,298)
Debt issuance costs		(36,057)	(14,464)				(246,740)		
Debt proceeds	5,680,000	2,042,879	977,688	699,275	492,291	495,800	6,933,000	528,866	
Bond premium							25,035		
Judgments									
Special item - proceeds from sale of capital assets			147,164						416,000
Total other financing sources/(uses) and special items	6,062,167	2,100,065	991,726	910,994	(1,943,110)	385,454	6,794,436	1,091,545	126,168
Net change in fund balances	4,002,634	975,757	(7,597,024)	(927,845)	674,921	(463,638)	6,209,627	(1,581,594)	(2,966,202)
Debt service as a percentage of noncapital expenditures	11.3%	10.9%	9.8%	9.6%	6.8%	10.1%	10.0%	9.5%	11.4%

CITY OF SAPULPA, OKLAHOMA
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
Last Nine Fiscal Years
TABLE 5

Fiscal Year	Ad Valorem Tax	Sales Tax	Use Tax	Franchise Tax	Payment in lieu of Tax	Hotel/Motel Tax	E-911 Tax	Totals
2004	\$ 669,302	\$ 8,578,321	\$ 265,779	\$ 401,248	\$ 334,819	\$ -	\$ 174,611	\$ 10,424,080
2005	1,439,711	9,672,408	272,145	385,148	369,507	-	177,281	12,316,200
2006	1,222,022	11,062,496	331,396	475,507	411,153	-	162,757	13,665,331
2007	1,203,946	11,285,918	510,408	427,556	420,570	136,286	170,803	14,155,487
2008	1,393,472	11,840,175	521,769	435,211	443,526	250,112	226,004	15,110,269
2009	1,409,760	11,592,621	475,384	506,646	533,019	226,929	237,292	14,981,651
2010	1,443,683	10,865,027	420,668	505,361	439,767	185,685	217,442	14,077,633
2011	1,754,809	11,279,672	446,745	518,026	439,422	189,002	215,068	14,842,744
2012	1,708,703	11,812,789	713,795	566,894	428,810	191,443	201,751	15,624,185

CITY OF SAPULPA, OKLAHOMA
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years
TABLE 6

<u>Fiscal Year</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Public Service Property</u>	<u>Total Assessed Value</u>	<u>Homestead Exemption</u>	<u>Net Assessed Value</u>	<u>Estimated Actual Value</u>
2003	53,495,980	7,321,108	6,486,210	67,303,298	4,426,160	62,877,138	523,976,150
2004	55,763,609	7,240,852	6,617,547	69,622,008	4,396,166	65,225,842	543,548,683
2005	67,045,944	7,725,210	6,863,336	81,634,490	4,368,156	77,266,334	643,886,117
2006	73,838,504	15,133,875	11,163,226	100,135,605	4,511,613	95,623,992	800,575,660
2007	78,268,289	15,398,212	7,343,203	101,009,704	4,409,554	96,600,150	805,001,250
2008	80,947,358	14,138,460	7,934,105	103,019,923	4,844,233	98,175,690	818,130,750
2009	87,485,841	14,803,042	7,368,288	109,657,171	5,005,711	104,651,460	872,095,500
2010	92,742,957	16,797,588	7,962,450	117,502,995	5,007,064	112,495,931	937,466,092
2011	96,762,154	21,583,589	7,820,264	126,166,007	5,119,339	121,046,668	1,008,722,233
2012	99,214,387	18,249,449	7,887,602	125,351,438	5,137,937	120,213,501	1,001,779,175

Source: County Excise Board

Note: Property in the county is reassessed annually. The ratio of assessed value to true value cannot be less than 11 percent nor more than 13 1/2 percent.

Tax rates are per \$1,000 of assessed value.

CITY OF SAPULPA, OKLAHOMA
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
(PER \$1,000 OF ASSESSED VALUE)
Last Ten Fiscal Years
TABLE 7

Fiscal Year	City Direct Rate		(1) Overlapping Rates			Total Levy
	Sinking Fund		Sapulpa School District	County	Vo Tech School District	
2003	8.81		66.33	16.10	13.26	104.50
2004	10.19		66.71	16.09	13.26	106.25
2005	18.43		60.70	20.08	13.26	112.47
2006	12.76		62.76	20.08	13.26	108.86
2007	12.45		63.34	20.63	13.26	109.68
2008	14.23		61.52	20.79	13.26	109.80
2009	14.01		63.13	20.70	13.26	111.10
2010	12.80		67.99	22.26	13.26	116.31
2011	14.54		66.53	22.02	13.26	116.35
2012	14.19		65.66	21.84	13.26	114.95

Source: County Excise Board

Note: City property tax may only be levied to repay principal and interest on general obligation bonded debt approved by the voters and any court-assessed judgments.

(1) Overlapping rates are those of local and county governments that apply to property owners within the City of Sapulpa

**CITY OF SAPULPA, OKLAHOMA
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR
TABLE 8**

		2012		
<u>Taxpayer</u>	<u>Type of Business</u>	<u>Rank</u>	<u>Taxable Assessed Value</u>	<u>Percentage of Net Total Assessed Value</u>
Saint-Gobain Containers, Inc.	Glass Manufacturing	1	7,432,488	6.183%
Inverness Village	Retirement Community	2	4,321,618	3.595%
Oklahoma Gas & Electric	Utility	3	3,882,340	3.230%
Enogex, LLC	Gas/Pipeline Company	4	2,231,318	1.856%
AT&T Mobility LLC	Communications	5	1,423,535	1.184%
Sulzer Chemtech	Chemical Engineering/ Manufacturing	6	1,405,656	1.169%
Public Service company of Ok	Utility	7	1,256,513	1.045%
AEP Industries, Inc.	Plastics Supply/ Fabrication	8	1,064,201	0.885%
Madison, Inc.	Steel/Structural Manufacturing	9	1,053,337	0.876%
Cox Communications	Communications	10	940,549	0.782%
Totals			\$ 25,011,555	20.81%

Source: County Assessors Office - Debbie McCaslin - 918-224-4508

**CITY OF SAPULPA, OKLAHOMA
PROPERTY TAX LEVIES AND COLLECTIONS
Last Nine Fiscal Years
TABLE 9**

Fiscal Year	Total Tax Levy	Current Tax Collections	Percentage of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percentage of Total Collected to Total Levy	Net Assessed Value	Mill Levy
2003	\$ 553,650	\$ 525,818	95%	\$ 18,623	\$ 544,441	98%	\$ 62,877,138	\$ 8.81
2004	664,930	631,026	95%	27,343	658,369	99%	65,225,842	10.19
2005	1,423,797	1,266,303	89%	30,538	1,296,841	91%	77,266,334	18.43
2006	1,220,638	1,087,105	89%	63,793	1,150,898	94%	95,623,992	12.76
2007	1,203,023	1,129,858	94%	57,541	1,187,399	99%	96,600,150	12.45
2008	1,396,811	1,336,780	96%	56,692	1,393,472	99.8%	98,175,690	14.23
2009	1,465,695	1,350,187	92%	59,573	1,409,760	96.2%	104,651,460	14.01
2010	1,440,594	1,377,667	96%	66,016	1,443,683	100.2%	112,495,931	12.81
2011	1,765,619	1,693,609	96%	61,200	1,754,809	99.4%	121,046,668	14.54
2012	1,705,446	1,580,190	93%	61,300	1,641,490	96.2%	120,213,501	14.19

Estimate of Needs, County Report

CITY OF SAPULPA, OKLAHOMA
 TAXABLE SALES BY CATEGORY
 Last Ten Fiscal Years
 TABLE 11

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Agriculture, forestry, and fishing	\$ 2,049	\$ 2,280	\$ 2,231	\$ 1,479	\$ 1,196	\$ 1,159	\$ 1,862	\$ 1,737	\$ 1,489	\$ 944
Mining		164	170	475	1,116	(3,182)	1,704	167	215,917	362,179
Construction	2,524	1,100	1,349	3,666	5,255	6,586	29,991	7,388	4,765	16,846
Manufacturing	42,028	57,455	104,732	119,121	185,349	216,424	239,727	176,934	124,884	176,357
Transportation	3,084	4,463	3,542	3,906	6,978	5,047	4,979	6,169	5,572	5,074
Communications and utilities:										
Communications	391,107	397,843	431,115	421,233	449,101	464,174	481,970	474,240	448,798	478,749
Electric, gas, and sanitary services	674,985	688,058	701,303	889,120	735,484	827,085	879,008	915,850	899,809	834,241
Wholesale trade:										
Retail trade:	403,154	393,224	614,630	813,920	649,551	933,849	835,248	737,948	756,444	1,041,494
Building materials, hardware, garden supply and mobile home dealer	273,085	333,144	531,419	500,806	526,830	535,494	591,220	456,872	432,603	415,563
General merchandise stores	3,073,893	2,945,708	3,166,592	3,417,233	3,317,272	3,349,104	2,927,881	2,770,815	2,730,322	2,779,177
Food stores	1,420,365	1,368,194	1,452,391	1,471,724	1,440,435	1,572,560	1,532,842	1,427,977	1,436,346	1,441,341
Automotive dealers and gasoline service stations	289,803	277,521	422,212	586,521	656,200	592,159	589,097	520,171	606,846	643,713
Apparel and accessory stores	147,575	147,875	150,139	159,596	186,175	176,195	156,067	149,291	153,207	161,950
Furniture, home furnishings and equipment stores	279,916	264,711	296,722	345,110	339,593	342,606	360,098	375,155	328,787	335,028
Eating and drinking places	769,289	863,803	1,066,007	1,224,975	1,286,043	1,453,726	1,519,279	1,451,177	1,551,048	1,597,674
Miscellaneous retail	440,269	445,615	468,757	419,906	560,374	597,043	579,268	542,471	570,924	566,785
Finance, insurance, and real estate services:	932	2,221	3,669	4,206	2,940	12,635	1,959	9,946	15,396	19,559
Hotels and motels	24,887	24,513	101,892	136,875	212,488	203,159	191,262	158,052	141,417	128,824
Personal services	40,095	29,484	59,989	44,136	49,263	39,351	34,165	39,573	35,748	29,263
Business services	186,979	168,658	178,514	219,310	237,570	239,650	211,350	180,842	202,161	207,055
Automotive repair services and garages	86,498	92,285	81,547	80,793	81,263	88,530	86,808	97,997	187,408	81,241
Miscellaneous repair services	5,530	7,397	6,142	18,927	20,907	13,641	6,718	6,281	10,291	10,305
Motion pictures	43,208	56,553	74,618	71,565	75,000	80,621	83,797	77,814	67,459	58,141
Other services	69,699	65,822	93,805	103,851	115,685	128,627	281,696	324,263	337,146	372,786
Nonclassifiable establishments	29,443	12,747	26,393	59,018	49,606	82,754	47,218	47,288	44,686	55,412
	\$ 8,691,357	\$ 8,670,638	\$ 10,041,876	\$ 11,111,472	\$ 11,391,722	\$ 11,959,005	\$ 11,673,146	\$ 10,956,421	\$ 11,351,471	\$ 11,944,321

CITY OF SAPULPA, OKLAHOMA
RATIO FOR OUTSTANDING DEBT BY TYPE
Last Nine Fiscal Years
TABLE 12

Fiscal Year	Governmental Activities				Business-Type Activities				Total Primary Government	Per Capita
	General Obligation Bonds	Notes Payable	Capital Leases Payable	Judgments Payable	Revenue Bonds Payable	Capital Leases Payable	Notes Payable	Water Contract Obligations		
2004	10,400,000	112,645	75,798	25,197	60,005,153	103,532	-	2,618,947	73,341,272	3,567
2005	11,585,000	42,493	167,838	215,465	64,906,153	77,326	415,000	4,427,213	81,835,488	3,982
2006	11,320,000	-	576,062	139,066	66,080,153	49,727	-	4,135,965	82,300,973	4,003
2007	10,710,000	-	229,107	605,737	65,530,153	20,984	-	3,920,264	81,016,245	3,882
2008	10,085,000	-	607,712	399,380	65,038,864	-	-	3,685,369	79,817,325	3,817
2009	9,425,000	-	414,823	541,890	69,442,821	-	616,859	3,441,050	83,882,443	3,982
2010	15,565,000	-	406,686	210,266	68,984,806	-	511,863	3,186,929	88,865,550	4,186
2011	14,905,000	-	746,025	18,333	68,506,065	-	392,617	2,922,612	87,490,652	4,259
2012	13,895,000	-	349,476	416,000	68,006,852	-	266,883	2,647,690	85,561,901	4,166

CITY OF SAPULPA, OKLAHOMA
RATIO OF NET GENERAL BONDED DEBT TO ASSESSED
VALUE AND NET BONDED DEBT PER CAPITA
Last Ten Fiscal Years
TABLE 13

Fiscal Year	Population (1)	Net Assessed Value	Gross Bonded Debt	Less Debt Service Funds	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
2003	20,560	62,877,138	5,850,000	597,100	5,252,900	8.35%	255
2004	20,560	65,225,842	10,400,000	508,403	9,891,597	15.17%	481
2005	20,550	77,266,334	11,585,000	664,814	10,920,186	14.13%	531
2006	20,560	95,623,992	11,320,000	579,549	10,740,451	11.23%	522
2007	20,871	96,600,150	10,710,000	638,793	10,071,207	10.43%	483
2008	20,908	98,175,690	10,085,000	675,822	9,409,178	9.58%	450
2009	21,173	104,652,521	9,425,000	659,926	8,765,074	8.38%	414
2010	20,544	112,526,167	15,565,000	599,612	14,965,388	13.30%	728
2011	20,544	121,046,668	14,905,000	853,802	14,051,198	11.61%	684
2012	20,648	120,213,501	13,895,000	930,133	12,964,867	10.78%	628

(1) Oklahoma Department of Commerce Projection

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

**CITY OF SAPULPA, OKLAHOMA
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
TABLE 14**

<u>Jurisdiction</u>	<u>Net (1) Debt Outstanding</u>	<u>Percentage (2) Applicable to City of Sapulpa</u>	<u>Amount Applicable to City of Sapulpa</u>
Direct - City of Sapulpa	\$ 12,964,867	100.00%	\$12,964,867
Overlapping: Sapulpa School District	\$ 13,755,000	66.69%	9,173,210
Creek County	\$ 600,000	29.00%	174,000
Total	<u>\$27,319,867</u>		<u>174,000</u> <u>\$22,312,077</u>

Outstanding bond debt-06-30-11

(1) Gross general bonded debt outstanding less debt service reserves.

(2) Determined by ratio of assessed valuation of property subject to taxation in overlapping unit to valuation of property subject to taxation in the City of Sapulpa.

CITY OF SAPULPA, OKLAHOMA
LEGAL DEBT MARGIN INFORMATION
 Last Ten Fiscal Years
TABLE 15

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt limit	\$ 6,287,714	\$ 6,522,594	\$ 7,726,633	\$ 9,562,389	\$ 9,860,015	\$ 9,617,569	\$ 10,465,146	\$ 11,249,593	\$ 12,104,667	\$ 12,021,350
Total net debt applicable to limit	935,500	4,435,420	5,975,802	6,160,404	5,848,950	5,503,550	5,123,250	4,742,950	4,362,650	3,992,350
Legal debt margin	\$ 5,352,214	\$ 2,087,164	\$ 1,750,831	\$ 3,391,985	\$ 3,811,185	\$ 4,314,019	\$ 5,341,896	\$ 6,506,643	\$ 7,742,017	\$ 8,039,000
Total net debt applicable to the limit as a percentage of debt limit	14.88%	68.00%	77.34%	64.63%	60.55%	56.97%	48.95%	42.19%	36.04%	33.13%
Net assessed valuation										
Debt limit (10% of total assessed value)										
Debt applicable to limit										
General obligation bonds										
Less: Street or utility bonds outstanding										
Total net debt applicable to limit										
Legal debt margin										
										\$ 120,213,501
										12,021,350
										13,895,000
										9,912,650
										3,992,350
										\$ 8,039,000

Legal Debt Margin Calculation for Fiscal Year 2012

Note: Article 10, Section 26 of the Constitution of the State of Oklahoma limits municipal debt to 10% of net assessed valuation.
 Article 10, Section 27 of the Constitution of the State of Oklahoma limits municipal debt to non-utility or non-street purposes.

CITY OF SAPULPA, OKLAHOMA
THE SAPULPA MUNICIPAL AUTHORITY
UTILITY SYSTEMS DIVISION
PLEGDED REVENUE COVERAGE
Last Nine Fiscal Years
TABLE 16

		<u>Eligible</u> <u>Revenues</u>	<u>Eligible</u> <u>Expenses (1)</u>	<u>Net Revenue</u> <u>Available for</u> <u>Debt Service</u>	<u>Average Annual/</u> <u>Annual</u> <u>Debt Service</u>	<u>Revenue Bond</u> <u>Coverage</u>
2004	Series 2002 A & B Series 2002 A & B Series 2003 A & B	9,961,369 7,207,942 9,961,369	3,815,366 3,815,366 3,815,366	6,146,003 3,392,576 6,146,003	2,054,248 2,054,248 3,237,314	2.99 1.65 1.90
2005	Series 2002 A & B Series 2002 A & B Series 2003 A & B	10,623,493 7,734,232 10,623,493	3,580,363 3,580,363 3,580,363	7,033,130 4,143,869 7,033,130	2,054,248 2,054,248 3,261,968	3.42 2.02 2.16
2006	Series 2002 A & B and Series 2006 Series 2002 A & B Series 2003 A & B	11,130,976 7,928,756 11,130,796	3,768,878 3,768,878 3,768,878	7,362,098 4,159,878 7,361,918	2,113,118 2,113,118 3,263,416	3.48 1.97 2.26
2007	Series 2002 A & B and Series 2006 Series 2002 A & B Series 2003 A & B	12,099,590 8,417,095 12,099,590	3,832,413 3,832,413 3,832,413	8,267,177 4,584,682 8,267,177	2,113,118 2,113,118 3,259,591	3.91 2.17 2.54
2008	Series 2002 A & B and Series 2006 Series 2002 A & B Series 2003 A & B	12,181,273 8,369,145 12,181,273	3,933,868 3,933,868 3,933,868	8,247,607 4,435,479 8,247,607	2,113,118 2,113,118 3,259,591	3.90 2.10 2.53
2009	Series 2002 A and Series 2006 Series 2002 A Series 2003 A & B Series 2009 A & B	12,506,046 8,738,680 12,506,046 12,506,046	5,305,485 5,305,485 5,305,485 5,305,485	7,200,561 3,433,195 7,200,561 7,200,561	2,867,928 2,867,928 3,514,089 3,514,089	2.51 1.20 2.05 2.05
2010	Series 2002 A and Series 2006 Series 2002 A Series 2003 A & B Series 2009 A & B	12,954,276 9,661,621 12,954,276 12,954,276	4,724,154 4,724,154 4,724,154 4,724,154	8,230,122 4,937,467 8,230,122 8,230,122	2,867,928 2,867,928 3,292,376 3,292,376	2.87 1.72 2.50 2.50
2011	Series 2002 A and Series 2006 Series 2002 A Series 2003 A & B Series 2009 A & B	13,416,715 9,779,479 13,416,715 13,416,715	4,961,892 4,961,892 4,961,892 4,961,892	8,454,823 4,817,587 8,454,823 8,454,823	2,975,546 2,975,546 3,158,256 3,158,256	2.84 1.62 2.68 2.68
2012	Series 2002 A and Series 2006 Series 2002 A Series 2003 A & B Series 2009 A & B	13,942,643 9,952,205 13,942,643 13,942,643	4,954,359 4,954,359 4,954,359 4,954,359	8,988,284 4,997,846 8,988,284 8,988,284	2,975,546 2,975,546 3,158,256 3,158,256	3.02 1.68 2.65 2.65

(1) Excludes depreciation and amortization expense.

CITY OF SAPULPA, OKLAHOMA
DEMOGRAPHIC AND ECONOMIC STATISTICS
 Last Nine Calendar Years
TABLE 17

Calendar Year	Population (1)	Personal Income (in thousands)	Per Capita Personal Income (2)	Median Age of Population (3)	School Enrollment (4)	Unemployment Rate (5)
2003	20,560	\$ 627,553	\$ 30,523	37.3	5,771	5.5%
2004	20,560	661,004	32,150	37.3	5,768	6.8%
2005	20,550	697,056	33,920	37.3	5,775	5.8%
2006	20,560	792,156	38,529	37.3	5,781	5.5%
2007	20,871	824,905	39,524	37.3	5,550	4.3%
2008	20,908	856,631	40,981	40.7	5,850	4.9%
2009	21,173	835,105	39,442	41.7	5,769	7.5%
2010	20,544	868,051	40,793	38.9	5,765	7.4%
2011	20,544	868,051	40,793	38.9	5,753	6.0%

Note: Updated information was unavailable for the cells with N/A .

Sources:

- (1) Oklahoma Department of Commerce Projection
- (2) Per Capital Personal Income - US Bureau of Economic Analysis for the Tulsa metropolitan area
- (3) U.S. Census Bureau
- (4) Sapulpa School District, Independent School Districts
- (5) www.bls.gov

**CITY OF SAPULPA, OKLAHOMA
PRINCIPAL EMPLOYERS
CURRENT YEAR
TABLE 18**

2011

<u>Employer</u>	<u>Product/Business</u>	<u>Rank</u>	<u>Employees</u>
BIOS Corporation	Health Care and Social Assistance	1	600
Sapulpa Public Schools	Education Services	2	518
John Christner Trucking	Transporter of Goods	3	500
T. D. Williamson	Manufacturing/Engineering Equipment	4	375
Saint Gobain Containers	Manufacturing/Glass Containers	5	330
Walmart Supercenter	Retail	6	285
City of Sapulpa	City Services	7	215
Creek County	Government Services	8	175
Bennett Steel, Inc.	Commercial/Steel Fabrication	9	165
Thermal Engineering	Metal Fabrication	10	120

Totals

3,283

CITY OF SAPULPA, OKLAHOMA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
Last Six Fiscal Years
TABLE 19

<u>Function/Program</u>	<u>Fiscal Year</u>					
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General Government:						
Management Services	5	5	5	5	5	5
Finance	5	5	5	5	5	5
Planning	5	3	3	3	3	3
Building	-	2	2	2	2	2
Community Image	-	1	1	1	1	1
Court	3	3	3	3	3	3
Treasurer						
Human Resources	1	1	1	1	1	1
MIS						
Legal	2	1	2	2	2	2
Cemetery	6	6	6	6	6	6
Other (FM, VM, Tort, FM, DCC)	6	5	5	5	5	5
Utility Accounting	7	7	7	7	7	6
Total General Government	40	39	40	40	40	39
Public Safety and Judiciary:						
Police						
Officers	50	47	48	48	47	47
Civilians	11	12	12.5	12.5	12	12
Animal Welfare	3	3	3	3	3	3
Fire:						
Firefighters & Officers	44	54	52	52	48	48
Civilians	1	1	1	1	1	1
Central Communications/EM						
Total Public Safety and Judiciary	109	117	117	117	111	111
Transportation:						
Streets	11	11	12	12	12	12
Total Transportation	11	11	12	12	12	12
Cultural, Parks and Recreation:						
Parks and Recreations	8	8	8	7	7	7
Library	6	5	6	5	5	5
Golf Course	5	6	5	5	5	5
Total Cultural, Parks and Recreation	19	19	19	17	17	17
Public Works:						
Solid Waste Collection	1	1	1	1	0	0
Utility Maintenance	17	15	15	15	15	11
Water Treatment	8	8	8	8	8	8
Wastewater Treatment	12	12	11	12	12	12
Industrial Pretreatment/Stormwater Management	1	1	1	1	5	5
Total Public Works	39	37	36	37	40	36
Total Full-Time Employees by Function/Program	218	223	224	223	220	215

CITY OF SAPULPA, OKLAHOMA
Capital Asset Statistics by Function/Program
Last Six Fiscal Year
TABLE 20

Function/Program	Fiscal Year 2006	Fiscal Year 2007	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011
General Government						
Buildings	17	17	17	17	17	17
Police						
Stations	1	1	1	1	1	1
Zone Offices	1	1	1	1	1	1
Patrol units	48	48	42	39	39	35
Fire						
Stations	4	4	4	4	4	4
Trucks	12	12	12	12	12	14
Vehicles	9	9	9	9	9	9
Refuse Collection						
Collection trucks	0	0	0	0	0	0
Streets						
Street miles	209	209	209	209	209	209
Streetlights	1407	1407	1407	1407	1407	1410
Traffic signals	20	20	22	22	23	23
Parks and recreation						
Acreage	480	487	487	487	487	487
Playgrounds	11	12	12	12	12	12
Baseball/softball diamonds	10	14	14	14	14	14
Soccer/football fields	8	15	12	12	12	12
Community Center	2	1	1	1	1	1
Pool	0	0	0	0	1	1
Golf course	1	1	1	1	1	1
Library						
Buildings	2	2	2	2	2	2
Public Transportation						
Buses	N/A	N/A	N/A	N/A	N/A	N/A
Trolley	N/A	N/A	N/A	N/A	N/A	N/A
Cemetery						
Plots	27,764	27,764	28,475	40,850	52,595	31,550
Vehicles & Machinery	17	17	17	17	17	17
Water						
Water mains (miles)	94	94	94	94	94	94
Fire hydrants	715	802	810	820	820	822
Storage capacity (thousands of gallons)	6,250	6,250	6,250	6,250	6,250	6,250
Wastewater						
Sanitary sewers (miles)	66	99	106	106	106	106
Storm sewers (feet)	51,105	51,105	105,600	159,679	159,679	159,679
Daily Treatment Capacity	7000	7,000	7,000	7,000	7,000	7,000

CITY OF SAPULPA, OKLAHOMA
Operating Indicators by Function/Program
Last Six Fiscal Years
TABLE 21

Function/Program	2006	2007	2008	2009	2010	2011
Police						
Physical Arrests	1068	1146	1146	1338	1262	1002
*Parking Violations	500	1402	658	779	413	9
Traffic Violations	9746	8200	8504	10141	8978	8392
Fire						
Emergency Responses	1687	1051	1220	1269	1845	2789
Fires Extinguished	247	280	344	290	188	280
Inspections	200	510	148	164	174	209
Solid Waste Collection						
Solid Waste Collected (Tons Per Day)	N/A	N/A	N/A	N/A	N/A	N/A
Recyclables Collected (Tons Per Day)	N/A	N/A	N/A	N/A	N/A	N/A
Other Public Works						
Potholes Repaired:						
Asphalt Patching (Tons)	600	600	700	438	472	400
Concrete Patching (Cubic Yards)	85	30	54	48	38	26
Parks & Recreation						
Athletic Field-Agreements						
Sapulpa Little League (# of Fields Used)	6	14	14	14	14	14
Sapulpa Youth Soccer (# of Fields Used)	8	15	12	12	12	12
Sapulpa Girls Softball (# of Fields Used)	4	10	10	10	10	10
Community Center/Park Rentals	56	56	70	64	237	
Senior Center-Program Participants/Meals Served					7140	7417
-Sr. Center Lunch Program	530	0	0	0		
Water						
Connections	6670	6900	6516	6499	6516	6478
Water Main Breaks	50-100	50	20	25	25-50	100-150
Average Daily Consumption						
(Thousands of Gallons)	1608	1608	2949	3500	3142	3169
Peak Daily Consumption						
(Thousands of Gallons)	5100	5100	4723	5000	4896	5234
Wastewater						
Average Daily Sewage Treatment						
(Thousands of Gallons)	3000	3000	3000	3000	3000	3000
Transit						
Total Route Miles-Trolleys & Broncho	N/A	N/A	N/A	N/A	N/A	N/A
Total Route Miles-Rt-37	N/A	N/A	N/A	N/A	N/A	N/A
Passengers	N/A	N/A	N/A	N/A	N/A	N/A

Source: Various City Departments

*No longer have Overtime Parking Attendant
 Danny Whitehouse-Fire
 Rick Rumsey-Police
 Johnny Walker-Street
 Kenneth Martin-Wastewater
 Bobby Pettit-Water
 John Waytula-Parks
 David Neeley-Utility