

**CITY OF**  
**GUTHRIE**  
**OKLAHOMA**

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**ANNUAL FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT  
AS OF AND FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2009**

**THE CITY OF GUTHRIE,  
OKLAHOMA**

**ANNUAL FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORTS**

**AS OF AND FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2009**

**CITY OF GUTHRIE, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended September 30, 2009**

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## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Guthrie, Oklahoma (the "City") as of and for the year ended September 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2009, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 27, 2010, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis, Pension Plan Funding Schedules, and Budgetary Comparison Schedules, as listed in the Table of Contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Nonmajor Governmental Combining Schedules, Enterprise Fund Accounts Combining Schedules, and State Awards Information, as listed in the Table of Contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Arledge & Associates, P.C.*

Edmond, Oklahoma

July 27, 2010

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**MANAGEMENT DISCUSSION AND ANALYSIS**

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Our discussion and analysis of the City of Guthrie's financial performance provides an overview of the City's financial activities for the fiscal year ended September 30, 2009. Please read it in conjunction with the City's financial statements, which follow this section.

***FINANCIAL HIGHLIGHTS***

- For the fiscal year ended September 30, 2009, the City's total net assets increased by \$1,308,994 or 5% from the prior year.
- During the year, the City's expenses for governmental activities were \$7.2 million and were funded by program revenues of \$3 million and further funded with taxes and other general revenues that totaled \$5.2 million.
- In the City's business-type activities, such as utilities, program revenues exceeded expenditures by approximately \$120,980.
- Sales and use taxes increased by \$155,578 or 4% over the prior fiscal year. Considering the City's sales tax rate of 3.00% in effect for both years, this translates into an increase in taxable sales of \$5.2 million from the prior year.
- At September 30, 2009, the General Fund reported an unreserved, undesignated fund balance of \$1,001,227, which is an increase of 21% from the prior year unreserved, undesignated fund balance.
- For budgetary reporting purposes, the General Fund reported revenues in excess of estimates of \$261,462 or 4%, while expenditures were under the final appropriations by \$480,182 or 8%.

***OVERVIEW OF THE FINANCIAL STATEMENTS***

The financial statements presented herein include all of the activities of the City of Guthrie (the "City") and its component units using the integrated approach as prescribed by GASB Statements No. 14, 34, and 39. Included in this report are government-wide statements for each of two categories of activities – governmental and business-type. The government-wide financial statements present the complete financial picture of the City from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business type activities separately and combined. These statements include all assets of the City (including infrastructure capital assets) as well as all liabilities (including all long-term debt).

**About the City**

The City of Guthrie is an incorporated municipality with a population of approximately 9,925 located in central Oklahoma. The City is a home rule charter form of government and operates under a charter that provides for three branches of government:

- Legislative – the City Council is a seven-member governing body elected by the citizens
- Executive – the City Manager is the Chief Executive Officer and is appointed by the City Council
- Judicial – the Municipal Judge is a practicing attorney appointed by the City Council

The City provides typical municipal services such as public safety, health and welfare, street and alley maintenance, parks and recreation, and certain utility services including water, wastewater, and sanitation.

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***The City's Financial Reporting Entity***

This annual report includes all activities for which the City of Guthrie City Council is fiscally responsible. These activities, defined as the City's financial reporting entity, are operated within separate legal entities that make up the primary government.

The City's financial reporting entity includes the primary government (City of Guthrie) and the blended component units as follows.

- **The City of Guthrie** – that operates the public safety, health and welfare, streets and highways, parks and recreation, and administrative activities
- **The City of Guthrie Public Works Authority** – that operates the water, sewer, and sanitation services of the City
- **The Guthrie Industrial Development Authority** – that operates to finance, develop and promote industrial development activities.
- **The Guthrie Public Transportation Authority** – that operates to finance, acquire, construct, operate and provide improvements, services or facilities of the City. Currently inactive.
- **The Guthrie Transportation Authority** – that operates to furnish and supply facilities, property and equipment for transportation needs regarding tourism.

**Using This Annual Report**

This annual report is presented in a format that substantially meets the presentation requirements of the Governmental Accounting Standards Board (GASB) in accordance with generally accepted accounting principles. The presentation includes financial statements that communicate the City's financial condition and changes therein at two distinct levels:

- **The City as a Whole** (a government-wide presentation)
- **The City's Funds** (a presentation of the City's major and aggregate non-major funds)

The City's various government-wide and fund financial statements are presented throughout this annual report and are accompanied by:

- **Management's Discussion and Analysis** – that provides useful analysis that facilitates a better understanding of the City's financial condition and changes therein.
- **Footnotes** - that elaborate on the City's accounting principles used in the preparation of the financial statements and further explain financial statement elements
- **Supplemental Schedules** – that provide additional information about specified elements of the financial statements, such as budgetary comparison information

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**Reporting the City as a Whole**

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

One of the most frequently asked questions about the City's finances is, "Has the City's overall financial condition improved, declined or remained steady over the past year?" The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two government-wide statements report the City's net assets and changes in them from the prior year. You can think of the City's net assets – the difference between assets and liabilities – as one way to measure the City's financial condition, or position. Over time, increases or decreases in the City's net assets are one indicator of whether its financial health is improving, deteriorating, or remaining steady. However, you must consider other nonfinancial factors, such as changes in the City's tax base, the condition of the City's roads, and the quality of services to assess the overall health and performance of the City.

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

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

**Reporting the City's Most Significant Funds**

**Fund Financial Statements**

The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money.

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

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

**A FINANCIAL ANALYSIS OF THE CITY AS A WHOLE**

**Net Assets**

As noted earlier, net assets may serve over time as a useful indicator of a government’s financial position. In the case of the primary government, assets exceeded liabilities by nearly \$28.9 million at the close of the most recent fiscal year.

**TABLE 1**  
**NET ASSETS (In Thousands)**

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2009	2008		2009	2008		2009	2008	
Current assets	\$ 8,246	\$ 9,106	-9%	\$ 3,361	\$ 2,857	18%	\$ 11,607	\$ 11,963	-3%
Capital assets, net	14,847	14,145	5%	18,232	12,291	48%	33,079	26,436	25%
Other non-current assets	-	-	0%	689	471	46%	689	471	46%
<b>Total assets</b>	<b>23,093</b>	<b>23,251</b>	<b>-1%</b>	<b>22,282</b>	<b>15,619</b>	<b>43%</b>	<b>45,375</b>	<b>38,870</b>	<b>17%</b>
Current liabilities	949	774	23%	1,686	1,298	30%	2,635	2,072	27%
Non-current liabilities	1,058	999	6%	12,725	8,151	56%	13,783	9,150	51%
<b>Total liabilities</b>	<b>2,007</b>	<b>1,773</b>	<b>13%</b>	<b>14,411</b>	<b>9,449</b>	<b>53%</b>	<b>16,418</b>	<b>11,222</b>	<b>46%</b>
Net assets									
Invested in capital assets, net of related debt	13,737	13,232	4%	5,320	3,712	-43%	19,057	16,944	12%
Restricted	6,361	7,638	-17%	1,442	1,479	-3%	7,803	9,117	-14%
Unrestricted	988	608	63%	1,109	979	13%	2,097	1,587	32%
<b>Total net assets</b>	<b>\$ 21,086</b>	<b>\$ 21,478</b>	<b>-2%</b>	<b>\$ 7,871</b>	<b>\$ 6,170</b>	<b>28%</b>	<b>\$ 28,957</b>	<b>\$ 27,648</b>	<b>5%</b>

The largest portion of the City’s net assets reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. For 2009, this investment in capital assets, net of related debt amounted to \$19 million. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A major portion of the City’s net assets, \$7.8 million, also represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets is available to meet the government’s ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets for both the governmental and business-type activities.

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The 23% increase in governmental current liabilities is due to an increase in accounts payable for grant projects.

The 48% increase in business-type activities capital assets is due to the Water Treatment Plant construction in progress.

The 46% increase in other non-current is due to unamortized issue costs related to the OWRB loan for the water treatment plant.

The 30% increase in current liabilities is the result of increased accounts payable in the current year due to the construction of the water treatment plant.

The 56% increase in non-current liabilities is due to the additional long term debt related to the water treatment plant.

**Changes in Net Assets**

For the year ended September 30, 2009, net assets of the primary government changed as follows:

**TABLE 2**  
**CHANGES IN NET ASSETS (In Thousands)**

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2009	2008		2009	2008		2009	2008	
<b>Revenues</b>									
Charges for service	\$ 1,757	\$ 1,860	-6%	\$ 4,132	\$ 3,634	14%	\$ 5,889	\$ 5,494	7%
Operating grants and contributions	891	553	61%	-	-	-	891	553	61%
Capital grants and contributions	391	1,080	-64%	-	-	-	391	1,080	-64%
Taxes	4,640	4,451	4%	-	-	-	4,640	4,451	4%
Intergovernmental revenue	127	127	0%	-	-	-	127	127	0%
Investment income	105	462	-77%	68	82	-17%	173	544	-68%
Special item, gain on sale of buildings	-	169	100%	-	-	-	-	169	100%
Miscellaneous	383	272	41%	62	36	72%	445	308	44%
<b>Total revenues</b>	<b>8,294</b>	<b>8,974</b>	<b>-8%</b>	<b>4,262</b>	<b>3,752</b>	<b>14%</b>	<b>12,556</b>	<b>12,726</b>	<b>-1%</b>
<b>Expenses</b>									
General government	2,038	2,014	1%	-	-	-	2,038	2,014	1%
Public safety	3,321	3,154	5%	-	-	-	3,321	3,154	5%
Streets	358	659	-46%	-	-	-	358	659	-46%
Culture, parks and recreation	1,035	918	13%	-	-	-	1,035	918	13%
Airport	396	391	1%	-	-	-	396	391	1%
Economic development	39	47	-17%	-	-	-	39	47	100%
Interest on long-term debt	49	53	-8%	4	84	100%	53	137	-61%
Water	-	-	-	1,814	1,676	8%	1,814	1,676	8%
Wastewater	-	-	-	1,037	916	13%	1,037	916	13%
Sanitation	-	-	-	1,156	1,082	7%	1,156	1,082	7%
<b>Total expenses</b>	<b>7,236</b>	<b>7,236</b>	<b>0%</b>	<b>4,011</b>	<b>3,758</b>	<b>7%</b>	<b>11,247</b>	<b>10,994</b>	<b>2%</b>
Excess (deficiency) before transfers	1,058	1,738	-39%	251	(6)	-4283%	1,309	1,732	-24%
Transfers	(1,450)	(413)	251%	1,450	413	251%	-	-	
<b>Change in net assets</b>	<b>(392)</b>	<b>1,325</b>	<b>-130%</b>	<b>1,701</b>	<b>407</b>	<b>318%</b>	<b>1,309</b>	<b>1,732</b>	<b>-24%</b>
<b>Beginning net assets</b>	<b>21,478</b>	<b>20,153</b>	<b>7%</b>	<b>6,170</b>	<b>5,763</b>	<b>7%</b>	<b>27,648</b>	<b>25,916</b>	<b>7%</b>
<b>Ending net assets</b>	<b>\$ 21,086</b>	<b>\$ 21,478</b>	<b>-2%</b>	<b>\$ 7,871</b>	<b>\$ 6,170</b>	<b>28%</b>	<b>\$ 28,957</b>	<b>\$ 27,648</b>	<b>5%</b>

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Explanations for changes in excess of 20% and \$100,000 are as follows:

*Governmental Activities:*

Investment Income – 77% decrease is due to investments with Lehman Brothers.

Special item, gain on sale of buildings – 100% decrease of 169,000 - related to sale of fire building and park barn in the prior year.

Miscellaneous revenue – 41% increase of \$111,000 – related to OMAG refund

Street expense – 46% decrease of \$301,000 – related to decreased street, signal light, and sidewalk repairs.

**Governmental Activities**

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

**TABLE 3  
Net Revenue (Expense) of Governmental Activities  
(In Thousands)**

	Total Expense of Services		% Inc. (Dec.)	Net Revenue (Expense) of Services		% Inc. (Dec.)
	2009	2008		2009	2008	
General government	\$ 2,038	\$ 2,014	1%	(\$1,918)	(\$1,743)	10%
Public safety	3,321	3,154	5%	(1,744)	(1,797)	-3%
Streets	358	659	-46%	(73)	(377)	-81%
Culture, parks and recreation	1,035	918	13%	(477)	(608)	-22%
Airport	396	391	1%	83	861	-90%
Economic development	39	47	-17%	(19)	(27)	-30%
Interest on long-term debt	49	53	-8%	(49)	(52)	-6%
<b>Total</b>	<u>7,236</u>	<u>\$ 7,236</u>	0%	<u>(\$4,197)</u>	<u>(\$3,743)</u>	12%

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Explanations for significant changes are listed above under Table 2.

**TABLE 4**  
**Net Revenue (Expense) of Business-Type Activities**  
**(In Thousands)**

	<u>Total Expense</u> <u>of Services</u>		<u>% Inc.</u> <u>Dec.</u>	<u>Net Revenue</u> <u>(Expense)</u> <u>of Services</u>		<u>% Inc.</u> <u>Dec.</u>
	<u>2009</u>	<u>2008</u>		<u>2009</u>	<u>2008</u>	
Water	\$ 1,814	\$ 1,676	8%	\$ 362	\$ 5	7140%
Wastewater	1,037	916	13%	(304)	(151)	101%
Sanitation	1,156	1,082	7%	67	106	-37%
Governmental interest	<u>4</u>	<u>84</u>	100%	<u>(4)</u>	<u>(84)</u>	-100%
<b>Total</b>	<u>\$ 4,011</u>	<u>\$ 3,758</u>	7%	<u>\$ 121</u>	<u>\$ (124)</u>	-198%

The City's business-type activities include utility services for water, wastewater, and sanitation.

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

- Total business-type activities reported net revenues of \$121,000 for the year ended September 30, 2009.
- Water activity reported net revenue of \$362,000—an increase of \$356,500 related to increased water revenues.
- Governmental interest decrease of \$80,000 was for accrued interest on the airport land and paid off in the current year.

**A FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

As the City completed its 2009 fiscal year, the governmental funds reported a combined fund balance of \$7.2 million or a 6.4% decrease. The enterprise funds reported combined net assets of \$7.9 million or a 27.6% increase from 2008.

Other fund highlights include:

- For the year ended September 30, 2009, the General Fund's total fund balance decreased by \$53,534 or 3.1%.
- There was a \$699,945 reservation of the General Fund balance for specific capital projects.
- Proprietary fund net asset restriction included \$1,442,305 for debt service.

**General Fund Budgetary Highlights**

Over the course of the year, the City Council revised the General Fund budget various times. The revised budget included an increase in overall revenue projections (including transfers in) of 1.4% or \$141,854 and an increase in appropriations (including transfers out) of 3.7% or \$391,112. Actual revenues and transfers were under estimates by \$73,972 or 0.7%, while expenditures and transfers were under final appropriations by \$647,940 or 6.0%.

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**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of September 30, 2009, the City had \$33.1 million invested in capital assets, net of depreciation, including police and fire equipment, buildings, park facilities, streets, and water lines and sewer lines. (See Table 5). This represents a net increase of approximately \$6.6 million over last year.

**TABLE 5**  
**Capital Assets**  
**(In Thousands)**  
**(Net of accumulated depreciation)**

	<b>Governmental</b>		<b>Business-Type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>			
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
Land	\$ 1,322	\$ 510	\$ 690	\$ 690	\$ 2,012	\$ 1,200
Buildings	2,038	2,035	1,785	1,835	3,823	3,870
Imp. other than buildings	4,554	4,808	60	66	4,614	4,874
Machinery, furniture and equipment	1,382	1,221	1,155	979	2,537	2,200
Infrastructure	130	90	-	-	130	90
Utility property	-	-	8,095	8,714	8,095	8,714
Construction in progress	5,421	5,481	6,446	8	11,867	5,489
<b>Totals</b>	<b>\$ 14,847</b>	<b>\$ 14,145</b>	<b>\$ 18,231</b>	<b>\$ 12,292</b>	<b>\$ 33,078</b>	<b>\$ 26,437</b>

This year's more significant capital asset additions included:

Water Treatment Plant	\$6,192,453
Centennial Corridor Walkway	324,825
Airport Taxiway Extension	213,614

See Note 4 to the financial statements for more detail information on the City's capital assets and changes therein.

**Long-Term Debt**

At year-end, the City had \$14.98 million in long-term debt outstanding which represents a \$10.1 million or 207% increase from the prior year. The City's changes in long-term debt by type of debt are as follows:

**TABLE 6**  
**Long-Term Debt**  
**(In Thousands)**

	<b>Governmental</b>		<b>Business-Type</b>		<b>Total</b>		<b>Total Percentage Change</b>
	<b>Activities</b>		<b>Activities</b>				
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>	
Accrued absences	\$ 372	\$ 258	\$ 42	\$ 31	\$ 414	\$ 289	43.3%
Revenue bonds	-	-	4,955	5,405	4,955	5,405	-8.3%
Notes payable	286	380	8,416	3,425	8,702	3,805	128.7%
Loan payable	-	-	14	36	14	36	-61.1%
Refundable grant obligation	180	193	-	-	180	193	-6.7%
Capital leases	479	340	237	222	716	562	27.4%
<b>Totals</b>	<b>\$ 1,317</b>	<b>\$ 1,171</b>	<b>\$ 13,664</b>	<b>\$ 9,119</b>	<b>\$ 14,981</b>	<b>\$ 10,290</b>	<b>45.6%</b>

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The City issued \$5.8 million in OWRB loans to finance the construction of a new Water Treatment facility.

See Note 5 to the financial statements for more detail information on the City's long-term debt and changes therein.

**The Economic Outlook**

In the FY 2008-2009 the City of Guthrie and Guthrie Public Works Authority developed the budget with defined goals and conservative revenue projections with a \$260,071 fund balance carryover.

The fiscal year 2009-2010 budget represents an overall increase of \$1,835,553 which includes all funds and all transfers. The increase is largely due to the rising cost of materials, fuel, expenditures related to personnel, and construction of a new Water Treatment Plant. The Capital Projects Fund budget was separated for the first time this year in order to ensure the City is taking care of its assets by replacing or repairing as needed. It also provides the ability to better monitor expenditures and debt service on facilities, vehicles, equipment, and infrastructure. A separate Grant Fund was also created for ease of tracking City's grants and to help identify areas where improvements should be made to secure additional grant funding.

**Contacting the City's Financial Management**

This report is designed to provide our citizens, taxpayers, customers and creditors with an understanding of the City's finances and to demonstrate the City's accountability for the resources it receives. If you have questions about this report or need additional financial information, contact the City's Treasurer at 101 North Second Guthrie, Oklahoma 73044 or telephone at 405-282-2489.

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**BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE**

**CITY OF GUTHRIE, OKLAHOMA**  
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**Statement of Net Assets— September 30, 2009**

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 6,486,784	\$ 2,213,117	\$ 8,699,901
Investments	699,945	645,745	1,345,690
Interest receivable	908	-	908
Accounts receivable, net of allowance	427,390	408,672	836,062
Internal balances	(93,625)	93,625	-
Due from other governmental agencies	724,253	-	724,253
Notes receivable, net of allowance (Note 3)	-	220,378	220,378
Capital Assets:			
Land and construction in progress	6,743,377	7,136,436	13,879,813
Other capital assets, net of depreciation	8,103,700	11,095,273	19,198,973
Unamortized issuance costs	-	468,550	468,550
Total Assets	<u>\$ 23,092,732</u>	<u>\$ 22,281,796</u>	<u>\$ 45,374,528</u>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	\$ 622,879	\$ 616,668	\$ 1,239,547
Accrued interest payable	6,815	47,127	53,942
Due to depositors	-	318,426	318,426
Due to bondholders	8,472	-	8,472
Unearned income	51,727	-	51,727
Long-term liabilities			
Due within one year	259,260	703,524	962,784
Due in more than one year	1,057,616	12,724,938	13,782,554
Total liabilities	<u>\$ 2,006,769</u>	<u>\$ 14,410,683</u>	<u>\$ 16,417,452</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	13,737,375	5,319,945	19,057,320
Restricted for:			
Capital projects	6,225,503	-	6,225,503
Debt Service	449	1,442,305	1,442,754
Other projects	135,121	-	135,121
Unrestricted	987,515	1,108,863	2,096,378
Total net assets	<u>\$ 21,085,963</u>	<u>\$ 7,871,113</u>	<u>\$ 28,957,076</u>

See accompanying notes to the basic financial statements.

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**Statement of Activities –Year Ended September 30, 2009**

Functions/Programs	Expenses	Indirect Expense Allocation	Program Revenue			Net (Expense) Revenue and Changes in Net Assets		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Primary government</b>								
<b>Governmental Activities</b>								
General Government	\$ 2,038,279	\$ -	\$ 120,235	\$ -	\$ -	\$ (1,918,044)	\$ -	\$ (1,918,044)
Public Safety	3,320,793	-	1,124,122	452,850	-	(1,743,821)	-	(1,743,821)
Streets	357,933	-	192,370	91,993	-	(73,570)	-	(73,570)
Culture and Recreation	1,034,830	-	131,391	346,710	80,000	(476,729)	-	(476,729)
Airport	396,425	-	168,472	-	311,359	83,406	-	83,406
Economic Development	39,062	-	20,352	-	-	(18,710)	-	(18,710)
Interest on Long-term debt	48,955	-	-	-	-	(48,955)	-	(48,955)
Total governmental activities	<u>7,236,277</u>	<u>-</u>	<u>1,756,942</u>	<u>891,553</u>	<u>391,359</u>	<u>(4,196,423)</u>	<u>-</u>	<u>(4,196,423)</u>
<b>Business-Type Activities:</b>								
Water	1,015,797	798,213	2,175,588	-	-	-	361,578	361,578
Wastewater	476,368	560,199	732,649	-	-	-	(303,918)	(303,918)
Sanitation	954,300	201,827	1,223,554	-	-	-	67,427	67,427
General Government	426,959	(426,959)	-	-	-	-	-	-
Administration	254,585	(254,585)	-	-	-	-	-	-
Line Maintenance	822,170	(822,170)	-	-	-	-	-	-
Meter Operations	56,525	(56,525)	-	-	-	-	-	-
Governmental Interest Expense	4,107	-	-	-	-	-	(4,107)	(4,107)
Total business-type activities	<u>4,010,811</u>	<u>-</u>	<u>4,131,791</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>120,980</u>	<u>120,980</u>
Total primary government	<u>\$ 11,247,088</u>	<u>\$ -</u>	<u>\$ 5,888,733</u>	<u>\$ 891,553</u>	<u>\$ 391,359</u>	<u>\$ (4,196,423)</u>	<u>\$ 120,980</u>	<u>\$ (4,075,443)</u>
<b>General revenues:</b>								
<b>Taxes:</b>								
Sales and use taxes						\$ 4,028,137	\$ -	\$ 4,028,137
Franchise taxes and public service taxes						494,527	-	494,527
Hotel/motel taxes						117,409	-	117,409
Intergovernmental revenue not restricted to specific programs						126,790	-	126,790
Unrestricted investment earnings						104,678	67,682	172,360
Miscellaneous						382,847	62,367	445,214
Transfers						(1,449,932)	1,449,932	-
Total general revenues and transfers						<u>3,804,456</u>	<u>1,579,981</u>	<u>5,384,437</u>
Change in net assets						(391,967)	1,700,961	1,308,994
Net assets - beginning						21,477,930	6,170,152	27,648,082
Net assets - ending						<u>\$ 21,085,963</u>	<u>\$ 7,871,113</u>	<u>\$ 28,957,076</u>

See accompanying notes to the basic financial statements.

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**BASIC FINANCIAL STATEMENTS - GOVERNMENTAL FUNDS**

**CITY OF GUTHRIE, OKLAHOMA**  
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**Governmental Funds Balance Sheet - September 30, 2009**

	<u>General Fund</u>	<u>Airport Fund</u>	<u>Guthrie Oklahoma City Waterline Fund</u>	<u>Guthrie Job Corps Fund</u>	<u>Guthrie Centennial Fund</u>	<u>Capital Project Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>								
Cash and cash equivalents	\$ 502,495	\$ 124,178	\$ 5,524,650	\$ 48,509	\$ 68,087	\$ 65,409	\$ 153,456	\$ 6,486,784
Investments	699,945	-	-	-	-	-	-	699,945
Interest receivable	-	-	908	-	-	-	-	908
Receivable from other governments	512,542	78,234	-	-	129,449	-	4,028	724,253
Due from other funds	358,974	-	-	-	-	11	158,650	517,635
Taxes receivable, net	67,078	-	-	-	-	-	25,695	92,773
Court fines receivable, net	59,299	-	-	-	-	-	-	59,299
Ambulance receivable, net	170,140	-	-	-	-	-	-	170,140
Other receivables	90,287	-	-	-	-	14,891	-	105,178
<b>Total assets</b>	<b>\$ 2,460,760</b>	<b>\$ 202,412</b>	<b>\$ 5,525,558</b>	<b>\$ 48,509</b>	<b>\$ 197,536</b>	<b>\$ 80,311</b>	<b>\$ 341,829</b>	<b>\$ 8,856,915</b>
<b>LIABILITIES AND FUND BALANCES</b>								
<b>Liabilities:</b>								
Accounts payable	\$ 190,825	\$ 17,510	\$ -	\$ -	\$ -	\$ 50,358	\$ 184,915	\$ 443,608
Accrued payroll payable	157,559	-	-	-	-	-	-	157,559
Due to other funds	218,650	155,291	-	1,724	180,380	360	54,855	611,260
Due to bondholders	8,472	-	-	-	-	-	-	8,472
Payable to other governments	21,711	-	-	-	-	-	-	21,711
Deferred revenue	162,371	42,885	-	-	165,190	-	-	370,446
<b>Total liabilities</b>	<b>759,588</b>	<b>215,686</b>	<b>-</b>	<b>1,724</b>	<b>345,570</b>	<b>50,718</b>	<b>239,770</b>	<b>1,613,056</b>
<b>Fund balances:</b>								
<b>Reserved for:</b>								
Specific capital projects	699,945	-	-	-	-	-	-	699,945
Unreserved	1,001,227	-	-	-	-	-	-	1,001,227
<b>Unreserved, reported in non-major:</b>								
Special revenue funds	-	(13,274)	5,525,558	46,785	(148,034)	-	101,610	5,512,645
Capital projects funds	-	-	-	-	-	29,593	-	29,593
Debt service funds	-	-	-	-	-	-	449	449
<b>Total fund balances</b>	<b>1,701,172</b>	<b>(13,274)</b>	<b>5,525,558</b>	<b>46,785</b>	<b>(148,034)</b>	<b>29,593</b>	<b>102,059</b>	<b>7,243,859</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,460,760</b>	<b>\$ 202,412</b>	<b>\$ 5,525,558</b>	<b>\$ 48,509</b>	<b>\$ 197,536</b>	<b>\$ 80,311</b>	<b>\$ 341,829</b>	<b>\$ 8,856,915</b>

See accompanying notes to the basic financial statements.

**CITY OF GUTHRIE, OKLAHOMA**  
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**Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances – Year Ended September 30, 2009**

	<u>General Fund</u>	<u>Airport Fund</u>	<u>Guthrie Oklahoma City Waterline Fund</u>	<u>Guthrie Job Corps Fund</u>	<u>Guthrie Centennial Fund</u>	<u>Capital Project Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>								
Taxes	\$ 4,523,563	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 117,409	\$ 4,640,972
Intergovernmental	443,328	986,734	-	-	195,379	-	278,877	1,904,318
Licenses and permits	110,671	-	-	-	-	-	-	110,671
Charges for services	801,192	138,241	-	-	-	285,883	48,320	1,273,636
Fees and fines	216,420	-	-	-	-	-	-	216,420
Investment earnings	27,444	329	72,971	325	198	234	3,177	104,678
Miscellaneous	432,677	5,001	-	-	-	-	7	437,685
Total revenues	<u>6,555,295</u>	<u>1,130,305</u>	<u>72,971</u>	<u>325</u>	<u>195,577</u>	<u>286,117</u>	<u>447,790</u>	<u>8,688,380</u>
<b>EXPENDITURES</b>								
Current:								
General government	1,948,099	-	2,500	-	-	6,261	-	1,956,860
Public Safety	3,011,749	-	-	5,000	-	-	170,489	3,187,238
Public Works	300,023	-	-	-	-	-	-	300,023
Culture and recreation	652,074	-	-	-	-	-	79,361	731,435
Economic development	39,062	-	-	-	-	-	-	39,062
Airport	-	170,898	-	-	-	-	-	170,898
Capital outlay	24,318	249,857	-	-	324,824	1,085,302	260,876	1,945,177
Debt service:								
Principal	-	-	-	-	-	121,278	107,089	228,367
Interest and other charges	-	-	-	-	-	27,617	24,600	52,217
Total expenditures	<u>5,975,325</u>	<u>420,755</u>	<u>2,500</u>	<u>5,000</u>	<u>324,824</u>	<u>1,240,458</u>	<u>642,415</u>	<u>8,611,277</u>
Excess (deficiency) of revenues over expenditures	<u>579,970</u>	<u>709,550</u>	<u>70,471</u>	<u>(4,675)</u>	<u>(129,247)</u>	<u>(954,341)</u>	<u>(194,625)</u>	<u>77,103</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Proceeds from long-term debt, net	-	-	-	-	-	-	12,074	12,074
Proceeds from capital leases	24,318	-	-	-	-	236,052	-	260,370
Proceeds from sale of land	-	-	-	-	-	47,760	-	47,760
Transfers in	3,956,077	218,812	-	-	-	1,016,928	98,714	5,290,531
Transfers out	(4,613,899)	(827,597)	(404,390)	(21,835)	-	(316,806)	-	(6,184,527)
Total other financing sources and uses	<u>(633,504)</u>	<u>(608,785)</u>	<u>(404,390)</u>	<u>(21,835)</u>	<u>-</u>	<u>983,934</u>	<u>110,788</u>	<u>(573,792)</u>
Net change in fund balances	(53,534)	100,765	(333,919)	(26,510)	(129,247)	29,593	(83,837)	(496,689)
Fund balances - beginning	1,754,706	(114,039)	5,859,477	73,295	(18,787)	-	185,896	7,740,548
Fund balances - ending	<u>\$ 1,701,172</u>	<u>\$ (13,274)</u>	<u>\$ 5,525,558</u>	<u>\$ 46,785</u>	<u>\$ (148,034)</u>	<u>\$ 29,593</u>	<u>\$ 102,059</u>	<u>\$ 7,243,859</u>

See accompanying notes to the basic financial statements.

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**Reconciliation of Governmental Funds and Government-Wide Financial Statements:**

Total fund balance, governmental funds	\$ 7,243,859
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Assets.	14,847,077
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.	318,718
Some liabilities (such as Notes Payable, Capital Lease Contract Payable, Long-term Compensated Absences, and Bonds Payable ), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Assets.	(1,316,876)
Some liabilities (such as Accrued Interest Payable), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Assets.	<u>(6,815)</u>
Net Assets of Governmental Activities in the Statement of Net Assets	<u><u>\$ 21,085,963</u></u>

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**Reconciliation of Governmental Funds and Government-Wide Financial Statements:**

Net change in fund balances - total governmental funds: \$ (496,689)

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

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

Capital asset purchases capitalized	1,328,412
Depreciation expense	(624,090)

Governmental funds report the entire net sales price (proceeds) from sale of an asset as revenue because it provides current financial resources. In contrast, the Statement of Activities reports only the gain or loss on the sale of the assets. Thus, the change in net assets differs from the change in fund balance by the cost of the asset sold.

Book value of disposed capital assets	(2,309)
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:

Deferred revenue	(453,972)
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Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets:

Principal payments on long-term debt	228,367
Proceeds of long-term debt	(260,370)

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

Change in accrued interest payable	1,963
Change in accrued compensated absences	(113,279)
Change in net assets of governmental activities	<u>\$ (391,967)</u>

See accompanying notes to the basic financial statements.

**CITY OF GUTHRIE, OKLAHOMA**  
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**BASIC FINANCIAL STATEMENTS - PROPRIETARY FUNDS**

**CITY OF GUTHRIE, OKLAHOMA**  
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**Proprietary Funds Statement of Net Assets - September 30, 2009**

	<b><u>Guthrie Public</u></b> <b><u>Works Authority</u></b>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 980,651
Restricted:	
Cash and cash equivalents	957,466
Investments	99,000
Due from other funds	271,017
Accounts receivable, net	408,672
Notes receivable	12,712
Total current assets	<u>2,729,518</u>
Non-current assets:	
Restricted:	
Cash and cash equivalents	275,000
Investments	546,745
Notes receivable	207,666
Capital assets:	
Land and construction in progress	7,136,436
Other capital assets, net of accumulated depreciation	11,095,273
Unamortized issue costs	468,550
Total non-current assets	<u>19,729,670</u>
Total assets	<u>\$ 22,459,188</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 593,693
Salaries payable	22,975
Accrued interest payable	47,127
Due to other funds	177,392
Deposits subject to refund	318,426
Compensated absences	4,211
Capital lease obligation	110,802
Loans payable	13,739
Notes payable	124,772
Bonds payable	450,000
Total current liabilities	<u>1,863,137</u>
Non-current liabilities:	
Compensated absences	37,895
Capital lease obligation	125,960
Notes payable	8,291,449
Bonds payable	4,269,634
Total non-current liabilities	<u>12,724,938</u>
Total liabilities	<u>14,588,075.00</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	\$ 5,319,945
Restricted for debt service	1,442,305
Unrestricted	1,108,863
Total net assets	<u>\$ 7,871,113</u>

See accompanying notes to the basic financial statements.

**CITY OF GUTHRIE, OKLAHOMA**  
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**Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Assets - Year Ended September 30, 2009**

	<b><u>Guthrie Public Works Authority</u></b>
<b>REVENUES</b>	
Water	\$ 2,175,588
Sewer	732,649
Sanitation	1,223,554
Rents and royalties	5,630
Miscellaneous	12,299
Total operating revenues	4,149,720
<b>OPERATING EXPENSES</b>	
General government	316,327
Administration	184,494
Water	346,965
Wastewater	195,907
Sanitation	771,422
Landfill operations	123,680
Line maintenance	627,133
Meter operations	49,575
Amortization expense	30,628
Depreciation	816,886
Total Operating Expenses	3,463,017
Operating income	686,703
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Interest and investment revenue	67,682
Miscellaneous revenue	2,431
Gain on disposal of capital assets	42,007
Interest expense	(482,066)
Total non-operating revenue (expenses)	(369,946)
Income before transfers	316,757
Transfers in	6,654,661
Transfers out	(5,270,457)
Change in net assets	1,700,961
Total net assets - beginning	6,170,152
Total net assets - ending	\$ 7,871,113

See accompanying notes to the basic financial statements.

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**Proprietary Funds Statement of Cash Flows - Year Ended September 30, 2009**

	<b><u>Guthrie Public Works Authority</u></b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers	\$ 4,168,852
Payments to suppliers and employees	(2,144,672)
Receipts of customer meter deposits	67,948
Refunds of customer meter deposits	(73,832)
Interfund receipts/payments	(140,248)
<b>Net cash provided by operating activities</b>	<b><u>1,878,048</u></b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfers from other funds	6,706,212
Transfers to other funds	(5,310,361)
<b>Net cash provided by noncapital financing activities</b>	<b><u>1,395,851</u></b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchases of capital assets	(7,017,459)
Proceeds from sale of capital assets	42,007
Proceeds from debt	5,991,400
Principal paid on debt	(1,458,025)
Interest and fiscal agent fees paid on debt	(519,150)
<b>Net cash provided by (used in) capital and related financing activities</b>	<b><u>(2,961,227)</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Sale of investments	(6,581)
Interest and dividends	67,916
<b>Net cash provided by investing activities</b>	<b><u>61,335</u></b>
<b>Net increase in cash and cash equivalents</b>	<b>374,007</b>
<b>Balances - beginning of year</b>	<b><u>1,839,110</u></b>
<b>Balances - end of year</b>	<b><u>\$ 2,213,117</u></b>
<b>Reconciliation to Statement of Net Assets:</b>	
Cash and cash equivalents	\$ 980,651
Restricted cash and cash equivalents - current	957,466
Restricted cash and cash equivalents - noncurrent	275,000
<b>Total cash and cash equivalents, end of year</b>	<b><u>\$ 2,213,117</u></b>

(Continued)

See accompanying notes to the basic financial statements.

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**Proprietary Funds Statement of Cash Flows - Year Ended September 30, 2009, (Continued)**

**Reconciliation of operating income (loss) to net cash provided by**

<b>Operating Activities:</b>	
Operating income	\$ 686,703
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	816,886
Amortization expense	30,628
Miscellaneous revenue	2,431
Change in assets and liabilities:	
Due from other funds	(114,573)
Due to other funds	(25,675)
Accounts receivable	16,701
Accounts payable	453,042
Accrued salaries payable	6,324
Deposits subject to refund	(5,884)
Accrued compensated absences	11,465
<b>Net cash provided by operating activities</b>	<b><u>\$ 1,878,048</u></b>

See accompanying notes to the basic financial statements.

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**FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS**

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**Footnotes to the Basic Financial Statements:**

**1. Summary of Significant Accounting Policies**

**A. Financial Reporting Entity**

The City's financial reporting entity includes the primary government (City of Guthrie) and the blended component units as noted below. This annual report includes all activities for which the City of Guthrie City Council/Manager is fiscally responsible.

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

**The City of Guthrie** – that provides the public safety, health and welfare, streets and highways, parks and recreation, and administrative activities.

The City of Guthrie has a population of approximately 9,925 located in central Oklahoma. The City is a Council/Manager form of government that provides for three branches of government:

- Legislative – the City Council is the governing body elected by the citizens
- Executive – the City Manager is the Chief Executive Officer and is appointed by the City Council
- Judicial – the Municipal Judge is a practicing attorney appointed by the City Council

The City provides typical municipal services such as public safety, street maintenance, culture, parks and recreation, airport, and certain utility services including water, wastewater, and sanitation.

**Blended Component Units:**

- **The City of Guthrie Public Works Authority** – that operates the water, sewer, and sanitation services of the City.
- **The Guthrie Industrial Development Authority** – that operates to finance, develop and promote industrial development activities.
- **The Guthrie Public Transportation Authority** – (Currently inactive) that operates to finance, acquire, construct, operate and provide improvements, services or facilities of the City.
- **The Guthrie Transportation Authority** – that operates to furnish and supply facilities, property and equipment for transportation needs regarding tourism.

Each of these component units are Public Trusts established pursuant to Title 60 of Oklahoma State law. Public Trusts (Authorities) have no taxing power. The Authorities are generally created to finance City services through issuance of revenue bonds or other non-general obligation debt and to enable the City Council to delegate certain functions to the governing body (Trustees) of the Authority. The Authorities generally retain title to assets which are acquired or constructed with Authority debt or other Authority generated resources. In addition, the City has leased certain existing assets at the creation for the

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Authorities to the Trustees on a long-term basis. The City, as beneficiary of the Public Trusts, receives title to any residual assets when a Public Trust is dissolved.

**B. Basis of Presentation and Accounting**

*Government-Wide Financial Statements:*

The statements of net assets and activities are reported on the accrual basis of accounting and economic resources measurement focus. Under the accrual basis of accounting, revenues are recognized when earned and expenses (including depreciation and amortization) are recorded when the liability is incurred or economic asset used.

Program revenues in the Statement of Activities are revenues that are derived directly from each activity or from parties outside of the City's taxpayers. The City has the following program revenues in each activity:

- Public Safety – Fire, Police, Ambulance – fines and forfeitures, ambulance fees, fire run charges, 911 revenue and restricted operating grants.
- Airport – rental fees, reimbursements from the City of Edmond, and capital grants.
- Streets – Commercial vehicle and gasoline excise tax shared by the State and other restricted operating grants.
- Culture, parks, and recreation – cemetery revenues, lake fees, pool fees, library fees, operating and capital grants.
- General Government – licenses and permits, abatement fees, and restricted operating grants.
- Economic Development – rental income.

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

*Governmental Funds:*

The City's governmental funds include:

Major Funds:

- General Fund – accounts for all activities not accounted for in other special-purpose funds.
- Airport Fund – accounts for airport expenses partially reimbursed by the City of Edmond and grant funds.
- Guthrie/Oklahoma City Waterline Fund – accounts for the cost of developing a reliable source of water for the City and making certain other capital improvements to the municipal water and sewer systems.
- Guthrie Job Corps Sales Fund - accounts for activities related to the construction and purchases of the fire station and facilities.
- Guthrie Centennial Fund – accounts for grants and contributions restricted for the state's centennial activities.
- Capital Project Fund – accounts for transfers from other City funds for various capital acquisitions and projects.

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Aggregated Non-Major Funds (reported as Other Governmental Funds):

Special Revenue Funds:

- Airport Escrow Fund – accounts for required 25% escrow of OAC grant funds until completion and acceptance of project by OAC (closed in the current year).
- Hotel/Motel Tax Fund – accounts for hotel/motel tax revenues to be used in parks and promotion of tourism.
- Cemetery Care Fund – accounts for 12.5% of cemetery revenue restricted by State law for cemetery capital improvements.
- USDA Rural Development Fund – accounts for a Rural Business Enterprise grant to provide a revolving loan fund for small businesses.
- Guthrie Industrial Development Authority – accounts for activity related to economic development and repayment of refundable grant obligation from the proceeds of a long-term note receivable.
- Grant Fund – accounts for grant activity.

Debt Service Fund - accounts for ad-valorem taxes levied by the City for use in retiring court-assessed judgments and their related interest expense.

The governmental funds are reported on the modified accrual basis of accounting. On the modified accrual basis of accounting, revenues are recorded when earned and measurable and available to pay current financial obligations, while expenditures are recorded when incurred and payable from current financial resources. The City defines revenue availability as collected within 60 days of period end.

The reconciliation of the governmental funds financial statements to the governmental activities presentation in the government-wide financial statements is the result of the use of the accrual basis of accounting and economic resources measurement focus at the government-wide level.

The General Fund, Airport Fund, Guthrie/Oklahoma City Waterline Fund, Guthrie Job Corps Sales Fund, Guthrie Centennial Fund, and Capital Project Funds are considered major funds and are therefore displayed in separate columns. All other governmental funds are considered non-major funds and are aggregated under the column titled Other Governmental Funds.

*Proprietary Funds:*

The City's proprietary funds include:

**Enterprise Fund**

- Guthrie Public Works Authority Fund that accounts for the activities of the public trust in providing water, sewer, and sanitation services to the public.

The proprietary funds are reported on the accrual basis of accounting and economic resources measurement focus. For business-type activities and enterprise funds, Financial Accounting Standard Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

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For purposes of the statement of revenues, expenses and changes in fund net assets, operating revenues and expenses are considered those whose cash flows are related to operating activities, while revenues and expenses related to financing, capital and investing activities are reported as non-operating or transfers and contributions.

### **C. Measurement Focus and Basis of Accounting**

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

#### **Measurement Focus**

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

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

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.

#### **Basis of Accounting**

In the government-wide Statement of Net Assets and Statement of Activities both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available". Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter (within 60 days of period end) to pay current liabilities. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

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

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**D. Assets, Liabilities, and Equity**

**Cash and Investments**

For the purposes of the statements of net assets, balance sheets, and statement of cash flows, "cash and cash equivalents" includes all demand and savings accounts, and certificates of deposits or short-term investments with an original maturity of three months or less. Investments of the promissory note trustee accounts are not considered cash equivalents.

Investments are carried at fair value except for short-term U.S. Treasury obligations with a remaining maturity at the time of purchase of one year or less. Those investments are reported at amortized cost. Fair value is based on quoted market price.

**Receivables**

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include sales and use taxes, franchise taxes, grants, police fines, and ambulance fees. Business-type activities report utilities as its major receivables.

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

**Capital Assets**

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

*Government-Wide Statements*

In the government-wide financial statements, capital assets are accounted for as capital assets. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. Estimated historical cost was used to value the majority of the assets acquired prior to June 30, 1992.

Prior to October 1, 2003, governmental funds' infrastructure assets were not capitalized. These assets have been valued at estimated historical cost.

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

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threshold of \$2,500 is used to report capital assets. The range of estimated useful lives by type of asset is as follows:

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

#### *Fund Financial Statements*

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

#### **Restricted Assets**

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

#### **Long-Term Debt**

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

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

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

#### **Compensated Absences**

The City's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. The liability for these compensated absences is recorded as long-term debt in the government-wide statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred.

#### **Equity Classifications**

##### *Government-Wide Statements*

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

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds,

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mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

- b. Restricted net assets – Consists of net assets with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

#### *Fund Statements*

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

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

### **E. Revenues, Expenditures, and Expenses**

#### **Sales Tax**

The City presently levies a three 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. Sales tax proceeds, after recording in the General Fund, are distributed per City resolution to the GPWA with any unused portion subsequently returned to the General Fund. For the year ended September 30, 2009, the General Fund received on a cash basis \$3,866,077 of sales tax, of which the full amount was transferred to the Authority. Subsequently, the Authority transferred the full amount back to the City’s General Fund.

Sales tax collected by the State in September and October 2009 and received by the City in October and November 2009, has been accrued and is included under the caption “Due from other governments” since they represent taxes on sales occurring prior to year-end.

#### **Property Tax**

Under State law, municipalities are limited in their ability to levy a property tax. Such tax may only be levied to repay principal and interest on general obligation bonded debt approved by voters and any court-assessed judgments.

For the year ended September 30, 2009, the City did not levy a property tax, and had no general obligation bonded debt or court-assessed judgments outstanding at September 30, 2009.

#### **Operating Revenues and Expenses**

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



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2. Internal activities - amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers - Internal Activities. The effect of interfund services between funds, if any, are not eliminated in the Statement of Activities.

**G. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

**2. Cash, Cash Equivalents, and Investments**

For the purpose of the statements of net assets, balance sheets, and statement of cash flows, cash and cash equivalents includes all demand and savings accounts, certificates of deposit or short-term investments with an original maturity of three-months or less. Trust account investments in open-ended mutual fund shares are also considered cash equivalents for reporting purposes.

At September 30, 2009, the reporting entity held the following deposits and investments:

**Primary Government:**

<u>Type</u>	<u>Maturities</u>	<u>Carrying Value</u>
<b>Deposits:</b>		
Demand deposits		\$ 2,878,344
Cash on hand		1,225
Time deposit	2/26/2010	99,000
Time deposit	4/10/2010	699,945
		<u>3,678,514</u>
<b>Investments:</b>		
FHLMC	3/1/2010	546,745
Trustee accounts money markets		5,820,332
		<u>6,367,077</u>
<b>Total deposits and investments</b>		<u>\$ 10,045,591</u>
<b>Reconciliation to Statement of Net Assets:</b>		
Cash and cash equivalents		\$ 8,699,901
Investments		1,345,690
		<u>\$ 10,045,591</u>

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

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City holds investments that are uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the City's name.

The City's policy as it relates to custodial credit risk is to secure its uninsured deposits with collateral, valued at no more than market value, at least at a level of 110% of the uninsured deposits and accrued interest thereon. For investments in the Guthrie/OKC Waterline Fund, the trust agreement requires the investments to be collateralized with U. S. government-backed obligations. At September 30, 2009 the City was exposed to custodial credit risk in the amount of \$209,150.

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

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

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

Description	Financial Institution	Amount	Rating
FHLMC Government Security	JP Morgan	\$ 546,745	N/A
U.S. Treasury Money Market Fund	JP Morgan	295,682	AAA
Money Market Funds	Bank of Oklahoma	<u>5,524,650</u>	AAA
Total Investments		<u>\$ 6,367,077</u>	

*Concentration of Investment Credit Risk* - the City places no limit on the amount it may invest in any one issuer. Since the City has all investments in certificates of deposit, government securities, or money market accounts, there is no concentration of investment credit risk exposure.

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*Restricted Cash and Investments* – The amounts reported as restricted assets of the proprietary fund statement of net assets are comprised of amounts restricted for debt service, debt reserve, or construction purposes. The restricted assets as of September 30, 2009 are as follows:

	Current		Noncurrent	
	Cash and cash equivalents	Investments	Cash and cash equivalents	Investments
Series 2002 Revenue Bond Account	\$ 222,645	\$ -	\$ -	\$ -
Series 2002 Sinking Account	13,268	-	-	-
Series 2002 Reserve Account	-	-	-	546,745
Series 2001 Revenue Bond Account	479,910	-	-	-
Series 2001 Sinking Account	-	-	-	-
Series 2001 Reserve Account	-	-	275,000	-
Series 2001 Cost of Issuance Account	7,414	-	-	-
Meter deposits	234,229	99,000	-	-
<b>Total</b>	<b>\$ 957,466</b>	<b>\$ 99,000</b>	<b>\$ 275,000</b>	<b>\$ 546,745</b>

### 3. Accounts and Notes Receivable

Accounts Receivable - Accounts receivable of the business-type activities consist of customers utilities services provided, both billed and unbilled, due at year end, reported net of allowance for uncollectible amounts. The governmental activities receivables include fines receivables.

	Accounts Receivable	Less: Allowance for Uncollectible Accounts	Net Accounts Receivable
<b>Governmental Activities:</b>			
Franchise taxes	\$ 67,078	\$ -	\$ 67,078
Court fines	219,132	(159,833)	59,299
Ambulance fees	2,430,564	(2,260,424)	170,140
Other taxes	25,695	-	25,695
<b>Other:</b>			
Street utilities	47,774	(24,657)	23,117
OMAG	82,061	-	82,061
Total other	129,835	(24,657)	105,178
<b>Total Governmental Activities</b>	<b>\$ 2,872,304</b>	<b>\$ (2,444,914)</b>	<b>\$ 427,390</b>
<b>Business-Type Activities:</b>			
Utilities	\$ 777,947	\$ (369,275)	\$ 408,672

Notes Receivable – Excel Jet – The Guthrie Industrial Development Authority has a \$375,000 note receivable with Excel-Jet with interest rates between 6% - 7%. The note is unsecured and matures in December 2011. The payments received on this note are used to secure two notes payable with Logan

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County Economic Development Council and Bancfirst. Monthly payments of \$4,849 began in January 2007. Management has determined that the receivable has been impaired and has continued to report an allowance for uncollectible note receivable for the entire amount. The company has made interest only payments on the note through the current fiscal year.

Note Receivable – Ladd – The Guthrie Public Works Authority has a \$225,000 and a \$90,000 notes receivable with certain individuals for the sale of the fire building and park barn. Each note has a 0% interest rate unless default occurs on the loan in which case, the note will bear a 10% interest rate. Events of default include failure to rehabilitate the property to occupancy status within 36 months of the date of the note and failure to meet minimum maintenance requirements within 12 months of the date of the note. However, an imputed interest rate of 4% has been applied. The notes are dated June 5, 2009 and mature on July 2023. Monthly payments are \$1,250 and \$500, respectively.

The activity on the notes receivable at September 30, 2009 is as follows:

	Balance 10/1/2008	Additions	Deductions	Balance 9/30/2009	Due Within One Year
<b>Governmental Activities:</b>					
Excel Jet	\$ 375,000	\$ -	\$ -	\$ 375,000	\$ -
(Less allowance for uncollectible account)	(375,000)	-	-	(375,000)	-
Total Governmental Activities, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Business-Type Activities:</b>					
Fire Building - Ladd	\$ 165,534	\$ -	\$ (8,534)	\$ 157,000	\$ 8,882
Park Barn - Ladd	66,492	-	(3,114)	63,378	3,830
Total Business-Type Activities	<u>\$ 232,026</u>	<u>\$ -</u>	<u>\$ (11,648)</u>	<u>\$ 220,378</u>	<u>\$ 12,712</u>

#### 4. Capital Assets and Depreciation

*Capital Assets:*

Capital assets consist of land, land improvement, construction in progress, buildings and building improvements, machinery and equipment, and infrastructure. Capital assets are reported at actual or estimated historical cost. Donated capital assets are recorded at their fair value at the date of donation. For the year ended September 30, 2009, capital assets balances changed as follows:

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	Balance at October 1, 2008	Additions	Disposals	Balance at September 30, 2009
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 509,722	\$ 812,485	\$ -	\$ 1,322,207
Construction in progress	5,480,685	752,970	812,485	5,421,170
Total capital assets not being depreciated	<u>5,990,407</u>	<u>1,565,455</u>	<u>812,485</u>	<u>6,743,377</u>
Other capital assets:				
Buildings	2,640,932	62,781	3,953	2,699,760
Improvements	6,142,316	-	3,894	6,138,422
Infrastructure	105,038	46,048	-	151,086
Machinery, furniture and equipment	5,348,609	466,613	352,319	5,462,903
Total other capital assets at historical cost	<u>14,236,895</u>	<u>575,442</u>	<u>360,166</u>	<u>14,452,171</u>
Less accumulated depreciation for:				
Buildings	605,603	59,529	3,286	661,846
Improvements	1,334,185	253,891	3,245	1,584,831
Infrastructure	15,305	6,072	-	21,377
Machinery, furniture and equipment	4,127,145	304,598	351,326	4,080,417
Total accumulated depreciation	<u>6,082,238</u>	<u>624,090</u>	<u>357,857</u>	<u>6,348,471</u>
Other capital assets, net	8,154,657	(48,648)	2,309	8,103,700
Governmental activities capital assets, net	<u>\$ 14,145,064</u>	<u>\$ 1,516,807</u>	<u>\$ 814,794</u>	<u>\$ 14,847,077</u>
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 689,607	\$ -	\$ -	\$ 689,607
Construction in progress	7,523	6,439,306	-	6,446,829
Total capital assets not being depreciated	<u>697,130</u>	<u>6,439,306</u>	<u>-</u>	<u>7,136,436</u>
Other capital assets:				
Buildings	2,533,069	-	-	2,533,069
Improvements	219,565	-	-	219,565
Machinery, furniture and equipment	2,271,204	318,353	28,333	2,561,224
Utility property	19,008,075	-	-	19,008,075
Total other capital assets at historical cost	<u>24,031,913</u>	<u>318,353</u>	<u>28,333</u>	<u>24,321,933</u>
Less accumulated depreciation for:				
Buildings	698,554	49,235	-	747,789
Improvements	153,097	6,726	-	159,823
Machinery, furniture and equipment	1,292,207	142,096	28,333	1,405,970
Utility property improvements	10,294,249	618,829	-	10,913,078
Total accumulated depreciation	<u>12,438,107</u>	<u>816,886</u>	<u>28,333</u>	<u>13,226,660</u>
Other capital assets, net	11,593,806	(498,533)	-	11,095,273
Business-type activities capital assets, net	<u>\$ 12,290,936</u>	<u>\$ 5,940,773</u>	<u>\$ -</u>	<u>\$ 18,231,709</u>

Depreciation of capital assets is included in total expenses and is charged or allocated to the activities primarily benefiting from the use of the specific asset. Depreciation expense has been allocated as follows:

Governmental Activities:

General government	\$ 62,642
Public safety	193,125
Highways and streets	55,686
Culture, tourism, and recreation	91,496
Airport	221,141
	<u>\$ 624,090</u>

Business-Type Activities:

Water	\$ 361,425
Wastewater	137,637
Sanitation	46,508
Administration	53,451
Line maintenance	210,915
Meter operations	6,950
	<u>\$ 816,886</u>

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**5. Long-Term Debt and Debt Service Requirements**

For the year ended September 30, 2009, the reporting entity's long-term debt changed as follows:

<u>Type of Debt</u>	<u>Balance</u> <u>October 01, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>September 30, 2009</u>	<u>Due Within</u> <u>One Year</u>
<b>Governmental Activities:</b>					
Capital lease payable	\$ 340,289	\$ 260,370	\$ 121,278	\$ 479,381	\$ 152,954
Refundable grant obligation	192,708	-	12,500	180,208	12,500
Notes payable	380,489	-	94,589	285,900	56,667
Accrued compensated absences	258,108	113,279	-	371,387	37,139
Total Governmental Activities	<u>\$ 1,171,594</u>	<u>\$ 373,649</u>	<u>\$ 228,367</u>	<u>\$ 1,316,876</u>	<u>\$ 259,260</u>
<b>Business-Type Activities:</b>					
Notes Payable	\$ 3,425,244	\$ 5,879,212	\$ 888,235	\$ 8,416,221	\$ 124,772
Capital lease payable	221,972	112,188	97,398	236,762	110,802
Revenue bonds payable	5,405,000	-	450,000	4,955,000	450,000
Loan payable	36,131	-	22,392	13,739	13,739
Accrued compensated absences	30,641	11,465	-	42,106	4,211
Total Business-Type Activities	<u>9,118,988</u>	<u>6,002,865</u>	<u>1,458,025</u>	<u>13,663,828</u>	<u>703,524</u>
Total Long-Term Debt	<u>\$ 10,290,582</u>	<u>\$ 6,376,514</u>	<u>\$ 1,686,392</u>	<u>\$ 14,980,704</u>	<u>\$ 962,784</u>

**Reconciliation to Statement of Net Assets:**

**Governmental Activities:**

Due within one year	\$ 259,260
Due in more than one year	1,057,616
Total Governmental Activities Long-Term Liabilities	<u>\$ 1,316,876</u>

**Business-Type Activities:**

Due within one year	\$ 703,524
Due in more than one year	12,724,938
Add back unamortized charge on refunding	235,366
Total Business-Type Activities Long-Term Liabilities	<u>\$ 13,663,828</u>

The governmental capital lease obligations are paid by the general fund. Governmental accrued compensated absences will be liquidated by the general fund. Governmental notes payable and the refundable grant obligation are paid by the Guthrie Industrial Development Authority.

*Governmental activities long-term debt:*

Governmental activities long-term debt payables from net revenues include the following:

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Capital Lease Obligations:

\$170,250 lease obligation for the purchase of a pumper, payable in 10 annual installments of \$21,835 with an annual interest rate of 4.8%, final payment due February 2012.	\$	59,646
\$10,829 lease obligation for purchase of pickup, payable in 3 annual installments of \$3,902 with an annual interest rate of 4%, final payment due July 2011.		5,476
\$165,086 lease obligation for purchase of street sweeper, payable in 5 annual installments of \$38,390 with an annual interest rate of 5.53%, final payment due March 2012.		98,836
\$110,295 lease obligation for the purchase of 4 Dodge Charges, payable in 36 monthly installments of \$3,232 with an annual interest rate of 3.5%, final payment due January 2012.		82,569
\$110,275 lease obligation for the purchase of a 10 Wheel Dump Truck, payable in 60 monthly installments of \$2,031 with an annual interest rate of 3.99%, final payment due June 2014.		104,784
\$15,482 lease obligation for the purchase of a server, payable in 36 monthly installments of \$483 with an annual interest rate of 6.54%, final payment due February 2012.		12,642
\$13,185 lease obligation for the purchase of video editing equipment, payable in 48 monthly installments of \$329 with an annual interest rate of 6.66%, final payment due September 2011.		7,365
\$21,929 lease obligation for the purchase of video equipment, payable in 48 monthly installments of \$523 with an annual interest rate of 6.83%, final payment due May 2012.		15,273
\$18,700 lease obligation for the purchase of video equipment, payable in 48 monthly installments of \$510 with an annual interest rate of 15.297%, final payment due February 2012.		12,004
\$78,568 lease obligation for the purchase of copiers, payable in 60 monthly installments of \$1,669 with an annual interest rate of 10%, final payment due December 2012.		56,468
\$24,318 lease obligation for the purchase of a 2009 Tahoe, payable in 38 monthly installments of \$720 with an annual interest rate of 4%, final payment due November 2012.		24,318
Total Capital Leases Payable	\$	<u>479,381</u>
	Current portion	\$ 152,954
	Noncurrent portion	326,427
Total Capital Leases Payable	\$	<u>479,381</u>

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Notes Payable:

Note Payable to Logan County Economic Development Council, Inc. dated August 1, 2003, original amount \$139,500 with annual interest rate of 7.0%, due in quarterly installments of principal and interest beginning October 1, 2003, final installment due July 1, 2012, secured with a property mortgage and payable from GIDA resources.	\$	52,243
Note Payable to Logan County Economic Development Council, Inc. dated December 16, 2005, original amount \$147,000 with annual interest rate of 6.0%, due in monthly installments of principal and interest beginning December 31, 2006, final installment due December 31, 2011 and payable from GIDA resources.		73,126
Note Payable to BancFirst dated January 1, 2006, original amount \$228,000 with annual interest rate of 7.0%, due in quarterly installments of principal and interest beginning January 4, 2007, final installment due December 4, 2011, secured with a property mortgage and payable from GIDA resources		160,531
Total Notes Payable	\$	<u>285,900</u>
Current portion	\$	56,667
Noncurrent portion		229,233
Total Notes Payable	\$	<u>285,900</u>

Refundable Grant Obligation:

CDBG Refundable Grant Obligation dated March 1, 2003, original amount of \$250,000 with 0% interest rate, due in monthly installments of \$1,041, secured with lease revenue from Spirit Wing Aviation.	\$	180,208
Total Refundable Grant Obligation	\$	<u>180,208</u>
Current portion	\$	12,500
Noncurrent portion		167,708
Total Refundable Grant Obligation	\$	<u>180,208</u>

Accrued Compensated Absences:

		37,139
Current portion		334,248
Noncurrent portion		371,387
Total Accrued Compensated Absences	\$	<u>371,387</u>

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*Business-type activities* long-term debt payable from net revenues generated by and taxes pledged to the City's business-type activities include the following:

Capital Lease Obligations:

\$118,461 lease obligation for the purchase of a Van Mounted TV Inspection System, payable in 8 annual installments of \$18,331 with an annual interest rate of 5.0%, final payment due January 2012.	\$	33,224
\$70,186 lease obligation for the purchase of a Case Backhoe, payable in 5 annual installments of \$16,090 with an annual interest rate of 5.15%, final payment due October 1, 2011.		15,373
\$129,331 lease obligation for the purchase of a hydraulic crawler, payable in 3 annual installments of \$46,429 with an annual interest rate of 3.75%, final payment due June 2011.		88,156
\$74,998 lease obligation for the purchase of 3 Chevy Silerados, payable in 36 monthly installments of \$2,181 with an annual interest rate of 3.00%, final payment due June 2012.		68,775
\$37,190 lease obligation for the purchase of Camera Trucks, payable in 36 monthly installments of \$1,115 with an annual interest rate of 5.00%, final payment due March 2012.		31,234
Total Capital Leases Payable	\$	<u>236,762</u>
	Current portion	\$ 110,802
	Noncurrent portion	125,960
Total Capital Leases Payable	\$	<u>236,762</u>

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Notes Payable:

2004 SRF Note Payable to Oklahoma Water Resources Board dated September 1, 2004, original amount of \$607,000 with an annual interest rate of 2.17% due in semi-annual installments of principal and interest beginning March 15, 2005, final installment due September 15, 2024, payable from and secured by utility revenues. Remaining funds to be drawn at September 30, 2006 is \$3,442.	\$ 485,871
2004A SRF Note Payable to Oklahoma Water Resources Board dated December 10, 2004, original amount of \$2,500,000 with an annual interest rate of 3% due in semi-annual installments of principal and interest beginning March 15, 2005, final installment due September 15, 2024, payable from and secured by utility revenues.	2,084,744
2008 SRF Note Payable to Oklahoma Water Resources Board dated January 19, 2009, original amount of \$7,320,000 with an annual interest rate of 4.51% due in semi-annual installments of principal and interest beginning March 15, 2011, final installment due September 15, 2030, payable from and secured by utility revenues.	271,595
2009 SRF Note Payable to Oklahoma Water Resources Board dated January 19, 2009, original amount of \$8,000,000 with an annual interest rate of 4.51% due in semi-annual installments of principal and interest beginning March 15, 2011, final installment due September 15, 2030, payable from and secured by utility revenues.	5,574,011
Total Notes Payable	\$ 8,416,221
Current portion	\$ 124,772
Noncurrent portion	8,291,449
Total Notes Payable	\$ 8,416,221

Revenue Bonds Payable:

2001 Refunding Series Utility System Revenue Bonds original issue amount of \$2,750,000, dated August 1, 2003, issued by Guthrie Public Works Authority, secured by certain utility revenue and pledged sales tax, and a security interest in the personal property used in conjunction with the water and sewer systems, interest rates from 3.45% to 6.25%, final maturity March 1, 2013.	\$ 1,250,000
2002 Refunding Series Utility System Revenue Bonds original issue amount of \$5,345,000, dated March 1, 2002, issued by Guthrie Public Works Authority, secured by certain utility revenue and pledged sales tax, and a security interest in the personal property used in conjunction with the water and sewer systems, interest rates from 1.75% to 5.15%, final maturity September 1, 2019.	3,705,000
Total Revenue Bonds Payable	\$ 4,955,000
Less: Unamortized Charge on Refunding	(235,366)
Net Revenue Bonds Payable	\$ 4,719,634
Current portion	\$ 450,000
Noncurrent portion	4,269,634
Total Revenue Bonds Payable	\$ 4,719,634

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Loan payable:

Loan to developer for sewer lines at Pleasant Hill Apartments dated July 15, 2005, original amount \$105,385 with 0% interest rate, due as credits to developer utility bills estimated at \$18,700 annually.

	\$	13,739
Total Loan Payable	\$	<u>13,739</u>
Current portion	\$	13,739
Noncurrent portion		-
Total Loan Payable	\$	<u>13,739</u>

Accrued Compensated Absences:

	\$	4,211
Current portion		37,895
Noncurrent portion		-
Total Accrued Compensated Absences	\$	<u>42,106</u>

Debt Service Requirements to Maturity:

<u>Year Ending September 30,</u>	Governmental Activities					
	Refundable Grant Obligations		Capital Lease obligations		Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 12,500	\$ -	\$ 152,954	\$ 18,942	\$ 56,667	\$ 21,015
2011	12,500	-	157,092	12,719	60,495	17,188
2012	12,500	-	121,573	5,841	168,738	5,241
2013	12,500	-	30,322	1,221	-	-
2014	12,500	-	17,440	299	-	-
2015-2019	62,500	-	-	-	-	-
2020-2024	55,208	-	-	-	-	-
Totals	<u>\$ 180,208</u>	<u>\$ -</u>	<u>\$ 479,381</u>	<u>\$ 39,022</u>	<u>\$ 285,900</u>	<u>\$ 43,444</u>

<u>Year Ending September 30,</u>	Business Type Activities							
	Capital Lease Obligations		Revenue Bonds Payable		Loan Payable		Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 110,802	\$ 9,611	\$ 450,000	\$ 231,368	\$ 13,739	\$ -	\$ 124,772	\$ 79,200
2011	100,363	4,789	485,000	211,221	-	-	639,955	758,756
2012	25,597	340	505,000	189,609	-	-	662,057	731,754
2013	-	-	890,000	158,485	-	-	685,167	703,402
2014	-	-	305,000	131,505	-	-	709,331	674,167
2015-2019	-	-	2,320,000	416,631	-	-	3,949,500	2,852,050
2020-2024	-	-	-	-	-	-	4,742,099	1,972,654
2025-2029	-	-	-	-	-	-	5,196,316	1,443,410
2030-2034	-	-	-	-	-	-	1,181,418	32,241
Totals	<u>\$ 236,762</u>	<u>\$ 14,740</u>	<u>\$ 4,955,000</u>	<u>\$ 1,338,819</u>	<u>\$ 13,739</u>	<u>\$ -</u>	<u>\$ 17,890,615</u>	<u>\$ 9,247,634</u>
							Less remaining funds to be drawn down:	<u>(9,474,394)</u>
								<u>\$ 8,416,221</u>

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Defeased Bonds Outstanding:

The Guthrie Public Works Authority has defeased an outstanding bond issue by placing deposits in irrevocable trusts and escrow accounts for the purchase of U.S. government securities to pay the principal and interest on the defeased bonds as they are due and payable. For financial reporting purposes, both the defeased bonds outstanding and the escrowed securities have been excluded from the financial statements. At year-end, the remaining outstanding defeased bonds were as follows:

<u>Defeased Bonds Outstanding:</u>	<u>Outstanding at September 30, 2009</u>
1977 Series Bonds - Public Works Authority	
Total Defeased Bonds Outstanding	<u>\$100,000</u>

**6. Net Assets and Fund Balances**

Net assets are displayed in three components:

- a. *Invested in capital assets, net of related debt* - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- b. *Restricted net assets* - Consists of net assets with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or 2) law through constitutional provisions or enabling legislation.

The restrictions are as follows:

	<u>State Statutes</u>	<u>Enabling Legislation</u>	<u>Contractual Agreements</u>	<u>Total</u>
Governmental Activities:				
Capital Projects:				
General Fund - specific GHM Projects	\$ -	\$ -	\$ 699,945	\$ 699,945
Guthrie/OKC Waterline Fund	-	5,525,558	-	5,525,558
Sub-total Capital Projects	<u>-</u>	<u>5,525,558</u>	<u>699,945</u>	<u>6,225,503</u>
Debt Service:				
Sinking Fund	449	-	-	449
Other				
USDA Rural Development Fund	-	-	12,306	12,306
Guthrie Industrial Development Fund	-	8,089	-	8,089
Hotel/Motel Fund	-	(39,704)	-	(39,704)
Airport Fund	70,240	-	-	70,240
Cemetery Care Fund	37,405	-	-	37,405
Guthrie Job Corps Sales Fund	-	46,785	-	46,785
Sub-total Other	<u>107,645</u>	<u>15,170</u>	<u>12,306</u>	<u>135,121</u>
Total Governmental Activities	108,094	5,540,728	712,251	6,361,073
Business-Type Activities:				
Revenue Bond Trustee Accounts	-	-	1,442,305	1,442,305
<b>TOTAL RESTRICTED NET ASSETS</b>	<u>\$ 108,094</u>	<u>\$ 5,540,728</u>	<u>\$ 2,154,556</u>	<u>\$ 7,803,378</u>

- c. *Unrestricted net assets* - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

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

**Deficit Prohibition**

Title 11, Section 17-211 of the Oklahoma Statutes prohibits the creation of a deficit fund balance in any individual fund. At September 30, 2009, the City reported a fund balance deficit in the amount of \$148,034 in the Guthrie Centennial Fund resulting from the deferral of certain grant revenues due to the modified accrual basis of accounting. This deficit will be resolved in the subsequent fiscal year upon the availability and recognition of the related grant revenue. Also, the Airport Fund reported a fund balance deficit in the amount of \$13,274 resulting mainly from loans payable to other funds.

**7. Internal and Interfund Balances and Transfers**

The City's policy is to eliminate interfund transfers and balances in the statements of activities and net assets to avoid the grossing up of balances. Only the residual balances transferred between governmental and business-type activities are reported as internal transfers and internal balances and then offset in the total column in the government-wide statements. Interfund transfers and balances between funds are not eliminated in the fund financial statements.

*Transfers:*

Internal transfers between funds and activities for the year ended September 30, 2009 were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose of Transfer</u>
GPWA	General Fund	\$ 3,866,077	Sales Tax transfer
GPWA	General Fund	90,000	Operations
Airport Fund	GPWA	827,597	Capital asset purchases
Capital Project Fund	GPWA	316,806	Capital asset purchases
General Fund	GPWA	3,866,077	Sales Tax transfer
General Fund	Capital Project Fund	526,880	Capital asset purchases
General Fund	Grant Fund	2,130	Operating and grant match
GPWA	GIDA	96,584	Operating and sale of capital asset
GPWA	Capital Project Fund	468,213	Capital asset purchases
Job Corps Fund	Capital Project Fund	21,835	Capital asset purchases
General Fund	Airport Fund	218,812	Operating transfer
GPWA	Revenue Bond Trust Fund	279,855	Debt service
OKC Waterline Fund	Revenue Bond Trust Fund	404,390	Debt service
Governmental Funds	GPWA	490,208	Capital asset transfers
GPWA	Water Treatment Fund	469,728	Capital asset purchases
Total		<u>\$ 11,945,192</u>	

**Reconciliation to Fund Financial Statements:**

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net Transfers</u>
Governmental Funds	\$ -	\$ 5,290,531	\$ 5,290,531
Transfer of governmental capital asset	-	(490,208)	(490,208)
Proprietary Funds	<u>6,654,661</u>	<u>(5,270,457)</u>	<u>1,384,204</u>
	<u>\$ 6,654,661</u>	<u>\$ (470,134)</u>	<u>6,184,527</u>

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*Balances:*

Interfund receivable and payables at September 30, 2009 were comprised of the following:

Due From	Due To	Amount	Nature of Balance
GPWA	General	\$ 47,282	To cover GPWA fuel and lube
Centennial	General	100,052	To cover expenditures/to be reimbursed by Centennial Fund
Hotel Motel Tax Fund	General	54,855	To cover expenditures/to be reimbursed by Hotel Motel Fund
Airport Fund	General	155,291	To cover negative cash
Job Corps Sale Fund	General	1,494	To cover expenditures/to be reimbursed by Job Corps Fund
Water Treatment Fund	Capital Project Fund	11	To cover expenditures/to be reimbursed by Water Treatment Fund
GPWA	Meter Deposit Fund	50	To record cash deposited in GPWA account
Capital Project Fund	GPWA	360	To cover expenditures/to be reimbursed by Capital Project Fund
Job Corps Sale Fund	GPWA	230	To cover expenditures/to be reimbursed by Job Corps Fund
GPWA	Water Treatment Fund	130,049	Water rate increase
Centennial	GPWA	80,328	To cover expenditures/to be reimbursed by Centennial Fund
General Fund	Meter Deposit Fund	60,000	To cover negative cash
General Fund	Grant Fund	158,650	To cover expenditures/to be reimbursed by General Fund
Total		<u>\$ 788,652</u>	

**Reconciliation to Fund Financial Statements:**

	Due From	Due To	Net Internal Balances
Governmental Funds	\$ 517,635	\$ (611,260)	\$ (93,625)
Proprietary Funds	271,017	(177,392)	93,625
Total	<u>\$ 788,652</u>	<u>\$ (788,652)</u>	<u>\$ -</u>

**8. Pledged Future Revenues**

Sales Tax and Utility Net Revenues Pledge - The City has pledged all three cents (or 100%) of future sales tax revenues and net utility revenues to repay the following revenue bonds: \$2,750,000 2001 Refunding Series Utility System Revenue Bonds and \$5,345,000 2002 Series Utility System Revenue Bonds. Proceeds from the bonds provided for the purchase or construction of water and sewer systems. The bonds are payable from pledged sales tax revenues and net water and sewer utility revenues. These bonds are payable through 2013 and 2019 respectively. The total principal and interest payable for the remainder of the life of these bonds is \$6,293,819. Pledged sales taxes received in the current year were \$3,866,077 and net water and sewer utility revenues were \$1,187,836 for total pledged revenues of \$5,053,913. All of the pledged sales taxes were not used to make debt service payments in the current fiscal year and were subsequently returned to the General Fund for operations. Debt service payments of \$700,115 for the current fiscal year were 14% of total pledged revenues for these bonds.

Utility Net Revenues Pledge - The City has also pledged the net water and sewer utility revenues to repay the following notes payable: \$607,000 of 2004 SRF, \$2,500,000 of 2004A SRF, \$7,320,000 of 2008 SRF and \$8,000,000 of 2009 SRF Oklahoma Water Resources Board Notes Payable. Proceeds from the bonds provided for the purchase or construction of water and utility systems. The bonds are payable from pledged net water and sewer utility revenues through 2030. The total principal and interest payable for the remainder of the life of these bonds is \$27,138,249 (total principal includes \$9,474,394 remaining to be drawn). Pledged net water and utility revenues in the current fiscal year were \$1,187,836. Debt service payments of \$283,169 for the current fiscal year were 24% of total pledged revenues for these notes.

Sales tax revenue represents a 3.0% tax on each dollar of taxable sales of which is recorded as follows:

- Three cents is recorded in the General Fund which is pledged and transferred to the GPWA to assist in GPWA debt service coverage requirements. The unused portion of this three cent tax is then returned to the General Fund.

## **9. Risk Management**

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

- General Liability and Physical Property – Covered through participation in Oklahoma Municipal Assurance Group risk entity pool (1)
- Worker's Compensation – Worker's compensation is covered through participation in the Oklahoma Municipal Assurance Group risk entity pool (2)
- Employee's Group Medical – Covered through purchased insurance with Aetna

### *(1) Liability Protection Plan*

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

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

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

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

### *(2) Worker's Compensation*

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

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Specific aggregate stop loss coverage is provided by the State Insurance Fund and covers all claims above the loss reserve fund. The loss reserve fund amount for the fiscal year 2009 was \$101,592.

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

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

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

## **10. Commitments and Contingencies**

### *Litigation:*

The City is a party to various legal proceedings which normally occur in the course of governmental operations. The financial statements do not include accruals or provisions for loss contingencies that may result from these proceedings. State statutes provide for the levy of an ad valorem tax over a three-year period by a City Sinking Fund for the payment of any court assessed judgment rendered against the City. While the outcome of the above noted proceedings cannot be predicted, due to the insurance coverage maintained by the City and the State statute relating to judgments, the City feels that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the City.

The City and Guthrie Public Works Authority (Authority) have had a claim filed against them by the Rural Water, Sewer, and Solid Waste Management District No.1, Logan County, (District) asserting that the City and Authority have allegedly violated monopoly protection held by the District as a result of outstanding loans from the United States Department of Agriculture. This litigation is in its preliminary stages, and the City cannot predict its outcome, as the litigation process is inherently uncertain. However, the City intends to contest such claims vigorously. As of September 30, 2009, no loss amount has been accrued because a loss, if any, is not estimable. If the claim is upheld and a judgment is rendered against the City and/or Authority, the damage award would be minimal. If a judgment is rendered against the City, the claim will be paid as allowed by state statute explained in the previous paragraph.

### *Federal and State Award Programs:*

The City of Guthrie participates in various federal or state grant/loan programs from year to year. In 2009, the City's involvement in federal and state award programs was not material. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. The City has not been notified of any noncompliance with federal or state award requirements.

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Any liability for reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

*Construction Commitments:*

The following construction contracts were outstanding and payable from enterprise fund restricted cash and investments at September 30, 2009:

Project	Vendor	Amount Outstanding
Water Treatment Plant	HCCCo, LLC	\$7,981,893

**11. Pension Plan Participation**

The City of Guthrie participates in three pension or retirement plans:

- Oklahoma Firefighter’s Pension and Retirement System (OFPRS) – a statewide cost-sharing plan.
- Oklahoma Police Pension and Retirement System (OPPRS) – a statewide cost-sharing plan.
- Oklahoma Municipal Retirement Fund – an agent multiple-employer defined benefit plan.

*Firefighters’ Plan:*

Pursuant to the requirements of Title 11, section 49-102, the City of Guthrie participates in the statewide cost-sharing multi-employer defined benefit plan administered by the Oklahoma Firefighters Pension Board on behalf of both paid and volunteer firefighters. The paid firefighter contributes 8% to the plan. The City is required by state law to contribute 13% per year per paid firefighter to the statewide plan. The plan is funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary.

A copy of the Firefighters Statewide Pension Plan financial statements can be obtained from the Oklahoma Firefighters Pension System, 4545 Lincoln Blvd. Suite 263, Oklahoma City, OK, 73105-3707.

*Police Plan:*

Pursuant to the requirements of Title 11, section 50-102, the City of Guthrie participates in the statewide cost-sharing multi-employer defined benefit plan administered by the Oklahoma Police Pension and Retirement System (OPPRS). The paid police person contributes 8% to the plan. The City is required by state law to contribute 13% per year per paid police person to the statewide plan. The plan is funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary.

The OPPRS issues a publicly available report that includes financial statements, which can be obtained from the Oklahoma Police Pension and Retirement System, 1001 N.W. 63<sup>rd</sup> Street, Oklahoma City, OK, 73116-7335.

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*Summary of Contributions – Cost Sharing Plans:*

Oklahoma Police Pension and Retirement System			Oklahoma Firefighter's Pension and Retirement System		
Fiscal Year	Required Contribution	Percentage Contributed	Fiscal Year	Required Contribution	Percentage Contributed
2007	\$ 71,541	100%	2007	\$ 109,651	100%
2008	\$ 76,935	100%	2008	\$ 116,252	100%
2009	\$ 77,733	100%	2009	\$ 119,976	100%

The state made on-behalf payments of \$74,689 for the police pension system and \$194,460 for the fire pension during the current fiscal year.

*Employee Plan:*

The City provides a pension benefit for all of its full-time employees with the exception of the police and fire departments, through the Oklahoma Municipal Retirement Fund (OMRF).

A. Plan Description

Effective January 1, 1969, the City began contributing to the City of Guthrie Plan and Trust in the form of The Oklahoma Municipal Retirement System Master Defined Benefit Plan and Trust, an agent multiple employer - defined benefit plan. Administration of the City's individual plan rests with the City Council. The overall operations of OMRF are supervised by a nine-member Board of Trustees elected by the participating municipalities. JPMorgan Chase Bank of Oklahoma City acts as administrator and securities custodian. OMRF issues separate plan financial statements which may be obtained by contacting the Oklahoma Municipal Retirement Fund, 1200 N.W. 63<sup>rd</sup>, 4<sup>th</sup> Floor, Oklahoma City, Oklahoma 73116.

B. Eligibility Factors, Contribution Methods and Benefit Provisions

<u>Provision</u>	<u>OMRF Plan</u>
a. Eligible to Participate	Full-time, non-uniformed employees of the City or Authority upon hire if less than age 60.
b. Contribution Requirements:	
- Authorization	By City ordinance
- Actuarially Determined	Yes
- Employer Rate	4.45% of covered payroll
- Employee Rate	3.69% of covered payroll
c. Period Required to Vest	10 years of credited service
d. Eligibility for Distribution	- Normal retirement at age 65 with 10 years of service - Early retirement at age 55 with 10 years of service - Disability retirement upon disability with 10 years of service

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- Death benefit with 10 years of service for married employees
- e. Benefit Determination Base      Final average salary – the average of the five highest consecutive annual salaries out of the last 10 calendar years of service
- f. Benefit Determination Methods:
  - Normal Retirement      2.625% of final average salary multiplied by credited years of service
  - Early Retirement      Actuarially reduced benefit based upon age and years of service at termination.
  - Disability Retirement      Benefit computed as for normal retirement based upon age and service at termination
  - Death Benefit      50% of employee’s accrued benefit, but terminates upon spouse re-marriage
  - Prior to 10 Years Service      Return of employee contributions with accrued interest
- g. Form of Benefit Payments      Normal form is a 60 months certain and life thereafter basis. Employee may elect. With City consent, optional form based on actuarial equivalent.

C. Annual Pension Costs

1. Current Year Contribution Information

For the year ended September 30, 2009, the City’s annual pension cost and required contributions of \$53,348 were made.

2. Actuarial Assumptions

Date of Last Actuarial Valuation	July 1, 2009
a. Actuarial cost method	Entry age normal
b. Rate of Return on Investments	7.5%
c. Projected Salary Increase	Average of 5.0%
d. Post Retirement cost-of-Living Increase	None
e. Inflation Rate	Separate inflation rate not available; inflation included in projected salary increase

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f. Amortization Method of Unfunded Actuarial Accrued Liability	Level percentage of projected payroll
g. Remaining Amortization Period	None
h. Asset Valuation Method	Actuarial write-up method

**D. Funded Status and Funding Progress**

As of January 1, 2009, the funded status of the OMRF defined benefit plan is as follows:

Actuarial accrued liability (AAL)	\$3,798,146
Actuarial value of plan assets	<u>3,653,572</u>
Overfunded (Unfunded) actuarial accrued liability (UAAL)	\$ (144,574)
Funded ratio (actuarial value of plan assets/AAL)	96%
Annual covered payroll (active plan members)	\$1,661,049
UAAL as a percentage of covered payroll	8.7%

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

**12. New Accounting Pronouncements**

In fiscal year 2010, the City will implement GASB Statement No.45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. This Statement establishes standards for the measurement, recognition, and display of other post-employment benefits expenses/expenditures and related liabilities (assets), note disclosures, and if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers. The City is in the process of obtaining an actuary to assist in estimating the liability associated with the postemployment benefits provided by the City. The statement is not expected to impact or cause results of operation for fiscal 2009 to be restated when implemented; however, impact to the City is expected to be material.

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**REQUIRED SUPPLEMENTARY INFORMATION**

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**Budgetary Comparison Schedule (Budgetary Basis) – Year Ended September 30, 2009**

<b>General Fund</b>				
	<b>Budgeted Amounts</b>		<b>Actual Amounts,</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Budgetary Basis</b>	<b>Final Budget -</b>
				<b>Positive (Negative)</b>
<b>REVENUES</b>				
Taxes	\$ 4,417,767	\$ 4,417,767	\$ 4,522,844	\$ 105,077
Licenses and permits	128,500	128,500	100,694	(27,806)
Intergovernmental	203,000	203,000	256,760	53,760
Charges for services	856,088	856,088	861,438	5,350
Fees and fines	239,000	239,000	257,247	18,247
Investment earnings	8,000	8,000	7,322	(678)
Miscellaneous	96,000	194,106	301,618	107,512
Total revenues	<u>5,948,355</u>	<u>6,046,461</u>	<u>6,307,923</u>	<u>261,462</u>
<b>EXPENDITURES</b>				
<b>Departmental:</b>				
<i>General Government:</i>				
General government	961,471	972,609	930,515	42,094
City manager	188,517	194,718	193,125	1,593
Purchasing/accounts payable	68,737	71,465	70,908	557
Human resources	87,029	87,678	77,632	10,046
City clerk	236,822	237,052	234,512	2,540
Building services	35,532	36,439	35,598	841
Information services	101,781	118,844	90,975	27,869
Planning and zoning	213,191	213,235	180,712	32,523
Economic development	64,200	64,200	41,879	22,321
Vehicle maintenance	155,120	167,205	113,426	53,779
Total General Government	<u>2,112,400</u>	<u>2,163,445</u>	<u>1,969,282</u>	<u>194,163</u>
<i>Public Safety:</i>				
Police administration	297,613	368,242	336,061	32,181
Police operations	802,591	733,562	688,613	44,949
Criminal investigations	64,236	67,756	64,308	3,448
Communications	133,998	140,429	139,669	760
Animal Control	97,039	100,486	79,572	20,914
Code Compliance	78,561	63,094	51,389	11,705
Fire suppression	648,636	665,119	630,710	34,409
Fire prevention	222,585	237,269	226,315	10,954
EMS	598,482	590,285	541,480	48,805
Total Public Safety	<u>2,943,741</u>	<u>2,966,242</u>	<u>2,758,117</u>	<u>208,125</u>
<i>Street:</i>				
Street	502,132	505,538	475,208	30,330
Total Street	<u>502,132</u>	<u>505,538</u>	<u>475,208</u>	<u>30,330</u>
<i>Culture and Recreation:</i>				
Library	206,380	206,647	198,535	8,112
Municipal pool	66,234	66,939	52,462	14,477
Parks	434,098	422,002	397,027	24,975
Total Culture and Recreation	<u>706,712</u>	<u>695,588</u>	<u>648,024</u>	<u>47,564</u>
Total Expenditures	<u>6,264,985</u>	<u>6,330,813</u>	<u>5,850,631</u>	<u>480,182</u>
Excess (deficiency) of revenues over expenditures	<u>(316,630)</u>	<u>(284,352)</u>	<u>457,292</u>	<u>741,644</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	4,247,763	4,291,511	3,956,077	(335,434)
Transfers out	(4,191,204)	(4,516,488)	(4,348,730)	167,758
Total other financing sources and uses	<u>56,559</u>	<u>(224,977)</u>	<u>(392,653)</u>	<u>(167,676)</u>
Net change in fund balances	(260,071)	(509,329)	64,639	573,968
Fund balances - beginning	260,071	260,071	98,000	(162,071)
Fund balances - ending	<u>\$ -</u>	<u>\$ (249,258)</u>	<u>\$ 162,639</u>	<u>\$ 411,897</u>

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Airport Fund				
	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
	<b>REVENUES</b>			
Intergovernmental	\$ 871,624	\$ 1,894,949	\$ 1,099,550	\$ (795,399)
Charges for services	35,200	35,200	24,285	(10,915)
Investment earnings	100	100	329	229
Miscellaneous	-	7,144	12,144	5,000
Total revenues	<u>906,924</u>	<u>1,937,393</u>	<u>1,136,308</u>	<u>(801,085)</u>
<b>EXPENDITURES</b>				
Departmental:				
Airport	1,037,848	2,156,206	1,291,548	864,658
Total Airport	<u>1,037,848</u>	<u>2,156,206</u>	<u>1,291,548</u>	<u>864,658</u>
Total Expenditures	<u>1,037,848</u>	<u>2,156,206</u>	<u>1,291,548</u>	<u>864,658</u>
Excess (deficiency) of revenues over expenditures	<u>(130,924)</u>	<u>(218,813)</u>	<u>(155,240)</u>	<u>63,573</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	443,024	1,271,661	813,424	(458,237)
Transfers out	(312,100)	(1,052,848)	(594,612)	458,236
Total other financing sources and uses	<u>130,924</u>	<u>218,813</u>	<u>218,812</u>	<u>(1)</u>
Net change in fund balances	-	-	63,572	63,572
Fund balances - beginning	-	-	(153,234)	(153,234)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (89,662)</u>	<u>\$ (89,662)</u>

Guthrie Oklahoma City Waterline Fund				
	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
	<b>REVENUES</b>			
Investment earnings	\$ 420,000	\$ 420,000	\$ 90,077	\$ (329,923)
Total revenues	<u>420,000</u>	<u>420,000</u>	<u>90,077</u>	<u>(329,923)</u>
<b>EXPENDITURES</b>				
Departmental:				
General Government:				
General government	15,610	15,610	2,500	13,110
Total General Government	<u>15,610</u>	<u>15,610</u>	<u>2,500</u>	<u>13,110</u>
Total Expenditures	<u>15,610</u>	<u>15,610</u>	<u>2,500</u>	<u>13,110</u>
Excess (deficiency) of revenues over expenditures	<u>404,390</u>	<u>404,390</u>	<u>87,577</u>	<u>(316,813)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	(404,390)	(404,390)	(404,390)	-
Total other financing sources and uses	<u>(404,390)</u>	<u>(404,390)</u>	<u>(404,390)</u>	<u>-</u>
Net change in fund balances	-	-	(316,813)	(316,813)
Fund balances - beginning	-	-	5,815,757	5,815,757
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,498,944</u>	<u>\$ 5,498,944</u>

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**Guthrie Job Corps Fund**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
	<b>REVENUES</b>			
Investment earnings	\$ 1,900	\$ 1,900	\$ 326	\$ (1,574)
Total revenues	<u>1,900</u>	<u>1,900</u>	<u>326</u>	<u>(1,574)</u>
<b>EXPENDITURES</b>				
Departmental:				
<i>General Government:</i>				
General government	2,500	5,000	5,000	-
<i>Total General Government</i>	<u>2,500</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Total Expenditures	2,500	5,000	5,000	-
Excess (deficiency) of revenues over expenditures	<u>(600)</u>	<u>(3,100)</u>	<u>(4,674)</u>	<u>(1,574)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(600)	(3,100)	(4,674)	(1,574)
Fund balances - beginning	72,435	72,435	76,378	3,943
Fund balances - ending	<u>\$ 71,835</u>	<u>\$ 69,335</u>	<u>\$ 71,704</u>	<u>\$ 2,369</u>

**Guthrie Centennial Fund**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
	<b>REVENUES</b>			
Intergovernmental	\$ 400,000	\$ 400,000	\$ 182,698	\$ (217,302)
Investment earnings	1,000	1,000	198	(802)
Total revenues	<u>401,000</u>	<u>401,000</u>	<u>182,896</u>	<u>(218,104)</u>
<b>EXPENDITURES</b>				
Departmental:				
<i>General Government:</i>				
General government	-	-	-	-
<i>Total General Government</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	<u>401,000</u>	<u>401,000</u>	<u>182,896</u>	<u>(218,104)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	401,000	401,000	182,896	(218,104)
Fund balances - beginning	34,071	34,071	76,378	42,307
Fund balances - ending	<u>\$ 435,071</u>	<u>\$ 435,071</u>	<u>\$ 259,274</u>	<u>\$ (175,797)</u>

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<b>Capital Project Fund</b>				
	<b>Budgeted Amounts</b>		<b>Actual Amounts, Budgetary Basis</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Charges for services	\$ 206,186	\$ 288,386	\$ 291,499	\$ 3,113
Investment earnings	-	-	234	234
Miscellaneous	-	-	47,760	47,760
Total revenues	<u>206,186</u>	<u>288,386</u>	<u>339,493</u>	<u>51,107</u>
<b>EXPENDITURES</b>				
Departmental:				
<i>General Government:</i>				
General government	100,110	94,437	85,230	9,207
Total General Government	<u>100,110</u>	<u>94,437</u>	<u>85,230</u>	<u>9,207</u>
Total Expenditures	100,110	94,437	85,230	9,207
Excess (deficiency) of revenues over expenditures	<u>106,076</u>	<u>193,949</u>	<u>254,263</u>	<u>60,314</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,074,505	1,310,772	753,889	556,883
Total other financing sources and uses	<u>1,074,505</u>	<u>1,310,772</u>	<u>753,889</u>	<u>556,883</u>
Net change in fund balances	1,180,581	1,504,721	1,008,152	(496,569)
Fund balances - beginning	-	-	76,378	76,378
Fund balances - ending	<u>\$ 1,180,581</u>	<u>\$ 1,504,721</u>	<u>\$ 1,084,530</u>	<u>\$ (420,191)</u>

**Footnotes to Budgetary Comparison Schedules:**

1. The budgetary comparison schedule is reported on a non-GAAP budgetary basis that report revenues and expenditures on a modified cash basis. For budgetary purposes expenditures are recorded in the period the invoice is received, except for payroll expenditures that are recorded when paid.
2. The legal level of appropriation control is the department level within a fund. Transfers of appropriation within a fund require the approval of the City Council. All supplemental appropriations require the approval of the City Commission. Supplemental appropriations must be filed with the Office of the State Auditor and Inspector.
3. The budgetary basis differs from the modified accrual basis as shown in the schedule below:

	General Fund	Airport Fund	Guthrie/OKC Waterline Fund	Job Corps Sales Tax Fund	Centennial Fund	Capital Project Fund
Total revenue - budgetary basis	\$ 10,264,000	\$ 1,949,732	\$ 90,077	\$ 326	\$ 182,896	\$ 1,093,382
Total expenses - budgetary basis	(10,199,361)	(1,886,160)	(406,890)	(5,000)	-	(85,230)
Change in fund balance - budgetary basis	64,639	63,572	(316,813)	(4,674)	182,896	1,008,152
Revenue accruals	271,690	(600,615)	(17,106)	(1)	12,682	493,475
Expenditure accruals	(389,863)	637,808	-	(21,835)	(324,825)	(1,472,034)
Change in fund balance - GAAP basis	<u>\$ (53,534)</u>	<u>\$ 100,765</u>	<u>\$ (333,919)</u>	<u>\$ (26,510)</u>	<u>\$ (129,247)</u>	<u>\$ 29,593</u>

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**Schedule of Pension Plan Funding Progress – OMRF Defined Benefit Plan**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) -- Entry Age	Unfunded Liability AAL	Funded Ratio	Covered Payroll	Unfunded AAL as a Percentage of Covered Payroll
1/1/03	\$3,317,619	\$2,763,076	\$(554,543)	120.1%	\$1,642,469	(33.8)%
1/1/04	\$3,351,544	\$2,512,811	\$(838,733)	133.4%	\$1,367,964	(61.3)%
1/1/05	\$3,410,203	\$2,997,260	\$(412,943)	113.8%	\$1,577,987	(26.2)%
1/1/06	\$3,633,735	\$3,203,803	\$(429,932)	113.4%	\$1,523,380	(28.2)%
1/1/07	\$3,897,896	\$3,582,341	\$(315,555)	108.8%	\$1,553,029	(20.3)%
1/1/08	\$4,182,670	\$3,840,030	\$(342,640)	108.9%	\$1,647,890	(20.8)%
1/1/09	\$3,653,572	\$3,798,146	\$ 144,574	96.2%	\$1,661,049	8.7%

**Schedule of Contributions - OMRF Defined Benefit Plan**

Period Ended	Annual Pension Cost	Percentage of APC Contributed	Net Pension Obligation
September 30, 2007	\$ 45,961	100%	-
September 30, 2008	\$ 46,777	100%	-
September 30, 2009	\$ 53,348	100%	-

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**OTHER SUPPLEMENTARY INFORMATION**

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**Combining Balance Sheet – Nonmajor Governmental Funds – September 30, 2009**

	<u>Airport Escrow Fund</u>	<u>Hotel Motel Tax Fund</u>	<u>Cemetery Care Fund</u>	<u>Grant Fund</u>	<u>USDA Rural Development</u>	<u>Guthrie Industrial Development Fund</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>								
Cash and cash equivalents	\$ -	\$ 7,330	\$ 37,405	\$ 87,877	\$ 12,306	\$ 8,089	\$ 449	\$ 153,456
Receivable from other governments	-	-	-	4,028	-	-	-	4,028
Due from other funds	-	-	-	158,650	-	-	-	158,650
Taxes receivable, net	-	25,695	-	-	-	-	-	25,695
Total assets	<u>\$ -</u>	<u>\$ 33,025</u>	<u>\$ 37,405</u>	<u>\$ 250,555</u>	<u>\$ 12,306</u>	<u>\$ 8,089</u>	<u>\$ 449</u>	<u>\$ 341,829</u>
<b>LIABILITIES AND FUND BALANCES</b>								
<b>Liabilities:</b>								
Accounts payable	\$ -	\$ 17,874	\$ -	\$ 167,041	\$ -	\$ -	\$ -	\$ 184,915
Due to other funds	-	54,855	-	-	-	-	-	54,855
Total liabilities	<u>-</u>	<u>72,729</u>	<u>-</u>	<u>167,041</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>239,770</u>
<b>Fund balances:</b>								
Unreserved, reported in non-major:								
Special revenue funds	-	(39,704)	37,405	83,514	12,306	8,089	-	101,610
Debt service funds	-	-	-	-	-	-	449	449
Total fund balances (deficits)	<u>-</u>	<u>(39,704)</u>	<u>37,405</u>	<u>83,514</u>	<u>12,306</u>	<u>8,089</u>	<u>449</u>	<u>102,059</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 33,025</u>	<u>\$ 37,405</u>	<u>\$ 250,555</u>	<u>\$ 12,306</u>	<u>\$ 8,089</u>	<u>\$ 449</u>	<u>\$ 341,829</u>

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – For the Year Ended September 30, 2009**

	<u>Airport Escrow Fund</u>	<u>Hotel Motel Tax Fund</u>	<u>Cemetery Care Fund</u>	<u>Grant Fund</u>	<u>USDA Rural Development</u>	<u>Guthrie Industrial Development Fund</u>	<u>Debt Service</u>	<u>Total-Other Governmental Funds</u>
<b>REVENUES</b>								
Taxes	\$ -	\$ 117,409	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 117,409
Intergovernmental	-	-	-	278,877	-	-	-	278,877
Charges for services	-	-	9,343	-	-	38,977	-	48,320
Investment earnings	-	1,492	396	1,069	114	100	6	3,177
Miscellaneous	7	-	-	-	-	-	-	7
Total revenues	<u>7</u>	<u>118,901</u>	<u>9,739</u>	<u>279,946</u>	<u>114</u>	<u>39,077</u>	<u>6</u>	<u>447,790</u>
<b>EXPENDITURES</b>								
<b>Current:</b>								
Public Safety	-	-	-	170,489	-	-	-	170,489
Culture and recreation	-	79,100	-	261	-	-	-	79,361
<b>Debt Service:</b>								
Principal	-	-	-	-	-	107,089	-	107,089
Interest and other charges	-	-	-	-	-	24,600	-	24,600
Capital Outlay	-	226,756	6,308	27,812	-	-	-	260,876
Total Expenditures	<u>-</u>	<u>305,856</u>	<u>6,308</u>	<u>198,562</u>	<u>-</u>	<u>131,689</u>	<u>-</u>	<u>642,415</u>
Excess (deficiency) of revenues over expenditures	<u>7</u>	<u>(186,955)</u>	<u>3,431</u>	<u>81,384</u>	<u>114</u>	<u>(92,612)</u>	<u>6</u>	<u>(194,625)</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Proceeds from long-term debt, net	-	-	-	-	12,074	-	-	12,074
Transfers in	-	-	-	2,130	-	96,584	-	98,714
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,130</u>	<u>12,074</u>	<u>96,584</u>	<u>-</u>	<u>110,788</u>
Net change in fund balances	<u>7</u>	<u>(186,955)</u>	<u>3,431</u>	<u>83,514</u>	<u>12,188</u>	<u>3,972</u>	<u>6</u>	<u>(83,837)</u>
Fund balances (deficits) - beginning	<u>(7)</u>	<u>147,251</u>	<u>33,974</u>	<u>-</u>	<u>118</u>	<u>4,117</u>	<u>443</u>	<u>185,896</u>
Fund balances (deficits) - ending	<u>\$ -</u>	<u>\$ (39,704)</u>	<u>\$ 37,405</u>	<u>\$ 83,514</u>	<u>\$ 12,306</u>	<u>\$ 8,089</u>	<u>\$ 449</u>	<u>\$ 102,059</u>

**CITY OF GUTHRIE, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
As of and for the Year Ended September 30, 2009

**Combining Schedule of Net Assets – Enterprise Fund Accounts – September 30, 2009**

	<u>GPWA</u>	<u>Water Treatment Plant Fund</u>	<u>Revenue Bond Trustee Fund</u>	<u>Meter Deposit Fund</u>	<u>Total</u>
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 403,543	\$ 577,108	\$ -	\$ -	\$ 980,651
Restricted:					
Cash and cash equivalents	4,642	-	723,237	229,587	957,466
Investments	-	-	-	99,000	99,000
Due from other funds	80,918	130,049	-	60,050	271,017
Accounts Receivable, net	359,373	49,299	-	-	408,672
Notes receivable	12,712	-	-	-	12,712
Total current assets	<u>861,188</u>	<u>756,456</u>	<u>723,237</u>	<u>388,637</u>	<u>2,729,518</u>
Non-current assets:					
Restricted:					
Cash and cash equivalents	-	-	275,000	-	275,000
Investments	-	-	546,745	-	546,745
Notes receivable	207,666	-	-	-	207,666
Capital Assets:					
Land and construction in progress	936,460	6,199,976	-	-	7,136,436
Other capital assets, net of accumulated depreciation	11,095,273	-	-	-	11,095,273
Unamortized note issue costs	22,739	253,758	192,053	-	468,550
Total non-current assets	<u>12,262,138</u>	<u>6,453,734</u>	<u>1,013,798</u>	<u>-</u>	<u>19,729,670</u>
Total assets	<u>13,123,326</u>	<u>7,210,190</u>	<u>1,737,035</u>	<u>388,637</u>	<u>22,459,188</u>
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts payable	177,436	416,471	-	(214)	593,693
Salaries payable	22,975	-	-	-	22,975
Accrued interest payable	6,691	21,000	19,436	-	47,127
Due to other funds	177,381	11	-	-	177,392
Deposits subject to refund	-	-	-	318,426	318,426
Compensated absences	4,211	-	-	-	4,211
Capital lease obligation	110,802	-	-	-	110,802
Loans payable	13,739	-	-	-	13,739
Notes payable	124,772	-	-	-	124,772
Bonds payable	-	-	450,000	-	450,000
Total current liabilities	<u>638,007</u>	<u>437,482</u>	<u>469,436</u>	<u>318,212</u>	<u>1,863,137</u>
Non-current liabilities:					
Compensated absences	37,895	-	-	-	37,895
Capital lease obligation	125,960	-	-	-	125,960
Notes payable	2,445,843	5,845,606	-	-	8,291,449
Bonds payable	-	-	4,269,634	-	4,269,634
Total non-current liabilities	<u>2,609,698</u>	<u>5,845,606</u>	<u>4,269,634</u>	<u>-</u>	<u>12,724,938</u>
Total liabilities	<u>3,247,705</u>	<u>6,283,088</u>	<u>4,739,070</u>	<u>318,212</u>	<u>14,588,075</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	5,319,945	-	-	-	5,319,945
Restricted for debt service	1,442,305	-	-	-	1,442,305
Unrestricted	3,113,371	927,102	(3,002,035)	70,425	1,108,863
Total net assets	<u>\$ 9,875,621</u>	<u>\$ 927,102</u>	<u>\$ (3,002,035)</u>	<u>\$ 70,425</u>	<u>\$ 7,871,113</u>

**CITY OF GUTHRIE, OKLAHOMA**  
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**Combining Schedule of Revenues, Expenses, and Changes in Net Assets – Enterprise Fund**  
**Accounts – Year Ended September 30, 2009**

	<u>GPWA</u>	<u>Water Treatment Plant Fund</u>	<u>Revenue Bond Trustee Fund</u>	<u>Meter Deposit Fund</u>	<u>Total</u>
<b>REVENUES</b>					
Charges for services:					
Pledged as security:					
Water	\$ 1,826,083	\$ 349,505	\$ -	\$ -	\$ 2,175,588
Sewer	732,649	-	-	-	732,649
Unpledged:					
Sewer	1,223,554	-	-	-	1,223,554
Rents and royalties	5,630	-	-	-	5,630
Miscellaneous	1,743	-	-	10,556	12,299
Total operating revenues	<u>3,789,659</u>	<u>349,505</u>	<u>-</u>	<u>10,556</u>	<u>4,149,720</u>
<b>OPERATING EXPENSES</b>					
General government	316,327	-	-	-	316,327
Administration	184,494	-	-	-	184,494
Water	346,956	9	-	-	346,965
Wastewater	195,907	-	-	-	195,907
Sanitation	771,422	-	-	-	771,422
Landfill operations	123,680	-	-	-	123,680
Line maintenance	627,133	-	-	-	627,133
Meter operations	49,540	-	-	35	49,575
Amortization expense	1,311	6,042	23,275	-	30,628
Depreciation	816,886	-	-	-	816,886
Total operating expenses	<u>3,433,656</u>	<u>6,051</u>	<u>23,275</u>	<u>35</u>	<u>3,463,017</u>
Operating income (loss)	<u>356,003</u>	<u>343,454</u>	<u>(23,275)</u>	<u>10,521</u>	<u>686,703</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Interest and investment revenue	13,490	2,545	47,114	4,533	67,682
Miscellaneous revenue	-	2,431	-	-	2,431
Gain (loss) on capital asset disposal	42,007	-	-	-	42,007
Interest expense	(102,446)	(97,550)	(282,070)	-	(482,066)
Total non-operating revenue (expenses)	<u>(46,949)</u>	<u>(92,574)</u>	<u>(234,956)</u>	<u>4,533</u>	<u>(369,946)</u>
Income (loss) before transfers	<u>309,054</u>	<u>250,880</u>	<u>(258,231)</u>	<u>15,054</u>	<u>316,757</u>
Transfers in	5,500,888	469,728	684,245	-	6,654,861
Transfers out	(5,270,457)	-	-	-	(5,270,457)
Change in net assets	539,285	720,608	426,014	15,054	1,700,961
Total net assets - beginning	9,336,336	206,494	(3,428,049)	55,371	6,170,152
Total net assets - ending	<u>\$ 9,875,621</u>	<u>\$ 927,102</u>	<u>\$ (3,002,035)</u>	<u>\$ 70,425</u>	<u>\$ 7,871,113</u>

**CITY OF GUTHRIE, OKLAHOMA  
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**SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

State Grantor/Pass Through Agency Grantor/Program Title	Grant #	Award Amount	Awards Expended
<b>STATE AWARDS:</b>			
Department of Libraries:			
State Aid	N/A	\$21,882	\$21,882
Oklahoma Centennial Commemoration Commission:			
Centennial Grant	STP-142E (147)EH	200,000	12,680
Oklahoma Department of Agriculture:			
Rural Fire Grant	State Aid	5,100	5,100
Oklahoma Aeronautics Commission:			
State Match	GOK-08-S(b)	219,578	219,578
<b>TOTAL STATE AWARDS</b>		<u>\$446,560</u>	<u>\$259,240</u>

See notes to Schedule of Expenditures of Federal and State Awards

**Footnotes to Schedule of Expenditures of State Awards:**

1. The Schedules of Expenditures of Federal and State Awards are prepared on an accrual basis of accounting. The expenditures are recorded when the liability is incurred regardless of when the award proceeds are received.
  
2. The City has not been notified of any noncompliance with federal or state award requirements. Any liability for reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

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