

City of Stillwater, Oklahoma

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



CITY OF STILLWATER, OKLAHOMA

Comprehensive Annual Financial Report

And Accompanying

Independent Auditor's Report

For the Fiscal Year Ended June 30, 2014

Prepared by:

Department of Finance

Marcy Lamb

Director of Finance

**CITY OF STILLWATER, OKLAHOMA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014
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*Introductory
Section*



Date: December 11, 2014

To the Honorable Mayor John Bartley, members of the City Council and the Citizens of the City of Stillwater, Oklahoma:

The comprehensive annual financial report of the City of Stillwater, for the fiscal year ended June 30, 2014, is submitted herewith. This report was prepared by the City's Department of Finance. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City in accordance with accounting principles generally accepted in the United States of America; and, accordingly, all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our Management's Discussion and Analysis.

OVERVIEW

Report Format

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

For fiscal year 2014, the independent auditor's report on the internal control and compliance with applicable laws, is presented in a separate document which is available upon request.

Governmental Structure, Local Economic Conditions and Outlook

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

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

The economic outlook for the City of Stillwater and its residents is improving after the economic downturn in the most recent years. The City has a diverse economy with a high degree of stability. Stillwater is the county seat for Payne County and houses other governmental entities and educational centers that provide a stable labor force. Oklahoma State University is the City's largest employer and the City is also the headquarters for the Oklahoma Department of Career and Technology Education and the Meridian Technology Center. Employment in the state and local government sectors account for approximately 40% of local wage and salary jobs. In addition manufacturing and advanced technology

companies cover a large share of the local economic base. The health care sector has been a contributor to local job growth in the past decade. Stillwater has experienced significant retail growth since 2008 with the addition of several national retailers. The retail additions have helped to broaden the city's regional trade influence. Going forward it is expected to have a positive effect on Stillwater's economy by helping to retain local dollars and contributing to the sales tax collections.

Stillwater's cost of living remains well below the state and U.S. average. Unemployment for Stillwater is consistently among the lowest in the U.S. and the surrounding county. The unemployment rate for Stillwater is nearing 4% and continues to track downward. It remains roughly two percentage points below the U.S. rate.

The Reporting Entity and Its Services

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

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

FINANCIAL INFORMATION

Internal Controls

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

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

Budgetary Control

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

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

Accounting System

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

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

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

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

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

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

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

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

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

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

General Fund Operations

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

Enterprise Fund Operations & Similar Component Units

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

charges and/or a determination of net income is desirable. Services accounted for in Enterprise Funds are tangible, and it is possible to determine the extent to which they benefit individual service consumers.

Risk Management

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

The City had been self-insured for workers compensation and unemployment compensation coverage prior to the decision to implement a self-insurance program. To create a self-insurance fund for the City, the workers compensation and unemployment compensation funds were combined with the funds budgeted in the 1987 fiscal year for insurance premiums. Within this fund, accounts were created for the different types of losses the City could anticipate. Expenditures from the fund are determined by claims filed with the City during the year and approved for payment. Payment of claims \$25,000 and over require City Council approval. Payments of claims under \$25,000 require City Manager approval.

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

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

Cash Management

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

Reserve Policy

The City has implemented a policy designed to add to the emergency reserves. This policy is an informal budgetary policy utilized at the direction of the City Manager with council agreement. The policy allows for the reserve to increase by the area's CPI index or 3% or whichever is greater on an annual basis as funds are available.

Independent Audit

The Oklahoma State Statutes and City Charter require an annual audit by certified public accountants or qualified independent public accountants. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the federal Single Audit Act of 1984, as

amended in 1996, and related OMB circular A-133 and “Government Auditing Standards” issued by the Comptroller General of the United States. The independent certified public accountants that performed the audit were selected by the City Council.

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

Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Stillwater for its comprehensive annual financial report for the fiscal year ended June 30, 2013. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements.

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

Acknowledgments. The preparation of this report could not be accomplished without the dedicated services of the entire Department of Finance staff, with special thanks to Tammy Brown, Christy Cluck and Kelli Couch and the professional assistance of the City’s independent auditors, Berberich Trahan & Company, P.A. In addition, thanks are extended to the members of the Audit Committee for their review and oversight of the audit process and to the members of the City Council for their interest and support in strengthening and improving the fiscal policies of the City of Stillwater.

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

Respectfully submitted,

Dan Galloway
City Manager

Marcy Lamb
CFO

2012

2013



GOVERNMENT FINANCE OFFICERS ASSOCIATION

Certificate of Achievement
for Excellence
in Financial Reporting

Presented to

City of Stillwater
Oklahoma

Executive Director / CEO

**CITY OF STILLWATER, OKLAHOMA
CITY OFFICIALS AND AUDIT COMMITTEE**

JUNE 30, 2014

Mayor and City Council

John Bartley	Mayor
Joe Weaver	Vice Mayor
Gina Noble	Councilor
Pat Darlington	Councilor
Miguel Najera	Councilor

Audit Committee

Kelly Cox	Committee Chair
Kathy Elliott	Member
Rod Goodner	Member
John Killam	Member
Jerry Franklin	Member
Joe Weaver	Ex-officio council member

Administration

Dan Galloway	City Manager
Dan Blankenship	Director of Stillwater Utilities Authority
Marcy Lamb	Chief Financial Officer
John McClenny	Director of Services
Norman McNickle	Director of Public Safety
Lynda Reynolds	Director of Stillwater Public Library
Brad Stewart	Director of Information Technology
Paula Dennison	Director of Development Services
William Millis, Jr	Director of Water Utilities
Gary Johnson	Director of Stillwater Regional Airport
John Dorman	City Attorney
Ryan McCaghren	Police Chief
J. Tom Bradley	Fire Chief
Jason Peek	Director of Transportation
Angela McLaughlin	Director of Consumer Business Development
Sherry Fletcher	Director of Marketing and Public Relations

Department Of Finance-Accounting Division

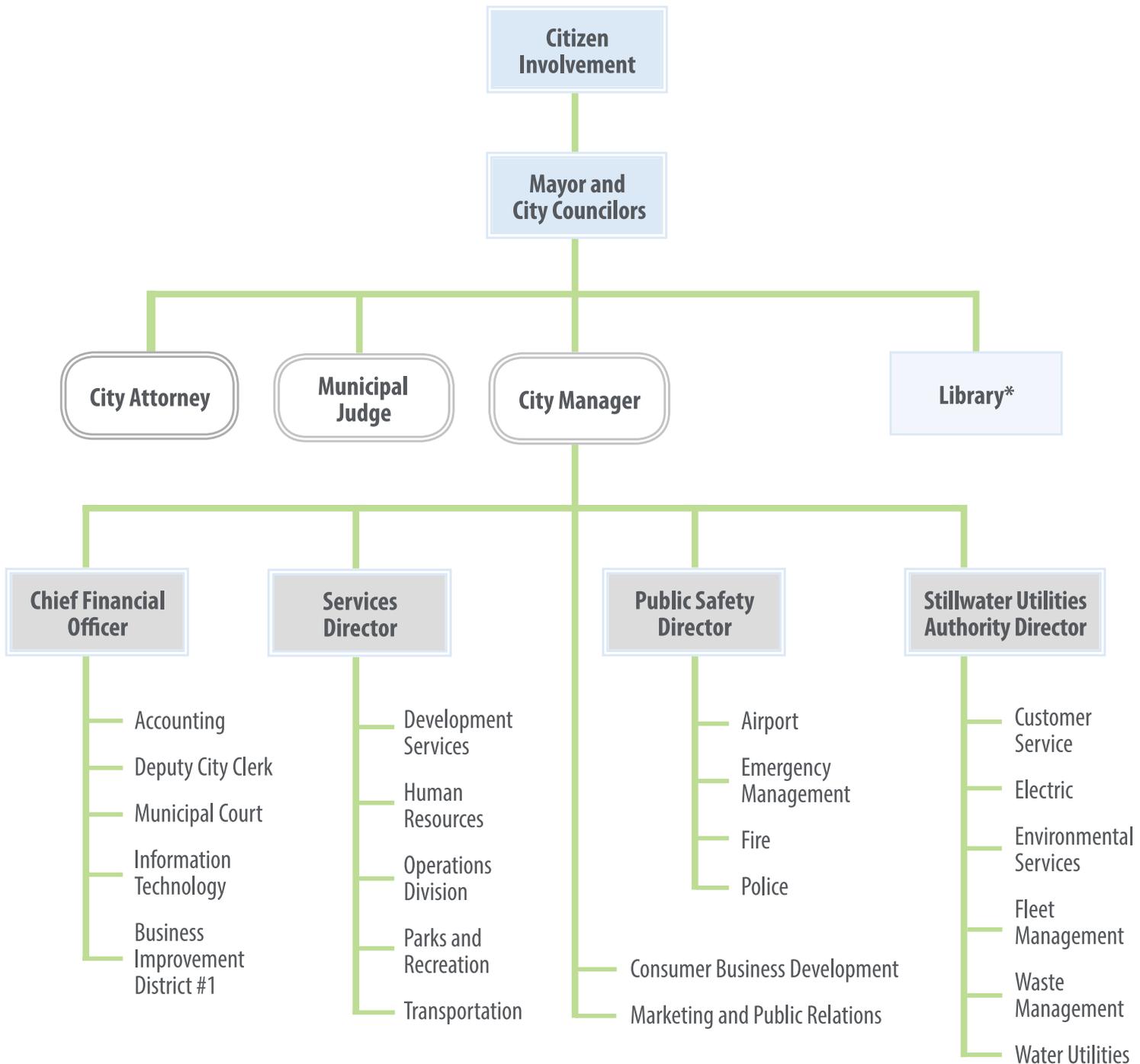
Tamara Brown	Accounting Supervisor
Christy Cluck	Trust Authority Accountant
Elizabeth Chrz	Deputy City Clerk
Kelli Couch	Staff Accountant

City Phone Number: (405) 372-0025

City website: <http://stillwater.org>

CITY ADMINISTRATION ORGANIZATION CHART

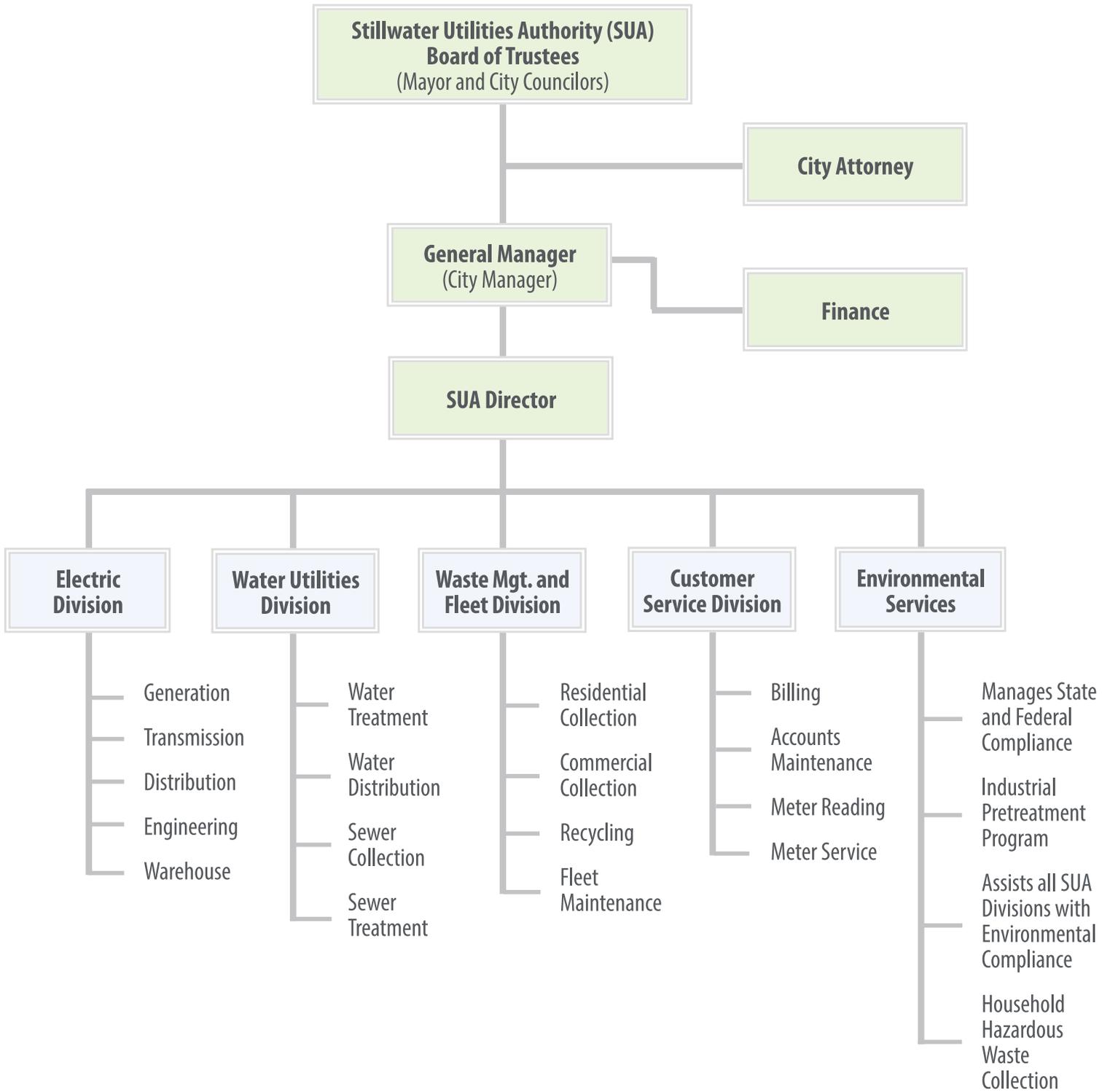
As of June 30, 2014



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

STILLWATER UTILITIES AUTHORITY ORGANIZATION CHART

As of June 30, 2014



*Financial
Section*



BERBERICH TRAHAN & CO., P.A.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Stillwater, Oklahoma (the City), as of and for the year ended June 30, 2014, and the related notes to the financial statements which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Stillwater Medical Center Authority, the discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Stillwater Medical Center Authority, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter – Change in Accounting Principle

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

Emphasis of Matter – Change in Accounting Principle

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 15 through 22 and the Schedule of Funding Progress on pages 79 through 80 and Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Budget Basis) – General Fund on pages 74 through 76 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2014 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Berberich Trahan & Co., P.A.

December 11, 2014
Topeka, Kansas

Management’s Discussion and Analysis Fiscal Year Ended June 30, 2014

As management of the City of Stillwater, we offer readers this narrative overview and analysis of the financial activities of the City of Stillwater for the fiscal year ended June 30, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Using the Financial Statement in this Annual Report

This annual report consists of a series of financial statements. The financial statements presented herein include all of the activities of the City of Stillwater (the “City”), the Stillwater Utilities Authority (the “SUA”) and other component units. The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole, including the SUA and component units, and present a longer-term view of the City’s finances. Included in this report are government-wide statements for each of two categories of activities – governmental and business-type, along with one discretely-presented component unit.

The government-wide financial statements present the complete financial picture of the City from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business-type activities separately and combined. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. These statements include all assets of the City, including infrastructure, as well as all liabilities, including long-term debt. Fund financial statements also report the City’s operations in more detail than the government-wide statements by providing information about the City’s most significant funds.

Reporting the City as a Whole – Statements of Net Position and Activities

This discussion and analysis is intended to serve as an introduction to the City of Stillwater’s basic financial statements. The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer questions. These statements include all assets and liabilities using the accrual basis of accounting. All of the current year’s revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the City’s net position and changes from the prior year. The City’s net position – the difference between assets and liabilities – is one way to measure the City’s financial condition or position. Over time, increases or decreases in the City’s net position are indicators of whether its financial health is improving or deteriorating. However, other non-financial factors must be considered, such as changes in the City’s property tax base and the condition of the City’s roads, to assess the overall health of the City.

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

Governmental activities – Most of the City’s basic services are reported here, including the police, fire, administration, streets and parks. Sales taxes, franchise fees, fines, and state and federal grants finance most of these activities.

Business-type activities – The City charges a fee to customers to help cover all or most of the cost of certain services it provides. The City’s electric, water, sewer and sanitation utilities are reported here, along with the airport.

Discretely-presented component units – The City’s report has one discretely presented component unit, the Stillwater Medical Authority. Although a legally separate entity, this “component unit” is important because the City is financially accountable for them in some way. The Stillwater Medical Authority is a public trust of the City and the City is the beneficiary of the trust.

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

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

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

The General Fund’s fund balance increased from fiscal 2013 by \$1,130,828 mostly due to increased sales and use tax.

The Transportation Fund receives a transfer from the general fund of a ½ percent sales tax dedicated for transportation improvements. The Transportation Fund’s fund balance

decreased from fiscal year 2013 by \$458,699 due to expenditures on approved transportation capital projects.

Proprietary fund – When the City charges customers for the services it provides- whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Fund Net Position. In fact, the City’s enterprise funds, along with certain capital project funds, are the same as the business-type activities reported in the government-wide statements but provide more detail and additional information, such as cash flows. The net position of the Stillwater Utilities Authority (SUA) has increased by \$17,248,315 or 12.73%. Operating revenues increased \$7.4 million. Increased consumption billed to customers and rate increases implemented for electric, water, wastewater, and solid waste collection contributed \$5.5 million to operating revenues. The remaining \$1.9 million of the increase in operating revenues was due to capacity payments received under a new Power Purchase and Sale Agreement and Capacity Purchase Agreement with the Grand River Dam Authority. Operating Expenses increased by \$2.9 million due to the rise in purchased power costs. Transfers to the City’s general fund increased \$711,442 over the prior year.

The City as Trustee

The City is the fiduciary for other assets that are held for the benefit of third parties. All of the City’s fiduciary activities are reported in the Statements of Fiduciary Net Position. These activities are excluded from the City’s other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in this fund are used for their intended purposes.

The City as a Whole

For the year ended June 30, 2014, the net position for the governmental activities and business-type activities changed as follows:

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

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

position for both governmental and business type activities increased 6.54% for this fiscal year.

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

The City of Stillwater's Net Position
(expressed in \$ 000's)

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

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

The largest portion of the City's net position, 69.70%, reflects its investment in capital assets, less any related debt used to acquire those assets to provide services to citizens. Capital assets are items such as land, buildings, machinery and equipment, and infrastructure. Consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, 2.73%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the City's ongoing obligations to citizens and creditors.

Governmental Activities

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

The City of Stillwater's Statement of Activities
(expressed in \$ 000's)

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

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

Business-type Activities

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

General Fund Budgetary Highlights

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

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

Capital Asset & Debt Administration

The following is a summary of changes in capital assets and debt administration for FY2014. More detailed information on capital asset activity and long-term debt activity is contained in the accompanying notes to the financial statements on pages 50 and 51 and pages 53 to 63, respectively.

Capital Assets

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

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

Debt Administration

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

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

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

Economic Factors and Next Year's Budget

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

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

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

The City's first Business Improvement District has welcomed more than 30 new businesses to Stillwater's downtown since its creation in December 2007. Several established businesses have improved their facades and some have relocated to the district. Several incentives have been created to encourage business growth within the district. The goals of the district are to: 1) Increase business activity within the district, which will result in economic growth for the area. 2) Become a destination place for Stillwater residents and visitors. 3) Establish Downtown Stillwater as the premier business, cultural and entertainment destination in Oklahoma. Current activity in the district includes creation of residential living properties above many of the retail properties in the area.

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

OSU continues to excel in the academic arena making the university attractive to students and faculty. For the second year, the university has set a new record for combined enrollment in excess of 25,000 students of which over 24,000 take classes on the Stillwater campus. The freshman class is the second largest in school history at 4,100. In February of 2010, Oklahoma State President V. Burns Hargis announced the launch of "Branding Success: The Campaign for Oklahoma State University". The campaign goal is to raise \$1 billion to fund scholarships, faculty positions, research programs and facilities. Oklahoma State Alumnus and Philanthropist, T. Boone Pickens, announced he would provide a \$100 million testamentary challenge gift to fund a major endowment for scholarships. The target date for the campaign is December 31, 2014. In April 2013, the campaign surpassed the \$1 billion goal, however university officials have said the campaign will continue to its scheduled completion date due to a number of priority projects that remain to be funded and the generosity of donors so far.

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

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

Contacting the City's Financial Management

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

CITY OF STILLWATER, OKLAHOMA
STATEMENT OF NET POSITION
JUNE 30, 2014

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

The accompanying notes are an integral part of this statement.

CITY OF STILLWATER, OKLAHOMA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

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

The accompanying notes are an integral part of this statement.

CITY OF STILLWATER, OKLAHOMA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

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

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

Capital assets used in governmental activities are not financial resources and, therefore, are not report in the funds, net of accumulated depreciation of \$129,812,465

91,946,542

continued

Certain long-term receivables are not available to pay for current fund liabilities and, therefore, are deferred in the funds	88,238
Installment note receivable received for sale of asset is not reported in the fund statement:	57,500
Internal Service fund assets and liabilities are reported in the proprietary fund in the fund financial statements but are included in government activities in the Statement of Net Position	549,386
Certain long-term liabilities are not due and payable from current financial resources and, therefore are not reported in the funds:	
Accrued workers' compensation claims	(1,313,790)
Accrued interest payable	(17,183)
General obligation bonds payable	(5,597,899)
Accrued compensated absences	(2,341,865)
Accrued post employment obligations	(2,565,980)
Net position of governmental activities	<u>\$ 100,652,676</u>

The accompanying notes are an integral part of this statement.

CITY OF STILLWATER, OKLAHOMA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

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

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

The accompanying notes are an integral part of this statement.

CITY OF STILLWATER, OKLAHOMA
STATEMENT OF NET POSITION- PROPRIETARY FUNDS
JUNE 30, 2014

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

The accompanying notes are an integral part of this statement.

CITY OF STILLWATER, OKLAHOMA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Business-type Activities			Governmental Activities Internal Service Fund
	Enterprise Funds			
	Stillwater Utilities Authority	Non Major Enterprise Funds	Totals	
OPERATING REVENUES				
Charges for services, net of bad debt expense	\$ 68,719,373	\$ 1,264,737	\$ 69,984,110	\$ 21
Other	4,208,063	346,299	4,554,362	0
Total operating revenues	<u>72,927,436</u>	<u>1,611,036</u>	<u>74,538,472</u>	<u>21</u>
OPERATING EXPENSES				
Operations and maintenance	45,766,076	2,533,545	48,299,621	0
Depreciation	7,057,762	953,390	8,011,152	0
Total operating expenses	<u>52,823,838</u>	<u>3,486,935</u>	<u>56,310,773</u>	<u>0</u>
Operating income (loss)	<u>20,103,598</u>	<u>(1,875,899)</u>	<u>18,227,699</u>	<u>21</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income (loss)	176,267	5,608	181,875	52
Interest expense and fiscal charges	(800,759)	0	(800,759)	0
Miscellaneous	549,069	0	549,069	0
Net nonoperating revenues (expenses)	<u>(75,423)</u>	<u>5,608</u>	<u>(69,815)</u>	<u>52</u>
Income (loss) before capital contributions and transfers	<u>20,028,175</u>	<u>(1,870,291)</u>	<u>18,157,884</u>	<u>73</u>
CAPITAL CONTRIBUTIONS AND TRANSFERS				
Capital contributions	117,059	179,754	296,813	0
Transfers in	10,663,456	1,482,275	12,145,731	0
Transfers out	(13,560,375)	(2,540)	(13,562,915)	0
Net capital contributions and transfers	<u>(2,779,860)</u>	<u>1,659,489</u>	<u>(1,120,371)</u>	<u>0</u>
Change in net position	<u>17,248,315</u>	<u>(210,802)</u>	<u>17,037,513</u>	<u>73</u>
Net position, beginning of year, as originally stated	135,494,241	16,144,712	151,638,953	549,313
Cumulative effect of a change in accounting principle	<u>(219,482)</u>	<u>0</u>	<u>(219,482)</u>	<u>0</u>
Net position-beginning , as restated	<u>135,274,759</u>	<u>16,144,712</u>	<u>151,419,471</u>	<u>549,313</u>
Net position, end of year	<u>\$ 152,523,074</u>	<u>\$ 15,933,910</u>	<u>\$ 168,676,466</u>	<u>\$ 549,386</u>

The accompanying notes are an integral part of this statement.

CITY OF STILLWATER, OKLAHOMA
STATEMENT OF CASH FLOWS-PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

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

The accompanying notes are an integral part of this statement.

CITY OF STILLWATER, OKLAHOMA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2014

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

The accompanying notes are an integral part of this statement.

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

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

The City of Stillwater, Oklahoma (the City) is a municipal corporation operating under the authority of Oklahoma State Statute. The City operates under a city manager form of government. Four elected members of the City Council and the Mayor set policy. The City Council employs the city manager. The basic financial statements of the funds and fiduciary funds of the City include those of separately administered organizations that are controlled by or dependent on the legislative or executive branches, the City Council and the City Manager, respectively. In accordance with the Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units," and as amended by GASB Statement No. 61, "The Financial Reporting Entity: Omnibus," the City has presented the entities which comprise the primary government along with its discretely presented component units in the basic financial statements. As required by accounting principles generally accepted in the United States of America, the basic financial statements present the reporting entity which consists of the primary government and organizations for which the primary government is financially accountable.

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

Blended Component Units

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

Stillwater Utilities Authority

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

The Stillwater Public Works Authority

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

arrangements between the SPWA and the City. The SPWA operations are reported in the accompanying basic financial statements as the internal service fund.

Stillwater Economic Development Authority

The Stillwater Economic Development Authority (the “SEDA”) was established by resolution of the City Council on February 19, 1990 as the Stillwater Industrial Redevelopment Authority, pursuant to Title 60, Oklahoma Statutes 1981, Sections 176-180.4, inclusive as amended and supplemented (The “Public Trust Act”), Title 11, Oklahoma Statutes 1981, Sections 40-101 through 40-115, inclusive, as amended and supplemented (the “Central Business District Redevelopment Act”). The authority was renamed via an amendment to the trust on November 5, 2012 as the Stillwater Economic Development Authority. The SEDA is a public trust with the City as beneficiary and the City Councilors designated as trustees. The main purpose is the improvement of the economic climate of the trust beneficiary. Methods of improving the economic climate may include but are not limited to, assisting in acquisition of financial resources to improve availability of housing, redevelopment of blighted areas and other economic activities. The operations of the SEDA are reported in the accompanying basic financial statements as an enterprise fund.

Discretely Presented Component Units

Stillwater Medical Center Authority

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

BASIS OF PRESENTATION

Government-wide Financial Statements:

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

Fund Financial Statements:

The reporting entity is organized into funds, each of which is considered a separate accounting entity. Separate financial statements are provided for the three fund categories: governmental, proprietary, and fiduciary. An

emphasis is placed on major funds with the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

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

The funds of the City are described below:

General Fund

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

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources, other than capital projects, that are legally restricted to expenditures for specified purposes or otherwise segregated for accounting purposes. The Community Development Block Grant Fund is the only special revenue fund active during the fiscal year ending June 30, 2014.

Debt Service Fund

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

Capital Projects Fund

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

- Police/Municipal Building
- Transportation Improvement Fund

Enterprise Funds

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

The reporting entity includes the following enterprise funds:

- Stillwater Utilities Authority
- Airport
- Stillwater Economic Development Authority

Internal Service Fund

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

Fiduciary Fund

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

- | | |
|---|----------------------------|
| Property Rehabilitation Escrow | Sanitary Sewer Assessments |
| Business Improvement District Assessments | Public Library Donations |
| Sidewalk Escrow | Bond Escheatment Escrow |
| Right Of Way Escrow | Street Assessments |
| Performance Guarantee Escrow | |

Discretely Presented Component Units

A discretely presented component unit is a separate legal entity whose governing body (in majority) is appointed by the Mayor or City Council, but whose governing body is not substantially the same as the City Council nor is an entity established to provide services primarily to the primary government. Since this component unit is not as closely associated with the City as are the blended component units, it is reported in a discretely presented column on the government-wide financial statements labeled “Component Unit.” The reporting entity includes the following discretely presented component unit:

Stillwater Medical Center Authority

Major Governmental Funds:

Description

General Fund

See previous description

Transportation Improvement Fund

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

Major Enterprise Fund:

Description

Stillwater Utility Authority (SUA)

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

Non-Major Funds:

Governmental Funds:

Special Revenue Fund:

Community Development Block Grants

Accounts for funds used for the improvements in the community. Funding is provided by the Community Development Block Grant Small Cities Set Aside program, other state and federal grants and local matching funds.

Debt Service Fund

Accounts for the accumulation of ad-valorem taxes levied by the City for the payment of general long-term debt principal, interest and related costs

Capital Project Fund:

Police/Municipal Building	Accounts for the resources restricted for the acquisition or construction of the Police/Municipal building
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Enterprise Funds:

Airport	Accounts for the operation of the Stillwater Municipal Airport including capital additions and improvements financed through federal and state grant proceeds and City contributions.
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Stillwater Economic Development Authority	Accounts for expenditures for industrial redevelopment. Financing provided from federal grants, federal loans, city contributions and citizen participation.
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Internal Service Fund:

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

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

The government-wide statement of net position and statement of activities are presented using the *economic resources measurement focus* and the *accrual basis of accounting* as are the proprietary fund financial statements. Agency funds do not have a measurement focus and use 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.

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

ASSETS, LIABILITIES AND NET POSITION OR EQUITY

Cash and Cash Equivalents - Cash in bank, cash on hand, and short-term investments with original maturities of ninety days or less are reported as cash and cash equivalents. The resources of the individual funds are general in purpose and combined to form a pool of investments which is managed by the Director of Finance. These pooled assets (comprised of Treasury repurchase agreements) are stated at amortized cost if the investment had a maturity of one year or less at the time of purchase. All investments held are authorized under Oklahoma State Statutes. Permissible investments include direct obligations of the U. S. government and agency securities, certificates of deposit, and savings accounts or savings certificates of savings and loan associations. Each fund’s equity in the pooled investments account is reported in the basic financial statements as cash and cash equivalents.

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

Assets Internally Designated - Assets internally designated consist of cash and cash equivalents set aside by the Stillwater Utilities Authority Board of Trustees in anticipation of future potential operating cost increases and/or future substantial capital expenditure requirements and at the Board's discretion may subsequently be used for other purposes. As of June 30, 2014, cash and cash equivalents in the amount of \$38,729,991 have been internally designated by the SUA trustees for this purpose.

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

Accounts Receivable/Due from Other Governments - In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable of \$830,828 are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include sales and use taxes, franchise taxes, grants, and court fines.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise tax and grants and other similar intergovernmental revenues, since they are usually both measurable and available. Non-exchange revenues collectible but not available are deferred in the fund financial statements in accordance with the modified accrual basis of accounting, but not deferred in the government-wide financial statements in accordance with the accrual basis of accounting. Proprietary fund receivables consist of all revenues earned at year-end and not yet received. Utility accounts receivable comprise the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable of \$243,382 are based upon historical trends and the periodic aging of accounts receivable.

Receivables of the Stillwater Medical Center Authority consists of patient accounts receivable for service rendered. The Hospital provides an allowance of \$5,010,000 for uncollectible accounts receivable based upon historical trends and the existing economic conditions.

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

Inventories - Inventories, consisting primarily of materials and supplies, are stated at weighted average cost. The consumption method of accounting is used by the governmental funds; therefore, inventory purchases are recorded in these funds as expenditures as they are used. Inventories are adjusted to annual physical count. Inventories of proprietary funds consist primarily of materials, supplies and fuel oil and are reported at the lower of average cost or market.

Bond Premiums/Discounts - Debt discount and premium are amortized using the straight-line method, which approximates the effective interest method, over the life of the applicable debt. Amortized debt discount and premium are reported as a component of interest expense.

Capital Assets - The accounting treatment for property, plant and equipment (capital assets) depends on whether the assets are used in governmental fund operations and similar discretely presented component unit operations or proprietary fund operations and similar discretely presented component unit operations and whether they are reported in the government-wide or fund financial statements. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred by business-type activities was \$800,759. There was no interest capitalized on construction in progress during 2014.

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

Government-Wide Statements

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

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

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

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

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

Fund Financial Statements

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

Long-term Debt

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

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

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

Compensated Absences

Sick Pay - Employees may accrue a maximum of 1,000 hours of sick leave plus hours over 1,000 accrue in the catastrophic leave bank. Catastrophic leave hours are available for use only after all other sick and annual leave has been exhausted. An employee with five or more years of service who retires or resigns shall receive a bonus credit of 10% of the accumulated unused sick leave to be computed at the rate of pay being received by the employee at retirement or resignation date. Employees with ten to thirty-five years of service receive a bonus credit ranging from 12.5% to 35%. Hours in an employee's catastrophic leave bank are not eligible for payout.

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

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

Deferred Inflows

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

Equity Classifications

Government-Wide Financial Statements:

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

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

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

Fund Financial Statements:

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

Nonspendable fund balance – includes amounts that are (a) not in spendable form, or (b) legally or

contractually required to remain intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.

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

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

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

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

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

NEWLY ADOPTED STANDARDS

During the year, the City or its Component Unit adopted the following accounting standards:

GASB Statement No. 61, “The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34” – This Statement modified certain requirements for inclusion of component units in the financial reporting entity. Under the provisions of this statement, the Hospital changed its reporting entity to exclude the Stillwater Medical Center Foundation, Inc. as it did not meet the criteria for inclusion as a component unit. Statement No. 61 became effective for reporting periods beginning after June 15, 2012. The implementation of this statement resulted in a decrease of opening position of \$4,297,949 for the Hospital which is reported as a discretely presented component unit on the entity-wide financial statements.

GASB Statement No. 65, “Items Previously Reported as Assets and Liabilities” – This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The implementation of this statement resulted in the a decrease of opening net position of \$219,482 in business type activities as well as a decrease of opening net position of \$101,960 in governmental activities.

GASB Statement No. 66, “Technical Corrections-2012-an Amendment of GASB Statements No. 10 and No. 62” – The objective of this Statement is to improve accounting and financial reporting by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, “Fund Balance Reporting and

Governmental Fund Type Definitions” and No. 62, “Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.” This Statement did not have an impact on the City’s financial statements.

GASB Statement No. 67, “Financial Reporting for Pension Plans-an Amendment of GASB Statement No. 25” – The objective of this Statement is to improve financial reporting by state and local government pension plans. This Statement did not have an impact on the City’s financial statements.

REVENUES, EXPENDITURES AND EXPENSES

Sales tax

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

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

Property tax

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

Property tax levied during the fiscal year ended June 30, 2014 was used to fund the annual debt service requirements of the 2010 General Obligation Refunding bonds.

Program Revenues

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

Public safety	Fire and police fines assessed for training, fire run fees, operating and capital grants from the Department of Homeland Security, U.S. Department of Justice, Oklahoma Highway Safety Grants and the Department of Juvenile Affairs and donations from outside contributors
Recreation and culture	Park and recreation fees; capital and operating grants from the Oklahoma Department of Transportation, Department of Wildlife, and donations

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

All other governmental revenues are reported as general. All taxes are classified as general revenue even if restricted for a specific purpose.

Operating Revenues and Expenses

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

Expenditures/Expenses

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

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

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

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

INTERNAL AND INTERFUND BALANCES AND ACTIVITIES

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

Fund Financial Statements:

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

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

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

Government-Wide Financial Statements:

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

1. Internal balances - amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are reported as Internal Balances.
2. Internal activities - amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide statement of activities except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers-Internal Activities.

USE OF ESTIMATES

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

(2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

FUND ACCOUNTING REQUIREMENTS

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

<u>Fund</u>	<u>Required by</u>
Debt Service Fund	State Law
Stillwater Utilities Authority	Trust Indenture
Stillwater Economic Development Authority	Trust Indenture
Stillwater Public Works Authority	Trust Indenture

DEPOSITS AND INVESTMENTS LAWS AND REGULATIONS

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

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

Public trusts created under O.S. Title 60, are not subject to the statutory investment limitations and are primarily governed by any restrictions in their trust or bond indentures. For the year ended June 30, 2014, the City and its public trusts complied, in all material respects, with these investment restrictions.

REVENUE RESTRICTIONS

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

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
Sales Tax	See note 1
Gasoline Excise & Commercial Vehicle Tax	Street and Alley Purposes
E-911 Revenue	E-911 Emergency Services Purposes
Ad-valorem Tax	Debt Service on Bonds and Judgments
Grants Revenue	Based upon Individual Grant Agreements
Hotel/Motel Tax	Economic Development
Storm Water Fee	Storm Water Management Purposes
Fire and Police Training Fee	Training of the fire and police departments

For the year ended June 30, 2014, the City complied, in all material respects, with these revenue restrictions.

DEBT RESTRICTIONS AND COVENANTS

General Obligation Debt

Article 10, Sections 26 and 27 of the Oklahoma Constitution limits the amount of outstanding general obligation bonded debt of the municipality for non-utility or non-street purposes to no more than 10% of net assessed valuation. For the year ended June 30, 2014, the City complied with this restriction.

Other Long-Term Debt

As required by the Oklahoma State Constitution, the City (excluding public trusts) may not incur any indebtedness that would require payment from resources beyond the current fiscal year revenue, without obtaining voter approval. For the year ended June 30, 2014, no such debt was incurred by the City.

Revenue Bond Debt

The bond indenture relating to the revenue bond issue of the SUA contains a number of restrictions or covenants that are financial related. These include covenants such as a required flow of funds through special accounts, required reserve account balances, and revenue bond debt service coverage requirements. The following schedule presents a brief summary of the most significant requirements and the SUA's level of compliance thereon as of June 30, 2014.

<u>Requirement</u>	<u>Level of Compliance</u>
a. Flow of funds: Sales Tax Account Bond Account	All required accounts have been established and are used per Bond Indenture requirements.
b. Reserve Account Requirement:	The Bonds are secured by a Surety Policy issued by Ambac Assurance Corporation in lieu of capitalizing a Bond Fund Reserve.
c. Revenue Bond and Oklahoma Water Resources Board Note Requirement	For the year ended June 30, 2014, available sales tax and revenues, as defined by the bond indentures, was \$77,395,899; bond coverage requirement is operating and maintenance excluding depreciation or \$42,098,204 plus 125% of primary principal and interest plus 100% of subordinate principal and interest or \$1,672,347. Excess coverage was \$33,625,348 or over 20 times the required principal and interest coverage.

FUND EQUITY/ NET POSITION RESTRICTIONS

Deficit Prohibition

Title 11, Section 17-211 of the Oklahoma Statutes prohibits the creation of a deficit fund balance in any individual fund. For the year ended June 30, 2014, the City did not incur any fund balance deficits.

(3) DETAILED NOTES-TRANSACTION CLASSES/ACCOUNTS

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

DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The City's deposit policy for custodial credit risk requires compliance with the provisions of state law.

State law requires collateralization of all deposits with federal depository insurance; U.S. government issues; U.S. government insured securities; State of Oklahoma bonds; or bonds of any county or school district of the State of Oklahoma.

At June 30, 2014 the City's bank balance of \$63,656,984 was not exposed to custodial credit risk. At December 31, 2013, \$1,722,000 of the Hospital's bank balance of \$7,887,000 was uninsured and uncollateralized.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The City's investment policy does not address interest rate risk. The Hospital's investment policy generally limits its investment portfolio to maturities of three to five years with an average overall portfolio duration greater than 7.5 years.

Investments

The City may legally invest in direct obligations of the U.S. government and agency securities, certificates of deposit and savings accounts or savings certificates of savings and loan associations.

The Hospital may legally invest in direct obligations of and other obligations guaranteed as to principal by the U.S. Treasury and U.S. agencies and instrumentalities and in bank repurchase agreements. It may also invest to a limited extent in corporate bonds and equity securities.

At June 30, 2014 the City had the following investments and maturities:

Type	Rating	Fair Value	Maturities in Years			
			Less than 1	1-5	6-10	More than 10
Certificates of deposit	**	\$ 5,637,237	\$ 5,637,237	\$ 0	\$ 0	\$ 0
Mutual Fund	Not avail.	144,122	144,122	0	0	0
US Agencies-FHLMC	AA	7,479,822	0	0	0	7,479,822
		<u>\$ 13,261,181</u>	<u>\$ 5,781,359</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,479,822</u>

** Not subject to rating

At December 31, 2013, the Hospital's investments had the following investments and maturities:

Type	Fair Value	Maturities in Years			
		Less than 1	1-5	6-10	More than 10
Guaranteed investment contracts	\$ 1,245,000	\$ 0	\$ 0	\$ 1,245,000	\$ 0
U.S. treasury obligations	407,115	34,992	238,527	97,216	36,380
U.S. agencies obligations	3,900,189	335,412	552,107	866,977	2,145,693
Corporate bonds	5,590,474	98,475	1,177,663	2,957,421	1,356,915
Money market mutual funds	13,650,376	13,650,376	0	0	0
Mutual funds	9,464,309	5,009,365	1,993,962	2,460,982	0
	<u>34,257,463</u>	<u>\$ 19,128,620</u>	<u>\$ 3,962,259</u>	<u>\$ 7,627,596</u>	<u>\$ 3,538,988</u>
Corporate stocks	10,761,812				
Accrued investment income	103,851				
	<u>\$ 45,123,126</u>				

Investment Credit Risk – Investment credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations.

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

The Hospital's policy is to limit its investments to a credit rating of no less than investment grade and an overall weighted-average rating of A by Standard and Poor's (S & P) or an equivalent rating by another reputable institution. The corporate bonds of the Hospital have ratings ranging from BBB to AAA by Standard and Poor's. The money market mutual funds of the Hospital are rated AAAM by Standard and Poor's. Certain Hospital investments, which include guaranteed investment contracts, U.S. agencies obligations, and mutual funds were not rated by S & P.

Concentration of Credit Risk - The City places no limit on the amount that may be invested in any one issuer. The Hospital's investment policy limits equity investments in any one issuer, other than the U.S. government or its agencies, to 10% of the fair value of the fixed income portfolio and to 5% of the fair value of the equity portfolio. At December 31, 2013, no investments exceeded 5% of the total value of all Hospital investments.

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

Summary of Carrying Values

Carrying Amounts	Primary Government	Component Unit	Total
Deposits	\$ 70,535,156	\$ 7,588,083	\$ 78,123,239
Investments	13,261,181	45,123,126	58,384,307
	<u>\$ 83,796,337</u>	<u>\$ 52,711,209</u>	<u>\$ 136,507,546</u>

Reconciliation to Government-wide Statement of Net Position

Included in the following captions:

Cash and cash equivalents	\$ 71,686,905	\$ 12,840,303	\$ 84,527,208
Investments	8,969,691	37,208,278	46,177,969
Restricted cash and cash equivalents	2,674,040	1,049,654	3,723,694
Restricted investments	0	1,612,974	1,612,974
Fiduciary funds	465,701	0	465,701
Total	<u>\$ 83,796,337</u>	<u>\$ 52,711,209</u>	<u>\$ 136,507,546</u>

ACCOUNTS RECEIVABLE

The accounts receivable of the governmental activities consist of franchise taxes, police fines, E-911, rural fire charges, and stormwater fee receivables. Rural fire charges are 11% of the total. Police fines are 14 percent of the total while cable franchise taxes are 25 percent of the total. The remaining receivables are intergovernmental and/or due from various customers. The accounts receivable of the business-type

activities are amounts due from utility customers. All receivables are expected to be collected within one year.

ACCOUNTS PAYABLE

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

RESTRICTED ASSETS

Certain assets of the SUA are restricted in their use by bond and note indentures. Cash and cash equivalents, classified as current, in the amount of \$344,724 at June 30, 2014, was restricted in use to the service of debt.

Certain cash and cash equivalents of the SUA are restricted by agreement for the purpose of acquiring necessary easements related to water line upgrades for an area of service purchased from a rural water district. As of June 30, 2014, cash and cash equivalents, classified as non-current, of \$54,756 was restricted for this purpose.

Cash and cash equivalents received by the SUA from Rural Water Corporation No. 3 are restricted by agreement for the purpose of completing upgrades, improvements, and/or expansions of the water distribution system in specified areas. As of June 30, 2014 cash and cash equivalents, classified as current, in the amount of \$12,140 was restricted for this purpose.

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

Cash and cash equivalents received from utility customers for payment of the Western Payne County Ambulance Trust Authority (WPCATA) subscription fee are restricted in their use. Per agreement, the SUA remits to the WPCATA, on a monthly basis, all money collected from said charge. As of June 30, 2014 cash and equivalents, classified as current, in the amount of \$72,488 were restricted for this purpose.

Customer deposits received for water or electric service are restricted in their use toward the customer's final bill. As of June 30, 2014, cash and cash equivalents in the amount of \$1,619,232 of which \$1,047,077 is classified as current and \$572,155 is classified as non-current, have been restricted for customer deposits.

CAPITAL ASSETS

Capital asset activity was as follows:

	Balance June 30, 2013	Increases	Decreases	Balance June 30, 2014
PRIMARY GOVERNMENT:				
<i>Governmental Activities:</i>				
Capital assets not being depreciated:				
Land	\$ 7,657,918	\$ 679,908	\$ 7,600	\$ 8,330,226
Construction-in-progress	11,510,970	2,956,494	10,880,137	3,587,327
Total capital assets not being depreciated	19,168,888	3,636,402	10,887,737	11,917,553
Other capital assets:				
Buildings	24,157,929	0	0	24,157,929
Other improvements	152,635,363	11,715,331	12,736	164,337,958
Machinery and equipment	20,958,308	1,389,238	556,479	21,791,067
Total other capital assets at historical cost	197,751,600	13,104,569	569,215	210,286,954
Less accumulated depreciation for:				
Buildings	8,615,290	534,502	0	9,149,792
Other improvements	97,977,472	5,893,009	12,736	103,857,745
Machinery and equipment	16,531,754	788,110	514,936	16,804,928
Total accumulated depreciation	123,124,516	7,215,621	527,672	129,812,465
Other capital assets, net	74,627,084	5,888,948	41,543	80,474,489
Governmental activities capital assets, net	\$ 93,795,972	\$ 9,525,350	\$ 10,929,280	\$ 92,392,042
<i>Business-type activities:</i>				
Capital assets not being depreciated:				
Land	\$ 2,025,595	\$ 0	\$ 0	\$ 2,025,595
Intangible assets	1,530,403	0	0	1,530,403
Construction-in-progress	2,714,309	5,537,266	1,989,037	6,262,538
Total capital assets not being depreciated	6,270,307	5,537,266	1,989,037	9,818,536
Other capital assets:				
Buildings	4,945,212	0	0	4,945,212
Other improvements	29,709,716	0	0	29,709,716
Machinery and equipment	28,009,807	1,004,949	408,008	28,606,748
Intangible assets	74,054	0	0	74,054
Utility plant in service	193,044,736	2,467,557	59,823	195,452,470
Total other capital assets at historical cost	255,783,525	3,472,506	467,831	258,788,200
Less accumulated depreciation for:				
Buildings	3,305,372	185,379	0	3,490,751
Other improvements	15,239,488	920,942	0	16,160,430
Machinery and equipment	15,321,590	1,355,187	343,222	16,333,555
Utility plant in service	104,776,181	5,549,644	56,642	110,269,183
Less amortization for intangible assets:	74,054	0	0	74,054
Total accumulated depreciation/amortization	138,716,685	8,011,152	399,864	146,327,973
Other capital assets, net	117,066,840	(4,538,646)	67,967	112,460,227
Business-type activities capital assets, net	\$ 123,337,147	\$ 998,620	\$ 2,057,004	\$ 122,278,763

COMPONENT UNITS:

	Balance			Balance
	December 31, 2012	Increases	Decreases	December 31, 2013
Stillwater Medical Center Authority:				
Capital assets not being depreciated				
Land	\$ 2,115,409	\$ 2,354,664	\$ 0	\$ 4,470,073
Construction-in-progress	4,175,064	4,713,388	7,487,571	1,400,881
Total capital assets not being depreciated	6,290,473	7,068,052	7,487,571	5,870,954
Other capital assets:				
Land improvements	1,343,974	0	0	1,343,974
Building, improvements and fixed equipment	52,228,271	5,725,963	36,649	57,917,585
Major moveable equipment	57,283,253	4,572,786	423,340	61,432,699
Total other at capital assets	110,855,498	10,298,749	459,989	120,694,258
Less accumulated depreciation:	68,467,366	6,566,029	318,631	74,714,764
Other capital assets, net	42,388,132	3,732,720	141,358	45,979,494
Capital assets, net	<u>\$ 48,678,605</u>	<u>\$ 10,800,772</u>	<u>\$ 7,628,929</u>	<u>\$ 51,850,448</u>

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

Primary Government:

Governmental Activities:

Public Safety	\$ 484,271
Recreation and Culture	604,647
General Government	575,991
Streets and Sewers	5,546,454
Health and Welfare	4,258
Total depreciation expense for governmental activities	<u>\$ 7,215,621</u>

Business-type Activities:

Stillwater Utilities Authority	\$ 7,057,762
Airport (includes amortization of intangible assets)	951,157
Stillwater Economic Development Authority	2,233
Total depreciation expense for business-type activities	<u>\$ 8,011,152</u>

Component Units:

Stillwater Medical Center Authority	<u>\$ 6,566,029</u>
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INTERFUND RECEIVABLES AND PAYABLES

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

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

<u>Advances from</u>	<u>Advances to</u>
	Non Major Enterprise funds
Stillwater Public Works Authority	\$ 161,666

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

Due from	Due to		
	General Fund	Stillwater Utilities Authority	Total
General Fund	\$ 0	\$ 234,860	\$ 234,860
Non Major Governmental funds	30,720	0	30,720
Transportation Improvement fund	411	0	411
Non Major Proprietary funds	3,284	0	3,284
Stillwater Utilities Authority	73,032	0	73,032
	<u>\$ 107,447</u>	<u>\$ 234,860</u>	<u>\$ 342,307</u>

INTERFUND TRANSFERS

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

Transfers In	Transfers Out					Total
	General Fund	Transporation Improvement Fund	Non major Governmental Funds	Non major Enterprise Funds	Stillwater Utilities Authority	
General Fund	\$ 0	\$ 20,033	\$ 251,912	\$ 2,540	\$ 13,560,375	\$ 13,834,860
Transp. Impr. Fund	4,185,382	0	0	0	0	4,185,382
Stillwater Utilities Authority	8,570,765	2,092,691	0	0	0	10,663,456
Non Major Enterprise Funds	1,482,275	0	0	0	0	1,482,275
	<u>\$ 14,238,422</u>	<u>\$ 2,112,724</u>	<u>\$ 251,912</u>	<u>\$ 2,540</u>	<u>\$ 13,560,375</u>	<u>\$ 30,165,973</u>

LONG-TERM LIABILITIES

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

Governmental Activities:

At June 30, 2014, the governmental activities long-term debt consisted of the following:

General Obligation Bonds:

\$8,390,000 Refunding Bonds of 2010, due in annual installments ranging from \$795,000 to \$815,000 with a final payment of \$350,000 due June 1, 2021, interest rate of 4.00%	\$ 5,155,000
Plus unamortized premium	442,899
Total general obligation bonds	<u>\$ 5,597,899</u>
Current portion	810,000
Non-current portion	4,787,899
Total general obligation bonds	<u>\$ 5,597,899</u>

Accrued Compensated Absences-Governmental Activities:

Current portion	\$ 50,733
Non-current portion	2,291,132
Total accrued compensated absences	<u>\$ 2,341,865</u>

Stillwater Public Works Authority

Refundable Grant Obligations:

Grant from Oklahoma Department of Commerce in the original amount of \$400,000 with 0% per annum. The final installment will be October 31, 2023. This obligation is collateralized by a lease between SEDA and Nomadics, Inc.

Total refundable grant obligations	\$ 161,666
Current portion	\$ 21,667
Non-current portion	139,999
Total refundable grant obligations	\$ 161,666

Business-type Activities:

As of June 30, 2014 the long-term liabilities payable from business-type activities consisted of the following:

Stillwater Utilities Authority:

Notes Payable:

2002 Oklahoma Water Resources Board (OWRB) SRF Note Payable dated February 28, 2002, original amount of \$3,413,483 with no interest plus an administrative fee of 0.5%, semiannual installments of principal commencing March 15, 2002, through September 2021	\$ 1,280,056
2002 OWRB SRF Note Payable dated December 19, 2002, original amount of \$4,876,086 with no interest plus an administrative fee of 0.5%, semiannual installments of principal commencing March 15, 2003, through September 15, 2022	2,072,337
2005 OWRB fixed interest rate Note Payable dated June 29, 2005, original amount of \$7,620,000 with interest at 2.6% plus an administrative fee of 0.5%, semiannual installments of principal and interest commencing September 15, 2005, through March 15, 2025	4,768,716

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

Capital Lease Obligations:

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

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

\$20,161 capital lease with Capital One for equipment, fixed interest rate of 3.0902%, monthly installments commencing April 15, 2010 through March 15, 2015*	\$	3,226
\$391,032 capital lease with Capital One for equipment, fixed interest rate of 3.1942%, monthly installments commencing April 30, 2010 through March 30, 2015*		62,704
\$481,057 capital lease with Capital One for equipment, fixed interest rate of 3.2397%, monthly installments commencing May 15, 2010 through April 15, 2015*		85,676
\$201,802 capital lease with Capital One for equipment, fixed interest rate of 3.1617%, monthly installments commencing June 15, 2010 through June 15, 2015*		42,291
\$54,783 capital lease with Capital One for equipment, fixed interest rate of 3.1487%, monthly installments commencing June 15, 2010 through May 15, 2015*		10,681
\$12,524 capital lease with Capital One for equipment, fixed interest rate of 2.9342%, monthly installments commencing July 30, 2010 through June 30, 2015*		2,653
\$245,932 capital lease with Capital One for equipment, fixed interest rate of 2.8172% monthly installments commencing August 30, 2010 through July 30, 2015*		56,260
\$223,024 capital lease with Capital One for equipment, fixed interest rate of 2.6612%, monthly installments commencing September 30, 2010 through August 30, 2015*		54,721

\$43,166 capital lease with Capital One for equipment, fixed interest rate of 2.6677%, monthly installments commencing October 15, 2010 through September 15, 2015*	11,337
\$313,375 capital lease with Capital One for equipment, fixed interest rate of 2.6612%, monthly installments commencing January 15, 2011 through December 15, 2015*	98,423
\$15,000 capital lease with Capital One for equipment, fixed interest rate of 2.9082%, monthly installments commencing April 30, 2011 through March 30, 2016*	5,499
\$19,548 capital lease with Capital One for equipment, fixed interest rate of 2.6612%, monthly installments commencing July 30, 2011 through June 30, 2016*	8,132
\$124,760 capital lease with Capital One for equipment, fixed interest rate of 2.4337%, monthly installments commencing October 30, 2011 through September 30, 2016*	58,057
\$141,282 capital lease with Capital One for equipment, fixed interest rate of 2.1552%, monthly installments commencing November 15, 2011 through October 15, 2014*	16,153
\$258,550 capital lease with Capital One for equipment, fixed interest rate of 2.5442%, monthly installments commencing January 15, 2012 through December 15, 2016*	133,380
\$170,785 capital lease with Bank of America for equipment, fixed interest rate of 2.1422%, monthly installments commencing February 29, 2012 through January 30, 2015	34,081

\$123,127 capital lease with Bank of America for equipment, fixed interest rate of 2.4857%, monthly installments commencing February 29, 2012 through January 30, 2017	65,541
\$92,387 capital lease with Bank of America for equipment, fixed interest rate of 2.4597%, monthly installments commencing June 15, 2012 through May 15, 2017	55,267
\$80,244 capital lease with Bank of America for equipment, fixed interest rate of 2.3687%, monthly installments commencing September 30, 2012 through August 30, 2017	51,952
\$62,427 capital lease with Bank of America for equipment, fixed interest rate of 2.3167%, monthly installments commencing October 30, 2012 through September 30, 2017	41,410
\$412,263 capital lease with Bank of America for equipment, fixed interest rate of 2.2972%, monthly installments commencing January 30, 2013 through December 30, 2017	293,680
\$223,323 capital lease with Bank of America for equipment, fixed interest rate of 2.3882%, monthly installments commencing March 30, 2013 through February 28, 2018	166,438
\$286,920 capital lease with Bank of America for equipment, fixed interest rate of 2.3362%, monthly installments commencing April 15, 2013 through March 15, 2018	218,298
\$78,040 capital lease with Bank of America for equipment, fixed interest rate of 2.3687%, monthly installments commencing May 15, 2013 through April 15, 2018	60,676

\$122,925 capital lease with Bank of America for equipment, fixed interest rate of 2.3362%, monthly installments commencing May 30, 2013 through April 30, 2018	95,562
\$524, 527 capital lease with Bank of America for equipment, fixed interest rate of 2.3622%, monthly installments commencing June 30, 2013 through May 30, 2018	416,098
\$324,915 capital lease with Bank of America for equipment, fixed interest rate of 2.4792%, monthly installments commencing January 30, 2014 through December 30, 2018	294,447
Total capital leases	<u>2,442,643</u>
Current portion	973,478
Non-current portion	1,469,165
Total capital leases	<u><u>2,442,643</u></u>

Accrued Compensated Absences – Business-type activities:

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

Component Unit:

Stillwater Medical Center Authority

Revenue Bonds:

2005 Series A Revenue bonds original issue amount of \$12,715,000, dated March 1, 2005, secured by gross revenues and trustee-held assets, interest rates from 4.50% to 5.25%, principal paid annually and interest paid semiannually through May 15, 2019

\$ 6,285,000

2003 series Revenue bonds original issue amount of \$7,000,000 dated November 13, 2003 secured by gross revenues and trustee-held assets, interest at 5.625%, principal paid annually and interest paid semiannually beginning May 15, 2018 through May 15, 2023

7,000,000

Total revenue bonds

\$ 13,285,000

Current portion

\$ 990,000

Non-current portion

12,295,000

Total revenue bonds

\$ 13,285,000

Capital lease obligations:

Total capital assets financed by capital lease obligations

\$ 1,316,454

Less accumulated depreciation

(214,135)

Net assets financed by capital lease obligations

\$ 1,102,319

Capital leases issued for equipment, interest rates from 1.89% to 5.00%, installments payable through 2017

\$ 1,284,636

Current portion

\$ 137,309

Non-current portion

1,147,327

Total capital lease obligations

\$ 1,284,636

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

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

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

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

Annual Debt Service Requirements-Primary Government

The annual debt service requirements to maturity, including principal and interest, for long-term liabilities as of June 30, 2014 are as follows:

Year Ending June 30,	Governmental Activities			
	General Obligation		Refundable Grant Obligations	
	Principal	Interest	Principal	Interest
2015	\$ 810,000	\$ 206,200	\$ 21,667	\$ 0
2016	805,000	173,800	21,667	0
2017	800,000	141,600	21,667	0
2018	800,000	109,600	21,667	0
2019	795,000	77,600	21,667	0
2020-2024	1,145,000	59,800	53,331	0
Total	\$ 5,155,000	\$ 768,600	\$ 161,666	\$ 0

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

Year Ending December 31,	Component Unit			
	Revenue Bonds		Capital Leases	
	Principal	Interest	Principal	Interest
2014	\$ 990,000	\$ 689,862	\$ 87,537	\$ 74,511
2015	1,050,000	636,312	597,746	17,713
2016	1,100,000	579,875	475,584	10,329
2017	1,155,000	522,125	123,769	2,801
2018	1,180,000	469,000	0	0
2019-2023	7,810,000	1,412,906	0	0
Total	\$ 13,285,000	\$ 4,310,080	\$ 1,284,636	\$ 105,354

(4) EMPLOYEE PENSION AND OTHER BENEFIT PLANS

Nonuniformed Employees

Defined Contribution Plan - OMRF

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

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

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

The total contribution, net of forfeitures, for the year ended June 30, 2014, was \$1,873,542 which consisted of \$900,145 (net of \$176,548 in forfeitures) from the City and \$973,397 from employees.

The Hospital also participates in the Oklahoma Municipal Retirement Defined Contribution Plan. All full-time employees of the Hospital are covered. The Hospital and employees contribute 6% and 3%, respectively of eligible salaries into the plan. Contributions, net of forfeitures, were approximately \$1,987,000 from the Hospital and \$1,097,000 from employees for the year ended December 31, 2013. Forfeitures of \$238,161 were applied to the Hospital's required 6% contribution.

Defined Contribution Plan – OMRF – City Manager Plan

The City also provides a defined contribution plan available to any person who is in the position of City Manager. Employees are eligible on the employee's employment commencement date. The City has elected the variable funding option. The City intends to make a contribution to the Plan for the benefit of the participants on a monthly basis. The contribution may be varied from year to year by the City. The City's contributions for each employee (and interest allocated to the employee's account) are vested at 100% immediately upon the participation date. Benefits depend solely on amounts contributed to the plan plus investment earnings. The authority to establish and amend the provisions of the plan rests with the City Council. The City contributes 13% to the plan and the employee contributes 3% to the plan. The total contributions for the year ended June 30, 2014 was \$24,348 which consisted of \$19,783 from the City and \$4,565 from employees.

Defined Benefit (Retiree) Plan

In 1985, the City replaced a defined benefit plan with the current defined contribution 401(a) plan. The assets of the defined benefit plan were apportioned to all eligible participants in the plan as of June 30, 1985, except those assets attributable to retired participants as of June 30, 1985, which were used to fund the future retirement benefits of such retired participants. This plan is closed to new entrants. The plan is administered and reported by

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

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

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

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

Actuarial accrued liability (AAL)	\$	27,943
Actuarial value of plan assets		7,266,000
(Overfunded) actuarial accrued liability (UAAL)	\$	<u>(7,238,057)</u>
Funded ratio (actuarial value of plan assets/AAL)		26003%
Annual covered payroll (active plan members)		N/A
UAAL as a percentage of annual covered payroll		N/A

Oklahoma Police And Firefighter’s Pension And Retirement Systems

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

	Oklahoma Police Pension and Retirement System	Oklahoma Firefighter’s Pension and Retirement System
Obtaining separately issued financial statements	Police Pension and Retirement 1001 N.W. 63 rd St. Suite 305 Oklahoma City Ok 73116-7335	Firefighters Pension & Retirement 4545 N. Lincoln Blvd. Suite 265 Oklahoma City, Ok. 73105-3414
Authority establishing contribution obligations and benefits	State Statute	State Statute
Eligibility to participate	All full-time officers, employed by a participating municipality, not less than 21 years of age or more than 45 years of age when hired	All full-time or voluntary firefighters of a participants municipality hired before age 45

Employee's required contribution rate (percent of covered payroll)	8%	9%
City's required contribution rate (percent of covered payroll)	13%	14%
State obligation	State appropriation to fund the unfunded actuarial accrued liability	State appropriation to fund the unfunded actuarial accrued liability
Periods required to vest	10 years	10 years
Eligibility and benefits for distribution (full-time)	20 years credited service, 2.5% of final average salary multiplied by the years of credited service with a maximum of 30 years considered; reduced benefits if vested at or after age 50 or after 10 but before 20 years of credited service	20 years credited service, 2.5% of final average salary multiplied by the years of credited service with a maximum of 30 years considered; reduced benefits if vested at or after age 50 or after 10 but before 20 years of credited service
Deferred retirement option	Yes. 20 years credited service with additional option to participate in deferred compensation plan (Louisiana Plan)	Yes. 20 years credited service with continued service for a maximum of 30 years
Provisions for: Cost of living adjustments (normal retirement)	Yes	Yes
Death (duty, non-duty, post retirement)	Yes	Yes
Disability (duty, non-duty)	Yes	Yes
Cost of living allowances	Yes	Yes

Retirement System

Trend Information:

Contributions required by State statute:

Fiscal Year	<u>Oklahoma Police and Pension Retirement System</u>		<u>Oklahoma Firefighter's Pension and Retirement System</u>	
	City's Required Contribution	Percentage Contributed	City's Required Contribution	Percentage Contributed
2010	\$ 574,277	100%	\$ 583,934	100%
2011	569,206	100%	559,821	100%
2012	612,606	100%	571,908	100%
2013	649,483	100%	577,517	100%
2014	650,255	100%	651,083	100%

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

The total amount contributed to the Oklahoma Police Pension and Retirement System and the Oklahoma Firefighter’s Pension and Retirement System by the State of Oklahoma on behalf of the City was approximately \$580,711 and \$1,333,897, respectively.

Related Party Investments

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

(5) RISK MANAGEMENT

As of June 30, 2014, claims outstanding against the City and its public authorities were \$1,637,920 and is accrued under the heading “Accrued Liabilities” in the accompanying financial statements. Liabilities were accrued for tort claims, general liability claims and employee health insurance claims. The City is self-insured for group medical, general liability, workers compensation, unemployment, and property damage. The City has a reinsurance policy which limits the City’s liability for major medical to \$120,000 per individual. The City purchases conventional insurance for excess losses for general liability and property damage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years. The claims liability for health claims incurred but not reported is estimated by management using a five-month claims lag analysis. The claims liability for workers compensation claims and judgments is estimated using information provided by a third party administrator based on their opinion of probable outcome of litigation. The balance of the claim liability is expected to be paid within the next year and is included in accrued liabilities on the statement of net position. All claims are paid from the consolidated cash account, funded by the General Fund. Changes in the balances of claims liabilities during fiscal years 2013-2014 and 2012-2013 were as follows:

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

The Hospital is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; employee disability and employee health, dental, and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters other than those related to employee health care benefits and workers compensation claims. Settled claims have not exceeded any commercial insurance coverage in any three preceding years.

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

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

A provision is accrued for self-insured employee health claims and workers' compensation claims, including other claims reported and claims incurred but not yet reported. The accruals are estimated based on consideration of prior claims experience, recently settled claims, frequency of claims, and other economic and social factors. It is reasonably possible that the estimates will change by a material amount in the near term.

Activity in the Hospital's accrued employee health and workers' compensation claims liability during 2013 and 2012 is summarized as follows

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

(6) CONTINGENT LIABILITIES, LITIGATION AND COMMITMENTS

Under the terms of federal and state grants, periodic audits are required, and certain costs and revenues may be questioned as to how they have been reported to the grantor agency. Such audits could lead to reimbursement to the grantor agency. The City's management believes disallowances, if any, will be immaterial to the accompanying basic financial statements.

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

In July 2006, SUA and Rural Water Corporation No 3 entered into a purchase agreement in which the Authority agreed to consolidate the two water distribution systems. In September 2010, the Rural Water Advisory Board, the Rural Water Corporation No 3 Board, and the Authority's Trustees approved amendment of the initial July 2006 purchase agreement. The amended agreement identifies specific improvements and upgrades to be made to the system and provides a timeline for completion. All improvements and upgrades are subject to funding availability.

The Hospital has commitments for noncancellable operating leases for equipment and building space which expire in various years through December 2027. These leases generally contain renewal options for periods ranging from five to ten years and require the Hospital to pay all executory costs (property taxes, maintenance and insurance). Future minimum lease payments at December 31, 2013, were approximately:

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

(7) POST-RETIREMENT HEALTHCARE BENEFITS

Plan Description In addition to the pension benefits described in Note 4, the City sponsors and administers a self-funded, single employer defined benefit plan providing post-retirement health care benefits to all employees who retire from the City on or after attaining age 55 with at least 10 years of service. Police and Fire personnel are eligible based on the retirement requirements for their pension plans. The election to participate must be made at the time of separation from service. At June 30, 2014, fourteen retiree-related participants (retirees, and/or spouses, and/or families) were participating in the City health care plan. There were three retirees who met the eligibility requirements at June 30 who did not choose to participate. The City requires a monthly premium based on City-wide claim trends of the previous fiscal year. The premium rate for retirees is adjusted each July 1st. Upon monthly payment of this premium, the City covers all medical expenses just as for active employees on a pay-as-you-go basis. Coverage is available until the first day of the month in which the retiree reaches his or her Medicare eligibility age (currently 65). If the spouse of a retiree is covered at the time the retiree comes off of the plan at age 65, that spouse is COBRA-eligible until age 65 or for 36 months, whichever is less. During the fiscal year ended June 30, 2014, net expenditures of \$124,485 were attributable to post-retirement health care. The plan does not issue a stand-alone report.

Funding Policy The City funds healthcare benefits on a pay-as-you-go basis utilizing a third party administrator, Blue Cross Blue Shield of Oklahoma. Eligible employees are required to pay set premiums for a portion of the cost, with the City subsidizing the remaining costs. Contribution requirements of active employees are established and amended as needed by the City Council. Premium rates for retirees and COBRA participants are set by City management upon recommendations provided by the third party administrators and the City's re-insurance agent. The required monthly contribution rates for plan members for fiscal year 2014 range from \$45 to \$375 for active employees, \$449 to \$1,658 for retired participants, and \$458 to \$1,691 for COBRA participants.

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

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

Annual required contribution	\$	757,279
Interest on prior year net OPEB obligation		135,497
Adjustment to annual required contribution		(249,157)
Annual OPEB cost		<u>643,619</u>
Employer contributions		<u>70,002</u>
Increase in net OPEB obligation		573,617
Beginning OPEB obligation		<u>3,079,474</u>
Ending OPEB obligation	\$	<u><u>3,653,091</u></u>

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

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

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

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

Actuarial Methods and Assumptions Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the actuarial valuation as of July 1, 2014, the projected unit credit (PUC) actuarial cost method was used to measure accruing costs. Under the principals of the PUC method, the actuarial present value of the projected benefits of each individual included in the valuation is allocated pro-rata to each year of service between entry age and assumed exit. The actuarial valuation utilized several significant assumptions affecting the valuation results including the medical claims costs assumptions, the medical trend assumptions, and the discount rate. The resulting annual required contribution was based on a 4.4% discount rate and a healthcare trend rate for both retirees and dependents graded from 4.62% in 2013 to 4.87% in 2060. Other assumptions used included inflation at 2.5%, real GNP growth of 1.7%, and an income multiplier of 1.4%. Additionally, it was assumed that 50% of future retired participants would opt for retiree health care coverage. It was also assumed that 50% of future retirees who opt for health care coverage would cover a spouse at retirement.

(8) REVENUES PLEDGED

SUA has pledged future sales tax revenues to repay a \$6,010,000 note issued in December 2007 and a \$6,075,000 note issued in September 2010 to finance transportation improvement projects identified in the 2006 Transportation Sales Tax Ordinance. The notes are payable solely from sales tax revenue equal to one half of the one-half cent transportation sales tax collected by the City and transferred to SUA by way of the Sales Tax Agreement. Sales taxes are projected to produce 100 percent of the debt service requirements over the life of the notes. At June 30, 2014, total principal and interest remaining on the 2007 note is \$2,138,252, payable semiannually commencing December 2008 and concluding December 2016. Total principal and interest remaining on the 2010 note is \$2,712,618 payable semiannually commencing December 2010 and concluding December 2016. For the current year, total sales tax revenues were \$2,092,691.

SUA has pledged future sales tax revenues and future utility revenues, net of operating and maintenance expenses, to repay debt obligations. Proceeds from the debt issues financed the refunding of prior debt obligations of SUA and the Stillwater Public Golf Authority and refinanced outstanding balances of notes to the OWRB. The debt obligations are payable from the one cent sales tax revenue dedicated to SUA by City Ordinance No. 1835 and from net revenues derived from the existence and operation of the utility system to the extent sales tax revenue fails to cover the debt obligations. Pledged revenues are projected to produce 125 percent of the debt service requirements over the life of the debt. For the current year, sales tax revenues were \$8,370,765 and net revenues were \$21,665,199.

Ad valorem revenue can only be collected to pay principal and interest on general obligation bonds or court assessed judgments. Levying of an ad valorem tax requires a vote of the citizens. The City had pledged future ad valorem taxes to repay the \$8,500,000 2000 General Obligation bonds and the \$6,470,000 2001 General Obligation bonds used to provide financing for the construction and remodel of the City Hall/Police building. These bonds were refunded during the fiscal year ended June 30, 2010. The refunding bonds of \$8,390,000 are due in payments commencing June, 2011 through June, 2021. The total principal and interest payable for the remainder of the life of these bonds is \$5,923,600. Ad valorem taxes received in the current year were \$1,295,379. Debt service payments of \$1,053,800 in the current fiscal year were 81% of the total ad valorem taxes received.

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

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

(9) COMPONENT UNIT BUSINESS ACQUISITIONS AND ASSOCIATED GOODWILL

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

The excess of the purchase price of the Stillwater Surgery Center, L.L.C. over the fair value of the assets and liabilities is attributable to goodwill. Goodwill will be amortized on the straight-line basis over 15 years. Amortization expense is estimated to be approximately \$388,000 each year through 2024.

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

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

(10) COMPONENT UNIT INVESTMENTS IN JOINT VENTURES

The Hospital's investments in joint ventures relate to a 10% ownership in Heartland Healthcare Reciprocal Risk Retention Group which is accounted for using the equity method of accounting; a 62% ownership in Stillwater Medical Center Imaging, LLC which is accounted for using the equity method (as the Authority only controls 50% of the entity); a 50% ownership in Women First, LLC which is accounted for using the equity method; and a 9% ownership in Fresenius Medical Care-Stillwater, LLC which is accounted for using the cost method.

Heartland Healthcare Reciprocal Risk Retention Group (Heartland) provides insurance coverage. The Hospital paid approximately \$190,000 to purchase its professional liability (medical malpractice) and general liability insurance from Heartland during the year ended December 31, 2013. The Hospital's investment in Heartland was \$825,853 at December 31, 2013.

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

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

Fresenius Medical Care-Stillwater, LLC provides dialysis services to residents of Stillwater and the surrounding area. The Hospital did not have any transactions with Fresenius Medical Care-Stillwater, LLC during the year ended December 31, 2013. The Hospital's investment in Fresenius was \$245,395 at December 31, 2013.

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

(10) SUBSEQUENT EVENTS

Business-type activities:

On August 12, 2014 the Stillwater Utility Authority issued Series 2014A Utility System and Sales Tax Revenue Bonds at the par amount of \$61.8 million. The proceeds of the Series 2014A Bonds, together with an equity contribution of \$6.5 million from the Stillwater Utilities Authority's internally designated funds, will be used for the purpose of designing and constructing a 56 MW Reciprocating Engine Power Plant and associated 69kV 10 12.46kV electrical substation, providing for deposit to a debt service reserve fund, and paying certain costs of issuance. The Bonds are secured by a pledge of the one cent sales tax revenue dedicated to the Stillwater Utilities Authority by Ordinance No. 1835 and from net revenue derived for the existence of operation of the utility system. The indebtedness will be primarily funded by the proceeds of capacity and energy purchase payments received by the Stillwater Utilities Authority pursuant to the terms of a Power Purchase and Sale Agreement and a Capacity Purchase Agreement dated September 1, 2013 between the Stillwater Utilities Authority and the Grand River Dam Authority.

Component Unit:

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

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

(11) RECENTLY ISSUED ACCOUNTING STANDARDS

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

GASB Statement No. 68, "Accounting and Financial Reporting for Pensions-an Amendment of GASB Statement No. 27" – The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. This Statement will become effective for the City in the fiscal year ended June 30, 2015.

GASB Statement No. 69, "Government Combinations and Disposals of Government Operations" – This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. This Statement will become effective for the City in the fiscal year ended June 30, 2015.

GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date-an Amendment of GASB Statement No. 68" - The objective of this statement is to address an issue regarding application of the transition provision of Statement No. 38, "Accounting and Financial Reporting for Pensions". The issue relates to amounts associated with contribution, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68 which will be effective for the City in the fiscal year ended June 30, 2015.

REQUIRED
SUPPLEMENTARY
INFORMATION

CITY OF STILLWATER, OKLAHOMA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES -- BUDGET AND ACTUAL (BUDGET BASIS) -- GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2014

	Original Budget	Final Budget	Actual	Variance from Final Budget
REVENUES				
Sales tax	\$ 28,003,500	\$ 30,253,500	\$ 30,899,350	\$ 645,850
Other taxes	2,253,000	2,570,000	2,762,299	192,299
Intergovernmental	57,000	307,676	414,258	106,582
Charges for services	596,100	578,100	609,477	31,377
Fines and forfeits	682,900	707,700	733,291	25,591
Fees and rentals	1,258,880	1,113,380	1,236,856	123,476
Investment income	65,000	65,000	(103,102)	(168,102)
Licenses and permits	205,400	245,400	311,218	65,818
Other miscellaneous revenue	689,800	876,700	1,063,064	186,364
Total revenues	33,811,580	36,717,456	37,926,711	1,209,255
EXPENDITURES				
Current				
Public safety:				
Police:				
Personal services	10,574,805	10,177,025	9,194,621	982,404
Materials and supplies	885,715	818,529	719,231	99,298
Contract services	414,413	403,326	309,890	93,436
Fire:				
Personal services	7,443,976	7,306,976	6,980,488	326,488
Materials and supplies	333,568	304,068	212,554	91,514
Contract services	337,798	305,033	268,684	36,349
Total public safety	19,990,275	19,314,957	17,685,468	1,629,489
Recreation and culture:				
Parks and recreation:				
Personal services	2,549,570	2,529,870	2,313,206	216,664
Materials and supplies	629,352	623,748	620,376	3,372
Contract services	724,654	940,748	950,083	(9,335)
Library:				
Personal services	1,045,914	292,958	965,294	(672,336)
Materials and supplies	176,968	193,132	178,979	14,153
Contract services	145,222	305,768	224,379	81,389
Total recreation and culture	5,271,680	4,886,224	5,252,317	(366,093)

continued

CITY OF STILLWATER, OKLAHOMA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES -- BUDGET AND ACTUAL (BUDGET BASIS) -- GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2014

(continued)

	Original Budget	Final Budget	Actual	Variance from Final Budget
General government:				
Personal services	7,132,554	7,118,979	2,143,627	4,975,352
Materials and supplies	173,543	179,771	155,957	23,814
Contract services	4,238,138	3,709,773	1,344,248	2,365,525
Total general government	<u>11,544,235</u>	<u>11,008,523</u>	<u>3,643,832</u>	<u>7,364,691</u>
Financial administration:				
Personal services	633,447	623,697	555,350	68,347
Materials and supplies	58,500	59,350	50,482	8,868
Contract services	29,743	21,293	(5,770)	27,063
Total financial administration	<u>721,690</u>	<u>704,340</u>	<u>600,062</u>	<u>104,278</u>
Public works administration:				
Personal services	383,280	371,930	358,316	13,614
Materials and supplies	112,455	113,055	110,440	2,615
Contract services	26,800	26,200	23,830	2,370
Total public works administration	<u>522,535</u>	<u>511,185</u>	<u>492,586</u>	<u>18,599</u>
Street and sewers:				
Personal services	1,618,592	1,544,892	1,441,959	102,933
Materials and supplies	604,717	489,317	434,561	54,756
Contract services	521,880	869,134	490,484	378,650
Total street and sewers	<u>2,745,189</u>	<u>2,903,343</u>	<u>2,367,004</u>	<u>536,339</u>
Human services:				
Health:				
Materials and supplies	28,500	14,000	5,957	8,043
Contract services	27,500	21,500	18,910	2,590
Community development:				
Personal services	1,137,260	1,045,260	928,964	116,296
Materials and supplies	32,743	32,743	23,221	9,522
Contract services	92,300	170,300	102,493	67,807
Total human services	<u>1,318,303</u>	<u>1,283,803</u>	<u>1,079,545</u>	<u>204,258</u>

continued

CITY OF STILLWATER, OKLAHOMA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES -- BUDGET AND ACTUAL (BUDGET BASIS) -- GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2014
(continued)

	Original Budget	Final Budget	Actual	Variance from Final Budget
Economic development:				
Personal services	318,834	289,454	237,337	52,117
Materials and supplies	98,975	98,975	71,573	27,402
Contract services	510,358	539,738	446,434	93,304
Total economic development	<u>928,167</u>	<u>928,167</u>	<u>755,344</u>	<u>172,823</u>
Capital Outlay:				
Police	706,000	1,068,027	1,003,581	64,446
Fire	175,200	549,838	438,609	111,229
Recreation and culture	914,000	870,884	825,145	45,739
General government	547,100	685,886	425,598	260,288
Human services	310,000	320,000	275,335	44,665
Economic development	-	-	-	-
Street and sewers	4,617,209	5,617,739	1,669,747	3,947,992
	<u>7,269,509</u>	<u>9,112,374</u>	<u>4,638,015</u>	<u>4,474,359</u>
Total expenditures	<u>50,311,583</u>	<u>50,652,916</u>	<u>36,514,173</u>	<u>14,138,743</u>
Excess (deficiency) of revenues over (under) expenditures	(16,500,003)	(13,935,460)	1,412,538	15,347,998
OTHER FINANCING SOURCES(USES):				
Transfers in	25,369,290	20,369,290	13,834,860	(6,534,430)
Transfers out	(17,142,140)	(18,554,283)	(14,238,422)	4,315,861
Total other financing sources (uses)	<u>8,227,150</u>	<u>1,815,007</u>	<u>(403,562)</u>	<u>(2,218,569)</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(8,272,853)	(12,120,453)	1,008,976	13,129,429
FUND BALANCES, beginning	15,533,498	15,533,498	15,533,498	-
FUND BALANCES, ending	<u>\$ 7,260,645</u>	<u>\$ 3,413,045</u>	16,542,474	<u>\$ 13,129,429</u>
Reconciliation to GAAP				
Changes in receivables			121,852	
Fund balances on the basis of GAAP			<u>\$ 16,664,326</u>	

CITY OF STILLWATER, OKLAHOMA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
JUNE 30, 2014

BUDGETARY COMPLIANCE

Budget Law

The City operates under the Oklahoma Municipal Budget Act of 1979 (the "Budget Act"). The budget, as adopted by the City Council, is filed with the State of Oklahoma Office of the Auditor and Inspector. Budget amendments or supplements made during the year are recommended by the City Manager and must be approved by the City Council. An amended budget is filed before year-end with the agency mentioned above. Current year amendments are not material in relation to the original appropriated amounts. The budget and actual comparisons presented in the financial statements include the legally amended budgets for the respective funds.

The City uses the following procedures to establish the budgetary data reflected in the accompanying general purpose financial statements:

Prior to June 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.

Public hearings are conducted at regular council meetings to obtain taxpayer comments. Public hearings are held no later than 15 days prior to the beginning of the budget year.

Prior to July 1, the budget is legally enacted through the passage of a motion by the City Council.

The Budget Act specifies that the governing body may grant authorization to the City Manager to transfer budgeted amounts between departments within any fund; however, any revision that alters the total expenditures of any fund must be approved by the City Council.

Formal budgetary integration is employed as a management control device during the year for the General Fund, special revenue funds, Debt Service Fund and the capital projects funds. Budgets are legally adopted for General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Fund, Internal Service Funds and Enterprise Funds.

Budgets as adopted by the City Council are prepared on a cash basis except for accrued expenses (other than vacation and sick pay) which are treated as expenditures.

Budgetary control is maintained by department and by the following category of expenditures: personnel services, materials and supplies, other services and charges, capital outlay and debt service. Expenditures and encumbrances may not legally exceed appropriations at the department level. All transfers of appropriations between funds and supplemental appropriations require City Council approval. The City Manager may transfer appropriations between object categories within a fund with City Council approval. Supplemental appropriations must also be filed with the Office of State Auditor and Inspector.

All encumbered appropriations lapse at year end and are rebudgeted in the following budget year where appropriate. Unencumbered appropriations also lapse at year end.

The City prepared and adopted a legal annual budget for all funds.

In accordance with Title 60 of the Oklahoma State Statutes, the Stillwater Medical Center Authority is required to prepare an annual budget and submit a copy to the City as beneficiary. However, there are no further requirements such as form of budget, approval of the budget or definition of a legal level of control.

Budgetary Compliance

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

Reconciliation of budgetary basis and GAAP basis amounts

The City Council adopts annual operating budgets for the General Fund, special revenue funds, Debt Service Fund and capital projects funds. The City budgets revenues on the basis of cash receipts. For financial reporting purposes, revenues are recognized when measurable and available. For budgetary and financial purposes, expenditures are recognized as incurred.

The following summary reconciles revenues for the year from the budgetary basis to the GAAP basis of reporting:

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

CITY OF STILLWATER, OKLAHOMA
 Required Supplementary Information
 June 30, 2014

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Schedule of Funding Progress

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

CITY OF STILLWATER, OKLAHOMA
 Required Supplementary Information
 June 30, 2014

DEFINED BENEFIT (RETIREE) PLAN

Schedule of Funding Progress

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

OTHER
SUPPLEMENTARY
INFORMATION

CITY OF STILLWATER, OKLAHOMA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES -- BUDGET AND ACTUAL (BUDGET BASIS) -- TRANSPORTATION IMPROVEMENT FUND
FOR THE YEAR ENDED JUNE 30, 2014

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

NONMAJOR GOVERNMENTAL FUNDS

COMMUNITY DEVELOPMENT BLOCK GRANT - to account for funds used for the improvements in low-income portions of the community. Funding is provided by the Community Development Block Grant Small Cities Set Aside program and local matching funds.

DEBT SERVICE - to account for the accumulation of ad-valorem taxes levied by the City for the payment of general long-term principal, interest and related costs.

POLICE/MUNICIPAL BUILDING BONDS - to account for the construction and purchase of furnishing for a new police building and renovation of the municipal building financed through general obligation bonds issue.

CITY OF STILLWATER, OKLAHOMA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2014

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

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

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

CITY OF STILLWATER, OKLAHOMA
 BUDGETARY COMPARISON SCHEDULE
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2014

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

NONMAJOR PROPRIETARY FUNDS

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

STILLWATER ECONOMIC DEVELOPMENT AUTHORITY - to account for expenditures for economic development. Financing is provided from federal grants, federal loans, city contributions and citizen participation.

CITY OF STILLWATER, OKLAHOMA
 COMBINING STATEMENT OF NET POSITION--NONMAJOR PROPRIETARY FUNDS
 JUNE 30, 2014

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

CITY OF STILLWATER, OKLAHOMA
 COMBINING STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN FUND NET POSITION -NONMAJOR PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2014

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

CITY OF STILLWATER, OKLAHOMA
 COMBINING STATEMENT OF CASH FLOWS --NONMAJOR PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2014

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

CITY OF STILLWATER, OKLAHOMA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE YEAR ENDED JUNE 30, 2014

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

*Statistical
Section*

Statistical

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

- **Financial Trends** – These schedules contain trend information to help the reader understand how the City's financial performance and well-being changed over time. See pages 89 – 93.
- **Revenue Capacity** – These schedules contain information to help the reader assess the City's significant local revenue sources, the sales tax and the property tax, as well as other revenue sources. See pages 94-101.
- **Debt Capacity** – These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and City's ability to issue additional debt in the future. See pages 102-106.
- **Operating Information** – These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs. See pages 107-110.
- **Economic and Demographic Information** – These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other government. See pages 111-112.

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

CITY OF STILLWATER, OKLAHOMA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities										
Net investment in capital assets	\$ 71,724,485	\$ 70,865,043	\$ 75,874,538	\$ 78,005,755	\$ 82,079,030	\$ 87,623,606	\$ 84,399,362	\$ 85,208,395	\$ 87,319,852	\$ 86,794,143
Restricted for capital projects	227,641	182,859	156,719	99,216	14,093	703,907	6,633,915	578,769	37,603	63,053
Restricted for debt service	696,375	168,999	96,746	129,488	279,996	245,659	384,409	320,160	327,051	316,318
Restricted for street improvements	7,158,849	9,582,135	10,044,476	9,609,597	6,199,305	3,382,031	5,964,692	6,003,859	3,262,729	2,804,030
Restricted for specific operating activities	536,641	615,844	558,210	630,646	745,814	876,105	1,022,401	1,228,415	1,263,008	3,189,626
Unrestricted	3,327,269	5,620,201	4,075,193	1,575,602	787,697	3,537,015	(1,655,568)	5,857,898	9,068,213	7,485,506
Total governmental activities net position	\$ 83,671,260	\$ 87,035,081	\$ 90,805,882	\$ 90,050,304	\$ 90,105,935	\$ 96,368,323	\$ 96,749,211	\$ 99,197,496	\$ 101,278,456	\$ 100,652,676
Business-type activities										
Net investment in capital assets	\$ 74,539,974	\$ 77,374,975	\$ 80,898,110	\$ 84,155,142	\$ 88,903,110	\$ 92,324,322	\$ 92,794,475	\$ 95,439,173	\$ 100,709,423	\$ 100,788,701
Restricted for capital projects	-	-	-	54,756	54,756	1,827,220	5,017,007	741,699	601,298	637,596
Restricted for debt service	1,376,664	1,582,124	1,912,627	2,208,517	2,248,810	2,440,346	2,609,803	1,366,601	159,714	344,724
Restricted for specific operating activities	-	-	-	-	-	2,712	2,712	2,712	2,712	2,712
Unrestricted	26,489,143	24,471,836	21,526,947	22,594,009	22,271,698	23,198,816	28,632,774	39,359,091	50,165,806	66,683,251
Total business-type activities net position	\$ 102,405,781	\$ 103,428,935	\$ 104,337,684	\$ 109,012,424	\$ 113,478,374	\$ 119,793,416	\$ 129,056,771	\$ 136,909,276	\$ 151,638,953	\$ 168,456,984
Primary government										
Net investment in capital assets	\$ 146,264,459	\$ 148,240,018	\$ 156,772,648	\$ 162,160,897	\$ 170,982,140	\$ 179,947,928	\$ 177,193,837	\$ 180,647,568	\$ 188,029,275	\$ 187,582,844
Restricted for capital projects	227,641	182,859	156,719	153,972	68,849	2,531,127	11,650,922	1,320,468	638,901	700,649
Restricted for debt service	2,073,039	1,751,123	2,009,373	2,338,005	2,528,806	2,686,005	2,994,212	1,686,761	486,765	661,042
Restricted for street improvements	7,158,849	9,582,135	10,044,476	9,609,597	6,199,305	3,382,031	5,964,692	6,003,859	3,262,729	2,804,030
Restricted for specific operating activities	536,641	615,844	558,210	630,646	745,814	876,105	1,025,113	1,231,127	1,265,720	3,192,338
Unrestricted	29,816,412	30,092,037	25,602,140	24,169,611	23,059,395	26,735,831	26,977,206	45,216,989	59,234,019	74,168,757
Total primary government net position	\$ 186,077,041	\$ 190,464,016	\$ 195,143,566	\$ 199,062,728	\$ 203,584,309	\$ 216,159,027	\$ 225,805,982	\$ 236,106,772	\$ 252,917,409	\$ 269,109,660

CITY OF STILLWATER, OKLAHOMA
 CHANGES IN NET POSITION
 LAST TEN FISCAL YEARS
 (accrual basis of accounting)

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

CITY OF STILLWATER, OKLAHOMA
 CHANGES IN NET POSITION
 LAST TEN FISCAL YEARS (1)
 (accrual basis of accounting)
 (continued)

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

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General fund										
Non-spendable: inventories	\$ 171,519	\$ 196,965	\$ 178,914	\$ 215,927	\$ 270,012	\$ 332,316	\$ 163,741	\$ 178,437	\$ 142,282	127,598
Restricted for public safety	110,373	111,150	102,174	103,845	105,158	104,082	100,713	107,914	114,724	98,393
Restricted for economic development	40,930	28,797	47,115	51,781	47,111	60,059	235,673	386,097	668,398	936,095
Restricted for sales tax transfer	1,334,010	1,496,905	1,543,166	1,617,836	1,647,182	1,647,181	1,654,153	1,654,153	2,070,451	2,155,138
Committed to public safety	228,212	236,210	230,006	259,093	323,533	379,648	522,274	555,967	283,254	458,395
Assigned to self insurance	855,704	1,072,554	1,484,580	855,704	855,704	606,958	828,670	280,841	1,233,143	1,898,069
Assigned to recreation and culture	169,065	99,291	76,976	105,920	111,504	125,484	150,445	167,036	172,350	176,613
Unassigned	1,342,491	3,160,167	1,317,341	219,459	(115,077)	3,730,961	5,806,453	8,518,485	10,848,896	10,814,025
Total general fund	\$ 4,252,304	\$ 6,402,039	\$ 4,980,272	\$ 3,429,565	\$ 3,245,127	\$ 6,986,689	\$ 9,462,122	\$ 11,848,930	\$ 15,533,498	\$ 16,664,326
All other governmental funds										
Restricted for debt service	\$ 696,375	\$ 168,999	\$ 96,746	\$ 129,488	\$ 279,996	\$ 245,659	\$ 384,409	\$ 320,160	\$ 327,051	316,318
Restricted for capital improvements	227,641	182,859	156,719	99,216	14,093	703,907	6,633,915	6,582,628	3,300,332	2,867,083
Unassigned	7,979,196	10,620,862	11,077,427	10,436,732	6,961,761	4,369,761	101,368	(57,525)	54,350	0
Total all other governmental funds	\$ 8,903,212	\$ 10,972,720	\$ 11,330,892	\$ 10,665,436	\$ 7,255,850	\$ 5,319,327	\$ 7,119,692	\$ 6,845,263	\$ 3,681,733	\$ 3,183,401

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

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Taxes	\$ 23,460,061	\$ 24,995,004	\$ 25,893,302	\$ 27,326,131	\$ 27,682,289	\$ 26,963,407	\$ 28,024,398	\$ 29,371,854	\$ 31,991,402	\$ 35,156,665
Intergovernmental	742,105	245,939	308,548	422,028	373,768	493,720	963,136	533,384	408,338	1,222,484
Charges for service	1,428,079	1,653,785	1,468,896	1,357,411	1,427,691	1,343,284	1,449,277	650,145	802,270	584,908
Fines and forfeits	889,850	877,165	807,431	789,481	810,280	786,164	656,201	776,389	793,076	742,037
Fees and rentals	526,700	642,259	802,179	816,051	932,655	1,220,295	1,466,352	1,438,373	1,357,756	1,197,563
Investment income	192,169	377,479	609,562	458,761	103,463	29,323	104,175	77,854	74,525	(99,686)
Licenses and permits	182,293	222,355	303,354	246,636	242,593	207,401	187,563	268,209	319,497	311,218
Other miscellaneous revenues	397,285	686,876	1,092,042	1,328,187	1,428,570	1,392,714	726,410	880,825	1,219,642	1,113,058
Total revenues	27,818,542	29,700,862	31,285,314	32,744,686	33,001,309	32,436,308	33,577,512	33,997,033	36,966,506	40,228,247
Expenditures										
Current:										
Public safety	12,919,050	13,663,801	15,147,760	16,682,553	15,987,890	16,547,892	16,420,643	17,649,898	16,537,022	17,685,468
Recreation and culture	4,050,919	4,256,098	4,791,101	5,015,086	5,061,282	5,386,147	5,462,498	5,062,437	4,858,451	5,252,317
General government	2,156,559	2,172,095	2,624,051	2,986,340	3,603,225	3,027,262	2,837,873	3,330,545	3,670,808	3,643,832
Financial administration	525,900	614,774	612,413	578,968	578,460	703,529	600,203	591,712	602,812	600,062
Streets and sewers	1,889,400	2,025,858	2,375,075	2,621,006	2,658,212	2,663,639	2,380,470	2,670,103	2,415,451	2,535,981
Operations	902,206	882,005	741,181	583,597	872,035	553,600	589,376	478,606	471,523	492,586
Economic development	937,095	972,702	1,004,617	1,035,287	1,056,929	481,197	422,624	527,896	562,422	755,344
Human services	1,527,309	1,365,664	1,647,385	1,946,693	1,791,442	1,402,018	1,436,499	1,455,121	1,255,899	1,803,795
Debt service:										
Principal retirements	790,000	790,000	790,000	790,000	790,000	790,000	775,000	825,000	820,000	815,000
Interest and fiscal charges	685,465	632,465	582,865	532,525	483,045	432,225	385,408	305,000	272,000	239,200
Capital outlay	5,175,092	2,864,516	6,402,132	6,113,834	8,578,055	9,269,917	3,397,358	7,210,392	7,689,227	7,189,350
Total expenditures	31,558,995	30,239,978	36,718,580	38,885,889	41,460,575	41,257,426	34,707,952	40,106,710	39,155,615	41,012,935
Excess of revenues over (under) expenditures	(3,740,453)	(539,116)	(5,433,266)	(6,141,203)	(8,459,266)	(8,821,118)	(1,130,440)	(6,109,677)	(2,189,109)	(784,688)
Other Financing Sources (Uses)										
Proceeds of refunding bonds and other debt	0	0	0	0	0	9,105,336	53,488	0	0	0
Payment to refunded bond escrow agent	0	0	0	0	0	(8,392,089)	0	0	0	0
Proceeds from sale of assets	0	0	0	0	0	0	575,655	0	0	0
Transfers in	11,755,379	14,541,601	13,534,835	15,260,534	17,361,233	17,361,233	16,802,447	20,810,346	16,838,631	18,020,242
Transfers out	(9,455,944)	(9,783,242)	(9,165,164)	(11,335,494)	(12,495,991)	(12,495,991)	(12,025,352)	(12,588,290)	(14,128,484)	(16,603,058)
Transfer out to component unit	0	0	0	0	0	0	0	0	0	0
Total other financing sources (uses)	2,299,435	4,758,359	4,369,671	3,925,040	4,865,242	5,578,489	5,406,238	8,222,056	2,710,147	1,417,184
Net change in fund balances	\$ (1,441,018)	\$ 4,219,243	\$ (1,063,595)	\$ (2,216,163)	\$ (3,594,024)	\$ (3,242,629)	\$ 4,275,798	\$ 2,112,379	\$ 521,038	\$ 632,496
Debt service as a percentage of noncapital expenditures	5.56%	5.19%	4.51%	4.06%	3.84%	3.88%	3.71%	3.32%	3.42%	2.95%

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

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

CITY OF STILLWATER, OKLAHOMA
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY (1)
 LAST TEN FISCAL YEARS
 (in thousands)

Fiscal Year	Real Property	Personal Property	Public Service Property	Total Valuation	Homestead Exemption	Other Exemptions	Net Total Valuation	Total Direct Tax Rate	Total Estimated Actual Value	Ratio of Total Assessed to Actual Value
2005	147,535	30,862	10,956	189,353	5,096		184,257	10.76	1,660,991	11.09%
2006	157,236	32,721	12,360	202,317	5,091		197,226	7.19	1,774,711	11.11%
2007	173,283	35,512	11,516	220,311	5,198		215,113	6.17	1,932,553	11.13%
2008	190,637	38,567	9,911	239,115	5,300		233,815	5.72	2,097,439	11.15%
2009	205,793	40,243	8,976	255,012	5,307		249,705	5.75	2,236,947	11.16%
2010	220,793	40,426	9,324	270,543	5,322		265,221	5.24	2,373,184	11.18%
2011	233,860	40,031	9,692	283,583	5,334		278,249	5.23	2,487,570	11.19%
2012	237,228	28,578	9,444	275,250	5,199		270,051	4.95	2,414,474	11.18%
2013	242,749	22,543	8,953	274,245	5,173		269,072	4.90	2,405,658	11.18%
2014	252,163	23,619	6,481	282,263	5,054	1,033	276,176	4.69	2,475,991	11.15%

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

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

(1) Source: Payne County Assessor

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

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

Fiscal Year	City of Stillwater Debt Service Fund	Independent School District No. 16	Meridian Technology Center	Payne County	Total
2005	10.76	62.96	15.00	16.00	104.72
2006	7.19	63.71	15.00	16.00	101.90
2007	6.17	62.93	15.00	16.00	100.10
2008	5.72	64.17	15.00	16.00	100.89
2009	5.75	62.09	15.00	16.00	98.84
2010	5.24	63.20	15.00	16.00	99.44
2011	5.23	64.82	15.00	16.00	101.05
2012	4.95	68.96	15.47	16.43	105.81
2013	4.90	64.53	15.47	16.43	101.33
2014	4.69	68.92	15.47	16.43	105.51

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

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

(1) Source: Payne County Assessor

CITY OF STILLWATER, OKLAHOMA
 PRINCIPAL PROPERTY TAX PAYERS (1)
 CURRENT YEAR AND NINE YEARS AGO

Taxpayer	Type of Business	2014			2005		
		2014 Assessed Valuation	Percentage of Total Assessed Valuation	Rank	2005 Assessed Valuation	Percentage of Total Assessed Valuation	Rank
Breckenridge Group Stillwater OK LLC	Off campus student housing	3,387,771	1.17%	1			
Links at Stillwater	Apartments/golf/fitness development	2,780,113	0.96%	2			
Lakeview Pointe	Shopping Center	2,393,520	0.83%	3			
Wal-Mart Real Estate	Discount supercenter	2,326,243	0.81%	4	1,769,005	0.90%	7
Sifty One at Tradan Heights	Apartments	2,222,478	0.77%	5			
Campus Crest at Stillwater	Apartments	2,015,497	0.70%	6			
ASCO Aerospace USA, LLC	Aerospace	1,692,578	0.59%	7			
Lowes Home Center, Inc.	Home improvement store	1,568,205	0.54%	8	1,350,655	0.68%	10
Henry Wells White Barn	Apartments/golf	1,375,405	0.48%	9			
Stillwater Retirement, LLC	Senior living	1,237,021	0.43%	10			
National Standard Co.	Manufacturer of steel cord for radial tires				1,807,065	0.92%	6
Oklahoma Natural Gas	Gas Utility				1,366,318	0.69%	9
Armstrong World Industries, Inc.	Manufacturer of floor coverings				5,964,129	3.02%	2
Southwestern Bell Telephone, LP	Telephone utility				4,893,082	2.48%	3
Brunswick Corporation	Manufacturer of stern-drive boat motors				9,653,161	4.89%	1
Chickasaw Telecom Services, Inc.	Telephone utility				2,353,436	1.19%	5
Quebecor World Inc.	Printer of magazines and advertising inserts				3,118,284	1.58%	4
Cingular Wireless LLC	Wireless telephone utility				1,388,784	0.70%	8
		\$20,998,831	7.27%		\$33,663,919	17.08%	

(1) Source: Payne County Assessor

CITY OF STILLWATER, OKLAHOMA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(in thousands of dollars)

Fiscal Year	Taxes Levied for the year	Collected within the Fiscal Year of the Levy		Collected on Prior
		Amount	Percentage of Levy	Years' Levies (1)
				Amount
2005	1,982	1,942	98%	15
2006	1,417	1,433	101%	18
2007	1,320	1,286	97%	19
2008	1,344	1,294	96%	64
2009	1,436	1,281	89%	151
2010	1,389	1,365	98%	21
2011	1,456	1,420	98%	40
2012	1,337	1,313	98%	47
2013	1,314	1,294	98%	17
2014	1,296	1,275	98%	21

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

Note: Total collections for July through October, 2014 are \$5 thousand in current taxes and \$4 thousand in delinquent taxes.

CITY OF STILLWATER, OKLAHOMA
TAXABLE SALES BY CATEGORY (1)
LAST TEN FISCAL YEARS
(in thousands of dollars)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Retail Trade*									\$ 445,548	483,038
Accommodation and Food Services*									137,002	148,363
Wholesale*									44,145	70,324
Utilities*									42,350	44,616
Information*									23,014	25,105
Education services	\$ 10,580	\$ 10,947	\$ 12,768	\$ 10,555	\$ 19,021	\$ 16,804	\$ 17,867	\$ 18,788	18,567	18,517
Manufacturing*									14,419	16,697
Unclassified*										8,847
Other services (except Public Administration)*									11,425	7,190
Real Estate, Rental, and Leasing*									8,911	13,102
Arts, Entertainment and Recreation*									4,925	3,995
Professional, Scientific and Technical Services*									2,228	3,002
Transportation and Warehousing*									1,809	2,496
Finance and Insurance*									1,522	2,349
Construction*									1,094	1,392
Mining, Quarrying, and Oil and Gas Extraction*									60	842
Administrative and Support and Waste Management and Remediation*										261
Agriculture, Forestry, Fishing and Hunting*									346	55
Health Care and Social Assistance*									39	27
Public Admin*										3
All other outlets	40,427	47,200	14,811	51,539	53,009	49,662	54,324	57,182	889	
General merchandise stores	128,097	141,576	144,281	165,326	168,961	163,369	163,683	171,170	-	
Eating and drinking places	68,314	79,720	84,125	88,711	95,953	95,055	100,179	108,943	-	
Miscellaneous retail	52,776	53,655	59,973	63,590	60,811	58,989	61,044	65,576	-	
Building material, hardware, garden supply	48,395	52,357	51,659	58,193	56,626	48,296	44,602	47,178	-	
Food stores	42,733	38,049	35,924	34,492	35,269	35,101	36,763	39,301	-	
Electric, gas, and sanitary services	31,763	36,563	39,310	38,680	39,300	39,922	39,611	40,763	-	
Wholesale trade - durable goods	23,857	28,128	25,108	26,072	27,365	23,481	24,607	24,995	-	
Apparel & accessory stores	26,549	25,996	35,824	34,128	32,717	33,376	35,328	39,194	-	
Furniture, home furnishings & equipment	21,611	24,266	24,478	26,142	26,924	23,240	35,526	35,764	-	
Communications	24,831	22,357	23,368	23,531	22,948	23,564	20,890	22,985	-	
Automotive dealers & gasoline service	14,544	13,862	15,227	14,103	13,847	13,765	15,732	16,055	-	
Business services	9,237	10,125	14,276	13,639	13,604	11,122	14,629	12,360	-	
Total	\$543,714	\$584,801	\$581,132	\$648,701	\$666,355	\$635,746	\$664,785	\$700,254	\$758,293	\$850,221
City general sales tax rate	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Transferable to SUA	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Dedicated sales tax - transportation projects (2)	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
Total tax rate	3.5%									

(1) Source: Oklahoma Tax Commission

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

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

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

CITY OF STILLWATER, OKLAHOMA
 DIRECT AND OVERLAPPING SALES TAX RATES (1)
 LAST TEN CALENDAR YEARS

Fiscal Year	City of Stillwater (2)	State of Oklahoma	Payne County (3)
2005	2.50%	4.50%	0.50%
2006	2.50%	4.50%	0.50%/0.75%
2007	2.50%	4.50%	0.75%
2008	2.50%	4.50%	0.75%
2009	2.50%	4.50%	0.75%
2010	2.50%	4.50%	0.75%
2011	2.50%	4.50%	0.75%
2012	2.50%	4.50%	0.75%
2013	2.50%	4.50%	0.81%
2014	2.50%	4.50%	0.81%

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

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

(3) Stillwater is located in Payne County which initiated a .5% sales tax effective January 1, 1994. The .5% sales tax expired and was replaced with a .375% sales tax effective January 1, 1999. The Payne County sales tax was increased to .5% effective April 1, 2000. The Payne County sales tax was increased to 0.75% effective April 1, 2006. The Payne County sales tax was increased to 0.813% effective April 1, 2013.

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2014:

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

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

CITY OF STILLWATER, OKLAHOMA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT (1) (2)
AS OF JUNE 30, 2014
(in thousands of dollars)

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

(1) Stillwater School District and Payne County include all of the City of Stillwater and extend beyond the physical boundaries of the City. This schedule estimates the portion of governmental debt that is borne by the property owners (via property taxes) and patrons (via sales tax) of the City of Stillwater.

(2) Computation assumptions: For debt repaid with property taxes, the percentage of assessed property within the City of Stillwater in relation to the assessed value of the school district (which extends beyond the city limits) was used. For the County debt repaid with sales taxes, the percentage of taxable sales for the City of Stillwater in relation to the taxable sales for the entire county was used.

(3) Restricted in use by bond indentures and/or trustee agreements.

(4) Sources: Assessed value data, School and County amounts - Payne County Assessor's office

CITY OF STILLWATER, OKLAHOMA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

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

** Data not available at time of publication

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

General Obligation Bonds

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

** Data not available at time of publication

CITY OF STILLWATER, OKLAHOMA
 PLEDGED REVENUE COVERAGE (1)
 LAST TEN FISCAL YEARS
(dollars in thousands)

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

(1) Details regarding the City's outstanding debt can be found in the notes to the financial statements.

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

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

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

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

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

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities:										
Public safety										
Police stations	1	1	1	1	1	1	1	1	1	1
Fire stations	4	4	4	4	4	4	4	4	4	4
Recreation and culture										
Athletic fields	21	24	24	24	24	24	24	24	24	23
Tennis Courts	14	14	14	10	10	10	10	10	10	10
Neighborhood/community parks	22	24	24	22	22	22	22	22	22	22
Lakeside Golf Course - acreage	160	160	160	160	160	160	160	160	160	160
Street and sewers										
Streets (miles)	295	297	230	230	526	531	526	526	532	532
Traffic signals	51	53	61	61	61	61	60	60	62	64
Business-type activities:										
Electric, water, wastewater										
Power plants	1	1	1	1	1	1	1	1	1	1
Substations	8	8	8	8	8	8	8	8	8	8
Miles of 69KV line	19.5	20.9	20.9	20.9	20.1	20.1	20.1	20.1	20.2	20.8
Water										
Water Plant	1	1	1	1	1	1	1	1	1	1
Water storage towers (away from plant)	4	4	5	5	5	5	5	5	5	6
Wastewater										
Wastewater Plant	1	1	1	1	1	1	1	1	1	1
Lift Stations	13	15	15	15	15	15	15	15	15	15

Sources: Various City departments

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

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

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

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

**unavailable

- (1) changed measure of acres mowed in fiscal year 2005 to acres mowed times number of mowings.
- (2) operation of the Multi Arts programming assumed by The Friends of the Multi Arts Center, Inc. on May 1, 2012
- (3) mini bus program ended March 2010
- (4) measured in ft. in 2011
- (5) measured in lbs. in 2008
- (6) 2003-2010 includes water main repairs only. Beginning in 2011, both water main and service line repairs are included.

Sources: Various City departments

CITY OF STILLWATER, OKLAHOMA
 PRINCIPAL EMPLOYERS (2)
 CURRENT YEAR AND NINE YEARS AGO

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

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

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

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

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Fiscal Year	Population (1)	Personal Income (in thousands of dollars) (2)	Per Capita Personal Income	Median Age (3)	Education Level in Years of Schooling (3)		K-12 School Enrollment (4)	Post-secondary Enrollment (4)	Unemployment Rate (5)
					Percentage high- school graduate or higher	Percentage bachelor's degree or higher			
2004	41,320	1,623,651	23,399				5,440	22,376	2.3%
2005	41,940	1,759,533	23,966				5,479	21,596	3.9%
2006	45,674	1,925,139	24,911				5,560	23,748	5.0%
2007	46,383	2,102,451	27,050				5,460	23,486	4.8%
2008	46,976	2,306,093	29,290				5,489	23,564	4.3%
2009	47,653	2,314,505	29,030				5,596	23,719	6.3%
2010	45,688	2,402,414	31,021	23.9	92.5%	46.6%	5,780	24,018	5.8%
2011	46,048	2,523,379	32,356	24.1	93.3%	47.0%	5,960	24,622	5.9%
2012	46,560	2,836,935	36,186	23.7	93.4%	49.0%	6,061	25,623	5.1%
2013	47,186	**	**	**	**	**	6,147	26,312	5.5%
2014	**	**	**	**	**	**	6,212	27,974	4.8%

** Data not available at time of publication

- (1) Population estimates provided by the City of Stillwater Department of Community Development and the U.S. Census Bureau.
 2005 population estimate reflects the acceptance of the City's estimate challenge by the U.S. Census Bureau.
 2007 population estimate reflects the acceptance of the City's estimate challenge by the U.S. Census Bureau.
- (2) 2003 through 2005 personal income estimates provided by Oklahoma Department of Commerce. "Total Personal Income for Counties and MSAs: 2000 - 2005"
 2006 through 2010 personal income estimates provided by U.S. Department of Commerce.
 2011 through 2012 personal income estimates provided by U.S. Department of Commerce.
- (3) Median Age and educational attainment provided by U.S. Census Bureau.
 Education attainment refers to those persons 25 years or older.
- (4) Enrollment figures are for the Fall Semester immediately following the fiscal year indicated and include Pre-k full-time students beginning in 2004.
 Post-secondary enrollment includes enrollment at Oklahoma State University-Stillwater, Northern Oklahoma College-Stillwater,
 and full/half-time students at Meridian Technology Center.
- (5) Unemployment rate provided by Bureau of Labor Statistics and is for Payne County.



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CITY OF STILLWATER, OKLAHOMA

SINGLE AUDIT REPORTS AND
SUPPLEMENTARY SCHEDULES
YEAR ENDED JUNE 30, 2014

CITY OF STILLWATER, OKLAHOMA
SINGLE AUDIT REPORTS AND SUPPLEMENTARY SCHEDULES
Year Ended June 30, 2014

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INDEPENDENT AUDITOR'S 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

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

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Stillwater, Oklahoma (the City), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 11, 2014. Our report includes a reference to other auditors who audited the financial statements of Stillwater Medical Center Authority, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Berberich Trahan & Co., P.A.

December 11, 2014
Topeka, Kansas



BERBERICH TRAHAN & CO., P.A.
Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER
COMPLIANCE; AND REPORT ON THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS REQUIRED
BY OMB CIRCULAR A-133**

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

Report on Compliance for Each Major Federal Program

We have audited the City of Stillwater, Oklahoma (the City)'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended June 30, 2014. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the City's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on the Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, the business type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 11, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Berberich Trahan & Co., P.A.

December 11, 2014
Topeka, Kansas

CITY OF STILLWATER, OKLAHOMA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2014

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Expenditures
U.S. Department of Agriculture Passed through Oklahoma Department of Agriculture Food & Forestry: Community Wildfire Protection Plan	10.664	\$ 8,000
U.S. Department of Housing and Urban Development: Passed through Oklahoma Department of Commerce: CDBG - State-Administered CDBG Cluster: Community Development Block Grant	14.228	117,059
U.S. Department of Justice: Passed through Oklahoma State Bureau of Investigation: Internet Crimes Against Children Task Force Grant	16.543	8,325
JAG Program Cluster: Edward Byrne Memorial Justice Assistance Grant Program	16.738	21,557
Total U.S. Department of Justice		29,882
U.S. Department of Homeland Security: Passed through Oklahoma Department of Emergency Management: Hazard Mitigation Grant	97.039	718,250
Emergency Management Performance Grant	97.042	30,000
Assistance to Firefighters Grant	97.044	29,581
Total U.S. Department of Homeland Security		777,831
Total expenditures of federal awards		\$ 932,772

See accompanying notes to schedule of expenditures of federal awards.

CITY OF STILLWATER, OKLAHOMA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2014

1 - General

The accompanying schedule of expenditures of federal awards presents the activity of all federal awards of the City of Stillwater, Oklahoma (the City). The City's reporting entity is defined in Note 1 to the City's basic financial statements. All federal awards passed through other government agencies are included on the schedule.

2 - Basis of Accounting

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting which is described in Note 1 to the City's basic financial statements.

CITY OF STILLWATER, OKLAHOMA
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year Ended June 30, 2014

Section I – Summary of Independent Auditor’s Results

Financial Statements

Type of auditor’s report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified:	None
Significant deficiencies identified that are not considered to be material weaknesses:	None reported
Noncompliance material to financial statements:	None

Federal Awards

Internal control over major programs:	
Material weaknesses identified:	None
Significant deficiencies identified that are not considered to be material weaknesses:	None reported
Type of auditor’s report issued on compliance for major programs:	Unmodified
Any audit findings that are required to be reported in accordance with Section 510(a) of Circular A-133:	None

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
97.039	Hazard Mitigation Grant

Dollar threshold used to distinguish between Type A and Type B programs:	\$ 300,000
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Auditee qualified as a low-risk auditee:	Yes
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CITY OF STILLWATER, OKLAHOMA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section II – Financial Statement Findings

No matters reported.

Section III – Federal Award Findings and Questioned Costs

No matters reported.

CITY OF STILLWATER, OKLAHOMA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2014

None.