



BERBERICH TRAHAN & CO., P.A.

Certified Public Accountants

CITY OF STILLWATER, OKLAHOMA

SINGLE AUDIT REPORTS AND
SUPPLEMENTARY SCHEDULES
YEAR ENDED JUNE 30, 2013

CITY OF STILLWATER, OKLAHOMA
SINGLE AUDIT REPORTS AND SUPPLEMENTARY SCHEDULES
Year Ended June 30, 2013

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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 aggregate 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, 2013, 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, 2013. Our report includes a reference to other auditors who audited the financial statements of Stillwater Medical Center Authority, as described in our report on 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, 2013
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, 2013. 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.

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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, 2013.

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, 2013, 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, 2013, 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 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, 2013

CITY OF STILLWATER, OKLAHOMA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2013

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Expenditures
U.S. Department of Housing and Urban Development:		
Passed through Oklahoma Department of Commerce:		
CDBG - State-Administered CDBG Cluster:		
Community Development Block Grant - 2011	14.228	\$ 102,125
Community Development Block Grant - 2010	14.228	12,880
Emergency Shelter Grant - 2011	14.231	4,469
		<hr/>
Total U.S. Department of Housing and Urban Development		119,474
		<hr/>
U.S. Department of Justice:		
Passed through Oklahoma State Bureau of Investigation:		
Internet Crimes Against Children Task Force Grant	16.543	1,415
JAG Program Cluster:		
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2,338
		<hr/>
Total U.S. Department of Justice		3,753
		<hr/>
U.S. Department of Transportation:		
Airport Improvement Program	20.106	1,916,188
		<hr/>
National Endowment for the Humanities:		
Passed through Oklahoma Humanities Council:		
Major/Challenge Grant	45.129	5,000
		<hr/>
U.S. Department of Homeland Security:		
Passed through Oklahoma Department of Emergency Management:		
Hazard Mitigation Grant	97.039	91,025
Emergency Management Performance Grant	97.042	27,819
Fire Management Assistance Grant	97.046	1,113
Assistance to Firefighters Grant	97.044	23,964
		<hr/>
Total U.S. Department of Homeland Security		143,921
		<hr/>
Total expenditures of federal awards		\$ 2,188,336
		<hr/> <hr/>

See accompanying notes to schedule of expenditures of federal awards.

CITY OF STILLWATER, OKLAHOMA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2013

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, 2013

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>
20.106	Airport Improvement Program

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, 2013

None.

City of Stillwater, Oklahoma

*Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2013*



CITY OF STILLWATER, OKLAHOMA

Comprehensive Annual Financial Report

And Accompanying

Independent Auditor's Report

For the Fiscal Year Ended June 30, 2013

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, 2013
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*Introductory
Section*



Date: December 11, 2013

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, 2013, 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 2013, 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 45% of local wage and salary jobs. In addition manufacturing and advanced technology

companies cover a large share of the local economic base. The health care sector has been a contributor to local job growth in the past decade. 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 into the recovery it is expected to have a positive effect on Stillwater's economy by helping to retain local dollars and contributing to the sales tax collections.

Stillwater's cost of living remains well below the state and U.S. average. Unemployment for Stillwater is consistently among the lowest in the U.S. and the surrounding county. The unemployment rate for Stillwater increased from 5.1% to 5.5% in 2013.

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.

American Recovery and Reinvestment Act of 2009

The city actively pursued funds available from the American Recovery and Reinvestment Act of 2009 (ARRA). The city was able to complete a \$5.8 million runway expansion at the airport in fiscal year 2009 and secured funds for \$13.5 million in water and wastewater projects which began in fiscal year 2009-10. The last phase of the automated meter project was completed in fiscal year 2012-13.

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.

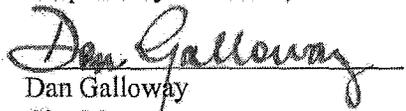
Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Stillwater for its comprehensive annual financial report for the fiscal year ended June 30, 2012. The Certificate of Achievement 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.

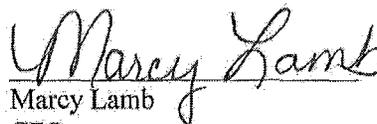
A Certificate of Achievement is valid for a period of one year only. The City of Stillwater has received a Certificate of Achievement for the last thirty one consecutive years. We believe that our current report continues to meet the Certificate of Achievement Program requirements and we are submitting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



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Stillwater
Oklahoma**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

CITY OF STILLWATER, OKLAHOMA
CITY OFFICIALS AND AUDIT COMMITTEE

JUNE 30, 2013

Mayor and City Council

John Bartley	Mayor
Charles Hopkins	Vice Mayor
Cody Scott	Councilor
Joe Weaver	Councilor
Gina Noble	Councilor

Audit Committee

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

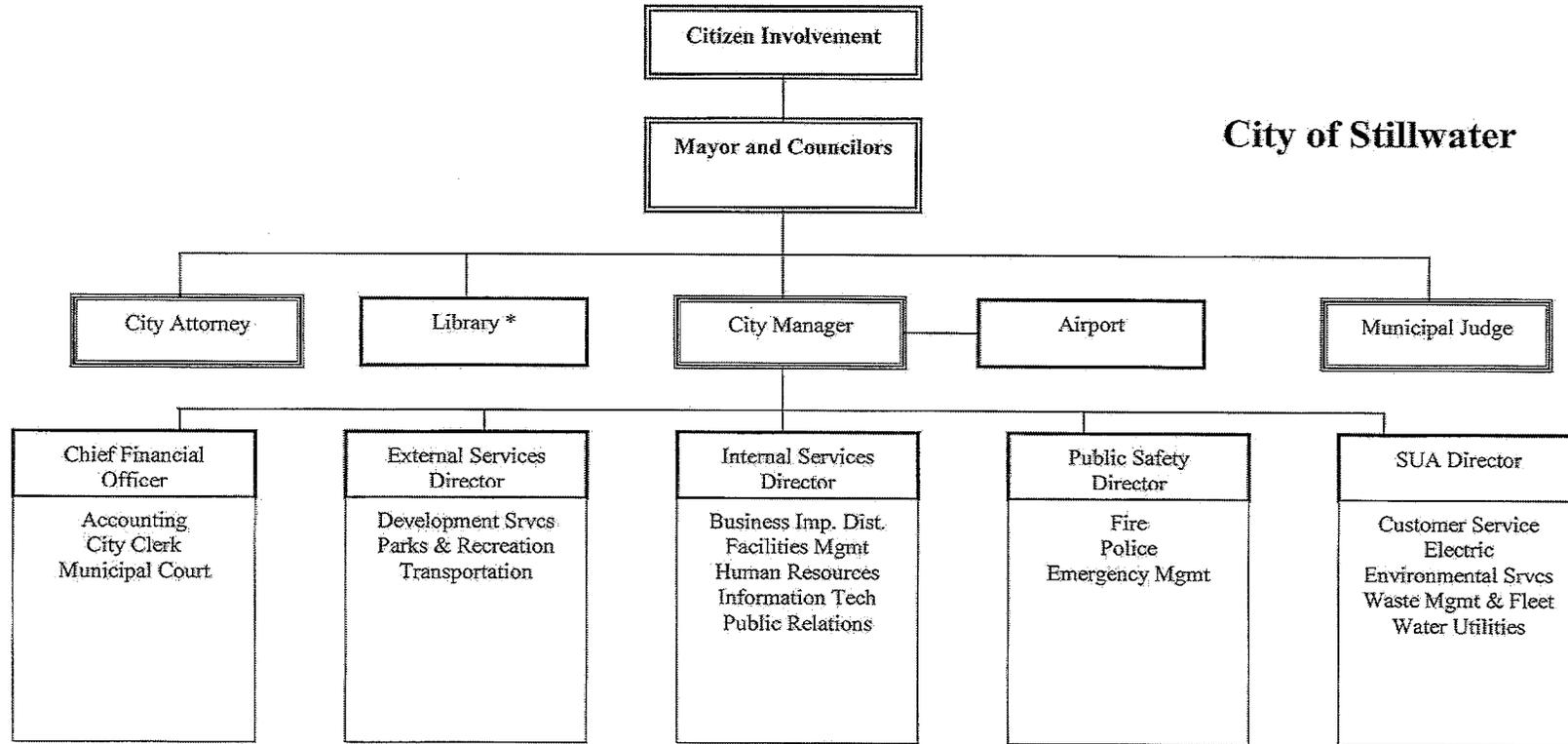
Administration

Dan Galloway	City Manager
Dan Blankenship	Director of Stillwater Utilities Authority
Marcy Lamb	Chief Financial Officer
John McClenny	Director of External Services
Robert Barker	Director of Internal Services
Norman McNickle	Director of Public Safety
Lynda Reynolds	Director of Library
Brad Stewart	Director of Information Services
Paula Dennison	Director of Development Services
Anthony Daniel	Director of Water/Wastewater Utility
Gary Johnson	Director of Airport
John Dorman	City Attorney
Ryan McCaughren	Police Chief
J. Tom Bradley	Fire Chief

Department Of Finance-Accounting Division

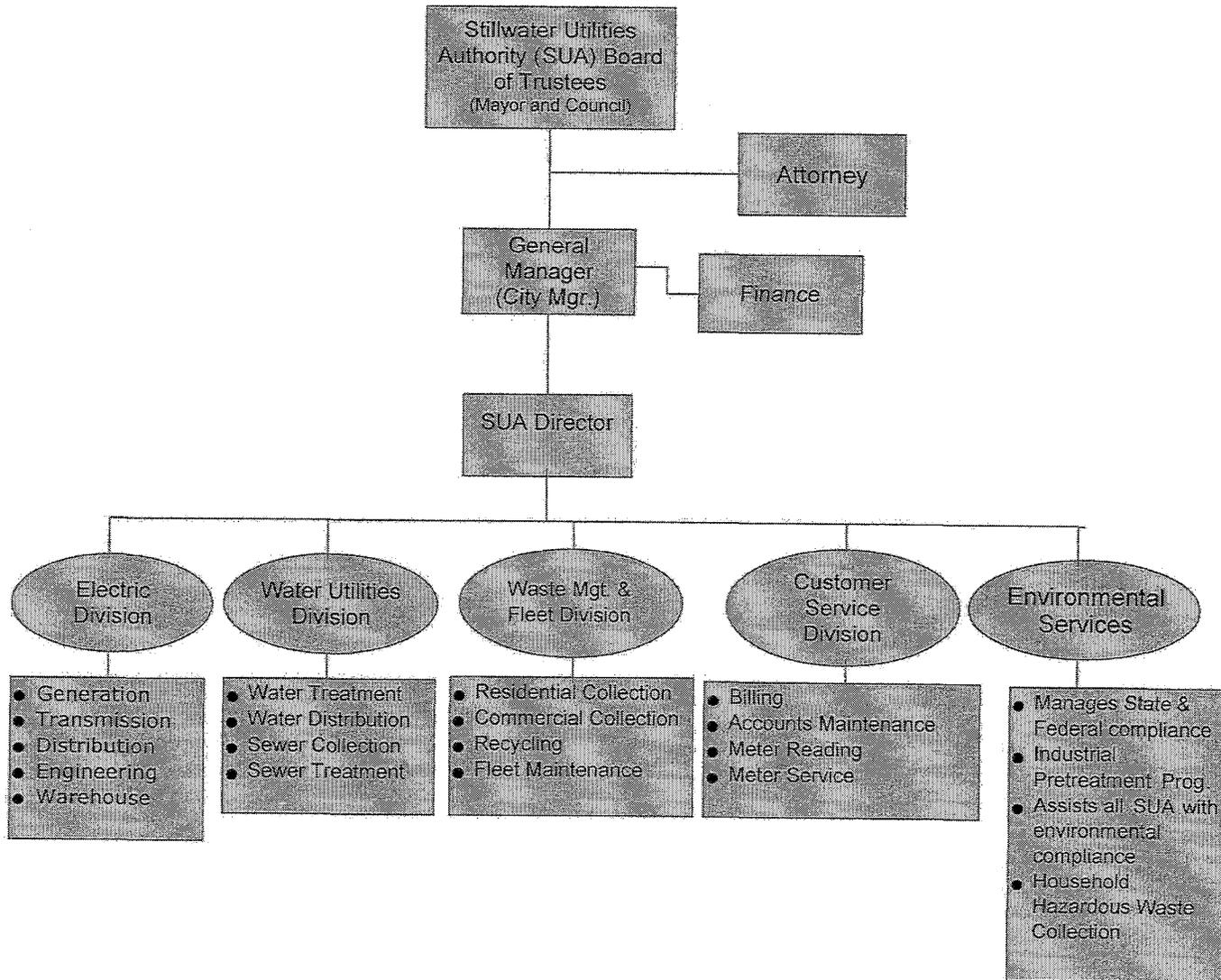
Tamara Brown	Accounting Supervisor
Christy Cluck	Authority Accountant
Elizabeth Chrz	Deputy City Clerk
Kelli Couch	Staff Accountant

City Phone Number: (405) 372-0025
City website: <http://stillwater.org>



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

Stillwater Utilities Authority



*Financial
Section*



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, 2013, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

BERBERICH TRAHAN & CO., P.A. 3630 SW Burfingame Rd., Topoka, KS 66611-2050 785-234-3427 *not for use* 800-530-5526 785-233-1768 btandco.com

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 aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2013, 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.

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 23 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 and the other auditors 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.

Berberich Trahan & Co., P.A.

December 11, 2013
Topeka, Kansas

Management's Discussion and Analysis Fiscal Year Ended June 30, 2013

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, 2013. 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 by \$3,684,568 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 2012 by \$2,741,130. In 2012 the last of proceeds of the 2010 Revenue note were transferred from SUA to the City to fund construction costs incurred on the approved transportation 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 \$13,175,800 or 10.78%. Rate increases were implemented for electric, water, wastewater, and solid waste collection. Operating revenues remained at approximately \$65.5 million due to milder summer temperatures which resulted in less demand for services. Operating Expenditures decreased by \$2.06 million or 3.97% due to overall decreases in operation and maintenance costs across all utility services as well as a decrease in purchased power as a result of less customer demand. Transfers to the City’s general fund increased \$455,120 over the prior year.

The City as Trustee

The City is the trustee, or fiduciary for other assets that – because of a trust arrangement – can be used only for the trust beneficiaries. All of the City’s fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in 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, 2013, 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	\$ 99,197	\$ 136,909	\$ 236,106
Increase/(Decrease)	2,081	14,730	16,811
Ending net position	<u>\$ 101,278</u>	<u>\$ 151,639</u>	<u>\$ 252,917</u>

The above numbers reflect an increase of 2.10% in net position for governmental activities and an increase of 10.76% in net position for business-type activities. Overall, the net

position for both governmental and business type activities increased 7.12% 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	
	2013	2012	2013	2012	2013	2012
Assets:						
Current and other assets	\$ 22,880	\$ 23,028	\$ 66,209	\$ 57,357	\$ 89,089	\$ 80,385
Capital assets	93,796	92,682	123,337	118,750	217,133	211,432
Total assets	116,676	115,710	189,546	176,107	306,222	291,817
Liabilities:						
Long-term liabilities	11,131	11,484	32,376	33,832	43,506	45,316
Other liabilities	4,266	5,029	5,531	5,366	9,797	10,395
Total liabilities	15,397	16,513	37,906	39,198	53,303	55,711
Net position:						
Invested in capital assets	87,320	85,208	100,709	95,439	188,029	180,647
Restricted	4,836	8,131	764	2,111	5,600	10,242
Unrestricted	9,122	5,858	50,166	39,359	59,288	45,217
Total net position	\$ 101,278	\$ 99,197	\$ 151,639	\$ 136,909	\$ 252,917	\$ 236,106

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, 74.34%, 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, 2.21%, 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 increased the City of Stillwater's net position by \$2,080,960 which contributed to a .88% increase of the net position of the City of Stillwater. The following provides details of the increase:

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

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$ 4,444	\$ 3,957	\$ 67,178	\$ 67,194	\$71,622	\$71,151
Operating Grants & contributions	177	311	-	-	177	311
Capital grants & contributions	927	806	3,932	3,407	4,859	4,213
General revenues:						
Sales and Use taxes	28,250	25,787	-	-	28,250	25,787
Other taxes	3,741	3,568	-	-	3,741	3,568
Other general revenues	75	78	254	626	329	704
Total Revenues	37,614	34,507	71,364	71,227	108,978	105,734
Program Expenses:						
General Government	5,048	4,067			5,048	4,067
Financial Administration	621	619			621	619
Public Safety	17,133	18,236			17,133	18,236
Streets & Sewers	7,335	8,445			7,335	8,445
Engineering and Public Works Administration	475	480			475	480
Recreation and Culture	5,505	5,850			5,505	5,850
Economic Development	622	578			622	578
Health and Welfare	1,298	1,885			1,298	1,885
Interest on Long-term Debt	206	239			206	239
Stillwater Utilities Authority			50,681	52,824	50,681	52,824
Business Area Development			494	173	494	173
Airport Operations			2,749	2,695	2,749	2,695
Total Expenses	38,243	40,399	53,924	55,692	92,167	96,091
Increase/(Decrease) in Net Position Before Transfers	(629)	(5,892)	17,440	15,535	16,811	9,643
Net Transfers	2,710	8,217	(2,710)	(8,217)	-	-
Increase/(Decrease) in Net Position	\$ 2,081	\$ 2,325	\$ 14,730	\$ 7,318	\$ 16,811	\$ 9,643

Sales and use tax received in fiscal year 2013 resulted in an increase from the prior year of \$2,462,471. Transfers from the SUA to the general fund increased by \$455,120. Property taxes decreased by \$32,992. Investment income decreased by \$3,485. Net position for governmental activities increased by 2.10%.

Business-type Activities

Business-type activities increased the City of Stillwater's net position by \$14,729,677 which contributed a 6.24% increase in the net position of the City of Stillwater. Details are presented in the preceding chart.

General Fund Budgetary Highlights

Budget preparation has been a challenge for the past four fiscal years as national economic conditions made their impact locally. Fiscal year 2012 results appear to indicate that there are signs of a recovery locally. Although revenues were showing growth, costs continue to rise, therefore, the budget for fiscal year 2013 was approached in a conservative manner.

The FY13 budget was prepared to focus on the delivery of core service operations. Staffing levels were still not budgeted to pre-FY 2009 levels, however no further downsizing is included. After several years of salary freezes and no compensation adjustments, the FY2013 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 FY2013. More detailed information on capital asset activity and long-term debt activity is contained in the accompanying notes to the financial statements on pages 53 and 54 and pages 56 to 63, respectively.

Capital Assets

At the end of June 30, 2013, the City had \$217 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	
	2013	2012	2013	2012	2013	2012
Land	\$ 7,658	\$ 7,435	\$ 2,026	\$ 1,715	\$ 9,684	\$ 9,150
Buildings	24,158	24,152	4,945	10,677	29,103	34,829
Other Improvements	-	-	29,710	25,282	29,710	25,282
Equipment	20,958	19,436	28,010	21,659	48,968	41,095
Infrastructure	152,635	151,630	193,045	182,730	345,680	334,360
Intangible Assets	-	-	1,604	1,604	1,604	1,604
Construction-in-progress	11,511	7,342	2,714	6,992	14,225	14,334
	216,920	209,995	262,054	250,659	478,974	460,654
Less Depreciation	123,124	117,427	138,717	132,168	261,841	249,595
Totals	\$ 93,796	\$ 92,568	\$ 123,337	\$ 118,491	\$ 217,133	211,059

Debt Administration

At year-end, the City had \$35.7 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	
	2013	2012	2013	2012	2013	2012
General Obligation Bonds	\$ 6,476	\$ 7,359	\$ -	\$ -	\$ 6,476	\$ 7,359
Capital Lease Obligations	-	-	3,233	2,347	3,233	2,347
Notes Payable	-	-	25,779	27,160	25,779	27,160
Revenue Bonds	-	-	-	1,606	-	1,606
Refundable Grant Obligations	183	205	39	24	222	229
Totals	\$ 6,659	\$ 7,564	\$ 29,051	\$ 31,137	\$ 35,710	\$ 38,701

Economic Factors and Next Year's Budget

During FY 2013, 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 2014, the City has projected an approximate 4.5% increase in Sales Tax revenues. The budget for FY2014 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 playground upgrades. Total expenditures budgeted reflect an 8.65% increase from the original FY2013 budget. The budget maintains FY2013 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.

The Mercruiser plant closed in November 2011 and moved operations to Fond du Lac, Wisconsin. After initial layoffs of over a hundred casting and machining positions, the company announced an additional 200 assembly jobs to be transferred in late 2010 and 2011. The plant employed approximately 400 people prior to the announcement. The company placed the facility for sale and the property was subsequently purchased by ASCO in July of 2012. ASCO Industries, a Belgium aerospace manufacturer, announced plans to bring up to 600 jobs to Stillwater. ASCO designs and makes high strength aircraft components and assemblies for Airbus, Boeing, Bombardier and Embraer commercial jets. This will be 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 has almost completed the planned renovation of the plant and currently employs about 30 people. The company expects to employ approximately 125 by the summer of 2014 and they expect to begin production on certain lines early 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 has opened a fabricating facility in Stillwater. The company is currently hiring employees for the facility.

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 enrollment of 25,800 of which over 24,000 take classes on the Stillwater campus. Over the last four years, total enrollment has grown 13%, or nearly 3,000 students. Freshman enrollment has grown 23% percent over the same period, an increase of more than 700 freshmen from 2009 to this fall. During that same time period out-of-state students have increased by 65%. Forbes, Princeton Review and Kiplinger's have recognized Oklahoma State for the value and outstanding education provided to students. 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.

Commercial permits decreased by 13 between calendar year 2011 and 2012. Single family home building permits increased by 30 for the same time period. There were 103 commercial permits issued in calendar year 2012 and 76 had been issued in the current year at the time of this report. There were 82 single family residential permits issued in calendar year 2012 and 73 so far in 2013. 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, 2013

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Stillwater Medical Center Authority
ASSETS				
Cash and cash equivalents	\$ 16,552,119	\$ 40,292,408	\$ 56,844,527	\$ 9,726,493
Investments	-	8,948,010	8,948,010	40,325,034
Accounts receivable, net	511,291	8,969,947	9,481,238	12,875,472
Internal balances	206,823	(206,823)	-	-
Interest receivable	-	37,882	37,882	-
Installment loans receivable	57,500	150,912	208,412	-
Leasehold receivable	-	183,333	183,333	-
Inventories	142,282	4,932,802	5,075,084	2,334,357
Due from other governments	5,307,706	219,395	5,527,101	-
Other assets	-	-	-	3,090,780
Restricted cash and cash equivalents	-	2,461,922	2,461,922	1,006,704
Restricted investments	-	-	-	1,679,384
Capital assets:				
Land and construction in progress	19,168,888	6,270,307	25,439,195	6,290,473
Other capital assets, net of accumulated depreciation	74,627,084	117,066,840	191,693,924	42,388,132
Investments in joint ventures	-	-	-	2,022,685
Goodwill, net	-	-	-	7,819,376
Other assets	-	-	-	94,619
Deferred charges	101,960	219,482	321,442	282,896
Total assets	<u>116,675,653</u>	<u>189,546,417</u>	<u>306,222,070</u>	<u>129,936,405</u>
LIABILITIES				
Accounts payable	1,706,436	4,887,856	6,594,292	5,087,982
Accrued liabilities	2,539,613	457,188	2,996,801	8,066,258
Accrued interest payable	19,900	186,546	206,446	-
Long-term liabilities:				
Due within one year	1,028,699	5,382,062	6,410,761	911,692
Due in more than one year	10,102,549	26,993,812	37,096,361	13,808,191
Total liabilities	<u>15,397,197</u>	<u>37,907,464</u>	<u>53,304,661</u>	<u>27,874,123</u>
NET POSITION				
Net investment in capital assets	87,319,852	100,709,423	188,029,275	30,418,161
Restricted for:				
Capital projects	53,919	601,298	655,217	-
Debt service	327,051	159,714	486,765	2,629,384
Street improvements	-	-	-	-
Specific operating activities	1,263,008	2,712	1,265,720	747,337
Nonexpendable operating activities	-	-	-	1,507,793
Unrestricted	12,314,626	50,165,806	62,480,432	66,759,607
Total net position	<u>\$ 101,278,456</u>	<u>\$ 151,638,953</u>	<u>\$ 252,917,409</u>	<u>\$ 102,062,282</u>

The accompanying notes are an integral part of this statement.

CITY OF STILLWATER, OKLAHOMA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

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	\$ 17,133,051	\$ 447,420	\$ 30,272	\$ 39,077	\$ (16,616,282)	\$ -	\$ (16,616,282)	\$ -
Recreation and culture	5,505,481	1,284,758	141,036	-	(4,079,687)	-	(4,079,687)	-
General government	5,047,562	815,639	-	168,300	(4,063,603)	-	(4,063,603)	-
Financial administration	621,148	1,058,148	-	-	437,000	-	437,000	-
Street and sewers	7,334,958	674,190	-	604,833	(6,055,935)	-	(6,055,935)	-
Engineering and public works administration	475,008	-	-	-	(475,008)	-	(475,008)	-
Economic development	621,820	-	-	-	(621,820)	-	(621,820)	-
Health and welfare	1,298,401	163,907	6,065	115,005	(1,013,424)	-	(1,013,424)	-
Interest on long-term debt	206,045	-	-	-	(206,045)	-	(206,045)	-
Total governmental activities	<u>38,243,474</u>	<u>4,444,082</u>	<u>177,373</u>	<u>927,215</u>	<u>(32,694,804)</u>	<u>-</u>	<u>(32,694,804)</u>	<u>-</u>
Business-type activities								
Electric, water, wastewater and sanitation operations	50,680,617	65,531,694	-	1,539,770	-	16,390,847	16,390,847	-
Business area development	494,190	23,207	-	149,791	-	(321,192)	(321,192)	-
Airport operations	2,749,481	1,623,080	-	2,243,030	-	1,116,629	1,116,629	-
Total business-type activities	<u>53,924,288</u>	<u>67,177,981</u>	<u>-</u>	<u>3,932,591</u>	<u>-</u>	<u>17,186,284</u>	<u>17,186,284</u>	<u>-</u>
Total primary government	<u>\$ 92,167,762</u>	<u>\$ 71,622,063</u>	<u>\$ 177,373</u>	<u>\$ 4,859,806</u>	<u>(32,694,804)</u>	<u>17,186,284</u>	<u>(15,508,520)</u>	<u>-</u>
Component Unit								
Medical Center	<u>\$ 95,696,441</u>	<u>\$ 106,414,780</u>	<u>\$ 22,273</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,740,612</u>
General revenues								
Taxes:								
Sales and use taxes					28,249,872	-	28,249,872	-
Property taxes					1,310,488	-	1,310,488	-
Franchise and public service taxes					1,564,301	-	1,564,301	-
E911 taxes					60,338	-	60,338	-
Hotel/motel taxes					805,941	-	805,941	-
Investment income					74,677	(167,141)	(92,464)	4,632,556
Miscellaneous					-	420,681	420,681	-
Transfers-internal activity					2,710,147	(2,710,147)	-	-
Total general revenues and transfers					<u>34,775,764</u>	<u>(2,456,607)</u>	<u>32,319,157</u>	<u>4,632,556</u>
Change in net position					2,080,960	14,729,677	16,810,637	15,373,168
Net position-beginning					99,197,496	136,909,276	236,106,772	86,689,114
Net position-ending					<u>\$ 101,278,456</u>	<u>\$ 151,638,953</u>	<u>\$ 252,917,409</u>	<u>\$ 102,062,282</u>

The accompanying notes are an integral part of this statement.

CITY OF STILLWATER, OKLAHOMA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

	General	Transportation Improvement	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 12,008,060	\$ 4,027,169	\$ 413,077	\$ 16,448,306
Due from other governments	5,282,375	-	25,331	5,307,706
Accounts receivable, net	503,858	6,901	532	511,291
Due from other funds	25,741	-	-	25,741
Inventories	142,282	-	-	142,282
Total assets	<u>\$ 17,962,316</u>	<u>\$ 4,034,070</u>	<u>\$ 438,940</u>	<u>22,435,326</u>
LIABILITIES				
Accounts payable	\$ 943,976	\$ 762,460	\$ -	\$ 1,706,436
Accrued liabilities	1,426,765	6,630	-	1,433,395
Due to other funds	-	2,251	-	2,251
Deferred revenue	58,077	-	19,936	78,013
Total liabilities	<u>2,428,818</u>	<u>771,341</u>	<u>19,936</u>	<u>3,220,095</u>
FUND BALANCES				
Non-spendable: inventories	142,282	-	-	142,282
Restricted for:				
Debt service	-	-	327,051	327,051
Police equipment	60,805	-	-	60,805
Police undercover operations	53,919	-	-	53,919
Capital improvements	-	3,262,729	37,603	3,300,332
Community development grants	-	-	54,350	54,350
Sales tax transfer	2,070,451	-	-	2,070,451
Committed to:				
Rural fire activities	255,940	-	-	255,940
Fire training activities	27,314	-	-	27,314
Visitor and event recruitment	668,398	-	-	668,398
Assigned to:				
Self insurance	1,233,143	-	-	1,233,143
Parks and recreation	172,350	-	-	172,350
Unassigned	10,848,896	-	-	10,848,896
Total fund balances	<u>15,533,498</u>	<u>3,262,729</u>	<u>419,004</u>	<u>19,215,231</u>
Total liabilities and fund balances	<u>\$ 17,962,316</u>	<u>\$ 4,034,070</u>	<u>\$ 438,940</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 reported in the funds, net of accumulated depreciation of \$123,124,516 93,350,472

Certain long-term receivables are not available to pay for current fund liabilities and, therefore, are deferred in the funds 78,013

continued

Installment note receivable received for sale of asset is not reported in the fund statements	57,500
Unamortized debt issuance costs are part of net proceeds reported in fund statements	101,960
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	549,313
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	(1,106,218)
Accrued interest payable	(19,900)
General obligation bonds payable	(6,476,120)
Accrued compensated absences	(2,291,132)
Accrued post employment obligations	(2,180,663)
Net position of governmental activities	<u>\$ 101,278,456</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, 2013

	General	Transportation Improvement	Other Governmental Funds	Totals Governmental Funds
REVENUES				
Taxes	\$ 30,680,452	\$ -	\$ 1,310,950	\$ 31,991,402
Intergovernmental	287,268	-	121,070	408,338
Charges for services	802,270	-	-	802,270
Fines and forfeits	793,076	-	-	793,076
Fees and rentals	1,357,756	-	-	1,357,756
Investment income	49,564	23,175	1,786	74,525
Licenses and permits	319,497	-	-	319,497
Other miscellaneous revenues	1,219,629	-	13	1,219,642
Total revenues	35,509,512	23,175	1,433,819	36,966,506
EXPENDITURES				
Current				
Public safety	16,537,022	-	-	16,537,022
Recreation and culture	4,858,451	-	-	4,858,451
General government	3,670,808	-	-	3,670,808
Financial administration	602,812	-	-	602,812
Streets and sewers	2,239,420	176,031	-	2,415,451
Operations	471,523	-	-	471,523
Economic development	562,422	-	-	562,422
Human services	1,253,616	-	2,283	1,255,899
Debt service:				
Principal retirements	-	-	820,000	820,000
Interest and fiscal charges	-	-	272,000	272,000
Capital outlay	2,690,641	4,448,709	549,877	7,689,227
Total expenditures	32,886,715	4,624,740	1,644,160	39,155,615
Excess (deficiency) of revenues over (under) expenditures	2,622,797	(4,601,565)	(210,341)	(2,189,109)
OTHER FINANCING SOURCES (USES)				
Transfers in	13,085,229	3,753,402	-	16,838,631
Transfers out	(12,023,458)	(1,892,967)	(212,059)	(14,128,484)
Total other financing sources (uses)	1,061,771	1,860,435	(212,059)	2,710,147
Net change in fund balances	3,684,568	(2,741,130)	(422,400)	521,038
FUND BALANCES, beginning	11,848,930	6,003,859	841,404	18,694,193
FUND BALANCES, ending	\$ 15,533,498	\$ 3,262,729	\$ 419,004	\$ 19,215,231

Reconciliation to Statement of Activities:	
Net change in fund balances	\$ 521,038
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	7,235,472
Depreciation	(6,686,989)
Net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins and donations)	679,752
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Deferred revenue	(48,631)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position	820,000
Internal Service Fund net revenue	(59,236)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds	
Amortization of gain on refunding	(12,737)
Accrued interest payable	65,955
Accrued compensated absences	(192,032)
Accrued workers' compensation claims	118,018
Accrued post employment benefits	(359,650)
Change in net position-governmental activities	<u>\$ 2,080,960</u>

The accompanying notes are an integral part of this statement.

CITY OF STILLWATER, OKLAHOMA
STATEMENT OF NET POSITION- PROPRIETARY FUNDS
JUNE 30, 2013

	Business-type Activities			Governmental Activities- Internal Service Funds
	Enterprise Funds			
	Stillwater Utilities Authority	Non Major Enterprise Funds	Totals	
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 40,039,283	\$ 253,125	\$ 40,292,408	\$ 103,813
Investments	8,948,010	-	8,948,010	-
Restricted cash and cash equivalents	1,351,970	-	1,351,970	-
Accounts receivable, net of allowance for uncollectible accounts of \$305,718	8,945,192	24,755	8,969,947	-
Interest receivable	37,882	-	37,882	-
Installment loans receivable	-	150,912	150,912	-
Leasehold receivable	-	21,667	21,667	-
Inventories	4,879,686	53,116	4,932,802	-
Total current assets	64,202,023	503,575	64,705,598	103,813
NONCURRENT ASSETS				
Advances to other funds	-	-	-	183,333
Leasehold receivable	-	161,666	161,666	-
Restricted cash and equivalents	1,109,952	-	1,109,952	-
Due from other governments	-	219,395	219,395	-
Capital assets, non depreciable	5,266,681	1,003,626	6,270,307	445,500
Capital assets, net of accumulated depreciation	102,442,571	14,624,269	117,066,840	-
Deferred charges	219,482	-	219,482	-
Total noncurrent assets	109,038,686	16,008,956	125,047,642	628,833
Total assets	173,240,709	16,512,531	189,753,240	732,646
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	4,808,934	78,922	4,887,856	-
Accrued liabilities	441,337	15,851	457,188	-
Current portion of compensated absences	108,075	1,876	109,951	-
Accrued interest payable	186,546	-	186,546	-
Current portion of customer deposits payable	1,090,840	-	1,090,840	-
Current portion of long-term debt obligations, net	4,142,708	-	4,142,708	21,667
Due to other funds	17,584	5,906	23,490	-
Current portion of advances from other funds	-	20,000	20,000	-
Current portion of refundable grant obligations	-	38,563	38,563	-
Total current liabilities	10,796,024	161,118	10,957,142	21,667
NONCURRENT LIABILITIES				
Noncurrent portion of customer deposits payable	540,360	11,680	552,040	-
Noncurrent portion of compensated absences	641,255	31,688	672,943	-
Noncurrent portion of refundable grant obligations	-	-	-	161,666
Noncurrent portion of advances from other funds	-	163,333	163,333	-
Noncurrent portion of long-term debt obligations, net	24,870,018	-	24,870,018	-
Other postemployment benefits	898,811	-	898,811	-
Total noncurrent liabilities	26,950,444	206,701	27,157,145	161,666
Total liabilities	37,746,468	367,819	38,114,287	183,333
NET POSITION				
Net investment in capital assets	85,081,528	15,627,895	100,709,423	-
Restricted:				
Restricted for debt service	159,714	-	159,714	-
Restricted donation	-	2,712	2,712	-
Restricted for capital projects	601,298	-	601,298	-
Unrestricted	49,651,701	514,105	50,165,806	549,313
Total net position	\$ 135,494,241	\$ 16,144,712	\$ 151,638,953	\$ 549,313

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, 2013

	Business-type Activities Enterprise Funds			Governmental
	Stillwater Utilities Authority	Non Major Enterprise Funds	Totals	Activities Internal Service Fund
OPERATING REVENUES				
Charges for services, net of bad debt expense	\$ 63,045,527	\$ 1,309,927	\$ 64,355,454	\$ 10
Other	2,486,167	336,360	2,822,527	-
Total operating revenues	<u>65,531,694</u>	<u>1,646,287</u>	<u>67,177,981</u>	<u>10</u>
OPERATING EXPENSES				
Operations and maintenance	43,177,613	2,332,431	45,510,044	59,398
Depreciation	6,782,684	911,240	7,693,924	-
Total operating expenses	<u>49,960,297</u>	<u>3,243,671</u>	<u>53,203,968</u>	<u>59,398</u>
Operating income (loss)	<u>15,571,397</u>	<u>(1,597,384)</u>	<u>13,974,013</u>	<u>(59,388)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income (loss)	(170,299)	3,158	(167,141)	152
Interest expense and fiscal charges	(681,099)	-	(681,099)	-
Debt issuance costs	(39,221)	-	(39,221)	-
Intergovernmental revenue	-	2,243,030	2,243,030	-
Miscellaneous	420,681	-	420,681	-
Net nonoperating revenues (expenses)	<u>(469,938)</u>	<u>2,246,188</u>	<u>1,776,250</u>	<u>152</u>
Income (loss) before capital contributions and transfers	<u>15,101,459</u>	<u>648,804</u>	<u>15,750,263</u>	<u>(59,236)</u>
CAPITAL CONTRIBUTIONS AND TRANSFERS				
Capital contributions	1,539,770	149,791	1,689,561	-
Transfers in	9,383,504	763,253	10,146,757	-
Transfers out	(12,848,933)	(7,971)	(12,856,904)	-
Net capital contributions and transfers	<u>(1,925,659)</u>	<u>905,073</u>	<u>(1,020,586)</u>	<u>-</u>
Change in net position	13,175,800	1,553,877	14,729,677	(59,236)
Net position, beginning of year	<u>122,318,441</u>	<u>14,590,835</u>	<u>136,909,276</u>	<u>608,549</u>
Net position, end of year	<u>\$ 135,494,241</u>	<u>\$ 16,144,712</u>	<u>\$ 151,638,953</u>	<u>\$ 549,313</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, 2013

	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	\$ 64,815,040	\$ 1,286,258	\$ 66,101,298	\$ -
Payments to suppliers	(31,264,504)	(1,767,718)	(33,032,222)	(84,398)
Payments to employees	(10,019,921)	(377,866)	(10,397,787)	-
Payments of business development incentives	-	(142,028)	(142,028)	-
Business development incentive loans issued	-	(25,000)	(25,000)	-
Collections of business development incentive loan principal	-	9,549	9,549	-
Inter fund activity-payments to other funds	(1,304,690)	(193,178)	(1,497,868)	-
Other receipts	2,486,167	335,795	2,821,962	10
Net cash provided by (used for) operating activities	<u>24,712,092</u>	<u>(874,188)</u>	<u>23,837,904</u>	<u>(84,388)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers out to other funds	(12,509,738)	(7,971)	(12,517,709)	-
Transfers in from other funds	7,506,803	763,253	8,270,056	-
Net cash provided by (used for) noncapital financing activities	<u>(5,002,935)</u>	<u>755,282</u>	<u>(4,247,653)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital contributions	-	2,392,632	2,392,632	-
Purchases of capital assets	(6,725,934)	(2,222,369)	(8,948,303)	-
Proceeds from sale of capital assets	18,297	-	18,297	-
Proceeds from capital debt	1,393,127	-	1,393,127	-
Transfers in related to capital financing	1,876,701	-	1,876,701	-
Principal (paid) received on capital debt	(5,262,848)	21,667	(5,241,181)	-
Interest paid on capital debt	(850,218)	-	(850,218)	-
Net cash provided by (used for) capital and related financing activities	<u>(9,550,375)</u>	<u>191,930</u>	<u>(9,358,445)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of investments	(15,357,013)	-	(15,357,013)	-
Proceeds from maturity of investments	16,367,896	-	16,367,896	-
Interest received	120,752	3,282	124,034	152
Net cash provided by investing activities	<u>1,131,635</u>	<u>3,282</u>	<u>1,134,917</u>	<u>152</u>
Net increase (decrease) in cash and cash equivalents	11,289,917	76,306	11,366,223	(84,236)
CASH AND CASH EQUIVALENTS, beginning of year	31,211,288	176,819	31,388,107	188,049
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 42,501,205</u>	<u>\$ 253,125</u>	<u>\$ 42,754,330</u>	<u>\$ 103,813</u>
Reconciliation of operating income (loss) to net cash provided (used for) operating activities				
Operating income (loss)	\$ 15,571,397	\$ (1,597,384)	\$ 13,974,013	\$ (59,388)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	6,782,684	911,240	7,693,924	-
Changes in assets and liabilities:				
Receivables, net	1,325,079	(39,684)	1,285,395	-
Inventories	281,423	(17,123)	264,300	-
Accounts and other payables	545,241	(134,667)	410,574	(25,000)
Accrued expenses	37,022	3,430	40,452	-
Other postemployment benefits	169,246	-	169,246	-
Net cash provided by (used for) operating activities	<u>\$ 24,712,092</u>	<u>\$ (874,188)</u>	<u>\$ 23,837,904</u>	<u>\$ (84,388)</u>
Non cash activities				
Capital assets contributed	\$ 1,507,380	\$ 149,791	\$ 1,657,171	\$ -
Inventory contributed	32,390	-	32,390	-
Borrowings under capital lease	1,790,669	-	1,790,669	-
Loss on defeasance and premium amortization	(20,607)	-	(20,607)	-
Change in fair value of investments	(330,435)	-	(330,435)	-

The accompanying notes are an integral part of this statement.

CITY OF STILLWATER, OKLAHOMA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2013

	Retiree Only Defined Benefit Plan Pension Trust Fund	<u>Agency Fund</u>
ASSETS		
Cash and cash equivalents	\$ 18,911	\$ 423,803
Certificates of deposit	-	200,000
Common stock	961,351	-
Partnerships	550,761	-
Common stock mutual funds	2,826,959	9,724
Fixed income mutual funds	1,774,792	-
Foreign stocks	54,696	-
Real estate	359,603	-
Assessment receivables	-	12,665
 Total assets	 <u>\$ 6,547,073</u>	 <u>\$ 646,192</u>
LIABILITIES		
Accounts payable	\$ -	\$ 187
Amounts held in escrow	-	646,005
 Total liabilities	 <u>-</u>	 <u>\$ 646,192</u>
NET POSITION		
Held in trust for pension benefits	<u>\$ 6,547,073</u>	

The accompanying notes are an integral part of this statement.

CITY OF STILLWATER, OKLAHOMA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE YEAR ENDED JUNE 30, 2013

	Retiree Only Defined Benefit Plan Pension Trust Fund <hr/>
ADDITIONS:	
Investment Income	\$ 777,997
	<hr/>
Total Additions	<u>777,997</u>
DEDUCTIONS:	
Benefits	6,456
Administrative expense	17,461
	<hr/>
Total Deductions	<u>23,917</u>
Net increase	754,080
Net position held in trust for pension benefits	
Beginning of year	5,792,993
End of year	<u><u>\$ 6,547,073</u></u>

The accompanying notes are an integral part of this statement.

City of Stillwater, Oklahoma
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

(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, 2013.

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:

Defined Benefit Retiree Account (Pension Trust Fund)	
Property Rehabilitation Escrow	Sanitary Sewer Assessments
Business Improvement District Assessments	Public Library Donations
Sidewalk Escrow	Bond Escheatment Escrow
Right Of Way Escrow	Airport Grant 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

Enterprise Funds:

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

Stillwater Economic Development Authority Accounts for expenditures for industrial redevelopment. Financing provided from federal grants, federal loans, city contributions and citizen participation.

Internal Service Fund:

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

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

The government-wide statement of net position and statement of activities are presented using the *economic resources measurement focus* and the *accrual basis of accounting* as are the proprietary and fiduciary fund financial statements. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

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

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, 2013, cash and cash equivalents in the amount of \$28,141,439 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 \$763,528 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 \$305,718 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 \$4,530,000 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 and Issuance Costs - Debt discount, premium, and issue costs 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, while amortized debt issue costs are reported separately as non-operating 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 \$812,676. Of this amount, \$131,577 was capitalized on construction in progress during 2013.

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.

Unamortized Loss Due to Bond Refunding - A non-cash gain or loss resulting from the refunding of bonds is amortized using the straight-line method over the original life of the defeased bonds. Loss on defeasance is reported as a component of interest expense.

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 Revenue

Deferred revenue primarily consists of unavailable property taxes and municipal court fines.

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, 2013, 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, 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

GASB Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements" – This Statement is to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. As used in this Statement, an SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. This Statement did not have a material impact on the City's financial statements.

GASB Statement No. 61, "The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34" – This Statement is to improve financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, "The Financial Reporting Entity" and the related financial reporting requirements of Statement No. 34, "Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments" were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements. This Statement did not have a material impact on the City's financial statements.

GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements" – This Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which do not conflict with or contradict GASB pronouncements:

- a. Financial Accounting Standards Board (FASB) Statement and Interpretations
- b. Accounting Principles Board Opinions

- c. Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee Accounting Procedure.

As a result of adopting this statement the City only applies GASB standards.

GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position" – This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concept Statement No. 4, "Elements of Financial Statements", introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. As a result of the adoption of this statement, the City's net assets are now classified as net position.

GASB Statement No. 64, "Derivative Instruments: Application of Hedge Accounting Termination provisions-an amendment of GASB Statement No. 53" – The objective of this Statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. This Statement did not have a material 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, 2013 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, 2013, 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, 2013, 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, 2013, 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, 2013, 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, 2013.

<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, 2013, available sales tax and revenues, as defined by the bond indentures, was \$68,835,229; bond coverage requirement is operating and maintenance excluding depreciation or \$39,663,227 plus 125% of primary principal and interest plus 100% of subordinate principal and interest or \$3,580,558. Excess coverage was \$25,591,444 or 715% of 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, 2013, 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, 2013 the City's bank balance of \$48,948,089 was not exposed to custodial credit risk. At December 31, 2012, \$8,891,000 of the Hospital's bank balance of \$16,312,000 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 Oklahoma Municipal Retirement Fund (OMRF) invests the funds of the City's defined benefit retiree-only plan. OMRF utilizes mutual funds, collective trust funds of banks and trust companies, or separate accounts specifically tailored for OMRF by investment advisors. Rigorous standards for selection and monitoring are applied. Regardless of which vehicle is utilized, diversification within each vehicle is a requirement.

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, 2013 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	**	\$ 5,711,880	\$ 5,711,880	\$ -	\$ -	\$ -
Mutual Fund (govt/treasury)	AAA	1,020,784	1,020,784	-	-	-
FHLMC	AA	7,650,465	-	-	-	7,650,465
		<u>14,383,129</u>	<u>\$ 6,732,664</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,650,465</u>
Fixed income mutual funds ***	Not avail.	1,774,792				
Domestic and international equities		4,393,767				
Real estate		359,603				
		<u>\$ 20,911,291</u>				

** Not subject to rating

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

At December 31, 2012, the Hospital's investments had the following investments and maturities:

Type	Fair Value	Maturities in Years			
		Less than 1	1-5	6-10	More than 10
Guaranteed investment contracts	\$ 1,245,000	\$ -	\$ -	\$ 1,245,000	\$ -
U.S. treasury obligations	205,891	-	-	54,883	151,008
U.S. agencies obligations	4,896,875	-	830,974	275,512	3,790,389
Corporate bonds	5,122,820	101,982	673,719	3,149,143	1,197,976
Money market mutual funds	2,372,918	2,372,918	-	-	-
Municipal bonds	10,877	-	-	10,877	-
Mutual funds	10,424,439	10,424,439	-	-	-
	<u>24,278,820</u>	<u>\$ 12,899,339</u>	<u>\$ 1,504,693</u>	<u>\$ 4,735,415</u>	<u>\$ 5,139,373</u>
Corporate stocks	10,911,144				
Accrued investment income	95,438				
	<u>\$ 35,285,402</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. The City's defined benefit government/treasury market mutual fund is rated AAA by Standard and Poor's. Certain investments of the City's defined benefit plan, which include partnerships and open end mutual funds, and fixed income mutual funds, were not rated by S & P. 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 A+ with some that do not have a rating.

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 AA+ 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, municipal bonds 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 market value of the fixed income portfolio and to 5% of the market value of the equity portfolio. At December 31, 2012, 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, 2013. 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	\$ 54,523,768	\$ 17,452,213	\$ 71,975,981
Investments	20,911,291	35,285,402	56,196,693
	<u>\$ 75,435,059</u>	<u>\$ 52,737,615</u>	<u>\$ 128,172,674</u>

Reconciliation to Government-wide Statement of Net Position

Included in the following captions:

Cash and cash equivalents	\$ 56,844,527	\$ 9,726,493	\$ 66,571,020
Investments	8,948,010	40,325,034	49,273,044
Restricted cash and cash equivalents	2,461,922	1,006,704	3,468,626
Restricted investments	-	1,679,384	1,679,384
Fiduciary funds	7,180,600	-	7,180,600
Total	<u>\$ 75,435,059</u>	<u>\$ 52,737,615</u>	<u>\$ 128,172,674</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. Fiber optic franchise taxes are 15% of the total. Police fines are 11 percent of the total while cable franchise taxes are 23 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 \$159,714 at June 30, 2013, 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, 2013, 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, 2013 cash and cash equivalents, classified as current, in the amount of \$31,706 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 \$514,836 at June 30, 2013 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, 2013 cash and equivalents, classified as current, in the amount of \$69,710 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, 2013, cash and cash equivalents in the amount of \$1,631,200 of which \$1,090,840 is classified as current and \$540,360 is classified as non-current, have been restricted for customer deposits.

CAPITAL ASSETS

Capital asset activity was as follows:

	Balance June 30, 2012	Increases	Decreases	Balance June 30, 2013
PRIMARY GOVERNMENT:				
<i>Governmental Activities:</i>				
Capital assets not being depreciated:				
Land	\$ 7,435,074	\$ 645,060	\$ 422,216	\$ 7,657,918
Construction-in-progress	7,341,936	4,957,381	788,347	11,510,970
Total capital assets not being depreciated	<u>14,777,010</u>	<u>5,602,441</u>	<u>1,210,563</u>	<u>19,168,888</u>
Other capital assets:				
Buildings	24,152,309	146,040	140,420	24,157,929
Other improvements	151,629,865	1,179,722	174,224	152,635,363
Machinery and equipment	19,435,077	1,975,519	452,288	20,958,308
Total other capital assets at historical cost	<u>195,217,251</u>	<u>3,301,281</u>	<u>766,932</u>	<u>197,751,600</u>
Less accumulated depreciation for:				
Buildings	8,096,241	535,391	16,342	8,615,290
Other improvements	92,502,480	5,500,691	25,699	97,977,472
Machinery and equipment	16,827,803	650,907	946,956	16,531,754
Total accumulated depreciation	<u>117,426,524</u>	<u>6,686,989</u>	<u>988,997</u>	<u>123,124,516</u>
Other capital assets, net	<u>77,790,727</u>	<u>(3,385,708)</u>	<u>(222,065)</u>	<u>74,627,084</u>
Governmental activities capital assets, net	<u>\$ 92,567,737</u>	<u>\$ 2,216,733</u>	<u>\$ 988,498</u>	<u>\$ 93,795,972</u>
<i>Business-type activities:</i>				
Capital assets not being depreciated:				
Land	\$ 1,714,595	\$ 311,000	\$ -	\$ 2,025,595
Intangible assets	1,530,403	-	-	1,530,403
Construction-in-progress	6,992,403	7,594,806	11,872,900	2,714,309
Total capital assets not being depreciated	<u>10,237,401</u>	<u>7,905,806</u>	<u>11,872,900</u>	<u>6,270,307</u>
Other capital assets:				
Buildings	10,676,724	114,819	5,846,331	4,945,212
Other improvements	25,282,471	4,439,788	12,543	29,709,716
Machinery and equipment	21,659,352	7,990,691	1,640,236	28,009,807
Intangible assets	74,054	-	-	74,054
Utility plant in service	182,729,729	10,766,146	451,139	193,044,736
Total other capital assets at historical cost	<u>240,422,330</u>	<u>23,311,444</u>	<u>7,950,249</u>	<u>255,783,525</u>
Less accumulated depreciation for:				
Buildings	3,676,658	186,338	557,624	3,305,372
Other improvements	14,370,275	883,059	13,846	15,239,488
Machinery and equipment	15,342,301	1,234,964	1,255,675	15,321,590
Utility plant in service	98,704,885	5,389,563	(681,733)	104,776,181
Less amortization for intangible assets:	74,054	-	-	74,054
Total accumulated depreciation/amortization	<u>132,168,173</u>	<u>7,693,924</u>	<u>1,145,412</u>	<u>138,716,685</u>
Other capital assets, net	<u>108,254,157</u>	<u>15,617,520</u>	<u>6,804,837</u>	<u>117,066,840</u>
Business-type activities capital assets, net	<u>\$ 118,491,558</u>	<u>\$ 23,523,326</u>	<u>\$ 18,677,737</u>	<u>\$ 123,337,147</u>

COMPONENT UNITS:

	Balance December 31, 2011	Increases	Decreases	Balance December 31, 2012
Stillwater Medical Center Authority:				
Capital assets not being depreciated				
Land	\$ 2,115,409	\$ -	\$ -	\$ 2,115,409
Construction-in-progress	754,961	4,134,743	714,640	4,175,064
Total capital assets not being depreciated	2,870,370	4,134,743	714,640	6,290,473
Other capital assets:				
Land improvements	1,317,931	26,043	-	1,343,974
Building, improvements and fixed equipment	51,203,554	1,238,527	213,810	52,228,271
Major moveable equipment	50,804,849	8,488,962	2,010,558	57,283,253
Total other at capital assets	103,326,334	9,753,532	2,224,368	110,855,498
Less accumulated depreciation:	65,241,469	5,221,269	1,995,372	68,467,366
Other capital assets, net	38,084,865	4,532,263	228,996	42,388,132
Capital assets, net	\$ 40,955,235	\$ 8,667,006	\$ 943,636	\$ 48,678,605

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

Primary Government:

Governmental Activities:

Public Safety	\$ 409,621
Recreation and Culture	592,538
General Government	484,393
Streets and Sewers	5,194,238
Health and Welfare	6,199
Total depreciation expense for governmental activities	\$ 6,686,989

Business-type Activities:

Stillwater Utilities Authority	\$ 6,782,684
Airport (includes amortization of intangible assets)	909,007
Stillwater Economic Development Authority	2,233
Total depreciation expense for business-type activities	\$ 7,693,924

Component Units:

Stillwater Medical Center Authority	\$ 5,221,269
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INTERFUND RECEIVABLES AND PAYABLES

Individual interfund receivable and payable balances at June 30, 2013 were as follows:

<u>Advances from</u>	<u>Advances to</u>
	Non Major Enterprise funds
Stillwater Public Works Authority	\$ 183,333

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>Due from</u>	<u>Due to</u>
	General Fund
Transportation Improvement fund	\$ 2,251
Non Major Proprietary funds	5,906
Stillwater Utilities Authority	17,584
	<u>\$ 25,741</u>

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

INTERFUND TRANSFERS

Interfund transfers were made to fund cash shortages in the various funds as needed. These shortages occurred due to operating expenditures exceeding fund revenues. Interfund transfers reported in the fund financial statements for the year ended June 30, 2013, consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>					
General Fund	Transportation Improvement Fund	Non major Governmental Funds	Non major Enterprise Funds	Stillwater Utilities Authority		Total
General Fund	\$ -	\$ 16,266	\$ 212,059	\$ 7,971	\$ 12,848,933	\$ 13,085,229
Transp. Impr. Fund	3,753,402	-	-	-	-	3,753,402
Stillwater Utilities Authority	7,506,803	1,876,701	-	-	-	9,383,504
Non Major Enterprise Funds	763,253	-	-	-	-	763,253
	<u>\$ 12,023,458</u>	<u>\$ 1,892,967</u>	<u>\$ 212,059</u>	<u>\$ 7,971</u>	<u>\$ 12,848,933</u>	<u>\$ 26,985,388</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, 2013, the governmental activities long-term debt consisted of the following:

General Obligation Bonds:

\$8,390,000 Refunding Bonds of 2010, due in annual installments of ranging from \$795,000 to \$815,000 with a final payment of \$350,000 due June 1, 2021, interest rate of 4.00%	\$ 5,970,000
Plus Unamortized premium	<u>506,120</u>
Total general obligation Bonds	<u>\$6,476,120</u>
Current portion	\$ 815,000
Non-current portion	<u>5,661,120</u>
Total general obligation Bonds	<u>\$6,476,120</u>

Accrued Compensated Absences-Governmental Activities:

Current portion	\$ 192,032
Non-current portion	<u>2,099,100</u>
Total accrued compensated absences	<u>\$2,291,132</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 SIRA and Nomadics, Inc.

Total refundable grant obligations	<u>\$ 183,333</u>
Current portion	\$ 21,667
Non-current portion	<u>161,666</u>
Total refundable grant obligations	<u>\$ 183,333</u>

Business-type Activities:

As of June 30, 2013 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	\$1,450,730
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	2,316,141
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	5,126,573
2007 Revenue Note Payable dated December 5, 2007, original amount of \$6,010,000, secured by dedicated ½ cent sales tax revenues, interest rate is 3.68%, semiannual installments of principal and interest commencing December 1, 2008, through December 1, 2016	2,780,000
2009 OWRB DWSRF Note Payable dated November 24, 2009, original amount of \$11,645,000, eligible for \$2,000,000 principal forgiveness from American Recovery and Reinvestment Act grant funds, secured by utility revenues, 2.85% interest plus an administrative fee of 0.5%, semiannual principal installments commencing March 15, 2013 through September 15, 2032	8,453,947
2009 OWRB CWSRF Note Payable dated November 24, 2009, original amount of \$1,875,000, eligible for \$578,999 in principal forgiveness from American Recovery and Reinvestment Act grant funds, secured by utility revenues, 2.34% interest plus an administrative fee of 0.5%, semiannual principal installments commencing March 15, 2011 through September 15, 2030	1,108,500
2010 Revenue Note dated September 23, 2010, original amount of \$6,075,000, secured by dedicated ½ cent sales tax revenues, interest rate is 2.33%, semiannual installments of principal and interest commencing December 1, 2010 through December 1, 2016	3,605,000
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	<u>938,564</u>
Total notes payable	<u>\$25,779,455</u>
Current portion	\$ 3,057,634
Non-current portion	<u>22,721,821</u>
Total notes payable	<u>\$25,779,455</u>

Capital Lease Obligations:

Total machinery and equipment financed by capital lease obligations	\$4,683,209
Less accumulated depreciation	<u>(1,106,315)</u>
Net assets financed by leases	<u>\$3,576,894</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 \$3 million with a fixed interest rate determined at the time of funding. Total borrowing under this credit agreement at June 30, 2013 was \$2.2 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.

\$553,307 capital lease with Capital One for equipment; fixed interest rate of 4.09%, semiannual installments commencing December 15, 2006, through June 15, 2014 *	\$ 79,351
\$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 *	7,413
\$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 *	144,009
\$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 *	185,484
\$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 *	83,268
\$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 *	21,987
\$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 *	5,231
\$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 *	106,692
\$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 *	100,292

\$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 *	20,138
\$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 *	161,892
\$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 *	8,519
\$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 *	12,039
\$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 *	82,858
\$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 *	63,924
\$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 *	184,405
\$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	96,255
\$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	91,799
\$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	73,322
\$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	68,849
\$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	54,536

\$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	379,903
\$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	212,891
\$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	273,355
\$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	75,619
\$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	122,925
\$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	516,315
Total capital leases	<u>\$3,233,271</u>
Current portion	\$1,085,074
Non-current portion	<u>2,148,197</u>
Total capital leases	<u>\$3,233,271</u>
Accrued Compensated Absences – Business-type activities:	
Current portion	\$ 109,951
Non-current portion	<u>672,943</u>
Total accrued compensated absences	<u>\$ 782,894</u>
 <i>Component Unit:</i>	
<u>Stillwater Medical Center Authority</u>	
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 payable annually and interest semiannually, through May 15, 2019.	\$7,235,000
Less loss on bond defeasance	(371,786)
Plus original issue premium	<u>129,166</u>
Net bond issue	<u>\$6,992,380</u>

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

	<u>\$ 7,000,000</u>
Total revenue bonds	<u>\$13,992,380</u>
Current portion	\$ 911,692
Non-current portion	<u>13,080,688</u>
Total revenue bonds	<u>\$13,992,380</u>

Capital lease obligations

Total capital assets financed by capital lease obligations	\$727,503
Less accumulated depreciation	<u>(36,381)</u>
Net assets financed by capital lease obligations	<u>\$ 691,122</u>
Capital lease issued for equipment, interest rate of 1.89%	<u>\$727,503</u>
Current portion	\$ -
Non-current portion	<u>727,503</u>
 Total capital lease obligations	 <u>\$ 727,503</u>

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

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

Type of Debt	Balance			Balance June 30, 2013	Amounts Due Within One Year
	June 30, 2012	Additions	Reductions		
Primary Government					
Governmental Activities					
General obligation bonds	\$ 7,359,342	\$ -	\$ 883,222	\$ 6,476,120	\$ 815,000
Refundable grant obligations	205,000	-	21,667	183,333	21,667
Accrued compensated absences	2,099,100	2,547,541	2,355,509	2,291,132	192,032
Other post employment benefits obligations	1,821,013	397,512	37,862	2,180,663	-
Total governmental activities	\$ 11,484,455	\$ 2,945,053	\$ 3,298,260	\$ 11,131,248	\$ 1,028,699
Business-type Activities					
Capital lease obligations	\$ 2,347,168	\$ 1,790,669	\$ 904,566	\$ 3,233,271	\$ 1,085,074
Notes payable	27,139,609	1,393,127	2,773,281	25,779,455	3,057,634
Revenue bonds payable; net	1,605,608	-	1,605,608	-	-
Refundable grant obligation	23,914	156,677	142,028	38,563	38,563
Customer deposits	1,198,446	1,264,331	819,897	1,642,880	1,090,840
Accrued compensated absences	767,558	633,499	618,163	782,894	109,951
Other post employment benefits obligations	729,565	187,063	17,817	898,811	-
Total business-type activities	\$ 33,831,868	\$ 5,425,366	\$ 6,881,360	\$ 32,375,874	\$ 5,382,062
Component Unit:					
Stillwater Medical Center Authority					
Revenue bonds payable; net	\$ 14,854,071	\$ -	\$ 861,691	\$ 13,992,380	\$ 911,692
Capital lease obligations	273,747	727,503	273,747	727,503	-
	\$ 15,127,818	\$ 727,503	\$ 1,135,438	\$ 14,719,883	\$ 911,692

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, 2013 are as follows:

Year Ending June 30,	Governmental Activities			
	General Obligation		Refundable Grant Obligations	
	Principal	Interest	Principal	Interest
2014	\$ 815,000	\$ 238,800	\$ 21,677	-
2015	810,000	206,200	20,000	-
2016	805,000	173,800	20,000	-
2017	800,000	141,600	20,000	-
2018	800,000	109,600	20,000	-
2019-2023	1,940,000	137,400	81,656	-
Total	<u>\$ 5,970,000</u>	<u>\$ 1,007,400</u>	<u>\$ 183,333</u>	<u>-</u>

Year Ending June 30,	Business-Type Activities			
	Notes Payable		Capital leases	
	Principal	Interest	Principal	Interest
2014	\$ 3,057,634	\$ 691,128	\$ 1,085,074	\$ 72,069
2015	3,136,372	608,341	910,852	41,683
2016	3,225,102	523,827	539,145	23,150
2017	2,320,143	435,764	436,073	11,432
2018	1,375,218	389,012	262,127	2,610
2019-2023	6,741,101	1,437,913	-	-
2024-2028	3,890,670	636,235	-	-
2029-2033	1,918,375	142,176	-	-
2034-2038	114,840	5,580	-	-
Total	<u>\$ 25,779,455</u>	<u>\$ 4,869,976</u>	<u>\$ 3,233,271</u>	<u>\$ 150,944</u>

Year Ending December 31,	Component Unit			
	Revenue Bonds		Capital Leases	
	Principal	Interest	Principal	Interest
2013	\$ 950,000	\$ 740,788	\$ -	\$ -
2014	990,000	689,862	-	-
2015	1,050,000	636,312	431,013	22,398
2016	1,100,000	579,875	296,490	27,375
2017	1,155,000	522,125	-	-
2018-2022	6,700,000	1,753,095	-	-
2023	2,290,000	128,811	-	-
Total	<u>\$ 14,235,000</u>	<u>\$ 5,050,868</u>	<u>\$ 727,503</u>	<u>\$ 49,773</u>

(4) EMPLOYEE PENSION AND OTHER BENEFIT PLANS

Nonuniformed Employees

All full-time nonuniformed City employees are provided pension benefits through a defined contribution plan created in accordance with Internal Revenue Code Section 401(a). The employee begins participation on the date of employment. Employees are required to contribute a minimum of 3% of their salary with an optional maximum of up to 100% of their salary, 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, 2013, was \$1,810,885 which consisted of \$891,113 (net of \$151,816 in forfeitures) from the City and \$919,772 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 \$1,794,000 from the Hospital and \$891,000 from employees for the year ended December 31, 2012. Forfeitures of \$171,612 were applied to the Hospital's required 6% contribution.

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

Investments of this plan are stated at fair value based on published market prices and are impacted by interest rate changes and market conditions as well as, for securities of foreign governments, domestic international and world trade policies. Debt and equity securities are reported at fair value using pricing services or prices quoted by independent brokers at current exchange rates.

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 included in the required supplementary 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 to the financial statements. A separately issued financial report is available at: OMRF, 525 Central Park Drive, Suite 320, Oklahoma City, OK 73105.

As of January 1, 2013 the funded status of the defined benefit plan was as follows:

Actuarial accrued liability (AAL)	\$ 29,030
Actuarial value of plan assets	6,174,934
(Overfunded) actuarial accrued liability (UAAL)	<u>\$ (6,145,904)</u>
Funded ratio (actuarial value of plan assets/AAL)	21271.0%
Annual covered payroll (active plan members)	N/A
UAAL as a percentage of annual covered payroll	N/A

Oklahoma Police And Firefighter's Pension And Retirement Systems

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

	<u>Oklahoma Police Pension and Retirement System</u>	<u>Oklahoma Firefighter's Pension and Retirement System</u>
Obtaining separately issued financial statements	Police Pension and Retirement 1001 N.W. 63 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%	8%
City's required contribution rate (percent of covered payroll)	13%	13%
State obligation	State appropriation to fund the unfunded actuarial accrued liability	State appropriation to fund the unfunded actuarial accrued liability
Periods required to vest	10 years	10 years

	Oklahoma Police Pension and <u>Retirement System</u>	Oklahoma Firefighter's Pension and <u>Retirement System</u>
Eligibility and benefits for distribution (full-time)	20 years credited service, 2.5% of final average salary multiplied by the years of credited service with a maximum of 30 years considered; if vested at or after age 50 or after 10 but before 20 years of credited service with reduced benefits	20 years credited service, 2.5% of final average salary multiplied by the years of credited service with a maximum of 30 years considered; if vested at or after age 50 or after 10 but before 20 years of credited service with reduced benefits
Deferred retirement option	Yes. 20 years credited service with additional option to participate in deferred compensation plan (Louisiana Plan)	Yes. 20 years credited service with continued service for a maximum of 30 years
Provisions for:	Yes	Yes
Cost of living adjustments (normal retirement)		
Death (duty, non-duty, post retirement)	Yes	Yes
Disability (duty, non-duty)	Yes	Yes
Cost of living allowances	Yes	Yes

Retirement System

Trend Information:

Contributions required by State statute:

Fiscal Year	<u>Oklahoma Police and Pension Retirement System</u>		<u>Oklahoma Firefighter's Pension and Retirement System</u>	
	City's Required Contribution	Percentage Contributed	City's Required Contribution	Percentage Contributed
2009	\$ 556,387	100%	\$ 542,879	100%
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%

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 \$598,334 and \$1,291,526, respectively.

Related Party Investments

As of June 30, 2013 the Systems held no related-party investments of the City or of its related entities.

(5) RISK MANAGEMENT

As of June 30, 2013, claims outstanding against the City and its public authorities were \$1,773,238 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 2012-2013 and 2011-2012 were as follows:

	Beginning Liability Balance	Current Year Claims and Changes in Estimates	Claim Payments	Ending Liability Balance
2012-2013	\$ 2,343,687	\$ 2,917,534	\$ 3,487,983	\$ 1,773,238
2011-2012	1,934,084	7,345,551	6,935,948	2,343,687

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 partially self-insures the cost of employee health care benefits as it purchases annual stop-loss insurance coverage for specific claims in excess of \$100,000 up to \$1,000,000. The Hospital purchases commercial stop-loss insurance coverage for total claims in the aggregate amount of \$100,000 up to \$1,000,000. A provision is accrued for self-insured employee health claims and workers'

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

Activity in the Hospital's accrued employee health and workers' compensation claims liability during 2012 and 2011 is summarized as follows

	Beginning Liability Balance	Current Year Claims and Changes in Estimates	Claim Payments	Ending Liability Balance
2012	\$ 892,681	\$ 5,700,510	\$ 4,305,036	\$ 2,288,155
2011	1,032,015	4,607,569	4,746,903	892,681

(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 2022. 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, 2012, were approximately:

2013	\$ 932,000
2014	955,000
2015	964,000
2016	974,000
2017	936,000
2018-2022	<u>2,116,000</u>
	<u>\$ 6,877,000</u>

(7) POST-RETIREMENT BENEFITS

Plan Description In addition to the pension benefits described in Note 4, the City sponsors and administers a self-funded, single employer defined benefit plan providing 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, 2013, 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, 2013, net expenditures of \$179,879 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 2013 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*, is equal to the annual required contribution (ARC). In subsequent years, the annual OPEB cost will be equal to the ARC plus an adjustment if the ARC is not funded each year. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost of each year plus any unfunded actuarial liabilities as amortized over thirty years.

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

Annual required contribution	\$ 713,857
Interest on prior year net OPEB obligation	96,923
Adjustment to annual required contribution	(226,205)
Annual OPEB cost	<u>584,575</u>
Employer contributions	<u>55,679</u>
Increase in net OPEB obligation	528,896
Beginning OPEB obligation	<u>2,550,578</u>
Ending OPEB obligation	<u>\$ 3,079,474</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
6/30/2013	\$ 584,575	\$ 55,679	10.0%	\$ 3,079,474
6/30/2012	479,973	54,659	11.0%	2,550,578
6/30/2011	760,001	103,155	14.0%	2,125,264

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 July 1, 2012, the funded status of the retiree health plan was as follows:

Actuarial accrued liability (AAL)	\$ 5,792,018
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 5,792,018</u>
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Annual covered payroll (active plan members)	\$ 24,075,000
UAAL as a percentage of annual covered payroll	24.1%

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, 2012, 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 3.8% discount rate and a medical trend rate beginning at 5.5% in 2012 and grading to 5% in 2013. Additionally, it was assumed that 50% of future retired participants would opt for retiree health care coverage. It was also assumed that 50% of future retirees who opt for health care coverage would cover a spouse at retirement.

(8) REVENUES PLEDGED

SUA has pledged future sales tax revenues to repay a \$6,010,000 note issued in December 2007 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. Total principal and interest remaining on the 2007 note is \$2,988,656, payable semiannually commencing December 2008 and concluding December 2016. Total principal and interest remaining on the 2010 note is \$3,775,906 payable semiannually commencing December 2010 and concluding December 2016. For the current year, total sales tax revenues were \$1,876,701.

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 \$7,506,803 and net revenues were \$22,354,081.

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 \$6,977,400. Ad valorem taxes received in the current year were \$1,310,949. Debt service payments of \$1,092,000 in the current fiscal year were 83% 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	\$ 2,988,656	\$ 850,404
2010 Revenue Bonds	6,075,000	Sept 2010	Dec 2016	3,775,906	1,063,288
2002 OWRB SRF Note	3,413,483	Feb 2002	Sept 2021	1,483,860	177,814
2002 OWRB SRF Note	4,876,086	Dec 2002	Sept 2022	2,374,908	255,239
2005 OWRB Fixed Rate Note	7,620,000	Jun 2005	Mar 2025	6,194,765	516,230
2009 OWRB DWSRF Note	11,645,000	Nov 2009	Sept 2032	11,087,280	744,272
2009 OWRB CWSRF Note	1,875,000	Nov 2009	Sept 2030	1,419,438	81,304
2010 Refunding General Obligation Bonds	8,390,000	June 2011	June 2021	6,977,400	1,053,800

(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 purchase price of approximately \$4,210,000 was paid in cash. The results of Ortho-Oklahoma's operations will be included in the Hospital financial statements starting on that date.

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 \$173,000 to purchase its professional liability (medical malpractice) and general liability insurance from Heartland during the year ended December 31, 2012. The Hospital's investment in Heartland was \$773,702 at December 31, 2012.

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 \$460,000 at December 31, 2012 due from the joint venture. During the year ended December 31, 2012, the Hospital earned approximately \$966,000 in fees from billing and collection services related to SMI. The Hospital's investment in SMI was \$860,941 at December 31, 2012.

The Hospital purchases digital mammography and bone density services for its patients from Women First, LLC. Approximately \$44,000 is included in accrued expenses of the Hospital at December 31, 2012 due to the joint venture. During the year ended December 31, 2012, Women First reimbursed the Hospital approximately \$154,000 for expenses the Hospital incurred to manage its operations. The Hospital's investment in Women First was \$142,647 at December 31, 2012.

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, 2012. The Hospital's investment in Fresenius was \$245,395 at December 31, 2012.

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

(11) RECENTLY ISSUED ACCOUNTING STANDARDS

The following accounting standards have been recently issued and will be adopted as applicable by the Authority. Unless otherwise noted below, management has not yet determined the impact of these Statements on the City's 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. This Statement will become effective for the City in the fiscal year ended June 30, 2014.

GASB Statement No. 66, "Technical Corrections-2012-and Amendment of GASB Statements No. 10 and No. 62" – The objective of this Statement is to improve accounting and financial reporting by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" and No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements." This Statement will become effective for the City in the fiscal year ended June 30, 2014.

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 will become effective for the City in the fiscal year ended June 30, 2014.

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. 70, "Accounting and Financial Reporting for Nonexchange Financial Guarantees" – The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. This Statement will become effective for the City in the fiscal year ended June 30, 2014.

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, 2013

	Original Budget	Final Budget	Actual	Variance from Final Budget
REVENUES				
Sales tax	\$ 25,204,000	\$ 26,838,000	\$ 27,780,019	\$ 942,019
Other taxes	2,126,700	2,154,700	2,355,965	201,265
Intergovernmental	66,600	236,543	366,093	129,550
Charges for services	586,100	586,100	743,327	157,227
Fines and forfeits	656,400	671,400	857,755	186,355
Fees and rentals	1,372,850	1,300,850	1,297,311	(3,539)
Investment income	67,200	67,200	36,876	(30,324)
Licenses and permits	182,500	182,500	319,497	136,997
Other miscellaneous revenue	531,300	1,012,800	1,237,939	225,139
Total revenues	<u>30,793,650</u>	<u>33,050,093</u>	<u>34,994,782</u>	<u>1,944,689</u>
EXPENDITURES				
Current				
Public safety:				
Police:				
Personal services	9,883,865	9,907,527	8,967,115	940,412
Materials and supplies	732,157	682,420	601,225	81,195
Contract services	382,833	440,053	253,545	186,508
Fire:				
Personal services	6,759,417	6,757,917	6,273,280	484,637
Materials and supplies	313,772	306,272	219,531	86,741
Contract services	371,850	347,350	222,326	125,024
Total public safety	<u>18,443,894</u>	<u>18,441,539</u>	<u>16,537,022</u>	<u>1,904,517</u>
Recreation and culture:				
Parks and recreation:				
Personal services	2,771,818	2,603,335	2,317,728	285,607
Materials and supplies	639,166	634,014	624,423	9,591
Contract services	412,808	745,595	607,873	137,722
Library:				
Personal services	1,022,839	1,022,789	920,537	102,252
Materials and supplies	148,502	180,907	173,658	7,249
Contract services	132,200	227,499	214,232	13,267
Total recreation and culture	<u>5,127,333</u>	<u>5,414,139</u>	<u>4,858,451</u>	<u>555,688</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, 2013
(continued)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
General government:				
Personal services	6,046,825	6,103,775	1,733,131	4,370,644
Materials and supplies	163,256	190,164	183,538	6,626
Contract services	<u>3,914,705</u>	<u>3,889,017</u>	<u>1,754,139</u>	<u>2,134,878</u>
Total general government	<u>10,124,786</u>	<u>10,182,956</u>	<u>3,670,808</u>	<u>6,512,148</u>
Financial administration:				
Personal services	600,607	608,007	578,186	29,821
Materials and supplies	67,100	63,289	51,465	11,824
Contract services	<u>7,680</u>	<u>4,091</u>	<u>(26,839)</u>	<u>30,930</u>
Total financial administration	<u>675,387</u>	<u>675,387</u>	<u>602,812</u>	<u>72,575</u>
Public works administration:				
Personal services	452,413	452,413	315,770	136,643
Materials and supplies	94,666	94,666	91,696	2,970
Contract services	<u>26,800</u>	<u>70,880</u>	<u>64,057</u>	<u>6,823</u>
Total public works administration	<u>573,879</u>	<u>617,959</u>	<u>471,523</u>	<u>146,436</u>
Street and sewers:				
Personal services	1,587,975	1,587,975	1,346,851	241,124
Materials and supplies	617,753	626,223	476,306	149,917
Contract services	<u>463,348</u>	<u>897,939</u>	<u>416,263</u>	<u>481,676</u>
Total street and sewers	<u>2,669,076</u>	<u>3,112,137</u>	<u>2,239,420</u>	<u>872,717</u>
Human services:				
Health:				
Materials and supplies	34,000	34,000	19,675	14,325
Contract services	29,750	29,750	23,187	6,563
Community development:				
Personal services	1,372,675	1,258,266	1,103,039	155,227
Materials and supplies	36,225	39,025	31,698	7,327
Contract services	<u>79,819</u>	<u>110,019</u>	<u>76,017</u>	<u>34,002</u>
Total human services	<u>1,552,469</u>	<u>1,471,060</u>	<u>1,253,616</u>	<u>217,444</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, 2013

(continued)

	Original Budget	Final Budget	Actual	Variance from Final Budget
Economic development:				
Personal services	241,499	301,499	225,189	76,310
Materials and supplies	55,625	86,675	47,082	39,593
Contract services	936,681	1,237,398	290,151	947,247
Total economic development	<u>1,233,805</u>	<u>1,625,572</u>	<u>562,422</u>	<u>1,063,150</u>
Capital Outlay:				
Police	728,727	750,904	375,158	375,746
Fire	470,000	879,112	470,806	408,306
Recreation and culture	170,000	186,000	170,652	15,348
General government	850,000	902,168	853,082	49,086
Human services	-	-	-	-
Economic development	-	-	-	-
Street and sewers	1,540,000	2,022,656	820,943	1,201,713
	<u>3,758,727</u>	<u>4,740,840</u>	<u>2,690,641</u>	<u>2,050,199</u>
Total expenditures	<u>44,159,356</u>	<u>46,281,589</u>	<u>32,886,715</u>	<u>13,394,874</u>
Excess (deficiency) of revenues over (under) expenditures	(13,365,706)	(13,231,496)	2,108,067	15,339,563
OTHER FINANCING SOURCES(USES):				
Transfers in	19,004,119	19,133,119	13,085,229	(6,047,890)
Transfers out	(14,801,752)	(15,834,988)	(12,023,458)	3,811,530
Total other financing sources (uses)	<u>4,202,367</u>	<u>3,298,131</u>	<u>1,061,771</u>	<u>(2,236,360)</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(9,163,339)	(9,933,365)	3,169,838	13,103,203
FUND BALANCES, beginning	11,848,930	11,848,930	11,848,930	-
FUND BALANCES, ending	<u>\$ 2,685,591</u>	<u>\$ 1,915,565</u>	<u>15,018,768</u>	<u>\$ 13,103,203</u>
Reconciliation to GAAP				
Changes in receivables			514,730	
Fund balances on the basis of GAAP			<u>\$ 15,533,498</u>	

CITY OF STILLWATER, OKLAHOMA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
JUNE 30, 2013

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, 2013 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	\$ 34,994,782
Revenues received during fiscal year and measurable and available at June 30, 2012	(5,276,063)
Revenues received during fiscal year and measurable and available at June 30, 2013	<u>5,790,793</u>
Revenues on GAAP basis	<u><u>\$ 35,509,512</u></u>

CITY OF STILLWATER, OKLAHOMA
 Required Supplementary Information
 June 30, 2013

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
7/1/2012	\$ 5,792,018	\$ -	\$ 5,792,018	0.0%	\$ 24,075,000	24%
7/1/2011	4,581,662	-	4,581,662	0.0%	23,850,000	19%
7/1/2010	6,237,065	-	6,237,065	0.0%	24,045,000	26%

CITY OF STILLWATER, OKLAHOMA
 Required Supplementary Information
 June 30, 2013

DEFINED BENEFIT (RETIREE) PLAN

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Accrued 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
1/1/2013	\$ 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
1/1/2011	74,967	5,460,468	(5,385,501)	7283.8%	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, 2013

	Original Budget	Final Budget	Actual	Variance from Final Budget
REVENUES				
Investment income	\$ 15,000	\$ 15,000	\$ 21,225	\$ 6,225
Miscellaneous	-	-	-	-
Total revenues	15,000	15,000	21,225	6,225
EXPENDITURES				
Street and sewers:				
Personal services	-	143,082	164,512	(21,430)
Materials and supplies	-	19,300	10,724	8,576
Contract services	-	2,000	795	1,205
Total street and sewers	-	164,382	176,031	(11,649)
Capital outlay				
Street and sewers	1,453,747	7,149,999	4,448,709	2,701,290
Total expenditures	1,453,747	7,314,381	4,624,740	2,689,641
Excess (deficiency) of revenues over (under) expenditures	(1,438,747)	(7,299,381)	(4,603,515)	2,695,866
OTHER FINANCING SOURCES(USES):				
Transfers in	3,429,000	3,643,286	3,753,402	110,116
Transfers out	(1,763,561)	(1,870,704)	(1,892,967)	(22,263)
Total other financing sources (uses)	1,665,439	1,772,582	1,860,435	87,853
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	226,692	(5,526,799)	(2,743,080)	2,783,719
FUND BALANCES, beginning	6,003,859	6,003,859	6,003,859	-
FUND BALANCES, ending	\$ 6,230,551	\$ 477,060	\$ 3,260,779	\$ 2,783,719

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, 2013

	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	\$ 54,350	\$ 321,656	\$ 37,071	\$ 413,077
Due from other governments	-	25,331	-	25,331
Accounts receivable	-	-	532	532
Total assets	<u>\$ 54,350</u>	<u>\$ 346,987</u>	<u>\$ 37,603</u>	<u>\$ 438,940</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Deferred revenue	\$ -	\$ 19,936	\$ -	\$ 19,936
Total liabilities	<u>-</u>	<u>19,936</u>	<u>-</u>	<u>19,936</u>
FUND BALANCES				
Restricted for:				
Debt service	-	327,051	-	327,051
Capital projects	-	-	37,603	37,603
Community development grants	54,350	-	-	54,350
Total fund balances	<u>54,350</u>	<u>327,051</u>	<u>37,603</u>	<u>419,004</u>
Total liabilities and fund balances	<u>\$ 54,350</u>	<u>\$ 346,987</u>	<u>\$ 37,603</u>	<u>\$ 438,940</u>

CITY OF STILLWATER, OKLAHOMA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES -- NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013

	Special Revenue Fund Community Development Block Grant	Debt Service Sinking Fund	Capital Projects Fund Police/Municipal Building	Total Nonmajor Governmental Funds
REVENUES				
Taxes	\$ -	\$ 1,310,950	\$ -	\$ 1,310,950
Intergovernmental	121,070	-	-	121,070
Investment income	-	-	1,786	1,786
Other miscellaneous revenue	13	-	-	13
Total revenues	<u>121,083</u>	<u>1,310,950</u>	<u>1,786</u>	<u>1,433,819</u>
EXPENDITURES				
Current operating				
Human services	2,283	-	-	2,283
Debt service				
Principal retirements	-	820,000	-	820,000
Interest and fiscal charges	-	272,000	-	272,000
Capital outlay	6,925	-	542,952	549,877
Total expenditures	<u>9,208</u>	<u>1,092,000</u>	<u>542,952</u>	<u>1,644,160</u>
Excess (deficiency) of revenues over (under) expenditures	<u>111,875</u>	<u>218,950</u>	<u>(541,166)</u>	<u>(210,341)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(212,059)	-	(212,059)
Total other financing sources (uses)	<u>-</u>	<u>(212,059)</u>	<u>-</u>	<u>(212,059)</u>
Net change in Fund Balances	111,875	6,891	(541,166)	(422,400)
FUND BALANCES, beginning	(57,525)	320,160	578,769	841,404
FUND BALANCES, ending	<u>\$ 54,350</u>	<u>\$ 327,051</u>	<u>\$ 37,603</u>	<u>\$ 419,004</u>

CITY OF STILLWATER, OKLAHOMA
 BUDGETARY COMPARISON SCHEDULE
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013

	SPECIAL REVENUE				DEBT SERVICE				CAPITAL PROJECTS FUND			
	COMMUNITY DEVELOPMENT				DEBT SERVICE				CAPITAL PROJECTS FUND			
	BLOCK GRANT		BLOCK GRANT		DEBT SERVICE		DEBT SERVICE		CAPITAL PROJECTS FUND		CAPITAL PROJECTS FUND	
	Budgeted Amount		Actual	Variance From Final Budget	Budgeted Amounts		Actual	Variance From Final Budget	Budgeted Amounts		Actual	Variance From Final Budget
	Original	Final			Original	Final			Original	Final		
REVENUES												
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,400,000	\$ 1,400,000	\$ 1,313,454	\$ (86,546)	\$ -	\$ -	\$ -	\$ -
Intergovernmental	99,474	341,623	228,293	(113,330)	-	-	-	-	-	-	-	-
Miscellaneous	-	-	13	13	-	-	-	-	-	-	-	-
Investment income	-	-	-	-	-	-	-	-	-	-	1,837	1,837
Total revenues	99,474	341,623	228,306	(113,317)	1,400,000	1,400,000	1,313,454	(86,546)	-	-	1,837	1,837
EXPENDITURES												
Current operating												
Streets and sewers	-	129,939	6,925	123,014	-	-	-	-	-	-	-	-
Human services	-	57,341	2,283	55,058	-	-	-	-	-	-	-	-
Debt service												
Principal retirements	-	-	-	-	820,000	820,000	820,000	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	272,600	272,600	272,000	600	-	-	-	-
Capital outlay	99,474	-	-	-	-	-	-	-	-	574,112	542,952	31,160
Total expenditures	99,474	187,280	9,208	178,072	1,092,600	1,092,600	1,092,000	600	-	574,112	542,952	31,160
Excess (deficiency) of revenues over (under) expenditures	-	154,343	219,098	64,755	307,400	307,400	221,454	(85,946)	-	(574,112)	(541,115)	29,323
OTHER FINANCING SOURCES (USES)												
Transfers in	-	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(212,059)	(212,059)	(212,059)	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	(212,059)	(212,059)	(212,059)	-	-	-	-	-
Net change in Fund Balances	-	154,343	219,098	64,755	95,341	95,341	9,395	(85,946)	-	(574,112)	(541,115)	29,323
FUND BALANCES, beginning	-	-	-	-	358,410	358,410	358,410	-	574,344	574,344	574,344	-
FUND BALANCES, ending	\$ -	\$ 154,343	\$ 219,098	\$ 64,755	\$ 453,751	\$ 453,751	\$ 367,805	\$ (85,946)	\$ 574,344	\$ 232	\$ 33,229	\$ 29,323

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, 2013

ASSETS	Airport	Stillwater Economic Development Authority	Total
CURRENT ASSETS			
Cash and cash equivalents	\$ 44,195	\$ 208,930	\$ 253,125
Accounts receivable, net of allowance	24,158	597	24,755
Installment loans receivable	-	150,912	150,912
Leasehold receivable	-	21,667	21,667
Inventories	53,116	-	53,116
Total current assets	<u>121,469</u>	<u>382,106</u>	<u>503,575</u>
NONCURRENT ASSETS			
Leasehold receivable	-	161,666	161,666
Due from other governments	219,395	-	219,395
Capital assets, non depreciable	1,003,626	-	1,003,626
Capital assets, net of accumulated depreciation	14,586,709	37,560	14,624,269
Total noncurrent assets	<u>15,809,730</u>	<u>199,226</u>	<u>16,008,956</u>
Total assets	<u>15,931,199</u>	<u>581,332</u>	<u>16,512,531</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	72,861	6,061	78,922
Accrued liabilities	13,196	2,655	15,851
Current portion of compensated absences	1,847	29	1,876
Due to other funds	3,903	2,003	5,906
Current portion of advances from other funds	-	20,000	20,000
Current portion of refundable grant obligations	-	38,563	38,563
Total current liabilities	<u>91,807</u>	<u>69,311</u>	<u>161,118</u>
NONCURRENT LIABILITIES			
Noncurrent portion of advances from other funds	-	163,333	163,333
Noncurrent portion of compensated absences	28,891	2,797	31,688
Noncurrent portion of customer deposits payable	11,680	-	11,680
Total noncurrent liabilities	<u>40,571</u>	<u>166,130</u>	<u>206,701</u>
Total liabilities	<u>132,378</u>	<u>235,441</u>	<u>367,819</u>
NET POSITION			
Net investment in capital assets	15,590,335	37,560	15,627,895
Restricted donation	-	2,712	2,712
Unrestricted	208,486	305,619	514,105
Total net position	<u>\$ 15,798,821</u>	<u>\$ 345,891</u>	<u>\$ 16,144,712</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, 2013

	Airport	Stillwater Economic Development Authority	Total
OPERATING REVENUES			
Charges for services	\$ 1,309,927	\$ -	\$ 1,309,927
Other	313,153	23,207	336,360
Total operating revenues	<u>1,623,080</u>	<u>23,207</u>	<u>1,646,287</u>
OPERATING EXPENSES			
Operating and maintenance	1,840,474	491,957	2,332,431
Depreciation	909,007	2,233	911,240
Total operating expenses	<u>2,749,481</u>	<u>494,190</u>	<u>3,243,671</u>
Operating loss	<u>(1,126,401)</u>	<u>(470,983)</u>	<u>(1,597,384)</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	3,046	112	3,158
Intergovernmental revenue	2,243,030	-	2,243,030
Net nonoperating revenues (expenses)	<u>2,246,076</u>	<u>112</u>	<u>2,246,188</u>
Income (loss) before capital contributions and transfers	<u>1,119,675</u>	<u>(470,871)</u>	<u>648,804</u>
CAPITAL CONTRIBUTIONS AND TRANSFERS			
Capital contributions	-	149,791	149,791
Transfers in	405,995	357,258	763,253
Transfers out	(7,971)	-	(7,971)
Net capital contributions and transfers	<u>398,024</u>	<u>507,049</u>	<u>905,073</u>
Change in net position	1,517,699	36,178	1,553,877
Net position, beginning of year	<u>14,281,122</u>	<u>309,713</u>	<u>14,590,835</u>
Net position, end of year	<u>\$ 15,798,821</u>	<u>\$ 345,891</u>	<u>\$ 16,144,712</u>

CITY OF STILLWATER, OKLAHOMA
 COMBINING STATEMENT OF CASH FLOWS --NONMAJOR PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013

	Airport	Stillwater Economic Development Authority	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 1,286,258	\$ -	\$ 1,286,258
Payments to suppliers	(1,484,880)	(282,838)	(1,767,718)
Payments to employees	(305,717)	(72,149)	(377,866)
Payments of business development incentives	-	(142,028)	(142,028)
Business development incentive loans issued	-	(25,000)	(25,000)
Collections of business development incentive loan principal	-	9,549	9,549
Inter activity-payments to other funds	(186,161)	(7,017)	(193,178)
Other receipts	313,153	22,642	335,795
Net cash used for operating activities	<u>(377,347)</u>	<u>(496,841)</u>	<u>(874,188)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers out to other funds	(7,971)	-	(7,971)
Transfers from other funds	405,995	357,258	763,253
Net cash provided by noncapital financing activities	<u>398,024</u>	<u>357,258</u>	<u>755,282</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital contributions	2,242,841	149,791	2,392,632
Purchases of assets	(2,222,369)	-	(2,222,369)
Principal received on capital debt	-	21,667	21,667
Net cash provided by capital activities	<u>20,472</u>	<u>171,458</u>	<u>191,930</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest	3,046	236	3,282
Net cash provided by investing activities	<u>3,046</u>	<u>236</u>	<u>3,282</u>
Net increase in cash and cash equivalents	44,195	32,111	76,306
CASH AND CASH EQUIVALENTS, beginning of year	-	176,819	176,819
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 44,195</u>	<u>\$ 208,930</u>	<u>\$ 253,125</u>
Reconciliation of operating loss to net cash used for operating activities			
Operating loss	\$ (1,126,401)	\$ (470,983)	\$ (1,597,384)
Adjustments to reconcile operating loss to net cash used for operating activities			
Depreciation expense	909,007	2,233	911,240
Changes in assets and liabilities			
Receivables, net	(23,669)	(16,015)	(39,684)
Inventories	(17,123)	-	(17,123)
Accounts and other payables	(122,400)	(12,267)	(134,667)
Accrued expenses	3,239	191	3,430
Net cash used for operating activities	<u>\$ (377,347)</u>	<u>\$ (496,841)</u>	<u>\$ (874,188)</u>
Non-cash activities:			
Capital assets contributed	\$ -	\$ 149,791	\$ 149,791

CITY OF STILLWATER, OKLAHOMA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE YEAR ENDED JUNE 30, 2013

	Balance June 30, 2012	Additions	Reductions	Balance June 30, 2013
ASSETS				
Cash and cash equivalents	\$ 285,382	\$ 209,320	\$ 162,307	\$ 332,395
Pooled investments	52,679	-	11,315	41,364
Other investments	260,529	70,092	70,853	259,768
Assessment receivable	805	181,077	169,217	12,665
Total assets	<u>\$ 599,395</u>	<u>\$ 460,489</u>	<u>\$ 413,692</u>	<u>\$ 646,192</u>
LIABILITIES				
Accounts payable	\$ 297	\$ 187	\$ 297	\$ 187
Amounts held in escrow	599,098	460,599	413,692	646,005
Total liabilities	<u>\$ 599,395</u>	<u>\$ 460,786</u>	<u>\$ 413,989</u>	<u>\$ 646,192</u>

*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 – 94.
- **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 95-101.
- **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)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities										
Net investment in capital assets	\$ 70,989,399	\$ 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
Restricted for capital projects	311,827	227,641	182,859	156,719	99,216	14,093	703,907	6,633,915	578,769	37,603
Restricted for debt service	761,585	696,375	168,999	96,746	129,488	279,996	245,659	384,409	320,160	327,051
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
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
Unrestricted	12,374,202	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
Total governmental activities net position	\$ 84,437,013	\$ 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
Business-type activities										
Net investment in capital assets	\$ 70,512,395	\$ 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
Restricted for capital projects	-	-	-	-	54,756	54,756	1,827,220	5,017,007	741,699	601,298
Restricted for debt service	2,275,899	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
Restricted for specific operating activities	-	-	-	-	-	-	2,712	2,712	2,712	2,712
Unrestricted	25,425,194	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
Total business-type activities net position	\$ 98,213,488	\$ 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
Primary government										
Net investment in capital assets	\$ 141,501,794	\$ 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
Restricted for capital projects	311,827	227,641	182,859	156,719	153,972	68,849	2,531,127	11,650,922	1,320,468	638,901
Restricted for debt service	3,037,484	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
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
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
Unrestricted	37,799,396	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
Total primary government net position	\$ 182,650,501	\$ 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

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental activities:										
Public Safety	\$ 12,681,613	\$ 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
Recreation and culture	4,652,366	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
General government	2,274,740	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
Financial administration	569,047	604,803	731,577	635,329	648,327	614,382	732,379	627,877	619,486	621,148
Street and sewers	5,401,003	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
Engineering and public works administration	832,998	1,008,922	914,956	767,258	630,423	858,882	554,088	569,523	479,849	475,008
Tourism	280,485	331,483	370,356	-	-	-	-	-	-	-
Economic development	509,066	605,611	602,346	1,004,617	1,035,287	1,056,928	481,197	422,624	577,816	621,820
Health and welfare	1,227,161	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
Interest on long-term debt	740,282	681,061	628,333	578,705	528,335	478,827	463,252	271,253	238,855	206,045
Total governmental activities expenses	29,168,761	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
Business-type activities:										
Electric, water, wastewater and sanitation operations	35,062,143	37,756,145	43,453,117	46,995,426	45,651,630	45,926,941	45,446,929	49,122,135	52,823,732	50,680,617
Stillwater Public Golf Authority	1,180,919	1,161,042	1,101,923	1,194,269	1,204,793	1,149,566	399,188	-	-	-
Stillwater Industrial Redevelopment Authority	49,797	101,129	-	-	-	-	-	-	-	-
Business area development	-	-	-	-	45,740	208,731	203,470	240,027	173,476	494,190
Airport operations	1,374,786	1,959,733	2,161,111	2,113,932	2,670,192	2,032,704	1,884,834	2,132,392	2,695,168	2,749,481
Total business-type activities expenses	37,667,645	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
Total primary government expenses	\$ 66,836,406	\$ 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
Program Revenues										
Governmental activities										
Charges for services:										
Public safety	\$ 112,999	\$ 118,593	\$ 171,172	\$ 164,246	\$ 189,049	\$ 261,425	\$ 416,131	\$ 282,866	\$ 261,900	\$ 447,420
Recreation and culture	584,684	632,614	831,725	757,084	765,242	781,810	1,170,983	1,433,340	1,397,513	1,284,758
General government	15,219	5,908	30,738	277,421	393,280	1,030,075	419,156	323,591	387,053	815,659
Financial administration	768,888	923,756	834,381	1,116,601	890,515	1,065,196	1,162,439	829,461	1,182,234	1,058,148
Streets and sewers	413,023	413,023	523,616	449,124	445,976	547,636	920,188	561,452	698,777	674,190
Engineering and public works administration	-	5,405	-	-	-	-	-	-	-	-
Economic Development	-	-	-	3,261	-	-	-	-	-	-
Health and welfare	888,583	956,444	1,257,203	1,412,587	1,408,365	1,235,782	891,780	693,700	29,551	163,907
Operating grants and contributions	321,587	725,092	178,129	119,845	120,693	213,327	129,901	178,380	310,693	177,373
Capital grants and contributions	214,198	102,907	822,889	2,166,742	853,309	783,066	1,171,658	784,756	805,756	927,215
Total governmental activities program revenues	3,319,181	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

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Business-type activities:										
Charges for services:										
Electric, water, wastewater, and sanitation operations	\$ 41,065,887	\$ 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
Stillwater Public Golf Authority	796,669	775,913	820,232	697,495	750,872	724,559	280,237	-	-	-
Stillwater Industrial Redevelopment Authority	1,181	932	751	-	-	-	-	-	-	-
Business area development	-	-	-	-	2,712	10,480	22,766	15,671	23,328	23,207
Airport operations	586,264	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
Operating grants and contributions	22,138	255,892	100,640	-	-	-	-	-	-	-
Capital grants and contributions	1,619,051	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
Total business-type activities program revenues	44,091,190	49,342,243	51,552,397	55,348,181	56,915,356	58,269,787	65,709,037	65,151,370	70,601,008	71,110,572
Total primary government program revenues	\$ 47,410,371	\$ 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
Net (Expense)/Revenue										
Governmental activities	\$ (25,849,580)	\$ (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)
Business-type activities	6,423,545	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
Total primary government net expense	\$ (19,426,035)	\$ (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)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Sales and use taxes	\$ 18,598,176	\$ 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
Property taxes	2,130,193	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
Franchise and public service taxes	1,322,018	1,380,773	1,437,986	1,330,835	1,502,845	2,047,096	1,595,344	1,548,118	1,544,506	1,564,301
E911 taxes	117,167	98,792	93,739	84,444	81,681	81,998	81,621	66,529	63,870	60,338
Hotel/motel taxes	294,015	332,727	368,826	406,552	439,953	437,781	494,145	560,749	615,997	805,941
Investment income	75,000	284,037	382,339	616,842	464,024	105,909	29,969	104,666	78,162	74,677
Miscellaneous	212,258	139,247	514,193	532,498	587,117	-	-	-	-	-
Transfers-internal activity	2,178,317	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
Total governmental activities	24,927,144	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
Business-type activities:										
Investment income	166,447	461,770	908,708	1,212,709	847,390	232,822	144,148	114,643	275,937	(167,141)
Miscellaneous	743,816	202,682	237,068	329,107	599,887	429,018	31,263	163,705	350,312	420,681
Transfers-internal activity	(2,178,317)	(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)
Total business-type activities	(1,268,054)	(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)
Total primary government	\$ 23,659,090	\$ 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
Change in Net Position										
Governmental activities	\$ (922,436)	\$ (1,282,210)	\$ 3,163,312	\$ 3,770,801	\$ (755,578)	\$ 55,632	\$ 6,262,388	\$ 380,888	\$ 2,325,285	\$ 2,080,960
Business-type activities	5,155,491	6,729,213	1,223,663	908,749	4,674,740	4,465,950	6,315,041	9,263,555	7,317,827	14,729,677
Total primary government	\$ 4,233,055	\$ 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

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General fund										
Non-spendable: inventories	\$ 179,414	\$ 171,519	\$ 196,965	\$ 178,914	\$ 215,927	\$ 270,012	\$ 332,316	\$ 163,741	\$ 178,437	\$ 142,282
Restricted for public safety	109,045	110,373	111,150	102,174	103,845	105,158	104,082	100,713	107,914	114,724
Restricted for sales tax transfer	1,235,969	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
Committed to public safety	207,097	228,212	236,210	230,006	259,093	323,533	379,648	522,274	555,967	283,254
Committed to economic development	43,034	40,930	28,797	47,115	51,781	47,111	60,059	235,673	386,097	668,398
Assigned to self insurance	855,704	855,704	1,072,554	1,484,580	855,704	855,704	606,958	828,670	280,841	1,233,143
Assigned to recreation and culture	165,246	169,065	99,291	76,976	105,920	111,504	125,484	150,445	167,036	172,350
Unassigned	4,953,732	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
Total general fund	\$ 7,749,241	\$ 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
All other governmental funds										
Restricted for debt service	\$ 761,585	\$ 696,375	\$ 168,999	\$ 96,746	\$ 129,488	\$ 279,996	\$ 245,659	\$ 384,409	\$ 320,160	\$ 327,051
Restricted for capital improvements	311,827	227,641	182,859	156,719	99,216	14,093	703,907	6,633,915	6,582,628	3,300,332
Unassigned	5,773,881	7,979,196	10,620,862	11,077,427	10,436,732	6,961,761	4,369,761	101,368	(57,525)	54,350
Total all other governmental funds	\$ 6,847,293	\$ 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

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(f) 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)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Taxes	\$ 22,445,024	\$ 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
Intergovernmental	292,990	742,105	245,939	308,548	422,028	373,768	493,720	963,136	533,384	408,338
Charges for service	1,373,709	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
Fines and forfeits	845,093	889,850	877,165	807,431	789,481	810,280	786,164	656,201	776,389	793,076
Fees and rentals	498,198	526,700	642,259	802,179	816,051	932,655	1,220,295	1,466,352	1,438,373	1,357,756
Investment income	73,414	192,169	377,479	609,562	458,761	103,463	29,323	104,175	77,854	74,525
Licenses and permits	113,460	182,293	222,355	303,354	246,636	242,593	207,401	187,563	268,209	319,497
Other miscellaneous revenues	381,880	397,285	686,876	1,092,042	1,328,187	1,428,570	1,392,714	726,410	880,825	1,219,642
Total revenues	26,023,768	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
Expenditures										
Current:										
Public safety	12,238,250	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
Recreation and culture	3,779,171	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
General government	1,723,360	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
Financial administration	488,920	525,900	614,774	612,413	578,968	578,460	703,529	600,203	591,712	602,812
Streets and sewers	1,879,794	1,889,400	2,025,858	2,375,075	2,621,006	2,638,212	2,663,639	2,380,470	2,670,103	2,415,451
Operations	807,442	902,206	882,005	741,181	583,597	872,035	553,600	589,376	478,606	471,523
Economic development	509,066	937,095	972,702	1,004,617	1,035,287	1,056,929	481,197	422,624	527,896	562,422
Human services	1,191,431	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
Debt service:										
Principal retirements	790,000	790,000	790,000	790,000	790,000	790,000	790,000	775,000	825,000	820,000
Interest and fiscal charges	745,265	685,465	632,465	582,865	532,525	483,045	432,225	385,408	305,000	272,000
Capital outlay	2,878,591	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
Total expenditures	27,031,290	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
Excess of revenues over (under) expenditures	(1,007,522)	(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)
Other Financing Sources (Uses)										
Proceeds of refunding bonds and other debt	-	-	-	-	-	-	9,105,336	53,488	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	(8,392,089)	-	-	-
Proceeds from sale of assets	-	-	-	-	-	-	-	575,655	-	-
Transfers in	11,683,976	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
Transfers out	(9,431,421)	(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)
Transfer out to component unit	(280,485)	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	1,972,070	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
Net change in fund balances	\$ 964,548	\$ (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
Debt service as a percentage of noncapital expenditures	6.40%	5.56%	5.19%	4.51%	4.06%	3.84%	3.88%	3.71%	3.32%	3.42%

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 Service Taxes	E911 Taxes	Hotel/Motel Taxes	Total Taxes	Sales Tax as Percentage of Total Taxes
2004	18,598,176	2,130,193	1,322,018	117,167	294,015	22,461,569	82.80%
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%

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	Total Valuation	Homestead	Net Total	Total Direct	Total	Ratio of Total
			Property		Exemption			Estimated	
								Actual Value	Actual Value
2004	138,265	31,250	10,610	180,125	5,227	174,898	12.29	1,580,044	11.07%
2005	147,535	30,862	10,956	189,353	5,096	184,257	10.76	1,660,991	11.09%
2006	157,236	32,721	12,360	202,317	5,091	197,226	7.19	1,774,711	11.11%
2007	173,283	35,512	11,516	220,311	5,198	215,113	6.17	1,932,553	11.13%
2008	190,637	38,567	9,911	239,115	5,300	233,815	5.72	2,097,439	11.15%
2009	205,793	40,243	8,976	255,012	5,307	249,705	5.75	2,236,947	11.16%
2010	220,793	40,426	9,324	270,543	5,322	265,221	5.24	2,373,184	11.18%
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%

The assessed value of the taxable property as certified by the Payne County Assessor to be used for the 2013-2014 fiscal year is as follows:

	Real Property	Personal Property	Public Service	Total Valuation	Homestead	Other	Net Total	Total Direct	Total Estimated
			Property		Exemption	Exemptions (2)			Valuation
2014	\$ 252,163	\$ 23,619	\$ 8,953	\$ 284,735	\$ 5,054	\$ 1,033	\$ 278,648	4.90	\$ 2,497,675

(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
2004	12.29	62.55	15.00	16.00	105.84
2005	10.76	62.96	15.00	16.00	104.72
2006	7.19	63.71	15.00	16.00	101.90
2007	6.17	62.93	15.00	16.00	100.10
2008	5.72	64.17	15.00	16.00	100.89
2009	5.75	62.09	15.00	16.00	98.84
2010	5.24	63.20	15.00	16.00	99.44
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

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The direct and overlapping tax rates for FY 2013-2014 are as follows:

Fiscal Year	City of Stillwater Debt Service Fund	Independent School District No. 16	Meridian Technology Center	Payne County	Total
2014	4.69	68.92	15.47	16.43	105.51

(1) Source: Payne County Assessor

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

Taxpayer	Type of Business	2013			2004		
		2013 Assessed Valuation	Percentage of Total Assessed Valuation	Rank	2004 Assessed Valuation	Percentage of Total Assessed Valuation	Rank
Links at Stillwater	Apartments/golf/fitness development	\$ 2,647,727	0.96%	1			
Fifty One at Tradan Heights	Apartments	2,594,123	0.94%	2			
Wal-Mart Real Estate	Discount supercenter	2,487,633	0.90%	3	\$ 1,752,099	0.95%	7
Lakeview Pointe	Shopping Center	2,393,520	0.87%	4			
Campus Crest at Stillwater	Apartments	2,015,497	0.73%	5			
National Standard Co.	Manufacturer of steel cord for radial tires	1,831,375	0.66%	6	1,430,841	0.78%	6
Oklahoma Natural Gas	Gas Utility	1,748,753	0.63%	7	1,315,122	0.71%	9
Armstrong World Industries, Inc.	Manufacturer of floor coverings	1,634,993	0.59%	8	5,294,770	2.87%	1
Lowes Home Center, Inc.	Home improvement store	1,490,321	0.54%	9	1,207,768	0.66%	8
Southwestern Bell Telephone, LP	Telephone utility	1,231,581	0.45%	10	4,528,231	2.46%	3
Brunswick Corporation	Manufacturer of stern-drive boat motors				5,262,483	2.86%	2
Chickasaw Telecom Services, Inc.	Telephone utility				1,893,870	1.03%	5
Quebecor World Inc.	Printer of magazines and advertising inserts				2,964,264	1.61%	4
Jefferson Commons	Apartment complex				1,074,886	0.58%	10
		<u>\$20,075,523</u>	<u>7.27%</u>		<u>\$26,724,334</u>	<u>14.51%</u>	

(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	Percentage of Levy	Amount
2004	2,149	2,084	97%	78
2005	1,982	1,942	98%	15
2006	1,417	1,433	101%	18
2007	1,320	1,286	97%	19
2008	1,344	1,294	96%	64
2009	1,436	1,281	89%	151
2010	1,389	1,365	98%	21
2011	1,456	1,420	98%	40
2012	1,337	1,313	98%	47
2013	1,314	1,294	98%	17

(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, 2013 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)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Retail Trade*										\$ 445,548
Accommodation and Food Services*										137,002
Wholesale*										44,145
Utilities*										42,350
Information*										23,014
Education services	\$ 12,582	\$ 10,580	\$ 10,947	\$ 12,768	\$ 10,555	\$ 19,021	\$ 16,804	\$ 17,867	\$ 18,788	18,567
Manufacturing*										14,419
Other services (except Public Administration)*										11,425
Real Estate, Rental, and Leasing*										8,911
Arts, Entertainment and Recreation*										4,925
Professional, Scientific and Technical Services*										2,228
Transportation and Warehousing*										1,809
Finance and Insurance*										1,522
Construction*										1,094
All other outlets	39,326	40,427	47,200	14,811	51,539	53,009	49,662	54,324	57,182	889
Agriculture, Forestry, Fishing and Hunting*										346
Mining, Quarring, and Oil and Gas Extraction*										60
Health Care and Social Assistance*										39
General merchandise stores	123,633	128,097	141,576	144,281	165,326	168,961	163,369	163,683	171,170	-
Eating and drinking places	60,824	68,314	79,720	84,125	88,711	95,953	95,055	100,179	108,943	-
Miscellaneous retail	49,969	52,776	53,655	59,973	63,590	60,811	58,989	61,044	65,576	-
Building material, hardware, garden supply	41,593	48,395	52,357	51,659	58,193	56,626	48,296	44,602	47,178	-
Food stores	49,339	42,733	38,049	35,924	34,492	35,269	35,101	36,763	39,301	-
Electric, gas, and sanitary services	30,326	31,763	36,563	39,310	38,680	39,300	39,922	39,611	40,763	-
Wholesale trade - durable goods	20,511	23,857	28,128	25,108	26,072	27,365	23,481	24,607	24,995	-
Apparel & accessory stores	26,172	26,549	25,996	35,824	34,128	32,717	33,376	35,328	39,194	-
Furniture, home furnishings & equipment	19,749	21,611	24,266	24,478	26,142	26,924	23,240	35,526	35,764	-
Communications	24,607	24,831	22,357	23,368	23,531	22,948	23,564	20,890	22,985	-
Automotive dealers & gasoline service	13,509	14,544	13,862	15,227	14,103	13,847	13,765	15,732	16,055	-
Business services	9,445	9,237	10,125	14,276	13,639	13,604	11,122	14,629	12,360	-
Total	\$521,585	\$543,714	\$584,801	\$581,132	\$648,701	\$666,355	\$635,746	\$664,785	\$700,254	\$758,293
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)
2004	2.50%	4.50%	0.50%
2005	2.50%	4.50%	0.50%
2006	2.50%	4.50%	0.50%/0.75%
2007	2.50%	4.50%	0.75%
2008	2.50%	4.50%	0.75%
2009	2.50%	4.50%	0.75%
2010	2.50%	4.50%	0.75%
2011	2.50%	4.50%	0.75%
2012	2.50%	4.50%	0.75%
2013	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>2004</u>	<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>
Commercial	Ave monthly customers	1,544	1,665	1,740	1,801	1,873	1,920	1,956	1,958	1,983	2,060
	Annual Sales	3,877,638	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
	Percentage of Total Annual Sales	13%	14%	14%	13%	14%	15%	15%	14%	13%	15%
Residential	Ave monthly customers	16,056	16,182	16,760	16,690	16,874	17,060	17,280	17,434	17,341	17,549
	Annual Sales	12,877,862	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
	Percentage of Total Annual Sales	44%	43%	45%	44%	45%	45%	46%	46%	47%	49%
Industrial/Institutional	Ave monthly customers	205	206	212	220	225	237	237	250	264	261
	Annual Sales	12,683,716	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
	Percentage of Total Annual Sales	43%	43%	41%	43%	41%	40%	39%	40%	39%	36%

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

Legal Debt Margin Calculation for Fiscal Year 2013:

Net assessed valuation	\$ 276,177
Allowable debt of nonpublic utility bonds, limited by State Constitution, Article 10, Section 26, to 10% of net assessed valuation	\$ 27,618
Less - Debt applicable to debt limit: Municipal/police building general obligation bonds	(6,476)
Legal Debt Margin	\$ 21,142

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	<u>2004</u>	<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>
Debt limit	18,426	19,723	21,511	23,381	24,971	26,522	27,825	27,005	26,819	27,618
Less - Total net debt applicable to limit	(12,990)	(12,200)	(11,410)	(10,620)	(9,830)	(9,040)	(9,086)	(8,248)	(7,359)	(6,476)
Legal debt margin	\$ 5,436	\$ 7,523	\$ 10,101	\$ 12,761	\$ 15,141	\$ 17,482	\$ 18,739	\$ 18,757	\$ 19,460	\$ 21,142
Total net debt applicable to the limit as a percentage of debt limit	70.5%	61.9%	53.0%	45.4%	39.4%	34.1%	32.7%	30.5%	27.4%	23.4%

CITY OF STILLWATER, OKLAHOMA
 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT (1) (2)
 AS OF JUNE 30, 2013
 (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)	\$ 39,355	\$ 6,500	\$ 32,855	81.97%	\$ 26,933
Debt repaid with sales taxes					
Payne County Facilities Authority (4)	\$ 12,935	\$ 2,288	\$ 10,647	91.47%	9,739
Subtotal - overlapping debt					<u>\$ 36,672</u>
City of Stillwater direct debt	\$ 6,476	\$ 322	\$ 6,154	100.00%	6,154
Total direct and overlapping debt					<u><u>\$ 42,826</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

Fiscal Year	Governmental Activities		Business-type Activities				Total Primary Government	Debt as Personal Income (in thousands of dollars)	Percentage of Personal Income	Population	Total Debt Per Capita
	General Obligation Bonds	Revenue Bonds	General Obligation Bonds	Notes Payable	Capital Leases						
2004	\$ 12,990,000	\$ 9,469,944	\$ 1,010,000	\$ 29,253,384	\$ 1,349,741	\$ 54,073,069	\$ 1,623,651	3.3%	41,320	\$ 1,308.64	
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	-	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	-	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	-	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	-	17,390,784	938,198	38,336,211	2,314,505	1.7%	47,653	804.49	
2010	9,085,959	7,989,348	-	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	-	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	-	27,159,609	2,347,169	38,471,728	**	**	46,560	826.28	
2013	6,476,120	-	-	25,779,455	3,233,271	35,488,846	**	**	**	**	

** Data not available at time of publication

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

Fiscal Year	<u>General Obligation Bonds</u>			Accumulated Resources Restricted to reepayment of General Bonded Debt	Net General Bonded Debt	Population	Net Bonded Debt Per Capita	Total Estimated Actual Value (in thousands)	Net Bonded Debt per \$1,000 of assessed value
	Governmental Activities	Business -Type Activities	Total Primary Government						
2004	\$ 12,990,000	\$ 1,010,000	\$ 14,000,000	\$ 761,585	\$ 13,238,415	41,320	\$ 320.39	\$ 1,580,044	\$ 8.38
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	-	11,410,000	168,999	11,241,001	45,674	246.11	1,774,711	6.33
2007	10,620,000	-	10,620,000	96,746	10,523,254	46,383	226.88	1,932,553	5.45
2008	9,830,000	-	9,830,000	129,488	9,700,512	46,976	206.50	2,097,439	4.62
2009	9,040,000	-	9,040,000	279,996	8,760,004	47,653	183.83	2,236,947	3.92
2010	9,085,959	-	9,085,959	245,659	8,840,300	45,688	193.49	2,373,184	3.73
2011	8,247,737	-	8,247,737	384,409	7,863,328	46,048	170.76	2,487,570	3.16
2012	7,359,342	-	7,359,342	320,160	7,039,182	46,560	151.19	2,414,474	2.92
2013	6,476,120	-	6,476,120	327,051	6,149,069	**	**	2,405,658	2.56

** Data not available at time of publication

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

Oklahoma Water Resources Board (OWRB) Notes and 2002 and 2005 Revenue Bonds

2007 and 2010 Revenue Notes (2)

Fiscal Year	Utility Operating Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service			Pledged Transportation Sales Tax	Debt Service		
				Principal	Interest	Coverage		Principal	Interest	Coverage
2004	38,117	27,292	10,825	916	819	6.24	-	-	-	-
2005	43,596	37,498	6,098	2,515	823	1.83	-	-	-	-
2006	48,198	42,396	5,802	2,305	709	1.93	-	-	-	-
2007	51,315	45,907	5,408	2,625	693	1.63	-	-	-	-
2008	52,517	44,519	7,998	2,730	619	2.39	929	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

(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

<u>Function/Program</u>	<u>2004</u>	<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>
Governmental activities:										
Public safety	182.0	189.5	189.5	188.0	193.0	193.0	199.0	196.0	194.0	197.0
Recreation and culture	98.0	101.0	91.6	102.0	93.8	87.8	75.5	67.0	56.3	72.3
General government	28.0	24.5	27.8	25.0	38.0	40.5	38.0	33.0	36.5	45.0
Financial administration	12.5	13.0	13.0	13.5	15.0	15.0	15.0	13.0	16.0	18.5
Street and sewers	25.0	28.0	28.0	22.0	33.0	35.0	37.5	35.0	37.3	26.0
Engineering and public works administration	22.0	25.5	22.5	28.0	17.0	14.5	9.5	6.0	4.0	11.0
Health and welfare	19.5	18.0	19.0	18.0	23.0	15.0	22.0	19.0	18.3	16.5
Business-type activities:										
Electric, water and wastewater operations	132.0	136.0	137.8	130.0	138.5	132.1	137.3	128.0	136.0	142.3
Sanitation operations	36.0	35.0	35.0	30.0	34.5	31.0	37.5	31.0	29.5	30.0
Stillwater Public Golf Authority (1)	25.0	22.0	21.0	19.5	21.0	20.0	20.0	0.0	0.0	0.0
Airport Operations	5.0	5.0	5.0	5.0	5.0	6.0	5.5	5.0	5.0	5.3
Total	585.0	597.5	590.2	581.0	611.8	589.9	596.8	533.0	532.9	563.9

(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

<u>Function/Program</u>	<u>2004</u>	<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>
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	21	24	24	24	24	24	24	24	24
Tennis Courts	14	14	14	14	10	10	10	10	10	10
Neighborhood/community parks	22	22	24	24	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	295	297	230	230	526	531	526	526	532
Traffic signals	51	51	53	61	61	61	61	60	60	62
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	19.5	20.9	20.9	20.9	20.1	20.1	20.1	20.1	20.2
Water										
Water Plant	1	1	1	1	1	1	1	1	1	1
Water storage towers (away from plant)	4	4	4	5	5	5	5	5	5	5
Wastewater										
Wastewater Plant	1	1	1	1	1	1	1	1	1	1
Lift Stations	11	13	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	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities:										
Public safety										
Traffic citations	6,252	5,621	5,700	5,075	5,010	4,196	4,018	3,468	2,481	3,065
Parking tickets	10,645	12,967	14,000	13,662	11,601	13,682	16,493	17,076	13,419	16,610
Police calls for service	41,924	42,721	44,697	39,841	33,810	43,713	42,136	44,683	43,518	33,213
Animals handled by Animal Welfare	2,951	2,411	4,034	738	2,434	2,208	2,434	2,530	2,387	3,985
Fire calls for service	1,463	1,390	1,517	1,632	1,447	1,520	1,544	1,948	1,927	4,077
Ambulance calls for service	3,502	3,486	3,512	3,971	3,574	4,026	3,939	4,268	0	0
Recreation and culture										
Acres mowed (1)	950	12,229	8,532	11,552	11,240	8,296	7,493	5,735	5,735	5,490
Program participants	5,638	6,154	6,303	7,490	2,296	6,030	4,765	5,046	4,987	5,100
Senior Center daily average attendance	62	73	67	60	70	42	34	40	40	22
Multi Arts participants (2)	1,100	1,341	2,978	2,236	6,000	6,000	6,000	6,200	4,700	0
Swimming pool admissions	22,000	29,148	17,342	18,094	18,056	15,280	16,759	12,859	12,356	10,804
Lakeside golf course - rounds of golf	28,339	28,735	31,218	25,717	25,088	24,515	25,577	29,247	29,764	31,237
Mini bus rides (3)	20,500	17,284	15,554	9,699	4,390	1,974	516	0	0	0
Volumes in library	95,285	89,059	**	**	91,674	95,219	97,555	100,119	110,918	110,728
Total circulation of library materials	363,696	352,258	372,998	349,502	340,421	364,243	370,043	369,340	369,191	360,423
General government										
Supported micro-computers by IT	403	418	411	407	430	421	468	511	590	450
Helpdesk/trouble calls by IT	2,067	1,624	2,122	1,858	2,547	2,084	2,429	2,785	3,355	2,500
Ordinances drafted	42	71	**	35	35	36	32	35	37	52
Financial administration										
Computer generated accounts payable checks	10,387	5,995	4,262	4,123	2,963	2,888	3,382	3,945	2,598	2,218
Budget revisions/amendments processed	464	478	430	325	328	388	428	325	274	317
Requisitions reviewed	8,444	3,427	1,902	1,608	1,709	1,794	1,541	1,355	1,231	1,228
Municipal court cases	10,826	11,000	11,000	10,008	10,318	9,289	7,815	8,165	6,880	7,568
Street and sewers										
Blocks of striping (4)	144	150	89	96	82	103	76	8,755	80	80
Signs made	439	450	270	305	159	346	571	251	1,142	814
Crack sealant (blocks) (5)	59	62	68	252	10,765	143	117	216	0	49
Slurry sealant (blocks)	107	175	74	72	23	8	39	29	26	40
Concrete replacement (cu. yds.)	914	900	900	758	834	1,162	1,207	1,714	1,229	1,169
Engineering and public works administration										
Developments reviewed	149	166	201	140	95	69	39	80	52	73
Permits issued	2,217	3,730	3,494	3,478	3,047	2,650	2,963	3,406	4,116	3,285
Vehicles maintained	283	285	293	323	340	346	271	305	362	494
Fleet job orders completed	3,272	3,686	3,085	3,388	3,619	3,789	3,721	3,754	3,848	4,284
Health and welfare										
Code enforcement inspections	3,636	4,400	7,584	8,593	3,163	4,722	4,975	5,574	5,638	7,059
High grass and weed cases	604	592	593	490	746	373	1,055	1,076	266	40
Trees and shrubs planted	210	210	197	54	22	94	56	0	70	50

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

	<u>2004</u>	<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>
Business-type activities:										
Electric, water and wastewater operations:										
Electric connections	18,754	19,113	19,800	18,338	19,605	20,580	20,338	20,208	20,856	21,399
Water connections	13,709	14,067	14,932	15,274	16,200	16,654	16,312	16,218	16,390	16,256
Water line repairs (6)	144	126	292	281	272	176	85	900	252	349
Water treated (million gallons)	2,951	2,768	3,079	**	2,604	2,567	2,338	2,282	2,438	2,407
Sewage treated (million gallons)	2,027	2,098	2,277	1,940	2,035	1,957	2,048	1,648	1,651	1,825
Sanitation operations:										
Landfill usage (tons)	17,822	18,513	20,002	22,884	21,000	19,602	18,986	19,713	18,631	18,605
Yard waste hauled (tons)	1,050	960	961	1,198	1,183	1,135	1,002	1,403	1,021	1,071
Community Center operations:										
Admissions	71,328	77,404	107,228	104,129	118,310	130,141	131,202	118,082	132,251	137,541
Airport Operations:										
Operations (avg month)	4,945	5,267	5,912	6,292	**	5,976	4,324	4,994	4,885	4,945

**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		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Oklahoma State University	4,771	1	16%	7,500	1	38%
Stillwater Medical Center	869	2	3%	640	4	3%
Stillwater Public Schools	827	3	3%	594	5	3%
City of Stillwater	512	4	2%	513	6	3%
Wal-Mart (1)	374	5	1%	700	3	4%
OK State Dept. of Career Tech	180	6	1%	300	8	2%
Stillwater Designs/Kicker Audio	177	7	1%			
National Standard	173	8	1%	260	9	1%
Stillwater National Bank	173	10	1%			
Stan Clark Companies (1)	165	9	1%			
Mercury MerCruiser	0			1,100	2	6%
Quebecor World/Quad Graphics	0			340	7	2%
Creative Labs	0			240	10	1%
Others:						
Oncue Marketing	150					
Meridian Technology Center	135					
Armstrong World Industries	114					
Frontier Electronics	104					
Nomadics, Inc./ICX Technologies	78					
Stillwater Milling	53					

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

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

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

Fiscal Year	Population (1)	Personal Income (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	**	**	**	**	**	6,061	25,623	5.1%	
2013	**	**	**	**	**	**	6,147	26,312	5.5%	

** 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.

(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.