



ANNUAL FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORTS

AS OF AND FOR THE 6-MONTH PERIOD ENDED

DECEMBER 31, 2011

# CITY OF GUYMON, OKLAHOMA

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# CITY OF GUYMON, OKLAHOMA

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### **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL AND COMPLIANCE:**

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDIT STANDARDS**

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## INDEPENDENT AUDITORS' REPORT

To the Users of the City of Guymon, Oklahoma,  
Annual Financial Report

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 Guymon, Oklahoma (the "City") as of and for the 6-month period ended December 31, 2011, 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit 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 December 31, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the 6-month period then ended in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2012, 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.

(Continued)

**INDEPENDENT AUDITORS' REPORT, CONTINUED**

Accounting principles generally accepted in the United States require that the management's discussion and analysis, the schedule of pension plan funding progress, and budgetary comparison information on pages 3 through 9, page 53, and page 54 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, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The combining statements nonmajor governmental funds, combining statements—general fund accounts, and schedule of departmental operating revenues and expenses enterprise fund—operating account are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining statements—nonmajor governmental funds, combining statements—general fund accounts, and schedule of departmental operating revenues and expenses enterprise fund—operating account are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

*Finley & Cook, PLLC*

Shawnee, Oklahoma  
June 27, 2012

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the City of Guymon's financial performance provides an overview of the City's financial activities for the six months ended December 31, 2011. Please read it in conjunction with the City's financial statements.

### FINANCIAL HIGHLIGHTS

- ◆ Effective December 31, 2011, the City Council elected to change the fiscal year to a calendar year. Therefore, the financial statements in this report reflect six months of activity beginning July 1, 2011 and ending December 31, 2011.
- ◆ Net assets of the City were \$36.8 million.
- ◆ At the six months ended December 31, 2011, the City's governmental funds reported a combined ending fund balance of \$10.5 million.
- ◆ At the six months ended December 31, 2011, unassigned fund balance for the General Fund was \$2.4 million.

### USING THIS REPORT

This report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

#### Reporting the City as a Whole

##### The Statement of Net Assets and the Statement of Activities

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off financially as a result of the period's activities?" 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, which is similar to the accounting used by most private-sector companies. All of the current period's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the City's net assets and changes in them. You can think of the City's net assets—the difference between assets and liabilities—as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the City's sales tax base and the condition of the City's roads, to assess the overall health of the City.

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, parks, and ambulance. 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 it cover all or most of the cost of certain services it provides. The City’s water, sewer, sanitation, and natural gas systems 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, the City Council establishes many other funds to help it control and manage money for particular purposes (like the Guymon Development Fund) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (like grants received from the Oklahoma Department of Commerce). The City’s two fund categories—governmental and proprietary—use different accounting approaches.

- ◆ **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 period-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting and a current financial resources measurement focus, 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 services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City’s programs. We illustrate the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds with a reconciliation at the bottom of the fund financial statements.
- ◆ **Proprietary funds**—When the City charges customers for the services it provides, 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 Activities. In fact, the City’s enterprise fund is 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.

## THE CITY AS A WHOLE

### Net Assets

As shown on Table 1, the City's *combined* net assets were \$36.8 million.

**Table 1**  
**Net Assets**  
**December 31, 2011**  
**(In Thousands)**

	Governmental Activities	Business-type Activities	Total Primary Government
	2011	2011	2011
Current and other assets	\$ 11,897	\$ 6,480	\$ 18,377
Capital assets	12,083	35,503	47,586
<b>Total assets</b>	<b>23,980</b>	<b>41,983</b>	<b>65,963</b>
Long-term debt outstanding	5,244	20,236	25,480
Other liabilities	1,384	2,317	3,701
<b>Total liabilities</b>	<b>6,628</b>	<b>22,553</b>	<b>29,181</b>
<b>Net assets:</b>			
Invested in capital assets, net of debt	11,866	14,419	26,285
Restricted	2,796	156	2,952
Unrestricted	2,690	4,855	7,545
<b>Total net assets</b>	<b>\$ 17,352</b>	<b>\$ 19,430</b>	<b>\$ 36,782</b>

**Note:** Due to a change in the City's year end from June 30 to December 31, a comparison is not included because amounts presented above are for six months while prior statements were for twelve months. However, in future years, management plans to include such comparison.

The largest portion of the City's net assets reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. This period the investment in capital assets, net of related debt, amounted to \$26.3 million.

Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the City's net assets, \$3 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$7.5 million, may be used to meet the government's ongoing needs.

**Table 2**  
**Changes in Net Assets**  
**For the Six Months Ended December 31, 2011**  
**(In Thousands)**

	Governmental Activities	Business-Type Activities	Total Primary Government
	2011	2011	2011
<b>Revenues:</b>			
<b>Program revenues:</b>			
Charges for services	\$ 564	\$ 5,364	\$ 5,928
Operating grants	317	-	317
Capital grants	129	-	129
<b>General revenues:</b>			
Sales and use taxes	3,434	-	3,434
Other taxes	814	-	814
Other general revenue	263	73	336
<b>Total revenues</b>	<b>5,521</b>	<b>5,437</b>	<b>10,958</b>
<b>Program expenses:</b>			
General government	315	-	315
Public safety and judiciary	2,294	-	2,294
Transportation	998	-	998
Cultural, parks and recreation	862	-	862
Community/economic development	249	-	249
Interest	119	-	119
Gas	-	1,359	1,359
Garage	-	35	35
Water	-	801	801
Sewer	-	1,289	1,289
Sanitation	-	574	574
Administration	-	541	541
<b>Total expenses</b>	<b>4,837</b>	<b>4,599</b>	<b>9,436</b>
<b>Excess (deficiency)</b>			
before transfers	684	838	1,522
Transfers	(872)	872	-
<b>Increase (decrease)</b>			
<b>in net assets</b>	<b>(188)</b>	<b>1,710</b>	<b>1,522</b>
<b>Beginning net assets</b>	<b>17,540</b>	<b>17,720</b>	<b>35,260</b>
<b>Ending net assets</b>	<b>17,352</b>	<b>19,430</b>	<b>36,782</b>

### 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. Table 3 presents the cost of each of the City's seven largest programs—police, economic development, fire, street, golf, general government, and community development—as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the City's taxpayers by each of these functions.

The City's governmental activities had a decrease in net assets of approximately \$0.2 million.

Table 3  
Governmental Activities  
For the Six Months Ended December 31, 2011  
(In Thousands)

	Total Cost of Services	Net Revenue (Expense) of Services
	2011	2011
Police Dept.	\$ 1,191	\$ (907)
Economic Development	59	(44)
Fire Dept.	757	(659)
Street Dept.	532	(484)
Golf Dept.	303	(159)
General Government Dept.	151	(136)
Community Development	154	(68)
All others	1,690	(1,371)
<b>Totals</b>	<b>\$ 4,837</b>	<b>\$ (3,828)</b>

### Business-type Activities

The business-type activities had an increase in net assets of \$1.7 million. This is due to gas, water, sanitation, and farm exceeding their related expenses.

Table 4  
Business-Type Activities  
For the Six Months Ended December 31, 2011  
(In Thousands)

	Total Cost of Services	Net Revenue (Expense) of Services
	2011	2011
Gas	\$ 1,359	\$ 690
Garage	35	(35)
Water	801	914
Sewer	1,289	(522)
Sanitation	574	187
Farm	-	72
Administration	541	(541)
<b>Totals</b>	<b>\$ 4,599</b>	<b>\$ 765</b>

## THE CITY'S FUNDS

As the City completed its six month period ended December 31, 2011, the governmental funds reported a combined fund balance of \$10.5 million.

## GENERAL FUND BUDGETARY HIGHLIGHTS

For the six months ended December 31, 2011, the General Fund reported actual budgetary basis revenues above final estimates by \$0.4 million for a 14% positive variance. This variance is primarily due to the significant increase in taxes received over budget. General Fund actual expenditures were under final appropriations by \$0.3 million for a 9% positive variance. This variance is primarily due to the fire, police, and street departments' expenditures coming in significantly under budget.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At the end of December 31, 2011, the City had \$80 million invested in capital assets including police and fire equipment, buildings, park facilities, roads, and water, sewer, and gas lines (See Table 5). Further detailed information can be found in the notes to the financial statements (Notes 1.D. and 3.D.).

**Table 5**  
**Capital Assets**  
**December 31, 2011**  
**(In Thousands)**

	Governmental	Business-Type	Totals
	Activities	Activities	
	2011	2011	2011
Land	\$ 290	\$ 2,245	\$ 2,535
Buildings	2,192	976	3,168
Improvements	10,390	460	10,850
Equipment	6,619	3,077	9,696
Infrastructure	4,954	-	4,954
Utility Property	-	44,884	44,884
Construction in Progress	1,360	2,060	3,420
<b>Totals</b>	<b>\$ 25,805</b>	<b>\$ 53,702</b>	<b>\$ 79,507</b>

This period's major additions (excluding construction in progress) included:

Airport Runway 18/36 Micro Surfacing	\$451,000
2011 Street Sealcoat Project	316,000
GIS Mapping Software-911	118,000
5 <sup>th</sup> Street & Quinn Street Waterline	115,000
4 HeartStart MRx ALS Monitors	87,000
2005 Freightliner	58,000
2012 Steco Steel Walking Floor Trailer	56,000
2012 Chevrolet Tahoe	30,000

### Debt

At the six months ended December 31, 2011, the City had \$27.1 million in outstanding notes and capital leases. Other long-term obligations of the City include accrued compensated

absences and customer deposit liability. Further detailed information can be found in Note 3.E.

**Table 6**  
**Long-term Debt**  
**December 31, 2011**  
**(In Thousands)**

	Governmental Activities	Business-Type Activities	Totals
	2011	2011	2011
Revenue notes (backed by fee and tax revenues)	\$ 5,260	\$ 21,536	\$ 26,796
Capital lease obligations (backed by City and GUA)	213	92	305
<b>Totals</b>	<b>\$ 5,473</b>	<b>\$ 21,628</b>	<b>\$ 27,101</b>

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The General Fund 2012 budget reflects a use of \$0.2 million of fund balance. Estimated revenues decreased 5% from 2011 while estimated expenditures increased 20%. The difference is funded by use of fund balance. However, even with the use of fund balance, the ending fund balance amount is still 44% of estimated annual revenues.

The enterprise fund is budgeting for an increase in revenues of 18% and an increase in expenditures of 14%. The GUA ending fund balance is estimated to be 39% of annual revenues.

### **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 City Clerk's Office at 219 N.W. 4<sup>th</sup> Street, Guymon, Oklahoma or telephone at 580-338-3396.



## BASIC FINANCIAL STATEMENTS

The basic financial statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government-wide financial statements
- Fund financial statements:
  - Governmental funds
  - Proprietary (enterprise) fund

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

**City of Guymon, Oklahoma**  
**Statement of Net Assets**  
**December 31, 2011**

	<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>	
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash, including time deposits	\$ 4,200,947	\$ 3,787,298	\$ 7,988,245
Restricted cash, including time deposits	5,596,047	162,260	5,758,307
Investments	51,464	-	51,464
Accounts receivable, net	569,005	1,682,065	2,251,070
Due from other governments	1,347,676	22,107	1,369,783
Total current assets	11,765,139	5,653,730	17,418,869
<b>Noncurrent Assets:</b>			
Restricted cash, including time deposits	-	297,957	297,957
Unamortized note issue costs	132,082	528,320	660,402
<b>Capital Assets:</b>			
Nondepreciable	1,649,696	4,304,695	5,954,391
Depreciable, net	10,433,348	31,198,480	41,631,828
Total noncurrent assets	12,215,126	36,329,452	48,544,578
<b>Total Assets</b>	23,980,265	41,983,182	65,963,447
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accounts payable	236,556	578,655	815,211
Retainage payable	4,900	-	4,900
Accrued Interest payable	56,019	208,292	264,311
Due to other governmental agencies	946	-	946
Refundable court bonds	16,374	-	16,374
Unearned revenues	664,847	-	664,847
<b>Current portion of long-term:</b>			
Capital lease obligation	102,287	49,332	151,619
Notes payable	285,000	1,475,443	1,760,443
Accrued compensated absences	17,568	5,771	23,359
Total current liabilities	1,384,517	2,317,493	3,702,010
<b>Noncurrent liabilities:</b>			
Customer deposits payable	-	96,457	96,457
Capital lease obligation	110,565	42,822	153,387
Notes payable, net	4,975,000	20,044,676	25,019,676
Refundable grant obligation	-	-	-
Accrued compensated absences	158,290	51,938	210,228
Total noncurrent liabilities	5,243,855	20,235,893	25,479,748
<b>Total Liabilities</b>	6,628,372	22,553,386	29,181,758
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	11,866,330	14,419,222	26,285,552
<b>Restricted for:</b>			
Capital projects/debt service	1,500,197	-	1,500,197
Public safety	386,247	-	386,247
Convention/tourism	199,937	-	199,937
Other	647,424	155,468	802,892
<b>Permanent fund purposes:</b>			
Permanent fund - nonexpendable	4,300	-	4,300
Permanent fund - expendable	58,013	-	58,013
Unrestricted	2,689,445	4,855,106	7,544,551
<b>Total net assets</b>	\$ 17,351,893	\$ 19,429,796	\$ 36,781,689

See accompanying notes to the basic financial statements.

City of Guymon, Oklahoma  
Statement of Activities  
For the Six Months Ended December 31, 2011

Functions/Programs	Expenses	Indirect Expense Allocation	Program Revenue			Net (Expense) Revenue and Changes in Net Assets		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government								
Governmental Activities								
General government								
City clerk	\$ 25,073	\$ -	\$ -	\$ -	\$ -	\$ (25,073)	\$ -	\$ (25,073)
City treasurer	32,771	-	-	-	-	(32,771)	-	(32,771)
Human resources	74,888	-	-	-	-	(74,888)	-	(74,888)
Information technology	31,247	-	-	-	-	(31,247)	-	(31,247)
General government	150,860	-	15,098	-	-	(135,762)	-	(135,762)
Total General Government	314,839	-	15,098	-	-	(299,741)	-	(299,741)
Public Safety and Judiciary								
City attorney	38,949	-	-	-	-	(38,949)	-	(38,949)
Ambulance	218,626	-	181,447	-	-	(37,179)	-	(37,179)
Police	1,191,411	-	187,998	54,301	61,767	(907,347)	-	(907,347)
Municipal court	78,700	-	-	-	-	(78,700)	-	(78,700)
Fire	757,387	-	-	89,689	8,318	(659,382)	-	(659,382)
Civil emergency management	9,360	-	-	-	-	(9,360)	-	(9,360)
Total Public Safety and Judiciary	2,294,433	-	349,443	143,990	70,085	(1,730,917)	-	(1,730,917)
Transportation								
Airport	135,769	-	5,075	-	-	(130,694)	-	(130,694)
Streets	532,078	-	-	47,590	-	(484,478)	-	(484,478)
Public transportation	329,879	-	18,792	73,320	-	(237,767)	-	(237,767)
Total Transportation	997,726	-	23,867	120,910	-	(852,949)	-	(852,949)
Cultural, Parks, and Recreation								
Golf	302,931	-	143,975	-	-	(158,956)	-	(158,956)
Library	160,825	-	2,513	20,432	304	(137,578)	-	(137,578)
Cemetery	61,994	-	8,515	-	-	(53,479)	-	(53,479)
Swimming pool	34,995	-	5,256	-	-	(29,739)	-	(29,739)
Parks	236,451	-	150	-	-	(236,301)	-	(236,301)
Tourism	65,197	-	-	4,000	-	(61,197)	-	(61,197)
Total Cultural, Parks, and Recreation	862,393	-	160,409	24,432	304	(677,248)	-	(677,248)
Community/Economic Development								
Community development	154,280	-	15,079	12,186	58,609	(68,386)	-	(68,386)
Business incubator	35,639	-	-	-	-	(35,639)	-	(35,639)
Economic development	58,705	-	-	15,000	-	(43,705)	-	(43,705)
Total Community/Economic Development	248,624	-	15,079	27,186	58,609	(147,730)	-	(147,730)
Interest on Long-term Debt	119,388	-	-	-	-	(119,388)	-	(119,388)
Total governmental activities	4,637,383	-	563,896	316,527	128,996	(3,627,964)	-	(3,627,964)
Business-type activities								
Gas	1,359,168	209,348	2,048,839	-	-	-	480,295	480,295
Garage	35,330	-	-	-	-	-	(35,330)	(35,330)
Water	800,501	175,170	1,714,337	-	-	-	738,666	738,666
Sewer	1,288,994	78,423	787,508	-	-	-	(599,906)	(599,906)
Sanitation	674,173	77,757	780,982	-	-	-	109,052	109,052
Farm	72	-	72,109	-	-	-	72,037	72,037
Administration	540,698	(540,698)	-	-	-	-	-	-
Total business-type activities	4,598,984	-	5,363,775	-	-	-	764,811	764,811
Total primary government	9,436,347	-	5,927,671	316,527	128,996	(3,627,964)	764,811	(3,053,153)
General revenues:								
Taxes:								
Sales and use taxes						3,434,361	-	3,434,361
Franchise and public service taxes						263,454	-	263,454
E-911 taxes, dedicated for emergency services						71,207	-	71,207
Hotel/Motel taxes, dedicated for tourism						91,141	-	91,141
Tax apportionment taxes, dedicated for economic development						386,095	-	386,095
Airport fuel tax						2,523	-	2,523
Intergovernmental, unrestricted						123,124	-	123,124
Unrestricted investment earnings						13,061	15,534	28,595
Miscellaneous						126,606	57,657	184,263
Transfers						(872,245)	872,245	-
Total general revenues and transfers						3,639,327	945,436	4,584,763
Change in net assets						(188,637)	1,710,247	1,521,610
Net assets - beginning						17,540,530	17,719,549	35,260,079
Net assets - ending						\$ 17,351,893	\$ 19,429,796	\$ 36,781,689

See accompanying notes to the basic financial statements

City of Guymon, Oklahoma  
Balance Sheet  
Governmental Funds  
December 31, 2011

	<u>General Fund</u>	<u>General Sales Tax CIF</u>	<u>GUA Sales Tax CIF</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash, including time deposits	\$ 1,973,085	\$ 6,268,668	\$ 511,449	\$ 1,043,792	\$ 9,796,994
Investments	-	-	-	51,464	51,464
Receivable from other governments	628,593	187,987	187,987	343,109	1,347,676
Accounts receivable, net	511,308	-	-	57,551	568,859
Due from other funds	6,021	-	-	-	6,021
Total assets	<u>3,119,007</u>	<u>6,456,655</u>	<u>699,436</u>	<u>1,495,916</u>	<u>11,771,014</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	46,937	153,906	4,013	31,554	236,410
Due to other funds	6,021	-	-	-	6,021
Retainage payable	-	4,900	-	-	4,900
Due to other governments	946	-	-	-	946
Refundable court bonds	16,374	-	-	-	16,374
Deferred revenue	251,166	313,000	-	413,456	977,622
Total liabilities	<u>321,444</u>	<u>471,806</u>	<u>4,013</u>	<u>445,010</u>	<u>1,242,273</u>
<b>Fund balances:</b>					
Nonspendable	-	-	-	4,300	4,300
Restricted	125,304	5,984,849	695,423	1,107,708	7,913,284
Assigned	256,345	-	-	200	256,545
Unassigned	2,415,914	-	-	(61,302)	2,354,612
Total fund balances	<u>2,797,563</u>	<u>5,984,849</u>	<u>695,423</u>	<u>1,050,906</u>	<u>10,528,741</u>
Total liabilities and fund balances	<u>\$ 3,119,007</u>	<u>\$ 6,456,655</u>	<u>\$ 699,436</u>	<u>\$ 1,495,916</u>	<u>\$ 11,771,014</u>

See accompanying notes to the basic financial statements.

**City of Guymon, Oklahoma**  
**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net**  
**Assets**  
**December 31, 2011**

Total fund balance, governmental funds	\$	10,528,741
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation of \$13,721,865		12,083,044
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds:		
Accounts receivable, net of allowance for doubtful accounts		312,775
Unamortized note issue costs		132,082
Certain liabilities are not due and payable in the current period from current financial resources, and therefore are not reported in the funds:		
Capital lease obligations		(212,852)
Notes payable		(5,260,000)
Accrued interest payable		(56,019)
Accrued compensated absences		(175,878)
Net Assets of Governmental Activities in the Statement of Net Assets	\$	17,351,893

See accompanying notes to the basic financial statements.

City of Guymon, Oklahoma  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Six Months Ended December 31, 2011

	<u>General Fund</u>	<u>General Sales Tax CIF</u>	<u>GUA Sales Tax CIF</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Taxes	\$ 2,242,105	\$ 748,498	\$ 748,498	\$ 548,443	\$ 4,287,544
Intergovernmental	394,919	-	-	39,722	434,641
Charges for services	353,892	-	-	17,814	371,706
Fines and forfeitures	170,179	-	-	-	170,179
Licenses and permits	15,158	-	-	-	15,158
Investment earnings	10,406	3,544	1,900	(2,620)	13,230
Miscellaneous	83,914	113,267	-	33,379	230,560
Total revenues	<u>3,270,573</u>	<u>865,309</u>	<u>750,398</u>	<u>636,738</u>	<u>5,523,018</u>
<b>EXPENDITURES</b>					
Current:					
General Government:					
City clerk	24,948	-	-	-	24,948
City treasurer	31,966	-	-	-	31,966
Human resources	72,880	-	-	-	72,880
Information technology	31,247	-	-	-	31,247
General government	138,823	-	-	-	138,823
Total General Government	<u>299,864</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>299,864</u>
Public Safety and Judiciary:					
City attorney	38,949	-	-	-	38,949
Ambulance	188,175	-	-	-	188,175
Police	1,077,664	-	-	32,787	1,110,451
Municipal court	79,337	-	-	-	79,337
Fire	695,517	-	-	3,138	698,655
Civil emergency management	8,345	-	-	-	8,345
Total Public Safety and Judiciary	<u>2,087,987</u>	<u>-</u>	<u>-</u>	<u>35,925</u>	<u>2,123,912</u>
Transportation:					
Airport	43,290	-	-	-	43,290
Street	392,054	-	-	-	392,054
Public Transportation	290,531	-	-	-	290,531
Total Transportation	<u>725,875</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>725,875</u>
Cultural, Parks, and Recreation:					
Golf	275,300	-	-	-	275,300
Library	138,618	-	-	18,651	157,269
Cemetery	52,764	-	-	-	52,764
Swimming pool	34,763	-	-	-	34,763
Parks	211,920	-	-	-	211,920
Tourism	-	-	-	59,493	59,493
Total Cultural, Parks and Recreation	<u>713,365</u>	<u>-</u>	<u>-</u>	<u>78,144</u>	<u>791,509</u>
Community/Economic Development:					
Community development	129,466	-	-	21,502	150,968
Business incubator	35,108	-	-	-	35,108
Economic development	-	-	-	58,705	58,705
Total Community/Economic Development	<u>164,574</u>	<u>-</u>	<u>-</u>	<u>80,207</u>	<u>244,781</u>
Debt Service:					
Principal	82,442	140,000	-	-	222,442
Interest and other charges	5,858	115,021	-	-	120,879
Capital Outlay	67,620	801,263	-	134,353	1,003,236
Total Expenditures	<u>4,147,585</u>	<u>1,056,284</u>	<u>-</u>	<u>328,629</u>	<u>5,532,498</u>
Excess (deficiency) of revenues over expenditures	<u>(877,012)</u>	<u>(190,975)</u>	<u>750,398</u>	<u>308,109</u>	<u>(9,480)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	559,644	-	-	-	559,644
Transfers out	(372,344)	-	(886,930)	-	(1,259,274)
Total other financing sources and uses	<u>187,300</u>	<u>-</u>	<u>(886,930)</u>	<u>-</u>	<u>(699,630)</u>
Net change in fund balances	(689,712)	(190,975)	(136,532)	308,109	(709,110)
Fund balances - beginning	3,487,275	6,175,824	831,955	742,797	11,237,851
Fund balances - ending	<u>\$ 2,797,563</u>	<u>\$ 5,984,849</u>	<u>\$ 695,423</u>	<u>\$ 1,050,906</u>	<u>\$ 10,528,741</u>

See accompanying notes to the basic financial statements.

**City of Guymon, Oklahoma**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of**  
**Governmental Funds to the Statement of Activities**  
**For the Six Months Ended December 31, 2011**

Net change in fund balances - total governmental funds: \$ (709,110)

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

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

Capital asset purchases capitalized	1,005,922
Depreciation expense	(538,639)
Capital assets transferred from business-type activities	133
Capital assets transferred to business-type activities	(172,748)
Book value of disposed capital assets	(490)

In the Statement of Activities, the proceeds of long-term capital leases is recognized as an increase in long-term debt. The fund financial statements recognize proceeds as revenue.

Proceeds from long-term and short-term debt	-
---	---

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:

Accounts receivable, net of deferred revenue	(1,858)
--	---------

Repayment of debt principal and note issue costs is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets:

Long-term debt principal payments	222,442
Note issue costs payments	-

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 compensated absences	9,022
Change in accrued interest payable	1,492
Amortization of note issue costs	(4,803)

Change in net assets of governmental activities	\$ (188,637)
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See accompanying notes to the basic financial statements.

**City of Guymon, Oklahoma**  
**Statement of Net Assets**  
**Proprietary Fund**  
**December 31, 2011**

	<u>Guymon Utility Authority</u>
<b>ASSETS</b>	
Current assets:	
Cash, including time deposits	\$ 3,787,298
Restricted cash, including time deposits	162,260
Receivables	
Utility billing, net of allowance for uncollectible accounts	1,682,065
Due from other governments	22,107
Total current assets	<u>5,653,730</u>
Non-current assets:	
Restricted assets:	
Cash, including time deposits	297,957
Unamortized note issue costs	528,320
Capital Assets:	
Non-depreciable	4,304,695
Depreciable, net	31,198,480
Total non-current assets	<u>36,329,452</u>
Total assets	<u><u>41,983,182</u></u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable and accrued liabilities	578,655
Accrued interest payable	208,292
Notes payable	1,475,443
Capital lease payable	49,332
Accrued compensated absences	5,771
Total current liabilities	<u>2,317,493</u>
Non-current liabilities:	
Customer deposits payable	96,457
Notes payable, net	20,044,676
Capital lease payable	42,822
Accrued compensated absences	51,938
Total non-current liabilities	<u>20,235,893</u>
Total liabilities	<u><u>22,553,386</u></u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	14,419,222
Restricted for debt service	155,468
Unrestricted	4,855,106
Total net assets	<u><u>\$ 19,429,796</u></u>

See accompanying notes to the basic financial statements.

**City of Guymon, Oklahoma**  
**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Proprietary Fund**  
**For the Six Months Ended December 31, 2011**

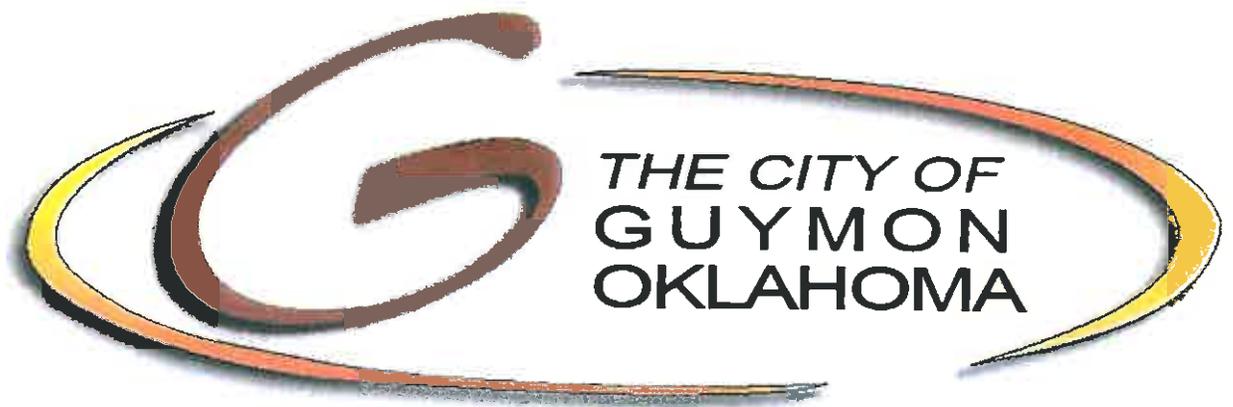
	<u>Guymon Utility</u> <u>Authority</u>
<b>OPERATING REVENUES</b>	
Charges for services:	
Gas charges (net of \$15,704 bad debt)	\$ 2,023,766
Water charges (net of \$6,555 bad debt)	1,712,589
Sewer charges (net of \$3,333 bad debt)	766,343
Sanitation charges (net of \$3,105 bad debt)	760,139
Penalties	21,069
Agriculture revenue	72,109
Total charges for services	5,356,015
Miscellaneous	65,417
Total operating revenues	5,421,432
<b>OPERATING EXPENSES</b>	
Cost of goods sold	1,074,170
Personal services	1,194,092
Materials and supplies	144,068
Other services and charges	1,018,059
Depreciation	803,796
Amortization	22,166
Total Operating Expenses	4,256,351
Operating income (loss)	1,165,081
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Investment income	15,534
Interest expense	(342,613)
Gain (Loss) on transfer of capital assets to governmental funds	(133)
Total non-operating revenue (expenses)	(327,212)
Income before transfers and contributions	837,869
<b>TRANSFERS AND CONTRIBUTIONS:</b>	
Contributed capital	172,748
Interfund transfers in	1,259,274
Interfund transfers out	(559,644)
Net Transfers	872,378
Change in net assets	1,710,247
Total net assets - beginning	17,719,549
Total net assets - ending	\$ 19,429,796

See accompanying notes to the basic financial statements.

City of Guymon, Oklahoma  
Statement of Cash Flows  
Proprietary Fund  
For the Six Months Ended December 31, 2011

	<u>Guymon Utilities Authority</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers	\$ 4,832,846
Payments to suppliers	(1,780,455)
Payments to employees	(1,191,482)
Receipts of customer meter deposits	15,163
Refunds of customer meter deposits	(15,410)
<b>Net cash provided by (used in) operating activities</b>	<u>1,860,662</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfers from other funds	1,259,274
Transfers to other funds	(559,644)
<b>Net cash provided by (used in) noncapital financing activities</b>	<u>699,630</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchases of capital assets	(97,921)
Proceeds from long-term debt	46,624
Principal paid on debt	(871,727)
Interest and fiscal agent fees paid on debt	(371,147)
<b>Net cash provided by (used in) capital and related financing activities</b>	<u>(1,294,171)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest and dividends	15,534
<b>Net cash provided by (used in) investing activities</b>	<u>15,534</u>
<b>Net Increase (decrease) in cash and cash equivalents</b>	1,281,655
<b>Balances - beginning of year</b>	<u>2,965,860</u>
<b>Balances - end of year</b>	<u>\$ 4,247,515</u>
<b>Reconciliation to Statement of Net Assets:</b>	
Cash and cash equivalents	3,787,298
Restricted cash and cash equivalents - current	162,260
Restricted cash and cash equivalents - noncurrent	297,957
<b>Total cash and cash equivalents, end of year</b>	<u>\$ 4,247,515</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>	
Operating income (loss)	\$ 1,165,081
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	803,796
Amortization expense	22,166
Change in assets and liabilities:	
Due from other funds	-
Due to other funds	-
Due from other governments	11,569
Accounts receivable	(602,655)
Other receivable	2,500
Accounts payable	454,673
Deposit with third party administrator	-
Deposits subject to refund	(247)
Deposit with insurance pool	1,169
Accrued compensated absences	2,610
<b>Net cash provided by (used in) operating activities</b>	<u>\$ 1,860,662</u>
<b>Noncash Items:</b>	
Transfer of capital assets from governmental fund	\$ 172,748
Transfer of capital assets to governmental fund	(133)
Capitalized interest	20,423
<b>Total Noncash Items</b>	<u>\$ 193,038</u>

See accompanying notes to the basic financial statements



**CITY OF GUYMON, OKLAHOMA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

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**CITY OF GUYMON, OKLAHOMA  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 DECEMBER 31, 2011**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City complies with generally accepted accounting principles (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 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 Guymon
Blended Component Units:	Guymon Utilities Authority Guymon Industrial Authority Guymon Airport 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 financially accountable.

*Blended Component Units*

Blended component units are separate legal entities that meet 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 activity type to comprise the primary government presentation.

*Discretely Presented Component Units*

Discretely presented component units are separate legal entities that meet the component unit criteria described above but do not meet the criteria for blending. Currently, the City has no discretely presented component units.

**Blended Component Units**

Component units that are blended into the reporting activity types of the City's report are presented below:

<u>Component Unit</u>	<u>Brief Description/Inclusion Criteria</u>	<u>Reporting</u>
Guymon Utilities Authority (GUA)	Created February 1, 1961, to finance, develop and operate the water and sewer activities, amended in subsequent years to include the gas and sanitation activities. The current City Council serves as entire governing body (Trustees). Any issuances of debt would require a two-thirds approval of the City Council.	Major Enterprise Fund

**CITY OF GUYMON, OKLAHOMA  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 DECEMBER 31, 2011**

<u>Component Unit</u>	<u>Brief Description/Inclusion Criteria</u>	<u>Reporting</u>
Guymon Industrial Authority (GIA)	Created December 1, 1965, to finance and promote the development of industry within and around the City. The current City Council serves as entire governing body (Trustees). Any issuances of debt would require a two-thirds approval of the City Council.	Nonmajor Special Revenue Fund
Guymon Airport Authority (GAA)	Created April 7, 1965, to finance and develop the municipal airport. The current City Council serves as entire governing body (Trustees). Any issuances of debt would require a two-thirds approval of the City Council. Currently, the GAA is inactive. The airport operations are accounted for by the City as a special revenue fund.	N/A

**1.B. BASIS OF PRESENTATION**

*Government-Wide Financial Statements:*

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

*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 expenditure/expenses. Funds are organized into three major categories: governmental, proprietary and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 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.

The funds of the financial reporting entity are described below:

**Governmental Funds**

*General Fund*

The General Fund is the primary operating fund of the City and always classified as a major fund. It is used to account for all financial resources not accounted for and reported in another fund.

**CITY OF GUYMON, OKLAHOMA  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 DECEMBER 31, 2011**

*Special Revenue Funds*

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

*Capital Projects Funds*

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets

*Permanent Fund*

The Permanent Fund accounts for and reports resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's programs.

**Proprietary Fund**

*Enterprise Fund*

Enterprise funds are used to account for business-like activities provided to the general public. 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 Guymon Utilities Authority enterprise fund. This fund accounts for activities of the public trust and provides water, wastewater, sanitation, and gas services to the public.

**Major and Non-Major Funds**

The funds are further classified as major or non-major as follows:

<u>Fund</u>	<u>Brief Description</u>
<i>Major:</i>	
General	See above for description
General Sales Tax CIF	A capital projects fund that accounts for one cent sales tax restricted for capital items.
GUA Sales Tax CIF	A capital projects fund that accounts for one cent sales tax restricted for specific water and wastewater projects.
Proprietary Fund: Guymon Utilities Authority	Accounts for activities of the public trust and provides water, wastewater, sanitation, and gas services to the public.
<i>Non-Major:</i>	
Capital Project Fund: Cemetery Care	Accounts for 15 percent of cemetery revenue restricted by State law for cemetery capital improvements.

**CITY OF GUYMON, OKLAHOMA  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 DECEMBER 31, 2011**

Special Revenue Funds:	
E-911	Accounts for revenues and expenditures of E-911 service that are legally restricted for public safety use.
Guymon Development	Accounts for donations on specific projects which are restricted for each individual project.
Library	Accounts for revenues and expenditures of library grant funds.
Grant	Accounts for revenues and expenditures of various grant funds.
Hotel/Motel Tax	Accounts for revenues and expenditures of hotel/motel tax restricted by local ordinance for the promotion of convention and tourism.
Police	Accounts for drug forfeiture funds received from the district attorney to be used for specified police activities.
Guymon Industrial Authority	Accounts for revenues and expenditures of promoting industrial economic development.
Permanent Fund:	
Dale	Accounts for monies donated by F. Hiner Dale to be used for maintaining his cemetery plots, providing for books to be placed in the city library, providing for expenses incurred in recognizing a "Citizen of the Year", and maintaining Dale Park No. 1.

**1.C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

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

**Measurement Focus**

On the government-wide Statement of Net Assets and the Statement of Activities both governmental and business-like activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. All governmental funds utilize a "current financial resources" measurement 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.
- b. The proprietary fund utilizes an "economic resources" measurement focus. 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) associated with their activities are reported. Proprietary fund equity is classified as net assets.

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**Basis of Accounting**

In the government-wide Statement of Net Assets and Statement of Activities both governmental and business-like activities are presented using the accrual basis of accounting. 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.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. 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 (within 60 days of period end) to pay current liabilities. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

**1.D. ASSETS, LIABILITIES, AND EQUITY**

**Cash and Investments**

For the purpose of the Statement of Net Assets, "cash, including time deposits" includes all demand, savings accounts and certificates of deposits of the City. For the purposes of the proprietary fund Statement of Cash Flows, "cash and cash equivalents" includes all demand and savings accounts, and certificates of deposits or short-term investments with an original maturity of three months or less. Investments of the promissory note trustee accounts are not considered cash equivalents.

Investments are carried at fair value except for short-term U.S. Treasury obligations with a remaining maturity at the time of purchase of one year or less. Those investments are reported at amortized cost. Fair value is based on quoted market price. Additional cash and investment disclosures are presented in Note 2.B. and Note 3.A.

**Receivables**

In the government-wide statements, receivables consist of all revenues earned at period-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include sales and use taxes, franchise taxes, grants, police fines, and ambulance fees. Business-type activities report utilities as its major receivables.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise tax, tax increment revenue, and grants and other similar intergovernmental revenues since they are usually both measurable and available. Non-exchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. Proprietary fund material receivables consist of all revenues earned at period-end and not yet received. Utility accounts receivable (such as gas, water, wastewater, and sanitation revenues) comprise the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

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**Capital Assets**

The accounting treatment over 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*

In the government-wide financial statements, capital assets are accounted for as capital assets. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. Estimated historical cost was used to value the majority of the assets acquired prior to June 30, 1993.

Prior to July 1, 1998, governmental funds' infrastructure assets were not capitalized. These assets (back to July 1, 1980) have been valued at estimated historical cost.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold of \$1,000 is used to report capital assets. The range of estimated useful lives by type of asset is as follows:

- Buildings	25-50 years
- Improvements	10-50 years
- Machinery and Equipment	3-20 years
- Utility System	25-50 years
- Infrastructure	25-50 years

*Fund Financial Statements*

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

**Restricted Assets**

Restricted assets include cash and investments of the proprietary fund that are legally restricted as to their use. The primary restricted assets are related to promissory note trustee accounts and utility meter deposits.

**Long-Term Debt**

The accounting treatment of long-term debt 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.

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists of notes payable, capital leases, and accrued compensated absences.

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

**Compensated Absences**

The City's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. The liability for these compensated absences is recorded as long-term debt in the government-wide statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. Compensated absences are reported in governmental funds only if they have matured (i.e. unused reimbursable leave still outstanding following an employee's resignation or retirement).

**Equity Classifications**

*Government-Wide 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.

*Fund 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 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. 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 while the GIA highest level of decision-making authority is made by resolution. The City currently has no committed fund balance.
- d. Assigned – includes amounts that are constrained by the city's intent to be used for specific purposes but are neither restricted nor 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.

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It is the City's policy to first use restricted fund balance prior to the use of unrestricted fund balance when an expense is incurred for purposes for which both restricted and unrestricted fund balance 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. The only exception to this policy is for assigned interest income in governmental funds other than the General Fund. In those funds, interest income is used first before other revenues.

Proprietary fund equity is classified the same as in the government-wide statements. See Note 3.G. for additional disclosures.

**1.E. REVENUES, EXPENDITURES, AND EXPENSES**

**Sales Tax**

Since March 2008, the City 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. The Tax Commission receives the sales tax approximately one-half month after collection by vendors. Two cents is recorded entirely in the General Fund initially. Then one cent is transferred to the Guymon Utilities Authority to be used for debt service. Any remaining unused sales tax after payment of debt service is then transferred back to the General Fund. An additional one cent is deposited into the General Sales Tax CIF Fund to be used for capital purposes and another one cent is recorded in the GUA Sales Tax CIF to be used for specific water and wastewater capital projects. Sales taxes collected by the State in December and January (which represent sales for the last half of November and December) and received by the City in January has been accrued. Half of February collections by the City have also been accrued and are included under the caption "Due from other governments".

**Use Tax**

The City levies a four-cent use tax on personal property purchased outside the city limits but stored, used or consumed within the city. The use tax is collected by the Oklahoma Tax Commission and remitted to the City in the month following receipt by the Tax Commission, which is one-half month after the tax is received from the vendors. The use taxes are allocated entirely to the General Fund. Use taxes collected by the State in December and January and received by the City in January and February are included under the caption "Due from other governments".

**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 judgements. Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied annually on November 1 and are due one-half by December 31 and one-half by March 31. The Office of Texas County bills and collects the property taxes and remits to the City its portion. In the fund financial statements, property taxes are recorded as revenue in the period levied to the extent they are collected within 60 days of year-end.

**Program Revenues**

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

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General government	Building permits, alley cut permits, occupational licenses, plumbing/electric inspections, and miscellaneous licenses and permits.
Ambulance	Ambulance run charges.
Police	Fines and 911 county charges for services, individual donations, state on-behalf payments, and county 911 contributions for operations are categorized as operating grants, and private donations are categorized as capital grants.
Fire	State on-behalf payments and private donations are classified as operating grants and a private donation capital grant.
Airport	Hangar lease charges.
Streets	Commercial vehicle and gasoline excise tax granted by the State.
Public Transportation	Bus fares, Federal and State operating grants.
Golf	Golf fees.
Library	Fines, operating grants include State and private foundation grants, capital grants include donations.
Cemetery	Grave opening/closing fees and lot sales.
Swimming pool	Swimming fees.
Parks	Fishing licenses and federal capital grant.
Tourism	State operating grant.
Community development	Building rent, operating grants include federal and state grants and private donations, federal capital grant and Seaboard expansion loan payment.
Economic development	Private foundation operating grant.

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

**Operating Revenues and Expenses**

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

**Pledge of Future Revenues**

Sales Tax Pledge - The City has pledged two cents (or 50%) of future sales tax revenues to repay \$1,345,000 of Series 2007 Sales Tax Revenue Notes; \$4,175,000 Series 2008A OWRB DWSRF Note, \$16,400,000 Series 2008B OWRB CWSRF Note, \$1,255,000 Series 2009A OWRB DWSRF Note, \$1,335,000 Series 2009B OWRB CWSRF Note, and \$5,535,000 Series 2010 Sales Tax Revenue Note. Proceeds from the notes provided financing for utility capital assets and public safety buildings. The notes are payable from water, sewer, and gas net revenues and are payable through 2017, 2027, 2030, 2027, 2027 and 2025 respectively. The total principal and interest payable for the remainder of the life of these notes is \$34,538,890. If the net utility revenues are sufficient to service the debt on the 2007 Series Notes, these pledged sales taxes are transferred back to the General Fund. Total pledged sales taxes received in the six months were \$1,496,996. Pledged sales taxes of \$372,344 were transferred back to the General Fund for the current fiscal year. Debt service payments for the six months of \$1,225,759 were 81.9% of the pledged sales taxes.

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Utility Net Revenues Pledge – The City has also pledged future water, sewer, and gas net revenues to repay \$25,298,680 of 1993A, 2004, 2008A, 2008B, 2009A and 2009B Series Oklahoma Water Resources Board Notes Payable. Proceeds from the bonds and notes provided financing for utility system capital assets. The bonds are payable through 2013, 2027 and 2030 respectively. The total principal and interest payable for the remainder of the life of these notes is \$27,049,050. The bonds are payable from the above-mentioned utility net revenues and pledged sales taxes for the 2008A and B Series and 2009A and B Series Notes. The debt service payments on the notes for the six months were \$1,127,784 which was 65% of pledged net utility revenues of \$1,739,118.

**Expenditures/Expenses**

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

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

Governmental Funds - By Character:	Current (further classified by function)
	Debt Service
	Capital Outlay
Proprietary Fund - By Operating and Non-Operating	

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

**1.F. INTERNAL AND INTERFUND BALANCES AND ACTIVITIES**

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

*Fund Financial Statements:*

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

1. Interfund loans - amounts provided with a requirement for repayment are reported as interfund receivables and payables.
2. Interfund services - sales or purchases of goods and services between funds are reported as revenues and expenditures/expenses.
3. Interfund reimbursements - repayments from funds responsible for certain expenditures/expenses to the funds that initially paid for them are not reported as reimbursements but as adjustments to expenditures/expenses in the respective funds.
4. Interfund transfers - flow of assets from one fund to another where repayment is not expected are reported as transfers in and out.

*Government-Wide Financial Statements:*

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

1. Internal balances - amounts reported in the fund financial statements as interfund

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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, if any, are not eliminated in the Statement of Activities.

**1.G. USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles 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 units are subject to various federal, state and local laws and contractual regulations. An analysis of the City's compliance with significant laws and regulations and demonstration of its stewardship over City resources follows.

**2.A. FUND ACCOUNTING REQUIREMENTS**

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

<u>Fund</u>	<u>Required By</u>
Cemetery Care Fund	State Law
Grant Fund	Grant Agreements
Airport Fund	State Law
Utility Authority Fund	Trust Indenture
Industrial Authority Fund	Trust Indenture
Dale Fund	Trust Indenture
Sales Tax CIF	State Law
GUA Sales Tax CIF	State Law

**2.B. DEPOSITS AND INVESTMENTS 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 the lower of market or par. Acceptable collateral includes certain U.S. Government or Government Agency securities, certain State of Oklahoma or political subdivision debt obligations, surety bonds, 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. As reflected in Note 3A., all deposits were fully insured or collateralized.

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Investments of the City (excluding Public Trusts) are limited by state law to the following:

- a. Direct obligations of the U.S. Government or its agencies or 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 deposits, prime bankers acceptances, prime commercial paper and repurchase agreements.
- d. County, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgements, 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 obligation of national mortgage associations.
- 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. For the six months ended December 31, 2011, the City and its public trusts complied, in all material respects, with these investment restrictions.

**2.C. REVENUE RESTRICTIONS**

The City has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources include:

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
Sales Tax	See Note 1.E.
Gasoline Excise & Commercial Vehicle Tax	Street and Alley Purposes
Police Drug Forfeiture Funds	Police Activities
E-911 Revenue	E-911 Emergency Services Purposes
Water, Sewer and Gas Revenue	Debt Service and Utility Operations
Cemetery Revenue (15%)	Cemetery Capital Improvements
Hotel/Motel Tax	Convention and Tourism
Tax Increment Revenue	Economic Development
Airport Operations Revenue	Airport Operations and Maintenance
CDBG	Grant Program Expenditures

For the six months ended December 31, 2011, the City complied, in all material respects, with these revenue restrictions.

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**2.D. DEBT RESTRICTIONS AND COVENANTS**

**General Obligation Debt**

Article 10, Sections 26 and 27 of the Oklahoma Constitution limits the amount of outstanding general obligation bonded debt of the municipality for non-utility or non-street purposes to no more than 10% of net assessed valuation. For the six months ended December 31, 2011, the City had no outstanding general obligation debt.

**Other Long-Term Debt**

Except as noted in the following paragraph, 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. For the six months ended December 31, 2011, the City incurred no such indebtedness.

**Notes Payable**

The loan agreement relating to the notes payable issuance of the Guymon Utilities Authority contains some restrictions or covenants that are financial related. These include covenants such as debt service coverage requirement 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 December 31, 2011.

<u>Requirement</u>	<u>Level of Compliance</u>
a. Note Payable Coverage:	
1. Net water, sewer and gas operating revenues (excluding depreciation and amortization) plus pledged sales taxes of the Authority must equal 1.25 times the maximum annual debt service on all OWRB notes.	For the six months ended December 31, 2011, net operating revenues and pledged sales taxes are \$2,483,806 and the maximum annual debt service is \$995,014. Actual coverage is 2.50 times.
b. Reserve Account Requirement:	
1. 2004 OWRB Note: Account balance should be equal to \$201,500.	Account balance at December 31, 2011, is \$201,500.

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**2.E. FUND EQUITY RESTRICTIONS**

**Deficit Prohibition**

Title 11, Section 17-211 of the Oklahoma Statutes prohibits the creation of a deficit fund balance in any individual fund (excluding public trusts). The City was in compliance with this statute at December 31, 2011.

**NOTE 3. DETAIL NOTES ON 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. CASH AND INVESTMENTS**

**Deposits**

The City of Guymon is governed by the deposit and investment limitations of state law (See Note 2.B.). The deposits and investments held at December 31, 2011 are as follows:

<u>Type</u>	<u>Credit Rating</u>	<u>Fair Value</u>
<b>Deposits:</b>		
Demand deposits		6,626,435
Demand deposits - Trustee accounts		88,998
Time deposits - Trustee account		201,500
Time deposits		1,534,548
<b>Total deposits</b>		<u>\$ 8,451,481</u>
<b>Investments:</b>		
Cavanal Hill US Treas Inst CL Fd #0052	AAAm	5,593,028
Mutual Funds - equity		51,464
<b>Total deposits and investments</b>		<u><u>\$ 14,095,973</u></u>
<b>Reconciliation to Statement of Net Assets:</b>		
Cash, including time deposits		\$ 7,988,245
Restricted cash, including time deposits, current		5,758,307
Investment, current		51,464
Restricted cash, including time deposits, noncurrent		297,957
		<u><u>\$ 14,095,973</u></u>

*Custodial Credit Risk – Deposits* - Deposits in financial institutions, reported as components of cash, cash equivalents, and investments, had a bank balance of \$8,764,266 at December 31, 2011. All of that amount is fully insured by depository insurance or secured with collateral held by the City's agent in its name at December 31, 2011.

*Investment Interest Rate Risk* - the City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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*Investment Credit Risk* - The City has no investment policy that limits its investment choices other than the limitation of state law as follows:

- 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 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.

*Concentration of Investment Credit Risk* - the City places no limit on the amount it may invest in any one issuer.

**3.B. RESTRICTED ASSETS**

The amounts reported as restricted assets are comprised of cash, investments and accrued interest held by the trustee bank on behalf of the various public trusts (Authorities) related to their required note payable accounts as described in Note 2.D., and amounts held in trust for customer utility meter deposits.

The restricted assets as of December 31, 2011 are as follows:

<u>Type of Restricted Assets</u>	<u>Cash including time deposits</u>
Meter Deposits	96,457
Note Payable Trustee Accounts:	
2004 Debt Reserve Fund	201,500
2004 Debt Service Fund	88,998
2007 Debt Service Principal Fund	58,503
2007 Debt Service Interest Fund	14,759
2008 Series Principal Fund	76,281
2010 Sales Tax Construction Fund	5,393,743
2010 Sales Tax Principal Fund	69,506
2010 Sales Tax Interest Fund	56,517
Total	<u>\$ 6,056,264</u>
Reconciliation to Statement of Net Assets:	
Current cash, including time deposits	5,758,307
Noncurrent cash, including time deposits	<u>297,957</u>
	<u>\$ 6,056,264</u>

**3.C. ACCOUNTS RECEIVABLE**

Accounts receivable of the business-type activities consist of utilities receivable. Accounts receivable of the governmental activities consist of the following at December 31, 2011:

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	Governmental Activities	Business-Type Activities	Total
Accounts Receivable:			
Police Fines	210,101	\$ -	\$ 210,101
Ambulance	198,654	-	198,654
E-911 Tax	32,417	-	32,417
Franchise Tax	154,554	-	154,554
Hotel/Motel Tax	18,309	-	18,309
Airport Hangar Lease	8,950	-	8,950
Utilities	-	2,421,501	2,421,501
Miscellaneous	33,428	1,196	34,624
Allowance for doubtful accounts	(87,408)	(740,632)	(828,040)
Net accounts receivable	<u>\$ 569,005</u>	<u>\$ 1,682,065</u>	<u>\$ 2,251,070</u>

**3.D. CAPITAL ASSETS**

Capital asset activity for the six months ended December 31, 2011 was as follows:

	Balance at July 01, 2011	Additions	Transfers	Disposals	Balance at December 31, 2011
<b>Governmental activities:</b>					
<b>Non-depreciable:</b>					
Land	\$ 290,132	\$ -	\$ -	\$ -	\$ 290,132
Construction-in-progress	1,594,405	334,447	-	(569,288)	1,359,564
Total non-depreciable assets at historical cost	<u>1,884,537</u>	<u>334,447</u>	<u>-</u>	<u>(569,288)</u>	<u>1,649,696</u>
<b>Depreciable</b>					
Buildings	2,192,443	-	-	-	2,192,443
Improvements	9,620,237	769,297	-	-	10,389,534
Machinery and equipment	6,323,496	298,718	1,177	(4,334)	6,619,057
Infrastructure	4,954,179	-	-	-	4,954,179
Total depreciable assets at historical cost	<u>23,090,355</u>	<u>1,068,015</u>	<u>1,177</u>	<u>(4,334)</u>	<u>24,155,213</u>
<b>Less accumulated depreciation</b>					
Buildings	(1,178,405)	(28,575)	-	-	(1,206,980)
Improvements	(4,767,774)	(160,489)	-	-	(4,928,263)
Machinery and equipment	(3,472,376)	(281,704)	(1,044)	3,844	(3,751,280)
Infrastructure	(3,767,471)	(67,871)	-	-	(3,835,342)
Total accumulated depreciation	<u>(13,186,026)</u>	<u>(538,639)</u>	<u>(1,044)</u>	<u>3,844</u>	<u>(13,721,865)</u>
Net depreciable assets	<u>9,904,329</u>	<u>529,376</u>	<u>133</u>	<u>(490)</u>	<u>10,433,348</u>
<b>Governmental activities capital assets, net</b>	<u>11,788,866</u>	<u>863,823</u>	<u>133</u>	<u>(569,778)</u>	<u>12,083,044</u>
<b>Business-type activities:</b>					
<b>Non-depreciable:</b>					
Land	2,244,799	-	-	-	2,244,799
Construction-in-progress	2,100,532	105,068	-	(145,704)	2,059,896
Total non-depreciable assets at historical cost	<u>4,345,331</u>	<u>105,068</u>	<u>-</u>	<u>(145,704)</u>	<u>4,304,695</u>
<b>Depreciable:</b>					
Buildings	975,805	-	-	-	975,805
Improvements	459,693	-	-	-	459,693
Machinery and equipment	2,997,709	191,228	(1,177)	(110,195)	3,077,565
Utility property	44,743,661	140,500	-	-	44,884,161
Totals depreciable assets at historical cost	<u>49,176,868</u>	<u>331,728</u>	<u>(1,177)</u>	<u>(110,195)</u>	<u>49,397,224</u>
<b>Less accumulated depreciation</b>					
Buildings	(416,162)	(11,980)	-	-	(428,142)
Improvements	(64,501)	(7,029)	-	-	(71,530)
Machinery and equipment	(1,985,225)	(106,471)	1,044	110,195	(1,980,457)
Utility property	(15,040,299)	(678,316)	-	-	(15,718,615)
Total accumulated depreciation	<u>(17,506,187)</u>	<u>(803,796)</u>	<u>1,044</u>	<u>110,195</u>	<u>(18,198,744)</u>
Net depreciable assets	<u>31,670,681</u>	<u>(472,068)</u>	<u>(133)</u>	<u>-</u>	<u>31,198,480</u>
<b>Business-type capital assets, net</b>	<u>\$ 36,016,012</u>	<u>\$ (367,000)</u>	<u>\$ (133)</u>	<u>\$ (145,704)</u>	<u>\$ 35,503,175</u>

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Depreciation expense was charged to governmental activities as follows:

General Government:	
City clerk	125
Treasurer	111
General Government	11,622
Human Resources	1,878
Total General Government	<u>13,736</u>
Public safety and judiciary:	
Ambulance	30,830
911	24,292
Police	55,971
Municipal court	458
Fire	59,908
Civil emergency management	1,015
Total Public safety and judiciary	<u>172,474</u>
Transportation:	
Airport	92,479
Public transportation	37,249
Streets	142,021
Total Transportation	<u>271,749</u>
Cultural, parks and recreation:	
Golf	35,654
Library	2,685
Cemetery	8,931
Swimming pool	401
Parks	23,736
Tourism	5,704
Total cultural, parks and recreation	<u>77,111</u>
Community/economic development:	
Business incubator	531
Community development	3,038
Total Community/economic development	<u>3,569</u>
Total depreciation expense	<u>\$ 538,639</u>

Depreciation was charged to business-type activities as follows:

Water	\$ 212,106
Wastewater	472,706
Sanitation	33,768
Farm	72
Gas	48,366
Garage	612
Administration	36,166
Total Depreciation Expense	<u>\$ 803,796</u>

**CITY OF GUYMON, OKLAHOMA  
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**3.E. LONG-TERM DEBT**

**Long-Term Debt**

The reporting entity's long-term debt is segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities.

**Governmental Activities:**

As of December 31, 2011, the governmental long-term debt of the financial reporting entity consisted of the following:

**Capital Lease Obligations:**

130,650 capital lease for an ambulance dated June 2006; Payable in monthly installments of 2,093, final payment due June 2012. Stated interest rate of 4.74%	\$	12,806
211,017 capital lease for a fire truck dated July 2006; Payable in monthly installments of 3,380, final payment due June 2012. Stated interest rate of 4.74%		20,541
404,235 capital lease for a fire truck and ambulance dated April 2008; Payable in monthly installments of 6,260, final payment due June 2014. Stated interest rate of 3.39%		179,505
Total Capital Leases Payable	\$	<u>212,852</u>
Current portion	\$	102,287
Noncurrent portion		<u>110,565</u>
Total Capital Leases Payable	\$	<u>212,852</u>

**Notes Payable:**

Series 2010 Sales Tax Revenue Note original issue amount of 5,535,000, dated December 1, 2010 issued by Guymon Utilities Authority payable to the Bank of Oklahoma, secured by 3/4 cent sales tax, interest rate of 4.26% with final maturity dated October 1, 2025; proceeds used to construct animal shelter and fire station.	\$	5,260,000
Total Notes Payable	\$	<u>5,260,000</u>
Current portion		285,000
Noncurrent portion		<u>4,975,000</u>
Total Capital Leases Payable	\$	<u>5,260,000</u>

**Accrued Compensated Absences:**

Current portion	\$	17,588
Noncurrent portion		158,290
Total Accrued Compensated Absences	\$	<u>175,878</u>

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**Business-Type Activities:**

As of December 31, 2011, the long-term debt payable from proprietary fund resources consisted of the following:

Notes Payable:

Series 1993A Utility System Note Payable original issue amount of 118,680, dated April 1, 1993, issued by Guymon Utilities Authority payable to the Oklahoma Water Resources Board (OWRB), secured by water and sewer revenues, non-interest bearing with final maturity dated March 15, 2013; proceeds used to construct wastewater improvements.	\$ 8,901
Series 2004 Utility System Note Payable original issue amount of 2,015,000, dated May 12, 2004 issued by Guymon Utilities Authority payable to the Oklahoma Water Resources Board (OWRB), secured by water, sewer and gas revenues, interest rates between 2.77% and 3.895% with final maturity dated August 15, 2013; proceeds used to construct water system improvements	480,000
Series 2007 Sales Tax Revenue Note original issue amount of 1,345,000, dated February 1, 2007 issued by Guymon Utilities Authority payable to the Bank of Oklahoma, secured by ½ cent sales tax, interest rate of 4.12% with final maturity dated February 1, 2017; proceeds used to purchase capital equipment.	855,000
Series 2008A Drinking Water SRF Note Payable original issue amount of 4,175,000, dated August 2008 issued by Guymon Utilities Authority payable to the Oklahoma Water Resources Board (OWRB), secured by water, sewer, gas and sales tax revenues, interest rate of 3.65% with final maturity dated September 2027; proceeds used to construct water system improvements.	3,652,490
Series 2008B Clean Water SRF Note Payable original issue amount of 16,400,000, dated September 2008 issued by Guymon Utilities Authority payable to the Oklahoma Water Resources Board (OWRB), secured by water, sewer, gas and sales tax revenues, interest rate of 3.10% with final maturity dated September 2027; Remaining amount to be drawn at December 31, 2011 is \$558; proceeds used to construct wastewater improvements.	15,169,442
Series 2009A Drinking Water SRF Note Payable original issue amount of 1,255,000, dated November 2009 issued by Guymon Utilities Authority payable to the Oklahoma Water Resources Board (OWRB), secured by water, sewer, gas and sales tax revenues, interest rate of 3.19% with final maturity dated March 2030; Remaining amount to be drawn at December 31, 2011 is \$267,324; proceeds used to construct water system improvements.	531,345
Series 2009B Clean Water SRF Note Payable original issue amount of 1,335,000, dated November 2009 issued by Guymon Utilities Authority payable to the Oklahoma Water Resources Board (OWRB), secured by water, sewer, gas and sales tax revenues, interest rate of 2.80% with final maturity dated March 2030; Remaining amount to be drawn at December 31, 2011 is \$3,690; proceeds used to construct wastewater system improvements.	838,962
<b>Total Notes Payable</b>	<u>\$ 21,536,140</u>
Unamortized refunding loss	<u>(16,021)</u>
	<u>\$ 21,520,119</u>
	<u>\$ 1,475,443</u>
	<u>20,044,676</u>
<b>Total Notes Payable</b>	<u>\$ 21,520,119</u>

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**Capital Lease Obligations:**

\$237,292 capital lease for two trash trucks, dated November 2008; Payable in monthly installments of \$4,339, final payment due November 2013. Stated interest rate of 3.71%	\$	92,154
Total Capital Leases Payable	\$	<u>92,154</u>
Current portion	\$	49,332
Noncurrent portion		42,822
Total Capital Leases Payable	\$	<u>92,154</u>

**Accrued Compensated Absences:**

Current portion	\$	5,771
Noncurrent portion		51,938
Total Accrued Compensated Absences	\$	<u>57,709</u>

**Non-Commitment Debt:**

<u>Original Debt</u>	<u>Project</u>	<u>Remaining Principal</u>
<b>Guymon Industrial Authority:</b>		
\$4,500,000	(1) Seaboard Farms of Oklahoma, Inc Tax Apportionment Bonds dated December 1, 1993	\$10,026,646
\$300,000	(2) Oklahoma Department of Commerce Promissory Note dated July 2004	<u>195,000</u>
	Total GIA Non-Commitment Debt	<u>\$10,221,646</u>
<b>Guymon Utilities Authority:</b>		
\$3,300,000	(3) Seaboard Farms of Oklahoma, Inc. Adjustable Rate 7-day Demand Revenue Bonds dated February 21, 1995	<u>\$3,300,000</u>

*(1) Seaboard Farms of Oklahoma, Inc. Tax Apportionment Bonds*

The Tax Apportionment Bonds were issued to partially fund the construction of a pork processing plant. The bonds were purchased by a subsidiary of Seaboard Corporation and are secured by incremental ad valorem taxes on the processing plant property. The only commitment the Guymon Industrial Authority has is remittance to a trustee bank of these incremental taxes received from the county. Principle and interest payments will not be made for the first five years because Seaboard Farms of Oklahoma, Inc. has elected to claim a five-year property tax abatement allowed by state statutes. The interest accruing during that five-year period is added to the principal balance and at December 31, 2011 the total accrued interest is \$5,526,646. The City began receiving incremental taxes in 2005. These are paid to the trustee bank to be applied to the debt. If the incremental taxes are insufficient to service the debt, the GIA has no further liability.

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*(2) Oklahoma Department of Commerce Promissory Note*

This note was issued to construct an office building for Seaboard Farms of Oklahoma, Inc. The City and Authority are not liable for this debt since payments are made solely with lease agreement proceeds from Guymon Industrial Foundation primarily and Seaboard Farms of Oklahoma, Inc., secondarily. In the event of default, the City or Authority only become liable if they are negligent in carrying out debt administration responsibilities.

*(3) Seaboard Farms of Oklahoma, Inc. Revenue Bonds*

These bonds were issued to construct a primary wastewater treatment plant and are payable solely by Seaboard Farms of Oklahoma, Inc. with a guarantee from Seaboard, Inc.

**Changes in Long-Term Debt**

The following is a summary of changes in long-term debt for the six months ended December 31, 2011:

Type of Debt	Balance July 01, 2011	Additions	Deductions	Balance December 31, 2011	Amounts Due Within One Year
<b>Governmental Activities:</b>					
Notes Payable	\$ 5,400,000	\$ -	\$ (140,000)	\$ 5,260,000	\$ 285,000
Capital Lease Obligations	295,294	-	(82,441)	212,853	102,287
Accrued Compensated Absences	184,900	258,897	(267,919)	175,878	17,588
<b>Total General Long-Term Debt</b>	<b>\$ 5,880,194</b>	<b>\$ 258,897</b>	<b>\$ (490,360)</b>	<b>\$ 5,648,731</b>	<b>\$ 404,875</b>
<b>Business-Type Activities:</b>					
Notes Payable	\$ 22,336,897	\$ 46,624	\$ (847,381)	\$ 21,536,140	\$ 1,475,443
Capital Lease Obligations	116,500	-	(24,346)	92,154	49,332
Accrued Compensated Absences	55,099	68,920	(66,310)	57,709	5,771
<b>Total Enterprise Fund Debt</b>	<b>\$ 22,508,496</b>	<b>\$ 115,544</b>	<b>\$ (938,037)</b>	<b>\$ 21,686,003</b>	<b>\$ 1,530,546</b>

The governmental capital lease obligations are paid by the general fund. Governmental accrued compensated absences will be liquidated by the general fund.

Capital assets purchased with capital leases are as follows:

		Cost	Accumulated Depreciation	Net Book Value
Machinery & Equipment	Governmental Activities	\$ 898,403	\$ (353,248)	\$ 545,155
Machinery & Equipment	Business-Type Activities	237,292	(74,618)	162,674
	<b>Total</b>	<b>\$ 1,135,695</b>	<b>\$ (427,866)</b>	<b>\$ 707,829</b>

**Annual Debt Service Requirements**

The annual debt service requirements to maturity, including principal and interest, for long-term debt as of December 31, 2011 are as follows:

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Six Mos Ended June 30,	Governmental Activities				Business-Type Activities			
	Capital Lease Obligations		Notes Payable		Notes Payable		Capital Lease Obligations	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2012	102,287	5,669	285,000	221,094	1,475,443	688,369	49,332	2,736
2013	72,418	2,704	300,000	208,740	1,499,201	642,915	42,822	865
2014	38,147	383	310,000	195,854	1,257,832	596,805	-	-
2015	-	-	325,000	182,541	1,274,675	555,161	-	-
2016	-	-	335,000	168,590	1,291,470	513,155	-	-
2017-2021	-	-	1,895,000	614,081	5,809,610	1,978,741	-	-
2022-2026	-	-	1,810,000	177,429	5,946,064	1,042,618	-	-
2027-2031	-	-	-	-	3,253,417	187,960	-	-
<b>Total</b>	<b>\$ 212,852</b>	<b>\$ 8,756</b>	<b>\$ 5,260,000</b>	<b>\$ 1,768,329</b>	<b>21,807,712</b>	<b>\$ 6,205,724</b>	<b>\$ 92,154</b>	<b>\$ 3,601</b>
Note proceeds remaining to be drawn Balance at December 31, 2011					(271,572)			
					<u>\$ 21,536,140</u>			

**3.F. INTERFUND TRANSFERS AND BALANCES**

**Interfund Transfers**

Transfers between funds of the primary government for the six months ended December 31, 2011, were as follows:

Transfer From	Transfer To	Amount	Purpose of Transfer
General Fund	GUA	372,344	Required 2007 Series 1/2 cent sales tax
GUA	General Fund	372,344	Return of unused 2007 Series 1/2 cent sales tax
GUA	Golf Course	187,300	Operating
GUA Sales Tax CIF	GUA	886,930	OWRB note draws and capital outlay
<b>Total</b>		<b>\$ 1,818,918</b>	

	Transfers In	Transfers Out	Net Transfers/ Internal Activity
<b>Reconciliation to Fund Financial Statements:</b>			
Governmental Funds	\$ 559,644	\$ (1,259,274)	\$ (699,630)
Enterprise Funds	1,259,274	(559,644)	699,630
<b>Total Transfers</b>	<b>\$ 1,818,918</b>	<b>\$ (1,818,918)</b>	<b>\$ -</b>

	Transfers to Other Funds	Transfers from Other Funds	Transfer of Capital Assets	Net Transfers
<b>Reconciliation to Statement of Activities:</b>				
Net transfers for governmental activities:				
Governmental Funds	\$ (1,259,274)	\$ 559,644	\$ (172,615)	\$ (872,245)
<b>Total Net transfers for governmental activities</b>	<b>(1,259,274)</b>	<b>559,644</b>	<b>(172,615)</b>	<b>(872,245)</b>
Net transfers for business-type activities:				
Enterprise Funds	\$ (559,644)	\$ 1,259,274	172,615	\$ 872,245
<b>Total Net transfers for business-type activities</b>	<b>(559,644)</b>	<b>1,259,274</b>	<b>172,615</b>	<b>872,245</b>

**3.G. FUND EQUITY**

**Fund Balance and Fund Net Assets:**

The following tables show the fund balance classifications as shown on the Governmental Funds Balance Sheet in accordance with GASB Statement 54 and Proprietary Fund Statement of Net Assets:

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Fund Balances:	General Fund	Major Capital Project Funds		Other Governmental Funds	TOTAL
		General Sales Tax CIF	GUA Sales Tax CIF		
<b>Nonspendable:</b>					
Dale Fund Principal	\$ -	\$ -	\$ -	\$ 3,300	\$ 3,300
Sweet Cemetery Trust	-	-	-	1,000	1,000
Sub-total Nonspendable	-	-	-	4,300	4,300
<b>Restricted for:</b>					
Capital outlay	-	5,984,849	-	-	5,984,849
Water & Wastewater ODEQ required improvements	-	-	695,423	-	695,423
Cemetery capital	-	-	-	11,841	11,841
E-911	-	-	-	386,247	386,247
Fire Equipment	-	-	-	6,161	6,161
Police	-	-	-	22,265	22,265
Library Building	-	-	-	13,586	13,586
Ennis Cemetery	-	-	-	11,232	11,232
Police Bike Program	-	-	-	374	374
Fire/Life Safety Education	-	-	-	38	38
Cultural Symposium	-	-	-	4,300	4,300
Rodeo Grounds	-	-	-	7,555	7,555
Leadership Oklahoma	-	-	-	833	833
Animal Shelter	-	-	-	265	265
Sweet Cemetery Trust	-	-	-	1,181	1,181
Library Operations	-	-	-	20,759	20,759
Business Incubator	-	-	-	31,061	31,061
Tourism	-	-	-	199,937	199,937
Industrial development	-	-	-	332,059	332,059
Dale Trust - Cemetery	-	-	-	9,698	9,698
Dale Trust - Citizenship	-	-	-	9,087	9,087
Dale Trust - Library	-	-	-	28,631	28,631
Dale Trust - Dale Park	-	-	-	10,597	10,597
Airport	125,304	-	-	-	125,304
Sub-total Restricted	125,304	5,984,849	695,423	1,107,707	7,913,283
<b>Assigned to:</b>					
Calendar year 2012 budget	200,220	-	-	-	200,220
Swimming pool	33,392	-	-	-	33,392
Golf Course	22,733	-	-	-	22,733
Police	-	-	-	200	200
Sub-total Assigned	256,345	-	-	200	256,545
<b>Unassigned:</b>	2,415,914	-	-	(61,302)	2,354,612
<b>TOTAL FUND BALANCES</b>	<b>\$ 2,797,563</b>	<b>\$ 5,984,849</b>	<b>\$ 695,423</b>	<b>\$ 1,050,905</b>	<b>\$ 10,528,740</b>

**Enterprise Fund:**

Restricted for Debt Service:

Debt Service and Reserve for Promissory Notes:

Cash and investments

\$ 363,761

Less: accrued interest payable

(208,293)

Total Enterprise Fund Restriction for debt service

\$ 155,468

**NOTE 4. OTHER NOTES**

**4A. EMPLOYEE PENSION AND OTHER BENEFIT PLANS**

The City participates in four employee pension systems as follows:

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<u>Names 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 Plans
Oklahoma Municipal Retirement Fund (OMRF)	Agent Multiple Employer - Defined Benefit Plan

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

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

	<u>Oklahoma Police Pension and Retirement System</u>	<u>Oklahoma Firefighter's Pension and Retirement System</u>
Obtaining separately issued Financial statements	Police Pension and Retirement 1001 N.W. 63 <sup>rd</sup> St. Oklahoma City, OK 73116-7335	Firefighter's Pension and Retirement 4545 N. Lincoln Blvd., Oklahoma City, OK 73105-3414
Eligibility to participate	All full-time officers, 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 and 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	State appropriation to fund unfunded actuarial accrued liability	State appropriation to fund the unfunded actuarial accrued liability

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Period required to vest	10 years	10 years
Eligibility and benefits for distribution (full-time)	20 years credited service, 2 1/2% 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 1/2% 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. If vested, same as full-time.
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 30 or more years.
Provisions for:		
Cost of living adjustments (normal retirement)	Yes	Yes, if vested by 5/83
Death (duty, non-duty, post retirement)	Yes	Yes
Disability (duty, non-duty)	Yes	Yes
Cost of living allowances	Yes	Yes

*A. Trend Information*

Contributions required by State statute:

<i>Fiscal Year/ 6 mos Ended</i>	<u>Oklahoma Police Pension &amp; Retirement System</u>		<u>Oklahoma Firefighter's Pension &amp; Retirement System</u>	
	<i>Required Contribution</i>	<i>Percent Contributed</i>	<i>Required Contribution</i>	<i>Percent Contributed</i>
2009	74,827	100%	83,666	100%
2010	78,285	100%	81,073	100%
2011	73,087	100%	91,947	100%
Dec. 31, 2011	42,418	100%	47,397	100%

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The state made on-behalf payments of \$32,138 for the police pension system and \$89,689 for the fire pension during the six months ended December 31, 2011. These on-behalf payments were recognized as revenues and expenditures/expenses in the current fiscal 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.

*B. Related Party Investments*

As of December 31, 2011 the Systems held no related party investments of the City or of its related entities.

Historical trend information showing the progress of the Systems in accumulating sufficient assets to pay benefits when due is presented in their separate respective annual financial reports for June 30, 2011.

**Defined Contribution Plans - Oklahoma Municipal Retirement Fund**

The City has also provided effective March 1, 1992, a defined contribution plan with the Oklahoma Municipal Retirement Fund. The plan is administered by JP Morgan Chase Bank of Oklahoma City, Oklahoma. According to state law, the authority for establishing or amending the plan's provisions rests with the city council. The defined contribution plan is available to all full-time employees not already participating in another plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, investment earnings, and forfeitures of other participants' benefits that may be allocated to such participant's account. Benefits vest after 7 years of service. The City is currently contributing to two types of defined contribution plans. Under the Trust Money Purchase Pension plan, the participants are required to contribute from 3% of their compensation and the city is required to match 100% of the mandatory employee contribution. Under the Trust Profit Sharing plan, the city contributed 3.42% of covered payroll. This percentage can vary from year to year. Participants are permitted to make voluntary deductible contributions to the plan.

For the six months ended December 31, 2011, the following amounts related to the defined contribution plan:

City total payroll	\$2,225,750
Payroll for covered employees	\$1,154,257
Employer (City) contributions made	\$39,475

Department Head and City Manager Plans (the DH and CMO Plan)

DH Plan Description – Effective December 1, 2007, the City has also provided a defined contribution plan and trust known as the City of Guymon Department Head Retirement Plan and Trust (the DH Plan) in the form of The Oklahoma Municipal Retirement Fund Master Defined Contribution Plan (OMRF). The plan is administered by JP Morgan Chase Bank of Oklahoma City, Oklahoma. The defined contribution plan is available to all full-time employees defined as Department Head or City Manager except for the fire chief. Separate audited GAAP – basis financial statements are not available.

Funding Policy – Benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate upon employment, and must make a mandatory minimum pre-tax contribution of 6%. Employees are allowed to contribute in excess of the 6%. The employer makes variable contributions to the fund. For the current year, the employer contribution rate was 3.42%. The employee is fully vested upon employment. The authority to

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establish and amend the provisions of the plan rests with the City Council. Contributions to the plan for the six months ended December 31, 2011, for employees and employer were \$22,065 and \$13,901, respectively, on a covered payroll of \$367,756.

CMO Plan Description and Funding Policy – Effective October 1, 2006, the City has also provided a defined contribution plan and trust known as the City of Guymon City Manager Retirement Plan and Trust (CMO Plan). The plan is administered by JP Morgan Chase Bank of Oklahoma City, Oklahoma. According to state law, the authority for establishing or amending the plan’s provisions and contribution requirements rests with the city council. This plan is similar to the Department Head with the following exceptions: This plan is available only to the City Manager. The employee does not contribute to the plan and the employer makes variable contributions to the fund. For the current year, the employer contribution rate is 15%. Contributions to the plan for the six months ended December 31, 2011 were \$6,193 on a covered payroll of \$41,220.

**Defined Benefit Plan - Oklahoma Municipal Retirement Fund**

*A. Plan Description*

The City contributes to the OMRF for all eligible employees except for those covered by the Police and Firefighter Pension Systems. The plan is an agent multiple employer - defined benefit plan. The OMRF plan issues a separate financial report and can be obtained from OMRF. Membership in the plan and applicable payrolls are as follows:

*B. Eligibility Factors, Contribution Methods and Benefit Provisions*

<u>Provision</u>	<u>As of 07/01/11 OMRF Plan</u>
a. Eligible to participate	Full-time employees upon hire if less than age 60 and not participating in another retirement plan set up by state statutes.
b. Contribution Requirements:	
-Authorization	By City ordinance
-Actuarially Determined	Yes
-Employer Rate	9.58% of covered payroll
-Employee Rate	0.00% - employees cannot contribute
c. Period Required to Vest	7 years of credited service
d. Eligibility for Distribution	-Normal retirement at age 65 with 7 years of service -Early retirement at age 55 with 7 years of service -Disability retirement upon disability with 7 years of service -Death benefit with 7 years of service for married employees
e. Benefit Determination Base	Final average salary - the average of the five highest consecutive annual salaries out of the last 10 calendar years of service
f. Benefit Determination Methods:	

**CITY OF GUYMON, OKLAHOMA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2011**

Normal Retirement	-1.875% of final average salary multiplied by credited years of service
Early Retirement	-Actuarially reduced benefit based upon age, final average salary, and years of service at termination
Disability Retirement	-Same as normal retirement
Death Benefit	-50% of employee's accrued benefit, but terminates upon spouse re-marriage
Prior to 7 Years Service	-No benefits
g. Form of Benefit Payments	Normal form is a 60 months certain and life thereafter basis. Employee may elect, with City consent, option form based on actuarial equivalent

*C. Annual Pension Costs*

1. Current Year Contribution Information

For the six months ended December 31, 2011, the City's annual pension cost and required contributions of \$145,809 were made.

2. Actuarial Assumptions

Date of Last Actuarial Valuation	January 1, 2011
a. Actuarial cost method	Entry age normal
b. Rate of Return on Investments	7.5%
c. Projected Salary Increase	Average of 5.12%
d. Post Retirement cost-of-Living Increase	None
e. Inflation Rate	Separate inflation rate not available; inflation included in projected salary increase
f. Amortization Method of Unfunded Actuarial Accrued Liability	Level percentage of projected payroll
g. Remaining Amortization Period	30 years - open
h. Asset Valuation Method	Actuarial write-up method

**CITY OF GUYMON, OKLAHOMA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2011**

*D. Trend Information*

<u>Fiscal Year/ Six Months Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>
June 30, 2009	166,235	100%
June 30, 2010	230,582	100%
June 30, 2011	265,879	100%
December 31, 2011	145,809	100%

Actuarial valuation information for the current year is as follows (expressed in millions of dollars):

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) -- EAN</u>	<u>Unfunded (Overfunded) AAL</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Unfunded (Overfunded) AAL as a Percentage of Covered Payroll</u>
1/1/11	\$4.6	\$5.2	\$.6	88.7%	\$2.7	21.4%

The schedule of funding progress for the postemployment defined benefit plan immediately following the notes to the financial statements presents multi-year information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time.

**4.B. RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts, theft of, damage to, or 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 Retained</u>
a. Torts, errors and omissions, health and life	Purchased insurance with Oklahoma Municipal Assurance Group.	(1)
b. Injuries to employees (workers compensation)	Participates in OMAG risk entity pool. Participation fee includes an actuarially determined amount held by OMAG as the loss reserve fund, to pay claims incurred. Claims are administered by Consolidated Benefits Resources, Inc.	(2)
c. Physical property loss and natural disasters	Purchased insurance with Oklahoma Municipal Assurance Group.	(1)
d. Health and life	Purchased insurance with commercial carrier	None

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.

CITY OF GUYMON, OKLAHOMA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2011

**Risk Entity Pools**

The City participates in the Oklahoma Municipal Assurance Group Liability Protection Plan and Oklahoma Public Employee's Health and Welfare Plan (risk entity pools).

*(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*

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.

Specific aggregate stop loss coverage is provided by the State Insurance Fund and covers all claims above the loss reserve fund. The loss reserve fund amount for June 30, 2011 was \$150,056.

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 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.

**CITY OF GUYMON, OKLAHOMA  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 DECEMBER 31, 2011**

**4.C. COMMITMENTS AND CONTINGENCIES**

**Contingencies**

*Construction Commitments*

As of December 31, 2011 the City had awarded construction contracts with remaining balances payable from various funds for the following projects:

<u>Project</u>	<u>Total Contract</u>	<u>Remaining Contract</u>
Water Well Construction	284,629	284,629
Quinn Street Waterline Replacment	\$ 98,001	\$ 4,900
Main Street Beautification	60,000	60,000
Timberline Building Construction	20,000	2,300
	<u>\$ 462,630</u>	<u>\$ 351,829</u>

*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, although it is believed the amount, if any, would not be material.

*Litigation*

The City is 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. This statutory taxing ability is not available to the City's public trusts (Authorities).

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 judgment, 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.

## **REQUIRED SUPPLEMENTARY INFORMATION**

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Schedule of Funding Progress – Defined Benefit Retirement Plan
- Budgetary Comparison Schedule – General Fund

**CITY OF GUYMON, OKLAHOMA  
REQUIRED SUPPLEMENTARY INFORMATION  
ON PENSION PLAN FUNDING PROGRESS  
FOR THE SIX MONTHS ENDED DECEMBER 31, 2011**

**Defined Benefit Retirement Plan – Schedule of Funding Progress**

Actuarial Valuation Date	<u>1/1/2011</u>	<u>1/1/2010</u>	<u>1/1/2009</u>	<u>1/1/2008</u>	<u>1/1/2007</u>	<u>1/1/2006</u>
Actuarial Value of Assets	\$4,621,268	\$4,548,323	\$4,342,833	\$4,560,310	\$4,287,082	\$4,001,608
Actuarial Accrued Liability (AAL)	\$5,211,186	\$5,075,639	\$4,548,587	\$4,318,223	\$3,987,595	\$3,780,209
Actuarial Method*	EAN	EAN	EAN	EAN	EAN	EAN
Unfunded (Overfunded) AAL (UAAL)	\$589,918	\$527,315	\$205,754	(\$242,086)	(\$299,487)	(\$221,399)
Funded Ratio	88.70%	89.60%	95.50%	105.60%	107.50%	105.90%
Covered Payroll	\$2,753,381	\$2,821,126	\$2,404,884	\$2,565,030	\$2,384,583	\$2,325,113
UAAL as a Percentage of Covered Payroll	21.40%	18.70%	8.60%	-9.40%	-12.60%	-9.50%

Covered payroll is the total annualized rate of pay as of the valuation date based on actual pay for the preceding year.

\*Actuarial Method – EAN refers to “Entry Age Normal”.

City of Guymon, Oklahoma  
 Budgetary Comparison Schedule (Budgetary Basis)  
 General Fund  
 For the Six Months ended December 31, 2011

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 1,839,000	\$ 1,839,000	\$ 2,242,105	\$ 403,105
Intergovernmental	262,000	272,000	273,092	1,092
Charges for services	335,267	335,267	353,892	18,625
Fines and forfeitures	112,250	112,250	170,179	57,929
Licenses and permits	15,250	15,250	15,158	(92)
Investment earnings	7,950	7,950	10,406	2,456
Miscellaneous	182,200	182,200	83,914	(98,286)
Total revenues	<u>2,753,917</u>	<u>2,763,917</u>	<u>3,148,746</u>	<u>384,829</u>
<b>EXPENDITURES</b>				
Departmental:				
City attorney	45,015	45,015	38,949	6,066
City clerk	48,587	48,587	24,948	23,639
City treasurer	35,242	35,242	31,966	3,276
Community development	130,483	130,483	123,580	6,903
Arts council CR grant	15,198	20,898	20,886	12
General government	135,712	139,512	138,823	689
Human resources	89,161	92,961	95,410	(2,449)
Business incubator	54,878	54,878	45,498	9,380
Information Technology	34,814	34,814	31,247	3,567
Library	168,957	168,957	146,579	22,378
Ambulance	242,832	242,832	238,292	4,540
Police	1,112,721	1,122,721	1,053,650	69,071
Municipal court	81,717	81,717	79,337	2,380
Fire	694,555	694,555	626,107	68,448
Civil emergency management	21,250	21,250	8,345	12,905
Cemetery	56,779	56,779	52,764	4,015
Parks	222,907	222,907	211,920	10,987
Golf	298,722	302,022	295,204	6,818
Pool	50,012	50,012	36,378	13,634
Street	438,870	438,870	392,054	46,816
Airport	37,730	42,730	43,290	(560)
Transportation - Administration	16,048	16,048	12,192	3,856
Transportation - Operations	308,824	308,824	278,339	30,485
Total Expenditures	<u>4,341,014</u>	<u>4,372,614</u>	<u>4,025,758</u>	<u>346,856</u>
Excess (deficiency) of revenues over expenditures	<u>(1,587,097)</u>	<u>(1,608,697)</u>	<u>(877,012)</u>	<u>731,685</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	898,000	901,300	559,644	(341,656)
Transfers out	(714,000)	(700,700)	(372,344)	328,356
Total other financing sources and uses	<u>184,000</u>	<u>200,600</u>	<u>187,300</u>	<u>(13,300)</u>
Net change in fund balances	(1,403,097)	(1,408,097)	(689,712)	718,385
Fund balances - beginning	2,335,177	2,335,177	2,645,258	310,081
Fund balances - ending	<u>\$ 932,080</u>	<u>\$ 927,080</u>	<u>\$ 1,955,546</u>	<u>\$ 1,028,466</u>

**CITY OF GUYMON, OKLAHOMA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
ON BUDGETARY ACCOUNTING AND CONTROL  
FOR THE SIX MONTHS ENDED DECEMBER 31, 2011**

**BUDGETARY ACCOUNTING AND CONTROL**

**Budget Law**

The City prepares its annual operating budget under the provisions of the Oklahoma Municipal Budget Act of 1979 (the "Budget Act"). In accordance with those provisions, the following process is used to adopt the annual budget:

- a. Prior to December 1, the City Manager submits to the City Council a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- b. Public hearings are conducted at regular Council meetings to obtain taxpayer comments. Public hearings are held no later than 15 days prior to the beginning of the budget year.
- c. Subsequent to the public hearings but no later than seven days prior to January 1, the budget is legally enacted through the passage of a resolution by the City Council.
- d. Subsequent to City Council enactment, the adopted budget is filed with the office of the State Auditor and Inspector.

All funds with revenues and/or expenditures/expenses as defined by State law are required to have annual budgets under this section of state law, except funds of public trusts or authorities. The legal level of control at which expenditures may not legally exceed appropriations is the department level within a fund.

All supplemental appropriations require the approval of the City Council. All transfers of appropriation between department and object categories require the approval of the City Manager. The City prepared and adopted a legal annual budget for all governmental funds.

In accordance with Title 60 of the Oklahoma State Statutes, the Guymon Utilities Authority, Guymon Industrial Authority, and Guymon Airport Authority (if active) are 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 spending limit.

**Budgetary Accounting**

The annual operating budgets of the General Fund are prepared and presented on a budgetary basis of accounting which differs from the modified accrual basis in the following areas:

- Capital lease proceeds and the related capital outlay are not budgeted.
- Operating grants that do not result in cash flow and the related operating expense are not budgeted.

The following is a reconciliation of those differences:

	Per Statement of Revenues, Expenditures, and Changes in Fund Balance	Non-Cash Grant Activity	Per Budgetary Comparison Schedule
<b>General Fund:</b>			
Total Revenues	\$ 3,270,573	(121,827)	\$ 3,148,746
Transfers In	559,644	-	559,644
Total Revenues and Other Financing Sources	<u>3,830,217</u>	<u>(121,827)</u>	<u>3,708,390</u>
Total Expenditures	4,147,585	(121,827)	4,025,758
Transfers Out	372,344	-	372,344
Total Expenditures and Other Financing Uses	<u>4,519,929</u>	<u>(121,827)</u>	<u>4,398,102</u>
Net Change in Fund Balance	<u>\$ (689,712)</u>	<u>\$ -</u>	<u>\$ (689,712)</u>

The City utilizes encumbrance accounting under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve a portion of the applicable appropriation. The City considers all appropriations to lapse at year-end; any open purchase orders to be honored in the subsequent budget year are reappropriated in the new year's budget. As a result, encumbrances are not treated as the equivalent of expenditures in the budget and actual financial statements.

## **OTHER SUPPLEMENTARY INFORMATION**

Other supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedules include:

- Combining Statements – Nonmajor governmental funds
- Combining Schedules – General fund accounts
- Enterprise Fund – Operating Account (Guymon Utilities Authority)

Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2011

Schedule 1

	SPECIAL REVENUE FUNDS				
	E-811 Fund	Guymon	Library Fund	Grant Fund	Hotel/Motel Tax Fund
		Development Fund			
<b>ASSETS</b>					
Cash and cash equivalents	354,424	50,191	22,485	344,070	181,628
Investments	-	-	-	-	-
Accounts receivable, net	32,417	500	-	6,325	18,309
Receivable from other governments	-	3,000	-	58,609	-
Deposit with insurance pool	-	-	-	-	-
Total assets	<u>386,841</u>	<u>53,691</u>	<u>22,485</u>	<u>409,004</u>	<u>199,937</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	594	3,138	579	27,243	-
Deferred revenue	-	3,000	1,147	409,309	-
Total liabilities	<u>594</u>	<u>6,138</u>	<u>1,726</u>	<u>436,552</u>	<u>-</u>
Fund balances:					
Nonspendable	-	1,000	-	-	-
Restricted	386,247	49,246	20,759	31,061	199,937
Assigned	-	-	-	-	-
Unassigned	-	(2,693)	-	(58,609)	-
Total fund balances	<u>386,247</u>	<u>47,553</u>	<u>20,759</u>	<u>(27,548)</u>	<u>199,937</u>
Total liabilities and fund balances	<u>\$ 386,841</u>	<u>\$ 53,691</u>	<u>\$ 22,485</u>	<u>\$ 409,004</u>	<u>\$ 199,937</u>

Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2011

Schedule 1

	SPECIAL REVENUE FUNDS		CAPITAL PROJECT FUND	PERMANENT FUND	Total Governmental Funds
	Police Fund	Guymon	Cemetery Care Fund	Dale Funds	
		Industrial Authority			
<b>ASSETS</b>					
Cash and cash equivalents	18,745	50,559	11,841	9,849	\$ 1,043,792
Investments	-	-	-	51,464	51,464
Accounts receivable, net	-	-	-	-	57,551
Receivable from other governments	-	281,500	-	-	343,109
Deposit with insurance pool	-	-	-	-	-
Total assets	<u>18,745</u>	<u>332,059</u>	<u>11,841</u>	<u>61,313</u>	<u>1,495,916</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	-	-	-	-	31,554
Deferred revenue	-	-	-	-	413,456
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>445,010</u>
Fund balances:					
Nonspendable	-	-	-	3,300	4,300
Restricted	18,545	332,059	11,841	58,013	1,107,708
Assigned	200	-	-	-	200
Unassigned	-	-	-	-	(61,302)
Total fund balances	<u>18,745</u>	<u>332,059</u>	<u>11,841</u>	<u>61,313</u>	<u>1,050,906</u>
Total liabilities and fund balances	<u>\$ 18,745</u>	<u>\$ 332,059</u>	<u>\$ 11,841</u>	<u>\$ 61,313</u>	<u>\$ 1,495,916</u>

City of Guymon, Oklahoma  
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 Nonmajor Governmental Funds  
 For the Six Months Ended December 31, 2011

Schedule 2

	SPECIAL REVENUE FUNDS				
	E-911 Fund	Guymon Development Fund	Library Fund	Grant Fund	Hotel/Motel Tax Fund
	<b>REVENUES</b>				
Taxes	\$ 71,207	\$ -	\$ -	\$ -	\$ 91,141
Intergovernmental	16,575	1,935	20,212	-	1,000
Charges for services	-	-	-	15,079	-
Investment earnings	1,353	200	145	-	677
Miscellaneous	12,000	13,433	220	7,500	226
<b>Total revenues</b>	<u>101,135</u>	<u>15,568</u>	<u>20,577</u>	<u>22,579</u>	<u>93,044</u>
<b>EXPENDITURES</b>					
Current:					
Community development	-	6,630	-	14,802	-
Economic development	-	-	-	-	-
Library	-	-	18,651	-	-
Police	32,787	-	-	-	-
Fire	-	3,138	-	-	-
Park	-	-	-	-	-
Tourism	-	3,000	-	-	56,493
Capital Outlay	-	350	3,912	58,609	71,482
Total Expenditures	<u>32,787</u>	<u>13,118</u>	<u>22,563</u>	<u>73,411</u>	<u>127,975</u>
Excess (deficiency) of revenues over expenditures	68,348	2,450	(1,986)	(50,832)	(34,931)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	68,348	2,450	(1,986)	(50,832)	(34,931)
Fund balances - beginning	317,889	45,103	22,745	23,284	234,868
Fund balances - ending	<u>\$ 386,247</u>	<u>\$ 47,553</u>	<u>\$ 20,759</u>	<u>\$ (27,548)</u>	<u>\$ 199,937</u>

City of Guymon, Oklahoma  
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 Nonmajor Governmental Funds  
 For the Six Months Ended December 31, 2011

Schedule 2

	SPECIAL REVENUE FUNDS		CAPITAL PROJECT FUND	PERMANENT FUND	Total-Other Governmental Funds
	Police Fund	Guymon Industrial Authority	Cemetary Care Fund	Dale Funds	
	<b>REVENUES</b>				
Taxes	\$ -	\$ 386,095	\$ -	\$ -	\$ 548,443
Intergovernmental	-	-	-	-	39,722
Charges for services	-	-	2,735	-	17,814
Investment earnings	76	197	43	(5,311)	(2,620)
Miscellaneous	-	-	-	-	33,379
<b>Total revenues</b>	<u>76</u>	<u>386,292</u>	<u>2,778</u>	<u>(5,311)</u>	<u>636,738</u>
<b>EXPENDITURES</b>					
Current:					
Community development	-	-	-	70	21,502
Economic development	-	58,705	-	-	58,705
Library	-	-	-	-	18,651
Police	-	-	-	-	32,787
Fire	-	-	-	-	3,138
Park	-	-	-	-	-
Tourism	-	-	-	-	59,493
Capital Outlay	-	-	-	-	134,353
Total Expenditures	<u>-</u>	<u>58,705</u>	<u>-</u>	<u>70</u>	<u>328,629</u>
Excess (deficiency) of revenues over expenditures	76	327,587	2,778	(5,381)	308,109
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	76	327,587	2,778	(5,381)	308,109
Fund balances - beginning	18,669	4,472	9,063	66,694	742,797
Fund balances - ending	<u>\$ 18,745</u>	<u>\$ 332,059</u>	<u>\$ 11,841</u>	<u>\$ 61,313</u>	<u>\$ 1,050,906</u>

City of Guymon, Oklahoma  
Combining Balance Sheet  
General Fund Accounts  
December 31, 2011

Schedule 3

	<u>General Fund</u>	<u>Golf Course Fund</u>	<u>Pool/Recreation Fund</u>	<u>Airport Authority</u>	<u>TOTAL</u>
<b>ASSETS</b>					
Cash, including time deposits	\$ 1,801,463	\$ 28,837	\$ 33,392	\$ 109,393	\$ 1,973,085
Investments	-	-	-	-	-
Receivable from other governments	628,593	-	-	-	628,593
Accounts receivable, net	493,018	-	-	18,292	511,308
Due from other funds	6,021	-	-	-	6,021
Deposit with insurance pool	-	-	-	-	-
Total assets	<u>2,929,093</u>	<u>28,837</u>	<u>33,392</u>	<u>127,685</u>	<u>3,119,007</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	45,419	83	-	1,435	46,937
Due to other funds	-	6,021	-	-	6,021
Due to other governments	-	-	-	946	946
Refundable court bonds	16,374	-	-	-	16,374
Deferred revenue	251,166	-	-	-	251,166
Total liabilities	<u>312,959</u>	<u>6,104</u>	<u>-</u>	<u>2,381</u>	<u>321,444</u>
Fund balances:					
Restricted	-	-	-	125,304	125,304
Assigned	200,220	22,733	33,392	-	256,345
Unassigned	2,415,914	-	-	-	2,415,914
Total fund balances	<u>2,616,134</u>	<u>22,733</u>	<u>33,392</u>	<u>125,304</u>	<u>2,797,563</u>
Total liabilities and fund balances	<u>\$ 2,929,093</u>	<u>\$ 28,837</u>	<u>\$ 33,392</u>	<u>\$ 127,685</u>	<u>\$ 3,119,007</u>

City of Guymon, Oklahoma  
 Combining Schedule of Revenues, Expenditures and Changes in Fund Balances  
 General Fund Accounts  
 For the Six Months Ended December 31, 2011

Schedule 4

	<u>General Fund</u>	<u>Golf Course Fund</u>	<u>Pool/Recreation Fund</u>	<u>Airport Authority</u>	<u>TOTAL</u>
<b>REVENUES</b>					
Taxes	\$ 2,239,582	\$ -	\$ -	\$ 2,523	\$ 2,242,105
Intergovernmental	375,870	-	-	19,049	394,919
Charges for services	210,845	132,737	5,235	5,075	353,892
Fines and forfeitures	170,179	-	-	-	170,179
Licenses and permits	15,158	-	-	-	15,158
Investment earnings	9,570	337	169	330	10,406
Miscellaneous	69,133	11,238	21	3,522	83,914
Total revenues	<u>3,090,337</u>	<u>144,312</u>	<u>5,425</u>	<u>30,499</u>	<u>3,270,573</u>
<b>EXPENDITURES</b>					
Current:					
General Government:					
City clerk	24,948	-	-	-	24,948
City treasurer	31,966	-	-	-	31,966
Human resources	72,880	-	-	-	72,880
Information technology	31,247	-	-	-	31,247
General government	138,823	-	-	-	138,823
Total General Government	<u>299,864</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>299,864</u>
Public Safety and Judiciary:					
City attorney	38,949	-	-	-	38,949
Ambulance	188,175	-	-	-	188,175
Police	1,077,664	-	-	-	1,077,664
Municipal court	79,337	-	-	-	79,337
Fire	695,517	-	-	-	695,517
Civil emergency management	8,345	-	-	-	8,345
Total Public Safety and Judiciary	<u>2,087,987</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,087,987</u>
Transportation:					
Airport	-	-	-	43,290	43,290
Street	392,054	-	-	-	392,054
Public Transportation	290,531	-	-	-	290,531
Total Transportation	<u>682,585</u>	<u>-</u>	<u>-</u>	<u>43,290</u>	<u>725,875</u>
Cultural, Parks, and Recreation:					
Golf	-	275,300	-	-	275,300
Library	138,618	-	-	-	138,618
Cemetery	52,764	-	-	-	52,764
Swimming pool	-	-	34,763	-	34,763
Parks	211,920	-	-	-	211,920
Total Cultural, Parks and Recreation	<u>403,302</u>	<u>275,300</u>	<u>34,763</u>	<u>-</u>	<u>713,365</u>
Community/Economic Development:					
Community development	129,466	-	-	-	129,466
Business Incubator	35,108	-	-	-	35,108
Economic development	-	-	-	-	-
Total Community/Economic Development	<u>164,574</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>164,574</u>
Debt Service:					
Principal	64,538	17,904	-	-	82,442
Interest and other charges	5,858	-	-	-	5,858
Capital Outlay	64,005	2,000	1,615	-	67,620
Total Expenditures	<u>3,772,713</u>	<u>295,204</u>	<u>36,378</u>	<u>43,290</u>	<u>4,147,585</u>
Excess (deficiency) of revenues over expenditures	<u>(682,376)</u>	<u>(150,892)</u>	<u>(30,953)</u>	<u>(12,791)</u>	<u>(877,012)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	372,344	187,300	-	-	559,644
Transfers out	<u>(372,344)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(372,344)</u>
Total other financing sources and uses	<u>-</u>	<u>187,300</u>	<u>-</u>	<u>-</u>	<u>187,300</u>
Net change in fund balances	(682,376)	36,408	(30,953)	(12,791)	(689,712)
Fund balances - beginning	3,298,510	(13,675)	64,345	138,095	3,487,275
Fund balances - ending	<u>\$ 2,616,134</u>	<u>\$ 22,733</u>	<u>\$ 33,392</u>	<u>\$ 125,304</u>	<u>\$ 2,797,563</u>

City of Guymon, Oklahoma  
 Schedule of Departmental Operating Revenues and Expenses  
 Enterprise Fund - Operating Accounts  
 (Guymon Utilities Authority)  
 For the Six Months Ended June 30, 2011

Operating Revenues:	
Charges for services	
Gas charges	\$ 2,023,766
Water charges	1,712,588
Sewer charges	766,343
Sanitation charges	760,139
Penalties	21,069
Agricultural revenue	<u>72,109</u>
Total Charges for services	<u>5,356,015</u>
Miscellaneous:	
Gas	4,004
Water	450
Sewer	1,298
Sanitation	843
Administrative	<u>58,822</u>
Total Miscellaneous	<u>65,417</u>
Total Operating Revenues	<u>5,421,432</u>
Operating Expenses	
Gas Department:	
Cost of goods sold	1,074,170
Personal Services	203,381
Materials and Supplies	12,388
Other Services and Charges	20,890
Depreciation	48,366
Amortization Expense	-
Total Gas Operating Expenses	<u>1,359,196</u>
Garage Department:	
Personal Services	32,660
Materials and Supplies	907
Other Services and Charges	1,151
Depreciation	612
Amortization Expense	-
Total Garage Operating Expenses	<u>35,330</u>
Water Department:	
Personal Services	145,551
Materials and Supplies	33,402
Other Services and Charges	288,481
Depreciation	212,106
Amortization Expense	<u>10,285</u>
Total Water Operating Expenses	<u>699,825</u>
Sewer Department:	
Personal Services	246,214
Materials and Supplies	34,785
Other Services and Charges	283,218
Depreciation	472,706
Amortization Expense	<u>11,881</u>
Total Sewer Operating Expenses	<u>1,048,815</u>
Sanitation Department:	
Personal Services	300,190
Materials and Supplies	54,183
Other Services and Charges	184,274
Depreciation	33,768
Amortization Expense	-
Total Sanitation Operating Expenses	<u>572,415</u>
Farm Department:	
Cost of Sales	-
Materials and Supplies	-
Other Services and Charges	-
Depreciation	<u>72</u>
Total Farm Operating Expenses	<u>72</u>
Administration Department:	
Personal Services	266,096
Materials and Supplies	8,392
Other Services and Charges	230,044
Depreciation	36,166
Amortization Expense	<u>0</u>
Total Administration Operating Expenses	<u>540,698</u>
Total Operating Expenses	<u>4,256,351</u>
Net Operating Income (Loss)	<u>\$ 1,165,081</u>

**REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Users of the City of Guymon, Oklahoma,  
Annual Financial Report

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Guymon, Oklahoma (the "City") as of and for the 6-month period ended December 31, 2011, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 27, 2012. Our report includes a disclaimer of opinion on the presented required supplementary information. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

Management of the City is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

(Continued)

**REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS, CONTINUED**

**Internal Control Over Financial Reporting, Continued**

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the City Council and management of the City, the State of Oklahoma, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Shawnee, Oklahoma  
June 27, 2012

*Finley + Cook, PLLC*