CITY OF

GUTHRIE

OKLAHOMA

ANNUAL FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
AS OF AND FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2010

THE CITY OF GUTHRIE, OKLAHOMA

ANNUAL FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORTS

AS OF AND FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

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Arledge
& Associates, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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, 2010, 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, 2010, 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 May 27, 2011, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Pension Plan Funding Schedules, and Budgetary Comparison Schedules as listed in the Table of Contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. 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.

Culedge & Associates, P.C.
Edmond, Oklahoma
May 27, 2011

MANAGEMENT DISCUSSION AND ANALYSIS

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, 2010. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- For the fiscal year ended September 30, 2010, the City's total net assets increased by $104,887 or 0.4% from the prior year.
- During the year, the City's expenses for governmental activities were $7.5 million and were funded by program revenues of $3.1 million and further funded with taxes and other general revenues that totaled $4.7 million.
- In the City's business-type activities, such as utilities, program revenues were under expenditures by $293,951.
- Sales and use taxes decreased by $282,701 or 7% over the prior fiscal year. Considering the City's sales tax rate of 3.00% in effect for both years, this translates into a decrease in taxable sales of $9.4 million from the prior year.
- At September 30, 2010, the General Fund reported an unreserved, undesignated fund balance of $587,887, which is a decrease of 41% from the prior year unreserved, undesignated fund balance.
- For budgetary reporting purposes, the General Fund reported revenues under estimates of $47,220 or 1%, while expenditures were under the final appropriations by $394,508 or 6.6%.

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.

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** – (currently inactive) 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

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.

Proprietary funds - When the City charges custome
rs 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

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 $29 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.)
	2010	2009		2010	2009		2010	2009	
Current assets	$ 3,820	$ 8,246	-54%	$ 2,379	$ 3,361	-29%	$ 6,199	$ 11,607	-47%
Capital assets, net	15,452	14,847	4%	25,145	18,232	38%	40,597	33,079	23%
Other non-current assets	-	-	0%	471	689	-32%	471	689	-32%
Total assets	19,272	23,093	-17%	27,995	22,282	26%	47,267	45,375	4%
Current liabilities	783	949	-17%	2,224	1,686	32%	3,007	2,635	14%
Non-current liabilities	836	1,058	-21%	14,361	12,725	13%	15,197	13,783	10%
Total liabilities	1,619	2,007	-19%	16,585	14,411	15%	18,204	16,418	11%
Net assets									
Invested in capital assets, net of related debt	14,722	13,737	7%	10,345	5,320	94%	25,067	19,057	32%
Restricted	2,612	6,361	-59%	-	1,442	-100%	2,612	7,803	-67%
Unrestricted	319	988	-68%	1,064	1,109	-4%	1,383	2,097	-34%
Total net assets	$ 17,653	$ 21,086	-16%	$ 11,409	$ 7,871	45%	$ 29,062	$ 28,957	1%

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 2010, this investment in capital assets, net of related debt amounted to $25 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, $2.6 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.

The 54% decrease in governmental current assets is due to a decrease in OKC Waterline Investments.

The 17% decrease in governmental current liabilities is due to a decrease in grant projects accounts payable.

The 21% decrease in governmental non-current liabilities is due to a decrease in long term debt.

The 29% decrease in business type current assets is due to a decrease in revenue bond trustee accounts.

The 38% increase in business type capital assets is due to an increase in construction in progress for the water treatment plant.

The 13% increase in business type 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, 2010, 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.)
	2010	2009		2010	2009		2010	2009	
Revenues									
Charges for service	$ 1,710	$ 1,757	-3%	$ 4,311	$ 4,132	4%	$ 6,021	$ 5,889	2%
Operating grants and contributions	512	891	-43%	-	-	-	512	891	-43%
Capital grants and contributions	879	391	125%	-	-	-	879	391	125%
Taxes	4,368	4,640	-6%	-	-	-	4,368	4,640	-6%
Intergovernmental revenue	124	127	-2%	-	-	-	124	127	-2%
Investment income	20	105	-81%	45	68	-34%	65	173	-62%
Miscellaneous	176	383	-54%	17	62	-73%	193	445	-57%
Total revenues	7,789	8,294	-6%	4,373	4,262	3%	12,162	12,556	-3%
Expenses									
General government	2,047	2,038	1%	-	-	-	2,047	2,038	1%
Public safety	3,486	3,321	5%	-	-	-	3,486	3,321	5%
Streets	583	358	63%	-	-	-	583	358	63%
Culture, parks and recreation	866	1,035	-16%	-	-	-	866	1,035	-16%
Airport	383	396	-3%	-	-	-	383	396	-3%
Economic development	33	39	-15%	-	-	-	33	39	-15%
Interest on long-term debt	54	49	10%	-	4	-	54	53	2%
Water	-	-	-	2,278	1,814	26%	2,278	1,814	26%
Wastewater	-	-	-	1,143	1,037	10%	1,143	1,037	10%
Sanitation	-	-	-	1,184	1,156	2%	1,184	1,156	2%
Total expenses	7,452	7,236	3%	4,605	4,011	15%	12,057	11,247	7%
Excess (deficiency) before transfers	337	1,058	-68%	(232)	251	-192%	105	1,309	-92%
Transfers	(3,770)	(1,450)	160%	3,770	1,450	160%	-	-	
Change in net assets	(3,433)	(392)	776%	3,538	1,701	108%	105	1,309	-92%
Beginning net assets	21,086	21,478	-2%	7,871	6,170	28%	28,957	27,648	5%
Ending net assets	$ 17,653	$ 21,086	-16%	$ 11,409	$ 7,871	45%	$ 29,062	$ 28,957	0%

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

Governmental Activities:

Operating grants and contributions decreased 43% due to an Assistance to Fire Fighters grant in the prior year.

Capital grants and contributions increased 125% due to a Centennial Corridor grant.

Investment Income – 81% decrease is due to OKC Waterline Investments being used to pay off Revenue Bonds.

Miscellaneous revenue – 54% decrease related to OMAG refund in the prior year

Street expense – 63% increase related to decrease street, signal light, and sidewalk repairs in the prior year.

Water expenses – 26% increase related to interest on OWRB notes

Transfer – 160% increase related to debt service payments for revenue bonds

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.)
	2010	2009		2010	2009	
General government	$ 2,047	$ 2,038	1%	($1,510)	($1,918)	-21%
Public safety	3,486	3,321	5%	(2,125)	(1,744)	22%
Streets	583	358	63%	36	(73)	-149%
Culture, parks and recreation	866	1,035	-16%	(596)	(477)	25%
Airport	383	396	-3%	(91)	83	-210%
Economic development	33	39	-15%	(10)	(19)	-47%
Interest on long-term debt	54	49	10%	(54)	(49)	10%
Total	7,452	$ 7,236	3%	($4,350)	($4,197)	4%

Explanations for significant changes are listed above under Table 2.

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

	Total Expense of Services		% Inc. Dec.	Net Revenue (Expense) of Services		% Inc. Dec.
	2010	2009		2010	2009	
Water	$ 2,278	$ 1,814	26%	$(152)	$ 362	-142%
Wastewater	1,143	1,037	10%	(229)	(304)	-25%
Sanitation	1,184	1,156	2%	87	67	30%
Governmental interest	-	4	-100%	-	(4)	-100%
Total	$ 4,605	$ 4,011	15%	$(294)	$ 121	-343%

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 expenses of $294,000 for the year ended September 30, 2010.
- Wastewater activity reported net expenses of $229,000—related to wastewater treatment plant expenses.

A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed its 2010 fiscal year, the governmental funds reported a combined fund balance of $3.0 million or a 59% decrease due to Guthrie OKC Waterline investments decreasing to pay off revenue bonds. The enterprise funds reported combined net assets of $11.4 million or a 45% increase from 2010 due to revenue bonds being paid off.

Other fund highlights include:

- For the year ended September 30, 2010, the General Fund's total fund balance decreased by $675,826 or 39.7%.
- There was a $437,460 reservation of the General Fund balance for specific capital projects.

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 0.1% or $14,338 and an increase in appropriations (including transfers out) of 0.1% or $14,305. Actual revenues and transfers were under estimates by $814,485 or 8.2%, while expenditures and transfers were under final appropriations by $920,713 or 9.2%.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of September 30, 2010, the City had $40.6 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 $7.5 million over last year.

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

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	$ 1,322	$ 1,322	$ 690	$ 690	$ 2,012	$ 2,012
Buildings	2,017	2,038	1,736	1,785	3,753	3,823
Imp. other than buildings	4,579	4,554	53	60	4,632	4,614
Machinery, furniture and equipment	1,203	1,382	986	1,155	2,189	2,537
Infrastructure	1,537	130	-	-	1,537	130
Utility property	-	-	8,015	8,095	8,015	8,095
Construction in progress	4,794	5,421	13,665	6,447	18,459	11,868
Totals	$ 15,452	$ 14,847	$ 25,145	$ 18,232	$ 40,597	$ 33,079

This year's more significant capital asset additions included:

Water Treatment Plant	$7,099,797
Street Improvements	308,640
CDBG waterline	287,392

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 $16.2 million in long-term debt outstanding which represents a $1.2 million or 8% 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)

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2010	2009	2010	2009	2010	2009	2009-2010
Accrued absences	$ 385	$ 372	$ 42	$ 42	$ 427	$ 414	3.1%
Revenue bonds	-	-	-	4,955	-	4,955	-100.0%
Notes payable	223	286	14,938	8,416	15,161	8,702	74.2%
Loan payable	-	-	-	14	-	14	-100.0%
Refundable grant obligation	168	180	-	-	168	180	-6.7%
Capital leases	339	479	125	237	464	716	-35.2%
Totals	$ 1,115	$ 1,317	$ 15,105	$ 13,664	$ 16,220	$ 14,981	8.3%

The City issued $6.6 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 2010-2011 the City of Guthrie and Guthrie Public Works Authority developed the budget with defined goals and conservative revenue projections. Challenges for FY 2010-2011 budget included a decrease in sale tax revenues and infrastructure needs of the City.

The fiscal year 2010-2011 budget represents an overall decrease of $13,957,073 which includes all funds and all transfers. The decrease is largely due to most of the construction expenses of a new Water Treatment Plant in FY 2010.

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.

BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE

Statement of Net Assets– September 30, 2010

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 2,408,013	$ 1,639,602	$ 4,047,615
Investments	437,459	112,013	549,472
Accounts receivable, net of allowance	262,200	446,581	708,781
Internal balances	(180,110)	180,110	-
Due from other governmental agencies	892,422	-	892,422
Notes receivable, net of allowance (Note 3)	-	207,967	207,967
Capital Assets:			
Land and construction in progress	6,117,355	14,354,968	20,472,323
Other capital assets, net of depreciation	9,334,554	10,790,210	20,124,764
Unamortized issuance costs	-	263,102	263,102
Total Assets	$ 19,271,893	$ 27,994,553	$ 47,266,446
LIABILITIES			
Accounts payable and accrued expenses	$ 368,197	$ 1,077,335	$ 1,445,532
Accrued interest payable	3,269	60,210	63,479
Due to depositors	-	324,280	324,280
Due to bondholders	7,652	-	7,652
Unearned income	37,549	-	37,549
OPEB Liability	86,958	19,199	106,157
Long-term liabilities			
Due within one year	279,635	743,353	1,022,988
Due in more than one year	835,621	14,361,225	15,196,846
Total liabilities	1,618,881	16,585,602	18,204,483
NET ASSETS			
Invested in capital assets, net of related debt	14,722,174	10,345,105	25,067,279
Restricted for:			
Capital projects	2,366,661	-	2,366,661
Debt Service	453	-	453
Other projects	244,373	-	244,373
Unrestricted	319,351	1,063,846	1,383,197
Total net assets	$ 17,653,012	$ 11,408,951	$ 29,061,963

See accompanying notes to the basic financial statements.

Statement of Activities –Year Ended September 30, 2010

Functions/Programs	Expenses	Indirect Expense Allocation	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Program Revenue: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities	Net (Expense) Revenue and Changes in Net Assets: Business-type Activities	Net (Expense) Revenue and Changes in Net Assets: Total
Primary government								
Governmental Activities								
General Government	$ 2,047,453	$ -	$ 126,173	$ 148,890	$ 262,827	$ (1,509,563)	$ -	$ (1,509,563)
Public Safety	3,486,004	-	1,105,903	236,517	18,684	(2,124,900)	-	(2,124,900)
Streets	583,020	-	210,158	86,793	321,030	34,961	-	34,961
Culture and Recreation	866,095	-	124,818	36,175	109,226	(595,876)	-	(595,876)
Airport	382,831	-	125,166	-	166,736	(90,929)	-	(90,929)
Economic Development	32,830	-	17,878	5,073	-	(9,879)	-	(9,879)
Interest on Long-term debt	54,477	-	-	-	-	(54,477)	-	(54,477)
Total governmental activities	7,452,710	-	1,710,096	513,448	878,503	(4,350,663)	-	(4,350,663)
Business-Type Activities:								
Water	1,432,752	845,137	2,125,585	-	-	-	(152,304)	(152,304)
Wastewater	515,010	628,347	914,447	-	-	-	(228,910)	(228,910)
Sanitation	956,400	227,542	1,271,205	-	-	-	87,263	87,263
General Government	516,930	(516,930)	-	-	-	-	-	-
Administration	254,769	(254,769)	-	-	-	-	-	-
Line Maintenance	870,236	(870,236)	-	-	-	-	-	-
Meter Operations	59,091	(59,091)	-	-	-	-	-	-
Total business-type activities	4,605,188	-	4,311,237	-	-	-	(293,951)	(293,951)
Total primary government	$ 12,057,898	$ -	$ 6,021,333	$ 513,448	$ 878,503	$ (4,350,663)	$ (293,951)	$ (4,644,614)
General revenues:								
Taxes:								
Sales and use taxes						$ 3,745,436	$ -	$ 3,745,436
Franchise taxes and public service taxes						500,533	-	500,533
Hotel/motel taxes						122,045	-	122,045
Intergovernmental revenue not restricted to specific programs						123,842	-	123,842
Unrestricted investment earnings						19,937	44,714	64,651
Miscellaneous						175,658	17,336	192,994
Transfers						(3,769,739)	3,769,739	-
Total general revenues and transfers						917,712	3,831,789	4,749,501
Change in net assets						(3,432,951)	3,537,838	104,887
Net assets - beginning						21,085,963	7,871,113	28,957,076
Net assets - ending						$ 17,653,012	$ 11,408,951	$ 29,061,963

See accompanying notes to the basic financial statements.

BASIC FINANCIAL STATEMENTS - GOVERNMENTAL FUNDS

Governmental Funds Balance Sheet - September 30, 2010

	General Fund	Airport Fund	Guthrie Oklahoma City Waterline Fund	Guthrie Job Corps Fund	Guthrie Centennial Fund	Capital Project Fund	Other Governmental Funds	Total Governmental Funds
ASSETS								
Cash and cash equivalents	$ 228,731	$ 26,570	$ 1,900,018	$ 12,485	$ 520	$ 67,681	$ 172,008	$ 2,408,013
Investments	437,459	-	-	-	-	-	-	437,459
Receivable from other governments	647,888	213,554	-	-	-	-	30,980	892,422
Due from other funds	220,892	-	-	-	-	11	118,650	339,553
Taxes receivable, net	72,166	-	-	-	-	-	32,320	104,486
Court fines receivable, net	69,021	-	-	-	-	-	-	69,021
Ambulance receivable, net	58,024	-	-	-	-	-	-	58,024
Other receivables	-	-	-	-	-	30,669	-	30,669
Total assets	$ 1,734,181	$ 240,124	$ 1,900,018	$ 12,485	$ 520	$ 98,361	$ 353,958	$ 4,339,647
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	$ 101,064	$ 78,975	$ -	$ -	$ -	$ 5,483	$ 22,388	$ 207,910
Accrued payroll payable	137,638	-	-	-	-	-	-	137,638
Due to other funds	211,658	157,390	-	1,724	520	63,695	84,676	519,663
Due to bondholders	7,652	-	-	-	-	-	-	7,652
Payable to other governments	22,560	-	-	-	-	-	-	22,560
Deferred revenue	228,175	206,503	-	-	-	429	29,524	464,631
Other payables	88	-	-	-	-	-	-	88
Total liabilities	708,835	442,868	-	1,724	520	69,607	136,588	1,360,142
Fund balances:								
Reserved for:								
Specific capital projects	437,459	-	-	-	-	-	-	437,459
Unreserved	587,887	(202,744)	1,900,018	10,761	-	28,754		2,324,676
Unreserved, reported in non-major:								
Special revenue funds	-	-	-	-	-	-	216,917	216,917
Debt service funds	-	-	-	-	-	-	453	453
Total fund balances	1,025,346	(202,744)	1,900,018	10,761	-	28,754	217,370	2,979,505
Total liabilities and fund balances	$ 1,734,181	$ 240,124	$ 1,900,018	$ 12,485	$ 520	$ 98,361	$ 353,958	$ 4,339,647

See accompanying notes to the basic financial statements.

Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances – Year Ended September 30, 2010

	General Fund	Airport Fund	Guthrie Oklahoma City Waterline Fund	Guthrie Job Corps Fund	Guthrie Centennial Fund	Capital Project Fund	Other Governmental Funds	Total Governmental Funds
REVENUES								
Taxes	$ 4,246,981	$ -	$ -	$ -	$ -	$ -	$ 122,045	$ 4,369,026
Intergovernmental	458,171	8,100	-	-	238,675	-	287,508	992,454
Licenses and permits	112,042	-	-	-	-	-	-	112,042
Charges for services	841,486	129,322	-	-	-	219,050	35,183	1,225,041
Fees and fines	343,158	-	-	-	-	-	-	343,158
Investment earnings	11,470	65	5,769	39	27	1,761	806	19,937
Miscellaneous	270,909	151	-	-	13,778	-	1,832	286,670
Total revenues	6,284,217	137,638	5,769	39	252,480	220,811	447,374	7,348,328
EXPENDITURES								
Current:								
General government	1,955,959	-	-	-	-	10,327	-	1,966,286
Public safety	3,171,793	-	-	2,500	-	-	-	3,174,293
Public works	481,094	-	-	-	-	-	-	481,094
Culture and recreation	648,223	-	-	-	-	-	83,828	732,051
Economic development	24,175	-	-	-	-	-	-	24,175
Airport	-	147,829	-	-	-	-	-	147,829
Capital outlay	7,600	213,184	-	-	156,806	869,845	361,245	1,608,680
Debt service:								
Principal	-	-	-	-	-	161,960	75,535	237,495
Interest and other charges	-	-	-	-	-	43,376	14,647	58,023
Total expenditures	6,288,844	361,013	-	2,500	156,806	1,085,508	535,255	8,429,926
Excess (deficiency) of revenues over expenditures	(4,627)	(223,375)	5,769	(2,461)	95,674	(864,697)	(87,881)	(1,081,598)
OTHER FINANCING SOURCES (USES)								
Proceeds from long-term debt, net	-	-	-	-	-	-	8,075	8,075
Proceeds from capital leases	-	-	-	-	-	21,741	-	21,741
Transfers in	3,731,944	75,925	-	-	52,360	1,165,712	195,117	5,221,058
Transfers out	(4,403,143)	(42,020)	(3,631,309)	(33,563)	-	(323,595)	-	(8,433,630)
Total other financing sources and uses	(671,199)	33,905	(3,631,309)	(33,563)	52,360	863,858	203,192	(3,182,756)
Net change in fund balances	(675,826)	(189,470)	(3,625,540)	(36,024)	148,034	(839)	115,311	(4,264,354)
Fund balances - beginning	1,701,172	(13,274)	5,525,558	46,785	(148,034)	29,593	102,059	7,243,859
Fund balances - ending	$ 1,025,346	$ (202,744)	$ 1,900,018	$ 10,761	$ -	$ 28,754	$ 217,370	$ 2,979,505

See accompanying notes to the basic financial statements.

Reconciliation of Governmental Funds and Government-Wide Financial Statements:

Total fund balance, governmental funds	$	2,979,505
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.		15,451,909
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		427,081
Some liabilities (such as Notes Payable, Capital Lease Contract Payable, Long-term Compensated Absences and OPEB Liability), 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.		(1,202,214)
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.		(3,269)
Net Assets of Governmental Activities in the Statement of Net Assets	$	17,653,012

See accompanying notes to the basic financial statements.

Reconciliation of Governmental Funds and Government-Wide Financial Statements:

Net change in fund balances - total governmental funds:	$ (4,264,354)
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	1,313,733
Depreciation expense	(700,003)
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	(8,898)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Deferred revenue	108,364
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	237,495
Proceeds of long-term debt	(21,741)
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	3,546
Change in OPEB liability	(86,958)
Change in accrued compensated absences	(14,135)
Change in net assets of governmental activities	$ (3,432,951)

See accompanying notes to the basic financial statements.

BASIC FINANCIAL STATEMENTS - PROPRIETARY FUNDS

Proprietary Funds Statement of Net Assets - September 30, 2010

	Guthrie Public Works Authority
ASSETS	
Current assets:	
Cash and cash equivalents	$ 1,427,335
Restricted:	
Cash and cash equivalents	225,280
Investments	99,000
Due from other funds	180,728
Accounts receivable, net	446,581
Notes receivable	13,230
Total current assets	2,392,154
Non-current assets:	
Notes receivable	194,737
Capital assets:	
Land and construction in progress	14,354,968
Other capital assets, net of accumulated depreciation	10,790,210
Unamortized issue costs	263,102
Total non-current assets	25,603,017
Total assets	$ 27,995,171
LIABILITIES	
Current liabilities:	
Accounts payable	$ 1,053,307
Salaries payable	24,028
Accrued interest payable	60,210
Due to other funds	618
Deposits subject to refund	324,280
Compensated absences	4,140
Capital lease obligation	99,258
Notes payable	639,955
Total current liabilities	2,205,796
Non-current liabilities:	
Compensated absences	37,263
Capital lease obligation	25,765
Notes payable	14,298,197
OPEB Liability	19,199
Total non-current liabilities	14,380,424
Total liabilities	16,586,220
NET ASSETS	
Invested in capital assets, net of related debt	$ 10,345,105
Unrestricted	1,063,846
Total net assets	$ 11,408,951

See accompanying notes to the basic financial statements.

Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Assets - Year Ended September 30, 2010

	Guthrie Public Works Authority
REVENUES	
Water	$ 2,125,585
Sewer	914,447
Sanitation	1,271,205
Rents and royalties	5,000
Miscellaneous	11,735
Total operating revenues	4,327,972
OPERATING EXPENSES	
General government	236,120
Administration	202,905
Water	300,711
Wastewater	221,402
Sanitation	778,124
Landfill operations	106,289
Line maintenance	618,370
Meter operations	52,837
Municpal Pool	39,137
Amortization expense	205,448
Depreciation	843,064
Total Operating Expenses	3,604,407
Operating income	723,565
NON-OPERATING REVENUES (EXPENSES)	
Interest and investment revenue	44,714
Miscellaneous revenue	601
Interest expense	(1,000,781)
Total non-operating revenue (expenses)	(955,466)
Income before transfers	(231,901)
Transfers in	8,552,119
Transfers out	(4,782,380)
Change in net assets	3,537,838
Total net assets - beginning	7,871,113
Total net assets - ending	$ 11,408,951

See accompanying notes to the basic financial statements.

Proprietary Funds Statement of Cash Flows - Year Ended September 30, 2010

	Guthrie Public Works Authority
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	$ 4,290,664
Payments to suppliers and employees	(2,076,732)
Receipts of customer meter deposits	75,800
Refunds of customer meter deposits	(69,946)
Interfund receipts/payments	(86,485)
Net cash provided by operating activities	2,133,301
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	(4,769,969)
Transfers to other funds	8,552,119
Net cash provided by noncapital financing activities	3,782,150
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of capital assets	(7,756,533)
Proceeds from debt	6,646,898
Principal paid on debt	(5,205,444)
Interest and fiscal agent fees paid on debt	(752,333)
Net cash provided by (used in) capital and related financing activities	(7,067,412)
CASH FLOWS FROM INVESTING ACTIVITIES	
Sale of investments	-
Interest and dividends	44,714
Net cash provided by investing activities	44,714
Net increase in cash and cash equivalents	(1,107,247)
Balances - beginning of year	2,759,862
Balances - end of year	$ 1,652,615
Reconciliation to Statement of Net Assets:	
Cash and cash equivalents	$ 1,427,335
Restricted cash and cash equivalents - current	225,280
Total cash and cash equivalents, end of year	$ 1,652,615

(Continued)

See accompanying notes to the basic financial statements.

Proprietary Funds Statement of Cash Flows - Year Ended September 30, 2010, (Continued)

Reconciliation of operating income (loss) to net cash provided by Operating Activities:		
Operating income	$	723,565
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense		843,064
Amortization expense		205,448
Miscellaneous revenue		601
Change in assets and liabilities:		
Due from other funds		90,289
Due to other funds		(176,774)
Accounts receivable		(37,909)
Accounts payable		459,614
Accrued salaries payable		1,053
OPEB liability		19,199
Deposits subject to refund		5,854
Accrued compensated absences		(703)
Net cash provided by operating activities	$	2,133,301

See accompanying notes to the basic financial statements.

FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS

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

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.

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.

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.

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 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, 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, 2010, the General Fund received on a cash basis $3,611,195 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 2010 and received by the City in October and November 2010, 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, 2010, the City did not levy a property tax, and had no general obligation bonded debt or court-assessed judgments outstanding at September 30, 2010.

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.

Expenditures/Expenses

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

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

Governmental Funds - By Character:	Current (further classified by function) Debt Service Capital Outlay

Proprietary Fund - By Operating and Non-Operating

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

F. Internal and Interfund Balances and Activities

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

Fund Financial Statements:

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

1. Interfund loans - amounts provided with a requirement for repayment are reported as interfund receivables and payables.

2. Interfund services - sales or purchases of goods and services between funds are reported as revenues and expenditures/expenses.

3. Interfund reimbursements - repayments from funds responsible for certain expenditures/expenses to the funds that initially paid for them are not reported as reimbursements but as adjustments to expenditures/expenses in the respective funds.

4. Interfund transfers - flow of assets from one fund to another where repayment is not expected are reported as transfers in and out.

Government-Wide Financial Statements:

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

1. Internal balances - amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the governmental and business-type activities columns of the Statement of Net Assets, except for the net residual amounts due between governmental and business-type activities, which are reported as Internal Balances.

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

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, 2010, the reporting entity held the following deposits and investments:

Primary Government:

Type	Maturities	Carrying Value
Deposits:		
Demand deposits		$ 2,159,385
Cash on hand		1,225
Time deposit	2/25/2011	99,000
Time deposit	6/10/2011	437,459
		2,697,069
Investments:		
Trustee accounts money markets		1,900,018
		1,900,018
Total deposits and investments		$ 4,597,087
Reconciliation to Statement of Net Assets:		
Cash and cash equivalents		$ 4,047,615
Investments		549,472
		$ 4,597,087

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 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, 2010 the City was not exposed to custodial credit risk.

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
Money Market Funds	Bank of Oklahoma	1,900,018	AAA
Total Investments		$ 1,900,018	

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.

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, 2010 are as follows:

	Current	
	Cash and cash equivalents	Investments
Meter deposits	$ 225,280	$ 99,000
Total	$ 225,280	$ 99,000

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
Governmental Activities:			
Franchise taxes	$ 72,166	$ -	$ 72,166
Court fines	276,084	(207,063)	69,021
Ambulance fees	2,901,172	(2,843,148)	58,024
Other taxes	32,320	-	32,320
Other:			
Street utilities	52,574	(21,905)	30,669
Total other	52,574	(21,905)	30,669
Total Governmental Activities	$ 3,334,316	$ (3,072,116)	$ 262,200
Business-Type Activities:			
Utilities	$ 746,059	$ (299,478)	$ 446,581

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 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, 2010 is as follows:

	Balance 10/1/2009	Additions	Deductions	Balance 9/30/2010	Due Within One Year
Governmental Activities:					
Excel Jet	$ 375,000	$ -	$ -	$ 375,000	$ -
(Less allowance for uncollectible account)	(375,000)	-	-	(375,000)	-
Total Governmental Activities, net	$ -	$ -	$ -	$ -	$ -
Business-Type Activities:					
Fire Building - Ladd	$ 157,000	$ -	$ (8,882)	$ 148,118	$ 9,244
Park Barn - Ladd	63,378	-	(3,529)	59,849	3,986
Total Business-Type Activities	$ 220,378	$ -	$ (12,411)	$ 207,967	$ 13,230

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, 2010, capital assets balances changed as follows:

	Balance at October 1, 2009	Additions	Disposals	Balance at September 30, 2010
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 1,322,207	$ -	$ -	$ 1,322,207
Construction in progress	5,421,170	761,622	1,387,644	4,795,148
Total capital assets not being depreciated	6,743,377	761,622	1,387,644	6,117,355
Other capital assets:				
Buildings	2,699,760	45,727	3,076	2,742,411
Improvements	6,138,422	293,593	-	6,432,015
Infrastructure	151,086	1,453,546	-	1,604,632
Machinery, furniture and equipment	5,462,903	146,889	100,870	5,508,922
Total other capital assets at historical cost	14,452,171	1,939,755	103,946	16,287,980
Less accumulated depreciation for:				
Buildings	661,846	67,117	3,076	725,887
Improvements	1,584,831	268,634	-	1,853,465
Infrastructure	21,377	46,573	-	67,950
Machinery, furniture and equipment	4,080,417	317,679	91,972	4,306,124
Total accumulated depreciation	6,348,471	700,003	95,048	6,953,426
Other capital assets, net	8,103,700	1,239,752	8,898	9,334,554
Governmental activities capital assets, net	$ 14,847,077	$ 2,001,374	$ 1,396,542	$ 15,451,909
Business-type activities:				
Capital assets not being depreciated:				
Land	$ 689,607	$ -	$ -	$ 689,607
Construction in progress	6,446,829	7,736,010	517,478	13,665,361
Total capital assets not being depreciated	7,136,436	7,736,010	517,478	14,354,968
Other capital assets:				
Buildings	2,533,069	-	-	2,533,069
Improvements	219,565	-	865	218,700
Machinery, furniture and equipment	2,561,224	2,624	500	2,563,348
Utility property	19,008,075	535,377	3,220	19,540,232
Total other capital assets at historical cost	24,321,933	538,001	4,585	24,855,349
Less accumulated depreciation for:				
Buildings	747,789	49,196	-	796,985
Improvements	159,823	6,493	865	165,451
Machinery, furniture and equipment	1,405,970	172,195	500	1,577,665
Utility property improvements	10,913,078	615,180	3,220	11,525,038
Total accumulated depreciation	13,226,660	843,064	4,585	14,065,139
Other capital assets, net	11,095,273	(305,063)	-	10,790,210
Business-type activities capital assets, net	$ 18,231,709	$ 7,430,947	$ 517,478	$ 25,145,178

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:		Business-Type Activities:	
General government	$ 57,220	Water	$ 361,804
Public safety	226,900	Sewer	146,903
Highways and streets	84,576	Sanitation	62,461
Culture, tourism, and recreation	95,900	Administration	52,913
Airport	235,407	Line maintenance	212,729
	$ 700,003	Meter operations	6,254
			$ 843,064

5. Long-Term Debt and Debt Service Requirements

For the year ended September 30, 2010, the reporting entity's long-term debt changed as follows:

Type of Debt	Balance October 1, 2009	Additions	Deductions	Balance September 30, 2010	Due Within One Year
Governmental Activities:					
Capital lease payable	$ 479,381	$ 21,741	$ 161,960	$ 339,162	$ 165,691
Refundable grant obligation	180,208	-	12,500	167,708	12,500
Notes payable	285,900	-	63,035	222,865	62,892
Accrued compensated absences	371,387	438,665	424,530	385,521	38,552
Total Governmental Activities	$ 1,316,876	$ 460,406	$ 662,025	$ 1,115,256	$ 279,635
Business-Type Activities:					
Notes Payable	$ 8,416,221	$ 6,646,898	$ 124,967	$ 14,938,152	$ 639,955
Capital lease payable	236,762	-	111,739	125,023	99,258
Revenue bonds payable	4,955,000	-	4,955,000	-	-
Loan payable	13,739	-	13,739	-	-
Accrued compensated absences	42,106	47,110	47,813	41,403	4,140
Total Business-Type Activities	13,663,828	6,694,008	5,253,258	15,104,578	743,353
Total Long-Term Debt	$ 14,980,704	$ 7,154,414	$ 5,915,283	$ 16,219,834	$ 1,022,988

Reconciliation to Statement of Net Assets:	
Governmental Activities:	
Due within one year	$ 279,635
Due in more than one year	835,621
Total Governmental Activities Long-Term Liabilities	$ 1,115,256
Business-Type Activities:	
Due within one year	$ 743,353
Due in more than one year	14,361,225
Total Business-Type Activities Long-Term Liabilities	$ 15,104,578

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:

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.	$	40,676
$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.		65,783
$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.		47,186
$110,275 lease obligation for the purchase of a 10 Wheel Dump Truck, payable in 60 monthly installments of $2,031with an annual interest rate of 3.99%, final payment due June 2014.		82,599
$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.		7,515
$13,185 lease obligation for the purchase of video editing equiment, payable in 48 monthly installments of $329 with an annual interest rate of 6.66%, final payment due September 2011.		3,805
$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.		9,868
$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.		7,312
$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.		41,291
$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.		16,588
$21,741 lease obligation for the purchase of a Dodge Charger, payable in 48 monthly installments of $642 with an annual interest rate of 4%, final payment due December 2013.		16,539
Total Capital Leases Payable	$	339,162
Current portion	$	165,691
Noncurrent portion		173,471
Total Capital Leases Payable	$	339,162

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.	$	32,753
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.		43,434
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.		146,678
Total Notes Payable	$	222,865
Current portion	$	62,892
Noncurrent portion		159,973
Total Notes Payable	$	222,865

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.	$	167,708
Total Refundable Grant Obligation	$	167,708
Current portion	$	12,500
Noncurrent portion		155,208
Total Refundable Grant Obligation	$	167,708

Accrued Compensated Absences:

Current portion		38,552
Noncurrent portion		346,969
Total Accrued Compensated Absences	$	385,521

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.	$	16,547
$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.		44,812
$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.		44,503
$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.		19,161
Total Capital Leases Payable	$	125,023
Current portion	$	99,258
Noncurrent portion		25,765
Total Capital Leases Payable	$	125,023

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.	$	460,064
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.		1,985,585
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.		4,665,503
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.		7,827,000
Total Notes Payable	$	14,938,152
Current portion	$	639,955
Noncurrent portion		14,298,197
Total Notes Payable	$	14,938,152

Accrued Compensated Absences:

Current portion	$	4,140
Noncurrent portion		37,263
Total Accrued Compensated Absences	$	41,403

Debt Service Requirements to Maturity:

	Governmental Activities					
Year Ending September 30,	Refundable Grant Obligations		Capital Lease obligations		Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	$ 12,500	$ -	$ 165,691	$ 13,073	$ 62,892	$ 62,892
2012	12,500	-	126,418	6,053	159,973	222,865
2013	12,500	-	31,228	1,230	-	-
2014	12,500	-	15,825	299	-	-
2015	12,500		-	-		
2016-2020	62,500	-	-	-	-	-
2021-2024	42,708	-	-	-	-	-
Totals	$ 167,708	$ -	$ 339,162	$ 20,655	$ 222,865	$ 285,757

	Business Type Activities			
Year Ending September 30,	Capital Lease Obligations		Notes Payable	
	Principal	Interest	Principal	Interest
2011	$ 99,258	$ 4,243	$ 639,955	$ 758,756
2012	25,765	340	662,057	731,754
2013	-	-	685,167	703,402
2014	-	-	709,331	674,167
2015	-	-	734,598	603,830
2016-2020	-	-	4,094,205	2,722,064
2021-2025	-	-	5,038,353	1,766,537
2026-2030	-	-	5,201,983	1,207,924
Totals	$ 125,023	$ 4,583	$ 17,765,649	$ 9,168,434
Less remaining funds to be drawn down:			(2,827,497)	
			$ 14,938,152	

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:

Defeased Bonds Outstanding:	Outstanding at September 30, 2010
1977 Series Bonds - Public Works Authority	
Total Defeased Bonds Outstanding	$80,000

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:

	State Statutes	Enabling Legislation	Contractual Agreements	Total
Governmental Activities:				
Capital Projects:				
General Fund - specific GHM Projects	$ -	$ -	$ 437,889	$ 437,889
Capital Improvement Fund	-	28,754	-	28,754
Guthrie/OKC Waterline Fund	-	1,900,018	-	1,900,018
Sub-total Capital Projects	-	1,928,772	437,889	2,366,661
Debt Service:				
Sinking Fund	453	-	-	453
Other				
USDA Rural Development Fund	-	-	20,523	20,523
Guthrie Industrial Development Fund	-	5,273	-	5,273
Grant Fund	103,870	-	-	103,870
Airport Fund	16,695	-	-	16,695
Airport Escrow Fund	42,023	-	-	42,023
Cemetery Care Fund	45,228	-	-	45,228
Guthrie Job Corps Sales Fund	-	10,761	-	10,761
Sub-total Other	207,816	16,034	20,523	244,373
Total Governmental Activities	208,269	1,944,806	458,412	2,611,487
TOTAL RESTRICTED NET ASSETS	$ 208,269	$ 1,944,806	$ 458,412	$ 2,611,487

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

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

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, 2010, the City reported a fund balance deficit in the amount of $202,744 in the Airport 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.

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, 2010 were as follows:

Transfer From	Transfer To	Amount	Purpose of Transfer
Airport Fund	Airport Escrow Fund	42,020	Operations
General Fund	Airport Fund	75,925	Operations
General Fund	Capital Project Fund	640,787	Capital asset purchase
GPWA	Capital Project Fund	491,362	Capital asset purchase
Job Corps Fund	Capital Project Fund	33,563	Capital asset purchase
GPWA	General Fund	3,611,195	Sales Tax transfer
GPWA	General Fund	120,749	Operations
GPWA	GIDA	62,002	Operations
Capital Project Fund	GPWA	323,595	Capital asset purchase
General Fund	GPWA	3,611,195	Sales Tax transfer
General Fund	Grant Fund	52,403	Operating and grant match
GPWA	Grant Fund	36,500	Operating and grant match
Guthrie/OKC Waterline Fund	Revenue Bond Trust Fund	3,631,309	Debt service
GPWA	Water Treatment Plant Fund	428,853	Capital asset purchase
General Fund	Hotel Motel Tax Fund	2,192	Capital asset transfers
General Fund	Guthrie Centennial Fund	20,641	Capital asset transfers
GPWA	Guthrie Centennial Fund	31,719	Capital asset transfers
Governmental Funds	GPWA	557,167	Capital asset transfers
Total		$ 13,773,177	

Reconciliation to Fund Financial Statements:

	Transfers In	Transfers Out	Net Transfers
Governmental Funds	$ 5,221,058	$ (8,433,630)	$ (3,212,572)
Transfer of governmental capital asset	-	(557,167)	(557,167)
Proprietary Funds	8,552,119	(4,782,380)	3,769,739
	$ 13,773,177	$ (13,773,177)	-

Balances:

Interfund receivable and payables at September 30, 2010 were comprised of the following:

Due From	Due To	Amount	Nature of Balance
Centennial	General Fund	520	To cover expenditures/to be reimbursed by Centennial Fund
Hotel Motel Tax Fund	General Fund	52,663	To cover expenditures/to be reimbursed by Hotel Motel Fund
Capital Project Fund	General Fund	8,825	To cover expenditures/to be reimbursed by Capital Project Fund
Job Corps Sale Fund	General Fund	1,494	To cover expenditures/to be reimbursed by Job Corps Fund
Airport Fund	General Fund	157,390	To cover negative cash
Water Treatment Fund	Capital Project Fund	11	To cover expenditures/to be reimbursed by Water Treatment Fund
Capital Project Fund	GPWA	54,870	To cover expenditures/to be reimbursed by Capital Project Fund
General Fund	GPWA	33,008	To cover inccorect transfer from Capital Project Fund
Grant Fund	GPWA	32,013	To cover expenditures/to be reimbursed by Grant Fund
GPWA	Water Treatment Plant	521	Utility billing due to Water Treatment Fund
General Fund	Meter Deposit	60,000	To cover negative cash
CMOM Fund	GPWA	86	Utility billing due to GPWA
Job Corps Sale Fund	GPWA	230	To cover expenditures/to be reimbursed by Job Corps Fund
General Fund	Grant Fund	118,650	To cover expenditures/to be reimbursed by General Fund
Total		$ 520,281	

Reconciliation to Fund Financial Statements:

	Due From	Due To	Net Internal Balances
Governmental Funds	$ 339,553	$ (519,663)	$ (180,110)
Proprietary Funds	180,728	(618)	180,110
Total	$ 520,281	$ (520,281)	$ -

8. Pledged Future Revenues

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 $26,934,083 (total principal includes $2,827,496 remaining to be drawn). Pledged net water and sewer utility revenues in the current fiscal year were $1,517,284. Debt service payments of $634,598 for the current fiscal year were 42% 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.

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 2010 was $120,132.

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, 2010, 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 2010, 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.

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, 2010:

Project	Amount Outstanding
Water Treatment Plant	$2,383,692
Taxiway North of Delta	298,424
CMOM Project	4,375,000
CDBG Sewer Line Project	24,451

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. 63rd Street, Oklahoma City, OK, 73116-7335.

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
2008	$ 76,935	100%	2008	$ 116,252	100%
2009	$ 77,733	100%	2009	$ 119,976	100%
2010	$ 86,295	100%	2010	$ 121,833	100%

The state made on-behalf payments of $58,415 for the police pension system and $154,718 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. 63rd, 4th Floor, Oklahoma City, Oklahoma 73116.

B. Eligibility Factors, Contribution Methods and Benefit Provisions

Provision	OMRF Plan
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 - 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, 2010, the City's annual pension cost and required contributions of $80,757 were made.

2. Actuarial Assumptions

Date of Last Actuarial Valuation	July 1, 2010
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
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, 2010, the funded status of the OMRF defined benefit plan is as follows:

Actuarial accrued liability (AAL)	$4,397,696
Actuarial value of plan assets	3,834,549
Overfunded (Unfunded) actuarial accrued liability (UAAL)	$ (563,147)
Funded ratio (actuarial value of plan assets/AAL)	87%
Annual covered payroll (active plan members)	$1,826,439
UAAL as a percentage of covered payroll	30.8%

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.

E. Annual OPEB Cost and Net OPEB Obligation.

Plan Description: The City provides post-retirement benefit options for health care, and prescription drug benefits for retired employees and their dependents that elect to make required contributions. The benefits are provided in accordance with State law, police and firefighter's union contracts and the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). The relationship for these benefits is not formalized in a contract or plan document, only a few sentences in the administrative policy. These benefits are considered for accounting purposes to be provided in accordance with a single employer substantive plan. A substantive plan is one in which the plan terms are understood by the city and plan members. This understanding is based on communications between the employers and plan member and the historical pattern of practice with regard to the sharing of benefit costs. Substantially all of the government's employees may become eligible for those post-retirement benefits if they reach normal retirement age while working for the City.

Funding Policy. The contribution requirement of the City is an implicit subsidy. The implicit subsidy is not a direct payment from the employer on behalf of the member but rather stems from retiree contribution levels that are less than the claims cost at retiree ages. Since claims experience for employees and non-Medicare eligible retirees are pooled when determining premiums, these retired members pay a premium based on a pool of members that, on average, are younger and healthier. There is an implicit subsidy from the employee group since the premiums paid by the retirees are lower than they would have been if the retirees were insured separately. The subsidies are valued using the difference between the age-based claims costs and the premium paid by the retiree.

The amount required to fund the implicit rate is based on projected pay-as-you-go financing requirements. For fiscal year 2010, the City contributed $8,950 to the plan. Plan members receiving benefits contributed $8,950, or approximately 100 percent of the total premiums, through their required

contribution of $357.68 per month for retiree-only coverage and $617.01 for retiree and spouse medical coverage.

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost, the amount actually contributed to the plan, and changes in the City's net OPEB obligation for the year ended September 30, 2010:

Annual required contribution	$ 115,108
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	115,108
Contributions made	(8,950)
Increase in net OPEB obligation	106,158
Net OPEB obligation—beginning of year	-
Net OPEB obligation—end of year	$ 106,158

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net unfunded OPEB obligation for 2010 was as follows:

Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Unfunded OPEB Obligation
6/30/10	$115,108	7.78%	$106,158

Funded Status and Funding Progress. As of May 7, 2010, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was $762,663, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of $762,663. The covered payroll (annual payroll of active employees covered by the plan) was $1.8 million, and the ratio of the UAAL to the covered payroll was 41.8 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the

actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the May 7, 2010, actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a 4 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 7 percent initially, reduced by decrements to an ultimate rate of 5 percent in 2013, based upon dependent rates. There were no assets to determine the actuarial value of assets. The UAAL is being amortized over 30 years as level payments. The remaining amortization period at September 30, 2010, was twenty-nine years.

REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule (Budgetary Basis) – Year Ended September 30, 2010

General Fund	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	$ 4,618,600	$ 4,607,700	$ 4,248,149	$ (359,551)
Licenses and permits	137,000	137,000	105,245	(31,755)
Intergovernmental	211,500	211,500	220,352	8,852
Charges for services	872,830	872,830	898,292	25,462
Fees and fines	268,000	268,000	425,027	157,027
Investment earnings	7,000	7,000	3,330	(3,670)
Miscellaneous	99,650	116,488	272,903	156,415
Total revenues	6,214,580	6,220,518	6,173,298	(47,220)
EXPENDITURES				
Departmental:				
General Government:				
General government	992,170	916,760	874,370	42,390
City manager	196,170	178,092	172,789	5,303
Purchasing/accounts payable	75,055	79,386	74,297	5,089
Human resources	85,580	88,465	75,570	12,895
City clerk	245,570	213,201	210,476	2,725
Building services	49,423	36,872	35,708	1,164
Information services	108,433	104,734	97,857	6,877
Planning and zoning	250,129	243,727	237,596	6,131
Economic development	25,050	25,050	23,711	1,339
Vehicle maintenance	144,878	155,092	107,970	47,122
Total General Government	2,172,458	2,041,379	1,910,344	131,035
Public Safety:				
Police administration	305,831	387,268	371,830	15,438
Police operations	761,483	715,706	714,530	1,176
Criminal investigations	67,588	94,457	89,258	5,199
Communications	140,920	151,139	149,683	1,456
Animal Control	101,883	100,302	89,132	11,170
Code Compliance	82,837	61,187	53,971	7,216
Fire suppression	654,620	650,944	584,271	66,673
Fire prevention	228,615	244,246	233,150	11,096
EMS	592,883	656,149	635,166	20,983
Total Public Safety	2,987,464	3,066,703	2,922,290	144,413
Street:				
Street	494,946	526,962	472,237	54,725
Total Street	494,946	526,962	472,237	54,725
Culture and Recreation:				
Library	209,697	210,732	196,401	14,331
Municipal pool	64,471	31,737	21,092	10,645
Parks	442,559	458,277	418,918	39,359
Total Culture and Recreation	716,727	700,746	636,411	64,335
Total Expenditures	6,371,595	6,335,790	5,941,282	394,508
Excess (deficiency) of revenues over expenditures	(157,015)	(115,272)	232,016	347,288
OTHER FINANCING SOURCES (USES)				
Transfers in	4,490,809	4,499,209	3,731,944	(767,265)
Transfers out	(4,581,260)	(4,602,760)	(4,076,555)	526,205
Total other financing sources and uses	(90,451)	(103,551)	(344,611)	(241,060)
Net change in fund balances	(247,466)	(218,823)	(112,595)	106,228
Fund balances - beginning	247,466	218,823	-	(218,823)
Fund balances - ending	$ -	$ -	$ (112,595)	$ (112,595)

Airport Fund

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
REVENUES				
Intergovernmental	$ 962,000	$ 1,061,069	$ 145,450	$ (915,619)
Charges for services	30,500	30,500	23,829	(6,671)
Investment earnings	-	-	65	65
Miscellaneous	5,000	5,000	150	(4,850)
Total revenues	997,500	1,096,569	169,494	(927,075)
EXPENDITURES				
Departmental:				
Airport	1,214,500	1,263,579	308,656	954,923
Total Airport	1,214,500	1,263,579	308,656	954,923
Total Expenditures	1,214,500	1,263,579	308,656	954,923
Excess (deficiency) of revenues over expenditures	(217,000)	(167,010)	(139,162)	27,848
OTHER FINANCING SOURCES (USES)				
Transfers in	217,000	217,000	112,595	(104,405)
Transfers out	-	(78,690)	(78,690)	-
Total other financing sources and uses	217,000	138,310	33,905	(104,405)
Net change in fund balances	-	(28,700)	(105,257)	(76,557)
Fund balances - beginning	-	28,700	-	(28,700)
Fund balances - ending	$ -	$ -	$ (105,257)	$ (105,257)

Guthrie Oklahoma City Waterline Fund

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
REVENUES				
Investment earnings	$ -	$ -	$ 6,677	$ 6,677
Total revenues	-	-	6,677	6,677
EXPENDITURES				
Departmental:				
General Government:				
General government	-	1,011,064	505,532	505,532
Total General Government	-	1,011,064	505,532	505,532
Total Expenditures	-	1,011,064	505,532	505,532
Excess (deficiency) of revenues over expenditures	-	(1,011,064)	(498,855)	512,209
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(3,125,778)	(3,125,777)	1
Total other financing sources and uses	-	(3,125,778)	(3,125,777)	1
Net change in fund balances	-	(4,136,842)	(3,624,632)	512,210
Fund balances - beginning	-	4,136,842	-	(4,136,842)
Fund balances - ending	$ -	$ -	$ (3,624,632)	$ (3,624,632)

Guthrie Job Corps Fund

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
REVENUES				
Investment earnings	$ 100	$ 100	$ 39	$ (61)
Total revenues	100	100	39	(61)
EXPENDITURES				
Departmental:				
General Government:				
General government	2,500	2,500	2,500	-
Total General Government	2,500	2,500	2,500	-
Total Expenditures	2,500	2,500	2,500	-
Excess (deficiency) of revenues over expenditures	(2,400)	(2,400)	(2,461)	(61)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(46110)	(46110)	-	(46,110)
Total other financing sources and uses	(46,110)	(46,110)	-	(46,110)
Net change in fund balances	(48,510)	(48,510)	(2,461)	46,049
Fund balances - beginning	48,510	48,510		(48,510)
Fund balances - ending	$ -	$ -	$ (2,461)	$ (2,461)

Guthrie Centennial Fund

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
REVENUES				
Intergovernmental	$ -	$ 220,000	$ 216,712	$ (3,288)
Investment earnings	-	-	27	27
Total revenues	-	220,000	216,739	(3,261)
EXPENDITURES				
Departmental:				
Culture and Recreation:				
Centennial projects	-	220,000	156,806	63,194
Total Culture and Recreation	-	220,000	156,806	63,194
Total Expenditures	-	220,000	156,806	63,194
Excess (deficiency) of revenues over expenditures	-	-	59,933	59,933
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources and uses	-	-	-	-
Net change in fund balances	-	-	59,933	59,933
Fund balances - beginning	-	-	-	-
Fund balances - ending	$ -	$ -	$ 59,933	$ 59,933

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
Total revenue - budgetary basis	$ 9,905,242	$ 282,089	$ 6,677	$ 39	$ 216,739
Total expenses - budgetary basis	(10,017,837)	(387,346)	(3,631,309)	(2,500)	(156,806)
Change in fund balance - budgetary basis	(112,595)	(105,257)	(3,624,632)	(2,461)	59,933
Revenue accruals	110,919	(68,526)	(908)	-	88,101
Expenditure accruals	(674,150)	(15,687)	-	(33,563)	-
Change in fund balance - GAAP basis	$ (675,826)	$ (189,470)	$ (3,625,540)	$ (36,024)	$ 148,034

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%
1/1/10	$3,834,549	$4,397,696	$ 563,147	87.2%	$1,826,439	30.8%

Schedule of Contributions - OMRF Defined Benefit Plan

Period Ended	Annual Pension Cost	Percentage of APC Contributed	Net Pension Obligation
September 30, 2008	$ 46,777	100%	-
September 30, 2009	$ 53,348	100%	-
September 30, 2010	$ 80,757	100%	-

Required Supplementary Information

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

	October 1, 2009
Actuarial accrued liability - AAL (a)	$762,663
Actuarial value of plan assets (b)	-
Unfunded actuarial accrued liability – UAAL (funding excess) (a) – (b)	$762,663
Funded ratio (b)/(a)	0%
Covered payroll (c)	$1,826,439
UAAL (funding excess) as a % of covered payroll [UAAL/(c)]	41.8%

Three year trend information is not available because only one actuarial valuation has been done since GASB 45 implementation.

OTHER SUPPLEMENTARY INFORMATION

Combining Balance Sheet – Nonmajor Governmental Funds – September 30, 2010

	Airport Escrow Fund	Hotel Motel Tax Fund	Cemetery Care Fund	Grant Fund	USDA Rural Development	Guthrie Industrial Development Fund	Debt Service	Total Governmental Funds
ASSETS								
Cash and cash equivalents	$ 42,023	$ 42,639	$ 45,228	$ 15,869	$ 20,523	$ 5,273	$ 453	$ 172,008
Receivable from other governments	-	-	-	30,980	-	-	-	30,980
Due from other funds	-	-	-	118,650	-	-	-	118,650
Taxes receivable, net	-	32,320	-	-	-	-	-	32,320
Total assets	$ 42,023	$ 74,959	$ 45,228	$ 165,499	$ 20,523	$ 5,273	$ 453	$ 353,958
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	$ -	$ 22,296	$ -	$ 92	$ -	$ -	$ -	$ 22,388
Due to other funds	-	52,663	-	32,013	-	-	-	84,676
Deferred revenue	-	-	-	29,524	-	-	-	29,524
Total liabilities	-	74,959	-	61,629	-	-	-	136,588
Fund balances:								
Unreserved, reported in non-major:								
Special revenue funds	42,023	-	45,228	103,870	20,523	5,273	-	216,917
Debt service funds	-	-	-	-	-	-	453	453
Total fund balances (deficits)	42,023	-	45,228	103,870	20,523	5,273	453	217,370
Total liabilities and fund balances	$ 42,023	$ 74,959	$ 45,228	$ 165,499	$ 20,523	$ 5,273	$ 453	$ 353,958

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – For the Year Ended September 30, 2010

	Airport Escrow Fund	Hotel Motel Tax Fund	Cemetery Care Fund	Grant Fund	USDA Rural Development	Guthrie Industrial Development Fund	Debt Service	Total-Other Governmental Funds
REVENUES								
Taxes	$ -	$ 122,045	$ -	$ -	$ -	$ -	$ -	$ 122,045
Intergovernmental	-	-	-	287,508	-	-	-	287,508
Charges for services	-	-	9,855	-	-	25,328	-	35,183
Investment earnings	3	224	278	119	142	36	4	806
Miscellaneous	-	-	-	1,832	-	-	-	1,832
Total revenues	3	122,269	10,133	289,459	142	25,364	4	447,374
EXPENDITURES								
Current:								
Public Safety	-	-	-	-	-	-	-	-
Culture and recreation	-	81,518	2,310	-	-	-	-	83,828
Debt Service:								
Principal	-	-	-	-	-	75,535	-	75,535
Interest and other charges	-	-	-	-	-	14,647	-	14,647
Capital Outlay	-	3,239	-	358,006	-	-	-	361,245
Total Expenditures	-	84,757	2,310	358,006	-	90,182	-	535,255
Excess (deficiency) of revenues over expenditures	3	37,512	7,823	(68,547)	142	(64,818)	4	(87,881)
OTHER FINANCING SOURCES (USES)								
Proceeds from long-term debt, net	-	-	-	-	8,075	-	-	8,075
Transfers in	42,020	2,192	-	88,903	-	62,002	-	195,117
Total other financing sources and uses	42,020	2,192	-	88,903	8,075	62,002	-	203,192
Net change in fund balances	42,023	39,704	7,823	20,356	8,217	(2,816)	4	115,311
Fund balances (deficits) - beginning	-	(39,704)	37,405	83,514	12,306	8,089	449	102,059
Fund balances (deficits) - ending	$ 42,023	$ -	$ 45,228	$ 103,870	$ 20,523	$ 5,273	$ 453	$ 217,370

Combining Schedule of Net Assets – Enterprise Fund Accounts – September 30, 2010

	GPWA	Water Treatment Plant Fund	Revenue Bond Trustee Fund	Meter Deposit Fund	CMOM Fund	Total
ASSETS						
Current assets:						
Cash and cash equivalents	$ 267,962	$ 1,083,654	$ 13,013	$ 13,469	$ 49,237	$ 1,427,335
Restricted:						
Cash and cash equivalents	-	-	-	225,280	-	225,280
Investments	-	-	-	99,000	-	99,000
Due from other funds	120,207	521	-	60,000	-	180,728
Accounts receivable, net	356,617	62,233	-	-	27,731	446,581
Notes receivable	13,230	-	-	-	-	13,230
Total current assets	758,016	1,146,408	13,013	397,749	76,968	2,392,154
Non-current assets:						
Notes receivable	194,737	-	-	-	-	194,737
Capital assets:						
Land and construction in progress	976,999	13,299,773	-	-	78,196	14,354,968
Other capital assets,net of accumulated depreciation	10,790,210	-	-	-	-	10,790,210
Unamortized note issue costs	21,428	241,674	-	-	-	263,102
Total non-current assets	11,983,374	13,541,447	-	-	78,196	25,603,017
Total assets	12,741,390	14,687,855	13,013	397,749	155,164	27,995,171
LIABILITIES						
Current liabilities:						
Accounts payable	132,046	897,476	-	-	23,785	1,053,307
Salaries payable	24,028	-	-	-	-	24,028
Accrued interest payable	3,976	56,234	-	-	-	60,210
Due to other funds	604	11	-	(83)	86	618
Deposits subject to refund	-	-	-	324,280	-	324,280
Compensated absences	4,140	-	-	-	-	4,140
Capital lease obligation	99,258	-	-	-	-	99,258
Notes payable	639,955	-	-	-	-	639,955
Total current liabilities	904,007	953,721	-	324,197	23,871	2,205,796
Non-current liabilities:						
Compensated absences	37,263	-	-	-	-	37,263
Capital lease obligation	25,765	-	-	-	-	25,765
Notes payable	1,805,694	12,492,503	-	-	-	14,298,197
OPEB liability	19,199	-	-	-	-	19,199
Total non-current liabilities	1,887,921	12,492,503	-	-	-	14,380,424
Total liabilities	2,791,928	13,446,224	-	324,197	23,871	16,586,220
NET ASSETS						
Invested in capital assets, net of related debt	9,296,161	1,048,944	-	-	-	10,345,105
Unrestricted	653,301	192,687	13,013	73,552	131,293	1,063,846
Total net assets	$ 9,949,462	$ 1,241,631	$ 13,013	$ 73,552	$ 131,293	$ 11,408,951

Combining Schedule of Revenues, Expenses, and Changes in Net Assets – Enterprise Fund Accounts – Year Ended September 30, 2010

	GPWA	Water Treatment Plant Fund	Revenue Bond Trustee Fund	Meter Deposit Fund	CMOM Fund	Total
REVENUES						
Charges for services:						
Pledged as security:						
Water	$ 1,765,817	$ 359,768	$ -	$ -	$ -	$ 2,125,585
Sewer	782,712	-	-	-	131,735	914,447
Unpledged:						
Sewer	1,271,205	-	-	-	-	1,271,205
Rents and royalties	5,000	-	-	-	-	5,000
Miscellaneous	986	-	-	10,749	-	11,735
Total operating revenues	3,825,720	359,768	-	10,749	131,735	4,327,972
OPERATING EXPENSES						
General government	235,620	-	-	-	500	236,120
Administration	202,905	-	-	-	-	202,905
Water	300,566	135	10	-	-	300,711
Wastewater	221,402	-	-	-	-	221,402
Sanitation	778,124	-	-	-	-	778,124
Landfill operations	106,289	-	-	-	-	106,289
Line maintenance	618,370	-	-	-	-	618,370
Meter operations	52,837	-	-	-	-	52,837
Municipal pool	39,137	-	-	-	-	39,137
Amortization expense	1,311	12,084	192,053	-	-	205,448
Depreciation	843,064	-	-	-	-	843,064
Total operating expenses	3,399,625	12,219	192,063	-	500	3,604,407
Operating income (loss)	426,095	347,549	(192,063)	10,749	131,235	723,565
NON-OPERATING REVENUES (EXPENSES)						
Interest and investment revenue	11,595	3,521	26,413	3,127	58	44,714
Miscellaneous revenue	-	601	-	-	-	601
Interest expense	(84,175)	(465,995)	(450,611)	-	-	(1,000,781)
Total non-operating revenue (expenses)	(72,580)	(461,873)	(424,198)	3,127	58	(955,466)
Income (loss) before transfers	353,515	(114,324)	(616,261)	13,876	131,293	(231,901)
Transfers in	4,491,957	428,853	3,631,309	-	-	8,552,119
Transfers out	(4,771,631)	-	-	(10,749)	-	(4,782,380)
Change in net assets	73,841	314,529	3,015,048	3,127	131,293	3,537,838
Total net assets - beginning	9,875,621	927,102	(3,002,035)	70,425	-	7,871,113
Total net assets - ending	$ 9,949,462	$ 1,241,631	$ 13,013	$ 73,552	$ 131,293	$ 11,408,951

SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

State Grantor/Pass Through Agency Grantor/Program Title	Grant #	Award Amount	Awards Expended
STATE AWARDS:			
Department of Libraries:			
State Aid	N/A	$22,397	$22,397
Oklahoma Centennail Commemoration Commission:			
Centennial Grant	STP-142E (147)EH	200,000	21,963
Oklahoma Department of Agriculture:			
Rural Fire Grant	State Aid	5,100	5,100
Oklahoma Department of Emergency Management:			
State Match - Disaster Recvoery	FEMA-1926-DR-OK	3,777	3,777
State Match - Disaster Recvoery	PA-1876	1,701	1,701
TOTAL STATE AWARDS		$232,975	$54,938

Footnotes to Schedule of Expenditures of State Awards:

1. The Schedule of Expenditures of State Awards is 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.