

**THE CITY OF GUTHRIE,  
OKLAHOMA**

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

**AS OF AND FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2014**

**CITY OF GUTHRIE, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended September 30, 2014**

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## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***Opinions***

In our opinion, 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 of Guthrie, Oklahoma, as of September 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information and the post-employment benefit plan information, 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.

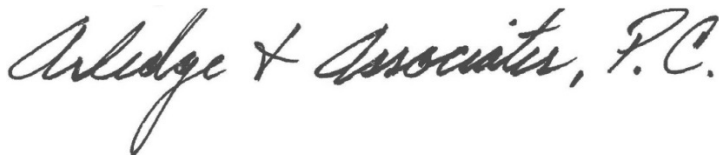
***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Guthrie, Oklahoma's basic financial statements. The other supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2015 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



June 8, 2015

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**MANAGEMENT DISCUSSION AND ANALYSIS**

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Our discussion and analysis of the City of Guthrie’s financial performance provides an overview of the City’s financial activities for the fiscal year ended September 30, 2014. Please read it in conjunction with the City’s financial statements, which follow this section.

***FINANCIAL HIGHLIGHTS***

- For the fiscal year ended September 30, 2014, the City’s total net position increased by \$49,064 from the prior year.
- During the year, the City’s expenses for governmental activities were \$9.1 million and were funded by program revenues of \$3.0 million and further funded with taxes and other general revenues that totaled \$6.4 million.
- In the City’s business-type activities, such as utilities, expenses exceed program revenues by \$276,012.
- Sales and use taxes increased by \$458,413 or 9.9% over the prior fiscal year. Considering the City’s sales tax rate of 3.00% in effect for both years, this translates into an increase in taxable sales of \$15.3 million from the prior year.
- At September 30, 2014, the General Fund reported an unassigned fund balance of \$702,498, which is an increase of 16.7% from the prior year unassigned fund balance.
- For budgetary reporting purposes, the General Fund reported revenues over estimates of \$106,601 or 1.6%, while expenditures were under the final appropriations by \$357,382 or 7%.

***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, 39 and 61. 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), and deferred outflows as well as all liabilities (including all long-term debt), and deferred inflows.

**About the City**

The City of Guthrie is an incorporated municipality with a population of approximately 10,191 located in central Oklahoma. The City is a home rule charter form of government and operates under a charter that provides for three branches of government:

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

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



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

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

The City's financial reporting entity includes the primary government (City of Guthrie) and the 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** – (blended) that operates the water, sewer, and sanitation services of the City
- **The Guthrie Industrial Development Authority** – (blended) 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.

**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** – 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 Position 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 Position 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, deferred outflows, liabilities and deferred inflows 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 position and changes in them from the prior year. You can think of the City's net position – the difference between assets and deferred outflows and liabilities and deferred inflows – as one way to measure the City's financial condition, or position. Over time, increases or decreases in the City's net position is 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 Position and the Statement of Activities, we divide the City into two kinds of activities:

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

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

#### **Fund Financial Statements**

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

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

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*Proprietary funds* - When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Fund Net Position 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 Position**

Net position 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 approximately \$31.8 million at the close of the most recent fiscal year.

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

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2014	2013		2014	2013		2014	2013	
Current assets	\$ 5,457	\$ 5,326	2%	\$ 2,934	\$ 4,311	-32%	\$ 8,391	\$ 9,637	-13%
Capital assets, net	16,328	16,213	1%	29,661	29,266	1%	45,989	45,479	1%
Other non-current assets	-	-	0%	148	166	-11%	148	166	-11%
<b>Total assets</b>	<u>21,785</u>	<u>21,539</u>	1%	<u>32,743</u>	<u>33,743</u>	-3%	<u>54,528</u>	<u>55,282</u>	-1%
Current liabilities	722	731	-1%	1,567	1,608	-3%	2,289	2,339	-2%
Non-current liabilities	1,220	1,242	-2%	19,154	19,887	-4%	20,374	21,129	-4%
<b>Total liabilities</b>	<u>1,942</u>	<u>1,973</u>	-2%	<u>20,721</u>	<u>21,495</u>	-4%	<u>22,663</u>	<u>23,468</u>	-3%
Net position									
Net investment in capital asset	15,567	15,618	0%	9,577	9,573	0%	25,144	25,191	0%
Restricted	2,488	2,627	-5%	120	51	135%	2,608	2,678	-3%
Unrestricted	1,788	1,321	35%	2,324	2,625	-11%	4,112	3,946	4%
<b>Total net position</b>	<u>\$ 19,843</u>	<u>\$ 19,566</u>	1%	<u>\$ 12,021</u>	<u>\$ 12,249</u>	-2%	<u>\$ 31,864</u>	<u>\$ 31,815</u>	0%

The largest portion of the City’s net position 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 2014, this net investment in capital assets amounted to \$25.1 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 position, \$2.6 million, also represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position 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 position for both the governmental and business-type activities.

The 35% increase in governmental unrestricted net position is due to a decrease in restricted net position.

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The 32% decrease in business type current assets is due to revenue bond proceeds spent in the current year.

**Changes in Net Position**

For the year ended September 30, 2014, net position of the primary government changed as follows:

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

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2014	2013		2014	2013		2014	2013	
<b>Revenues</b>									
Charges for service	\$ 1,753	\$ 1,861	-6%	\$ 5,257	\$ 4,584	15%	\$ 7,010	\$ 6,445	9%
Operating grants and contributions	599	576	4%	-	-	-	599	576	4%
Capital grants and contributions	658	646	2%	-	-	-	658	646	2%
Taxes	5,799	5,312	9%	-	-	-	5,799	5,312	9%
Intergovernmental revenue	148	148	0%	-	-	-	148	148	0%
Investment income	8	7	14%	16	13	23%	24	20	20%
Miscellaneous	304	411	-26%	185	18	928%	489	429	14%
<b>Total revenues</b>	<b>9,269</b>	<b>8,961</b>	<b>3%</b>	<b>5,458</b>	<b>4,615</b>	<b>18%</b>	<b>14,727</b>	<b>13,576</b>	<b>8%</b>
<b>Expenses</b>									
General government	1,963	1,856	6%	-	-	-	1,963	1,856	6%
Public safety	4,649	4,224	10%	-	-	-	4,649	4,224	10%
Streets	838	740	13%	-	-	-	838	740	13%
Culture, parks and recreation	873	894	-2%	-	-	-	873	894	-2%
Airport	717	636	13%	-	-	-	717	636	13%
Economic development	68	81	-16%	-	-	-	68	81	-16%
Interest on long-term debt	36	56	-36%	-	-	-	36	56	-36%
Water	-	-	-	2,874	2,794	3%	2,874	2,794	3%
Wastewater	-	-	-	1,390	1,354	3%	1,390	1,354	3%
Sanitation	-	-	-	1,270	1,268	0%	1,270	1,268	0%
<b>Total expenses</b>	<b>9,144</b>	<b>8,487</b>	<b>8%</b>	<b>5,534</b>	<b>5,416</b>	<b>2%</b>	<b>14,678</b>	<b>13,903</b>	<b>6%</b>
Excess (deficiency) before transfers	125	474	-74%	(76)	(801)	-91%	49	(327)	-115%
Transfers	152	86	77%	(152)	(86)	77%	-	-	0%
<b>Change in net position</b>	<b>277</b>	<b>560</b>	<b>-51%</b>	<b>(228)</b>	<b>(887)</b>	<b>-74%</b>	<b>49</b>	<b>(327)</b>	<b>-115%</b>
<b>Beginning net position</b>	<b>19,566</b>	<b>19,006</b>	<b>3%</b>	<b>12,249</b>	<b>13,136</b>	<b>-7%</b>	<b>31,815</b>	<b>32,142</b>	<b>-1%</b>
<b>Ending net position</b>	<b>\$ 19,843</b>	<b>\$ 19,566</b>	<b>1%</b>	<b>\$ 12,021</b>	<b>\$ 12,249</b>	<b>-2%</b>	<b>\$ 31,864</b>	<b>\$ 31,815</b>	<b>0%</b>

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

*Governmental Activities:*

Transfers increased 77% due to an operating transfer from Business-type to Governmental activities.

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*Business-Type Activities:*

Miscellaneous Revenue – 928% increase due to insurance proceeds in the current year.

Transfers increased 77% due to an operating transfer from Business-type to Governmental activities.

**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		% Inc.	Net Revenue		% Inc.
	of Services			(Expense)		
	2014	2013	(Dec.)	of Services	(Dec.)	
General government	\$ 1,963	\$ 1,856	6%	(\$1,820)	(\$1,730)	5%
Public safety	4,649	4,224	10%	(3,019)	(2,515)	20%
Streets	838	740	13%	(508)	(424)	20%
Culture, parks and recreation	873	894	-2%	(728)	(706)	3%
Airport	717	636	13%	45	107	-58%
Economic development	68	82	-17%	(68)	(82)	-17%
Interest on long-term debt	36	56	-36%	(36)	(56)	-36%
<b>Total</b>	<b>\$ 9,144</b>	<b>\$ 8,488</b>	<b>8%</b>	<b>(\$6,134)</b>	<b>(\$5,406)</b>	<b>13%</b>

Explanations for significant changes are listed above under Table 2.

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

	Total Expense		% Inc.	Net Revenue		% Inc.
	of Services			(Expense)		
	2014	2013	Dec.	of Services	Dec.	
Water	\$ 2,874	\$ 2,794	3%	\$ (39)	\$ (645)	-94%
Wastewater	1,390	1,354	3%	(256)	(278)	-8%
Sanitation	1,270	1,268	0%	19	8	138%
<b>Total</b>	<b>\$ 5,534</b>	<b>\$ 5,416</b>	<b>2%</b>	<b>\$ (276)</b>	<b>\$ (915)</b>	<b>-70%</b>

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

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

As the City completed its 2014 fiscal year, the governmental funds reported a combined fund balance of \$4.9 million or a 9.3% increase due to an increase in sales tax revenue. The enterprise funds reported combined net position of \$12.0 million or a 1.9% decrease from 2013 due to overall expenses increasing.

Other fund highlights include:

- For the year ended September 30, 2014, the General Fund's total fund balance increased by \$403,977 or 17.9%.
- There was \$445,232 of fund balance in the General Fund that is restricted for specific purposes.

**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 8.0% or \$627,180 and an increase in appropriations (including transfers out) of 6.1% or \$473,761. Actual revenues and transfers were over estimates by \$106,601 or 1.4%, while expenditures and transfers were under final appropriations by \$56,435 or 0.7%.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of September 30, 2014, the City had \$46 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 \$0.5 million over last year.

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

	<b>Governmental</b>		<b>Business-Type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>			
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Land	\$ 1,642	\$ 1,642	\$ 715	\$ 715	\$ 2,357	\$ 2,357
Buildings	1,893	1,972	15,911	16,370	17,804	18,342
Imp. other than buildings	3,633	3,890	(25)	10	3,608	3,900
Machinery, furniture and equipment	1,216	1,093	1,079	790	2,295	1,883
Infrastructure	7,808	6,534	-	-	7,808	6,534
Utility property	-	-	10,644	11,221	10,644	11,221
Construction in progress	135	1,083	1,337	161	1,472	1,244
<b>Totals</b>	<u>\$ 16,327</u>	<u>\$ 16,214</u>	<u>\$ 29,661</u>	<u>\$ 29,267</u>	<u>\$ 45,988</u>	<u>\$ 45,481</u>

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This year's more significant capital asset additions included:

Street Improvements	\$199,950
Liquid Chlorine System	205,305

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 \$21.9 million in long-term debt outstanding which represents a \$409,725 or 2.1% decrease from the prior year. The City's changes in long-term debt by type of debt are as follows:

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>		<u>Total</u>
	<u>Activities</u>		<u>Activities</u>				<u>Percentage</u>
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2013-2014</u>
Accrued absences	\$ 456	\$ 384	\$ 2,835	\$ 55	\$ 3,291	\$ 439	649.7%
Revenue bonds	-	-	-	2,975	-	2,975	-100.0%
Notes payable	162	164	-	-	162	164	-1.2%
Loan payable	-	-	49	46	49	46	6.5%
Refundable grant obligation	118	130	-	-	118	130	-9.2%
Capital leases	599	447	17,249	17,810	17,848	18,257	-2.2%
OPEB	324	259	69	54	393	313	25.6%
<b>Totals</b>	<u>\$ 1,659</u>	<u>\$ 1,384</u>	<u>\$ 20,202</u>	<u>\$ 20,940</u>	<u>\$ 21,861</u>	<u>\$ 22,324</u>	-2.1%

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 Fiscal Year 2014-15 the City of Guthrie and Guthrie Public Works Authority developed the budget with defined goals and conservative revenue projections. The adopted Fiscal Year 2015 budget, including all funds and transfers, is \$23,837,573 compared to \$19,424,051 originally budgeted in Fiscal Year 2014, an increase of \$4,413,522. The City of Guthrie's primary sources of revenues are sales tax and utility revenues. The Fiscal Year 2015 Budget does predict a growth in sales tax over that was budgeted in Fiscal Year 2014. The challenges for Fiscal Year 2014-15 Budget included rising costs to provide utility services and future infrastructure needs of the City.

**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.

**CITY OF GUTHRIE, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
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**BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE**



**CITY OF GUTHRIE, OKLAHOMA**  
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**Statement of Net Position– September 30, 2014**

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,842,832	\$ 2,093,727	\$ 5,936,559
Investments	448,467	99,000	547,467
Accounts receivable, net of allowance	324,768	644,522	969,290
Internal balances	(96,957)	96,957	-
Due from other governmental agencies	884,492	-	884,492
Notes receivable, net of allowance (Note 3)	53,033	147,639	200,672
Capital Assets:			
Land and construction in progress	1,776,351	2,051,843	3,828,194
Other capital assets, net of depreciation	14,551,235	27,608,888	42,160,123
Total Assets	<u>\$ 21,784,221</u>	<u>\$ 32,742,576</u>	<u>\$ 54,526,797</u>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	\$ 280,026	\$ 123,759	\$ 403,785
Accrued interest payable	-	26,512	26,512
Due to depositors	-	368,994	368,994
Due to bondholders	2,500	-	2,500
Long-term liabilities			
Due within one year	438,859	1,047,949	1,486,808
Due in more than one year	1,220,067	19,154,399	20,374,466
Total liabilities	<u>1,941,452</u>	<u>20,721,613</u>	<u>22,663,065</u>
<b>NET POSITION</b>			
Net investment in capital assets	15,567,131	9,576,553	25,143,684
Restricted for:			
Capital projects	2,283,174	-	2,283,174
Debt Service	455	120,111	120,566
Other projects	203,699	-	203,699
Unrestricted	1,788,310	2,324,299	4,112,609
Total net position	<u>\$ 19,842,769</u>	<u>\$ 12,020,963</u>	<u>\$ 31,863,732</u>

See accompanying notes to the basic financial statements.

**CITY OF GUTHRIE, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
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**Statement of Activities –Year Ended September 30, 2014**

Functions/Programs	Expenses	Indirect Expense Allocation	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Primary government</b>								
Governmental Activities								
General Government	\$ 1,962,881	\$ -	\$ 142,776	\$ -	\$ -	\$ (1,820,105)	\$ -	\$ (1,820,105)
Public Safety	4,648,883	-	1,136,834	474,086	18,496	(3,019,467)	-	(3,019,467)
Streets	837,931	-	226,857	102,826	-	(508,248)	-	(508,248)
Culture and Recreation	873,041	-	123,253	22,241	-	(727,547)	-	(727,547)
Airport	717,142	-	123,013	-	639,371	45,242	-	45,242
Economic Development	68,085	-	-	-	-	(68,085)	-	(68,085)
Interest on Long-term debt	36,397	-	-	-	-	(36,397)	-	(36,397)
Total governmental activities	<u>9,144,360</u>	<u>-</u>	<u>1,752,733</u>	<u>599,153</u>	<u>657,867</u>	<u>(6,134,607)</u>	<u>-</u>	<u>(6,134,607)</u>
Business-Type Activities:								
Water	1,969,281	904,151	2,834,493	-	-	-	(38,939)	(38,939)
Wastewater	802,518	587,225	1,133,826	-	-	-	(255,917)	(255,917)
Sanitation	1,030,224	240,275	1,289,343	-	-	-	18,844	18,844
General Government	588,583	(588,583)	-	-	-	-	-	-
Administration	391,206	(391,206)	-	-	-	-	-	-
Line Maintenance	751,600	(751,600)	-	-	-	-	-	-
Meter Operations	262	(262)	-	-	-	-	-	-
Total business-type activities	<u>5,533,674</u>	<u>-</u>	<u>5,257,662</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(276,012)</u>	<u>(276,012)</u>
Total primary government	<u>\$ 14,678,034</u>	<u>\$ -</u>	<u>\$ 7,010,395</u>	<u>\$ 599,153</u>	<u>\$ 657,867</u>	<u>\$ (6,134,607)</u>	<u>\$ (276,012)</u>	<u>\$ (6,410,619)</u>
<b>General revenues:</b>								
Taxes:								
Sales and use taxes						\$ 5,089,648	\$ -	\$ 5,089,648
Franchise taxes and public service taxes						514,151	-	514,151
Hotel/motel taxes						195,188	-	195,188
Intergovernmental revenue not restricted to specific programs						147,741	-	147,741
Unrestricted investment earnings						8,159	15,675	23,834
Miscellaneous						304,413	184,708	489,121
Transfers						152,055	(152,055)	-
Total general revenues and transfers						<u>6,411,355</u>	<u>48,328</u>	<u>6,459,683</u>
Change in net position						276,748	(227,684)	49,064
Net position - beginning						19,566,021	12,248,647	31,814,668
Net position - ending						<u>\$ 19,842,769</u>	<u>\$ 12,020,963</u>	<u>\$ 31,863,732</u>

See accompanying notes to the basic financial statements.

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

**CITY OF GUTHRIE, OKLAHOMA**  
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**Governmental Funds Balance Sheet - September 30, 2014**

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,586,627	\$ 2,256,205	\$ 3,842,832
Investments	448,467	-	448,467
Receivable from other governments	874,728	9,764	884,492
Due from other funds	377	10,304	10,681
Taxes receivable, net	70,410	40,906	111,316
Court fines receivable, net	58,646	-	58,646
Ambulance receivable, net	113,522	-	113,522
Utilities receivable, net	-	41,284	41,284
Note receivable, net	-	53,033	53,033
Total assets	<u>\$ 3,152,777</u>	<u>\$ 2,411,496</u>	<u>\$ 5,564,273</u>
 <b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 82,459	\$ 30,193	\$ 112,652
Accrued payroll payable	166,166	-	166,166
Due to other funds	10,680	96,958	107,638
Due to bondholders	2,500	-	2,500
Payable to other governments	1,115	-	1,115
Other payables	92	-	92
Total liabilities	<u>263,012</u>	<u>127,151</u>	<u>390,163</u>
Deferred inflows of resources:			
Deferred revenue	234,131	16,075	250,206
Fund balances:			
Restricted	445,232	2,042,096	2,487,328
Committed	1,363,116	-	1,363,116
Assigned	144,788	226,174	370,962
Unassigned	702,498	-	702,498
Total fund balances	<u>2,655,634</u>	<u>2,268,270</u>	<u>4,923,904</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 3,152,777</u>	<u>\$ 2,411,496</u>	<u>\$ 5,564,273</u>

See accompanying notes to the basic financial statements.

**CITY OF GUTHRIE, OKLAHOMA**  
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**Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances – Year Ended September 30, 2014**

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>			
Taxes	\$ 5,611,536	\$ 195,188	\$ 5,806,724
Intergovernmental	1,188,396	47,070	1,235,466
Licenses and permits	130,055	-	130,055
Charges for services	1,144,181	254,924	1,399,105
Fees and fines	186,427	-	186,427
Investment earnings	7,266	894	8,160
Miscellaneous	438,991	29,052	468,043
Total revenues	<u>8,706,852</u>	<u>527,128</u>	<u>9,233,980</u>
<b>EXPENDITURES</b>			
Current:			
General government	1,845,865	14,080	1,859,945
Public safety	4,319,348	-	4,319,348
Public works	573,248	-	573,248
Culture and recreation	639,895	133,692	773,587
Economic development	70,107	-	70,107
Airport	229,567	-	229,567
Capital outlay	620,786	778,760	1,399,546
Debt service:			
Principal	-	148,258	148,258
Interest and other charges	-	10,865	10,865
Total expenditures	<u>8,298,816</u>	<u>1,085,655</u>	<u>9,384,471</u>
Excess (deficiency) of revenues over expenditures	<u>408,036</u>	<u>(558,527)</u>	<u>(150,491)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from long-term debt	-	5,587	5,587
Proceeds from capital leases	-	272,084	272,084
Proceeds from sale of land	-	9,816	9,816
Transfers in	1,786,750	285,329	2,072,079
Transfers out	(1,790,809)	-	(1,790,809)
Total other financing sources and uses	<u>(4,059)</u>	<u>572,816</u>	<u>568,757</u>
Net change in fund balances	403,977	14,289	418,266
Fund balances - beginning	2,251,657	2,253,981	4,505,638
Fund balances - ending	<u>\$ 2,655,634</u>	<u>\$ 2,268,270</u>	<u>\$ 4,923,904</u>

See accompanying notes to the basic financial statements.

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

Total fund balance, governmental funds	\$ 4,923,904
Amounts reported for governmental activities in the Statement of Net Position 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 Position.	16,327,586
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.	250,206
Some liabilities (such as Notes Payable, Capital Lease Contract Payable, Long-term Compensated Absences and Net OPEB Obligation), 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 Position.	(1,658,927)
Net Position of Governmental Activities in the Statement of Net Position	<u>\$ 19,842,769</u>

See accompanying notes to the basic financial statements.

**CITY OF GUTHRIE, OKLAHOMA**  
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**Reconciliation of Governmental Funds and Government-Wide Financial Statements:**

Net change in fund balances - total governmental funds: \$ 418,266

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	1,201,566
Depreciation expense	(1,087,172)

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

Change in deferred revenue	19,669
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Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:

Principal payments on long-term debt	134,970
Proceeds of long-term debt	(272,084)

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 OPEB liability	(67,172)
Change in accrued compensated absences	(71,295)
Change in net position of governmental activities	\$ 276,748

See accompanying notes to the basic financial statements.

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**BASIC FINANCIAL STATEMENTS - PROPRIETARY FUNDS**



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**Proprietary Funds Statement of Net Position - September 30, 2014**

	<b><u>Guthrie Public Works Authority</u></b>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 1,702,394
Restricted:	
Cash and cash equivalents	391,333
Investments	99,000
Due from other funds	97,483
Accounts receivable, net	644,522
Notes receivable, net	15,358
Total current assets	2,950,090
Non-current assets:	
Notes receivable	132,281
Capital assets:	
Land and construction in progress	2,051,843
Other capital assets, net of accumulated depreciation	27,608,888
Total non-current assets	29,793,012
Total assets	\$ 32,743,102
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 96,081
Salaries payable	27,678
Accrued interest payable	26,512
Due to other funds	526
Deposits subject to refund	368,994
Compensated absences	4,910
Notes payable	1,043,039
Total current liabilities	1,567,740
Non-current liabilities:	
Compensated absences	44,186
Notes payable	19,041,139
Net OPEB obligation	69,074
Total non-current liabilities	19,154,399
Total liabilities	20,722,139
<b>NET POSITION</b>	
Net investment in capital assets	9,576,553
Restricted for debt service	120,111
Unrestricted	2,324,299
Total net position	\$ 12,020,963

See accompanying notes to the basic financial statements.

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**Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Position - Year Ended September 30, 2014**

	<b><u>Guthrie Public Works Authority</u></b>
<b>REVENUES</b>	
Water	\$ 2,834,493
Sewer	1,133,826
Sanitation	1,289,343
Rents and royalties	5,565
Miscellaneous	179,143
Total operating revenues	5,442,370
<b>OPERATING EXPENSES</b>	
General government	566,809
Administration	300,197
Water	598,340
Wastewater	367,807
Sanitation	888,384
Landfill operations	113,832
Line maintenance	565,233
Meter operations	35
Municipal pool	13,609
Depreciation	1,258,445
Total Operating Expenses	4,672,691
Operating income	769,679
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Interest and investment revenue	15,675
Interest expense	(832,064)
Total non-operating revenue (expenses)	(816,389)
Income (loss) before contributions and transfers	(46,710)
Capital contributions	100,296
Transfers in	1,586,750
Transfers out	(1,868,020)
Change in net position	(227,684)
Total net position - beginning	12,248,647
Total net position - ending	\$ 12,020,963

See accompanying notes to the basic financial statements.

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**Proprietary Funds Statement of Cash Flows - Year Ended September 30, 2014**

	<u>Guthrie Public Works Authority</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers	\$ 5,460,044
Payments to suppliers and employees	(3,499,932)
Receipts of notes receivable	18,520
Receipts of customer meter deposits	92,459
Refunds of customer meter deposits	(78,910)
Interfund receipts/payments	815
<b>Net cash provided by operating activities</b>	<u>1,992,996</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfers from other funds	1,586,750
Transfers to other funds	(1,868,020)
<b>Net cash provided by (used in) noncapital financing activities</b>	<u>(281,270)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchases of capital assets	(1,552,475)
Proceeds from debt	293,575
Principal paid on debt	(994,395)
Interest and fiscal agent fees paid on debt	(832,565)
<b>Net cash provided by (used in) capital and related financing activities</b>	<u>(3,085,860)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest and dividends	15,675
<b>Net cash provided by investing activities</b>	<u>15,675</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	(1,358,459)
<b>Balances - beginning of year</b>	<u>3,452,186</u>
<b>Balances - end of year</b>	<u>\$ 2,093,727</u>
<b>Reconciliation to Statement of Net Position:</b>	
Cash and cash equivalents	\$ 1,702,394
Restricted cash and cash equivalents - current	391,333
<b>Total cash and cash equivalents, end of year</b>	<u>\$ 2,093,727</u>
<b>Reconciliation of operating income to net cash provided by Operating Activities:</b>	
Operating income	\$ 769,679
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	1,258,445
Change in assets and liabilities:	
Due from other funds	(11,949)
Due to other funds	12,764
Accounts receivable	(52,084)
Other receivable	88,278
Accounts payable	(102,523)
Accrued salaries payable	(789)
OPEB liability	14,770
Deposits subject to refund	13,549
Accrued compensated absences	2,856
<b>Net cash provided by operating activities</b>	<u>\$ 1,992,996</u>
<b>Noncash activities:</b>	
Contributed capital assets	\$ 100,296
	<u>\$ 100,296</u>

See accompanying notes to the basic financial statements.

**CITY OF GUTHRIE, OKLAHOMA**  
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**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 (GASB) Statement No. 14, "The Financial Reporting Entity" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus – An Amendment of GASB Statement No. 14 and No. 34" 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 10,191 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.

**Component Units:**

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

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

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

**B. Basis of Presentation and Accounting**

*Government-Wide Financial Statements:*

The statements of net position 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 and capital 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, 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.

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 Fund:

General Fund

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

Special Revenue 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.
- 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.

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- 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.

Capital Project Fund – accounts for various capital projects.

Debt Service Fund – accounts for funds restricted for debt service.

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 is considered a major fund and therefore displayed in a separate column. 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 and are reported on the accrual basis of accounting and economic resources measure focus 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.

For purposes of the statement of revenues, expenses and changes in fund net position, 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 Position 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.

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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 position (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 position.

**Basis of Accounting**

In the government-wide Statement of Net Position 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, Deferred Inflows and Equity**

**Cash and Investments**

For the purposes of the statements of net position, 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 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.



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**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 Position. 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 position and displayed in three components:

- a. *Net investment in capital assets* – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by 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 position* - Consists of net position 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.
- c. *Unrestricted net position* - All other net position that does not meet the definition of “restricted.”

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*Fund Statements:*

Governmental fund equity is classified as fund balance. Fund balance is classified as nonspendable, restricted, committed, assigned and unassigned.

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, 2014, the General Fund received on a cash basis \$4,760,249 of sales tax, of which \$1,586,750 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 half of October 2014 and received by the City in October and half of November 2014, 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, 2014, the City did not levy a property tax, and had no general obligation bonded debt or court-assessed judgments outstanding at September 30, 2014.

**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 Position and Statement of Activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

*Fund Financial Statements:*

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

1. Interfund loans - amounts provided with a requirement for repayment are reported as interfund receivables and payables.
2. Interfund services - sales or purchases of goods and services between funds are reported as revenues and expenditures/expenses.
3. Interfund reimbursements - repayments from funds responsible for certain expenditures/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 Position, except for the net residual amounts due between governmental and business-type activities, which are reported as Internal Balances.
2. Internal activities - amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers - Internal Activities. The effect of interfund services between funds, if any, are not eliminated in the Statement of Activities.

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**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**

At September 30, 2014, the reporting entity held the following deposits and investments:

**Primary Government:**

Type	Maturities	Credit Rating	Carrying Value
<b>Deposits:</b>			
Demand deposits			\$ 5,815,125
Cash on hand			1,325
Time deposit	11/26/2014		99,000
Time deposit	6/10/2015		448,467
			6,363,917
<b>Investments:</b>			
Federated Treasury Obligation #398		AAAm	120,109
			120,109
<b>Total deposits and investments</b>			<b>\$ 6,484,026</b>
 <b>Reconciliation to Statement of Net Position:</b>			
Cash and cash equivalents			\$ 5,936,559
Investments			547,467
			<b>\$ 6,484,026</b>

*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, 2014 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.

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

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

*Concentration of Investment Credit Risk* - the City places no limit on the amount it may invest in any one issuer. 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 position are comprised of amounts restricted for debt service, debt reserve, construction purposes, or refundable deposits. The restricted assets as of September 30, 2014 are as follows:

	Current	
	Cash and cash equivalents	Investments
Series 2012 Revenue Bond Interest Account	\$ 1	\$ -
Series 2012 Revenue Bond Account	120,110	-
2009 OWRB Trust Account	5	-
2008 OWRB Trust Account	6	-
Meter deposits	271,211	99,000
Total	\$ 391,333	\$ 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.

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	Accounts Receivable	Less: Allowance for Uncollectible Accounts	Net Accounts Receivable
<b>Governmental Activities:</b>			
Franchise taxes	\$ 70,410	\$ -	\$ 70,410
Court fines	234,590	(175,944)	58,646
Ambulance fees	5,676,192	(5,562,670)	113,522
Other taxes	40,906	-	40,906
Street utilities	70,788	(29,504)	41,284
	<u>\$ 6,092,886</u>	<u>\$ (5,768,118)</u>	<u>\$ 324,768</u>
<b>Business-Type Activities:</b>			
Utilities	<u>\$ 1,070,928</u>	<u>\$ (426,406)</u>	<u>\$ 644,522</u>

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 was unsecured and matured in December 2013. 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 provided an allowance for the entire note receivable. The company has made interest only payments on the note through the current fiscal year.

Notes Receivable – The City of Guthrie has a \$99,990 note receivable with an interest rate of 6%. The note is secured by a building and matures in October 2022. Payments of \$10,075 will be made annually.

Notes Receivable – The City of Guthrie has a \$10,000 note receivable with an interest rate of 4.5%. The note is secured by a building and matures in July 2023. Payments of \$1,000 will be made annually.

Note Receivable – The Guthrie Public Works Authority has a \$225,000 and a \$90,000 note 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, 2014 is as follows:

	Balance 10/1/2013	Additions	Deductions	Balance 9/30/2014	Due Within One Year
<b>Governmental Activities:</b>					
Excel Jet	\$ 375,000	\$ -	\$ -	\$ 375,000	\$ -
(Less allowance for uncollectible account)	(375,000)	-	-	(375,000)	-
Building Loans	56,840	14,137	(17,944)	53,033	13,000
Total Governmental Activities, net	<u>\$ 56,840</u>	<u>\$ 14,137</u>	<u>\$ (17,944)</u>	<u>\$ 53,033</u>	<u>\$ 13,000</u>
<b>Business-Type Activities:</b>					
Fire Building	\$ 116,784	\$ -	\$ (13,722)	\$ 103,062	\$ 11,063
Park Barn	49,375	-	(4,798)	44,577	4,295
Total Business-Type Activities	<u>\$ 166,159</u>	<u>\$ -</u>	<u>\$ (18,520)</u>	<u>\$ 147,639</u>	<u>\$ 15,358</u>

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**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, 2014, capital assets balances changed as follows:

	Balance at October 1, 2013	Additions	Disposals	Balance at September 30, 2014
<b><i>Governmental activities:</i></b>				
Capital assets not being depreciated:				
Land	\$ 1,641,768	\$ -	\$ -	\$ 1,641,768
Construction in progress	1,082,646	690,782	1,638,845	134,583
Total capital assets not being depreciated	<u>2,724,414</u>	<u>690,782</u>	<u>1,638,845</u>	<u>1,776,351</u>
Other capital assets:				
Buildings	2,917,251	-	-	2,917,251
Improvements	6,551,673	14,744	-	6,566,417
Infrastructure	7,666,897	1,677,861	-	9,344,758
Machinery, furniture and equipment	6,093,178	457,025	-	6,550,203
Total other capital assets at historical cost	<u>23,228,999</u>	<u>2,149,630</u>	<u>-</u>	<u>25,378,629</u>
Less accumulated depreciation for:				
Buildings	945,000	79,523	-	1,024,523
Improvements	2,661,534	272,003	-	2,933,537
Infrastructure	1,133,358	401,994	-	1,535,352
Machinery, furniture and equipment	5,000,330	333,652	-	5,333,982
Total accumulated depreciation	<u>9,740,222</u>	<u>1,087,172</u>	<u>-</u>	<u>10,827,394</u>
Other capital assets, net	<u>13,488,777</u>	<u>1,062,458</u>	<u>-</u>	<u>14,551,235</u>
Governmental activities capital assets, net	<u>\$ 16,213,191</u>	<u>\$ 1,753,240</u>	<u>\$ 1,638,845</u>	<u>\$ 16,327,586</u>
<b><i>Business-type activities:</i></b>				
Capital assets not being depreciated:				
Land	\$ 714,607	\$ -	\$ -	\$ 714,607
Construction in progress	160,659	1,263,477	86,900	1,337,236
Total capital assets not being depreciated	<u>875,266</u>	<u>1,263,477</u>	<u>86,900</u>	<u>2,051,843</u>
Other capital assets:				
Buildings	18,274,139	-	-	18,274,139
Improvements	242,917	-	-	242,917
Machinery, furniture and equipment	2,772,470	415,434	7,999	3,179,905
Utility property	24,475,852	60,760	-	24,536,612
Total other capital assets at historical cost	<u>45,765,378</u>	<u>476,194</u>	<u>7,999</u>	<u>46,233,573</u>
Less accumulated depreciation for:				
Buildings	1,903,897	459,669	-	2,363,566
Improvements	232,478	35,436	-	267,914
Machinery, furniture and equipment	1,982,650	126,485	7,999	2,101,136
Utility property improvements	13,255,214	636,855	-	13,892,069
Total accumulated depreciation	<u>17,374,239</u>	<u>1,258,445</u>	<u>7,999</u>	<u>18,624,685</u>
Other capital assets, net	<u>28,391,139</u>	<u>(782,251)</u>	<u>-</u>	<u>27,608,888</u>
Business-type activities capital assets, net	<u>\$ 29,266,405</u>	<u>\$ 481,226</u>	<u>\$ 86,900</u>	<u>\$ 29,660,731</u>

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



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Governmental Activities:

General government	\$ 54,941
Public safety	236,985
Highways and streets	234,751
Culture, tourism, and recreation	76,988
Airport	483,507
Depreciation expense	<u>\$ 1,087,172</u>

Business-Type Activities:

Water	\$ 623,994
Sewer	331,881
Sanitation	32,647
Administration	96,938
Line maintenance	172,758
Meter operations	227
	<u>\$1,258,445</u>

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

For the year ended September 30, 2014, the reporting entity's long-term debt changed as follows:

<u>Type of Debt</u>	<u>Balance</u> <u>October 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>September 30, 2014</u>	<u>Due Within</u> <u>One Year</u>
<b>Governmental Activities:</b>					
Capital lease payable	\$ 446,911	\$ 272,084	\$ 120,132	\$ 598,863	\$ 362,316
Refundable grant obligation	130,208	-	12,500	117,708	12,500
Notes payable	163,931	-	2,339	161,592	18,396
Accrued compensated absences	385,175	438,665	367,367	456,473	45,647
Net OPEB obligation	259,232	65,058	-	324,290	-
Total Governmental Activities	<u>\$ 1,385,457</u>	<u>\$ 775,807</u>	<u>\$ 502,338</u>	<u>\$ 1,658,926</u>	<u>\$ 438,859</u>
<b>Business-Type Activities:</b>					
Notes Payable	\$ 17,809,998	\$ 293,575	\$ 854,395	\$ 17,249,178	\$ 828,039
Utility System Revenue and Sales Tax Note	2,975,000	-	140,000	2,835,000	215,000
Accrued compensated absences	46,240	47,110	44,254	49,096	4,910
Net OPEB obligation	54,304	14,770	-	69,074	-
Total Business-Type Activities	<u>20,885,542</u>	<u>355,455</u>	<u>1,038,649</u>	<u>20,202,348</u>	<u>1,047,949</u>
Total Long-Term Debt	<u>\$ 22,270,999</u>	<u>\$ 1,131,262</u>	<u>\$ 1,540,987</u>	<u>\$ 21,861,274</u>	<u>\$ 1,486,808</u>

**Reconciliation to Statement of Net Position:**

**Governmental Activities:**

Due within one year	\$ 438,859
Due in more than one year	1,220,067
Total Governmental Activities Long-Term Liabilities	<u>\$ 1,658,926</u>

**Business-Type Activities:**

Due within one year	\$ 1,047,949
Due in more than one year	19,154,399
Total Business-Type Activities Long-Term Liabilities	<u>\$ 20,202,348</u>

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

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*Governmental activities long-term debt:*

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

Capital Lease Obligations:

\$347,330 lease obligation for the purchase of a backhoe, grader and loader, payable in monthly installments of \$2,688 with an annual interest rate of 3.0%, final payment due September 2015.	\$	277,929
\$136,224 lease obligation for the purchase of 3 patrol cars, a F-150 and a bobcat, payable in 5 annual installments of \$28,462 with an annual interest rate of 2.19%, final payment due October 2017.		107,878
\$135,860 lease obligation for the purchase of a 2013 International Dump Truck, payable in 20 quarterly installments of \$7,117 with an annual interest rate of 1.50%, final payment due October 2018.		116,246
\$128,000 lease obligation for the purchase of 2013 Dodge 4x4 Type 1 Ambulance, payable in 48 monthly installments of \$8,292 with an annual interest rate of 1.7%, final payment due September 2017.		96,810
Total Capital Leases Payable	\$	<u>598,863</u>
Current portion	\$	362,316
Noncurrent portion		236,547
Total Capital Leases Payable	\$	<u>598,863</u>

Refundable Grant Obligation:

CDBG Refundable Grant Obligation contract #14402 dated March 1, 2003, original amount of \$250,000 with 0% interest rate, due in monthly installments of \$1,041 and an economic payback #9793, secured with lease revenue from Spirit Wing Aviation, final payment due March 2024.

	\$	<u>117,708</u>
Total Refundable Grant Obligation	\$	<u>117,708</u>
Current portion	\$	12,500
Noncurrent portion		105,208
Total Refundable Grant Obligation	\$	<u>117,708</u>

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Note Payable:

Note Payable to Edmond Economic Development Authority dated October 1, 2012, original amount \$185,000 with annual interest rate of 1.5%, final installment due July 1, 2022, secured with airport revenues.

\$ 161,592

Total Notes Payable \$ 161,592

Current portion \$ 18,396

Noncurrent portion 143,196

Total Notes Payable \$ 161,592

Accrued Compensated Absences:

Current portion \$ 45,647

Noncurrent portion 410,826

Total Accrued Compensated Absences \$ 456,473

*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:

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.

\$ 350,474

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.

6,940,382

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.

7,630,197

2010 CW Note Payable to Oklahoma Water Resources Board dated December 1, 2010, original amount of \$4,375,000 with an annual interest rate of 3.13% due in semi-annual installments of principal and interest beginning March 15, 2012, final installment due September 15, 2032, payable from and secured by utility revenues.

2,328,125

Total Notes Payable \$ 17,249,178

Current portion \$ 828,039

Noncurrent portion 16,421,139

Total Notes Payable \$ 17,249,178

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Utility System and Sales Tax Revenue Note

2013 Series Utility System and Sales Tax Revenue Bonds original issue amount of \$2,975,000, dated July 24, 2013, issued by Guthrie Public Works Authority, secured by certain utility revenue and pledged sales tax, and a security interest in the personal property used in conjunction with the water and sewer systems, interest rate of 2.76%, final maturity October 1, 2025.

	\$ 2,835,000
Total Revenue Bonds Payable	<u>\$ 2,835,000</u>
Current portion	\$ 215,000
Noncurrent portion	<u>2,620,000</u>
Total Revenue Bonds Payable	<u>\$ 2,835,000</u>

Accrued Compensated Absences:

	\$ 4,910
Current portion	\$ 4,910
Noncurrent portion	<u>44,186</u>
Total Accrued Compensated Absences	<u>\$ 49,096</u>

Debt Service Requirements to Maturity:

<u>Year Ending September 30,</u>	Governmental Activities					
	Refundable Grant Obligations		Capital Lease obligations		Notes Payable	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 12,500	\$ -	\$ 362,316	\$ 13,717	\$ 18,396	\$ 231
2016	12,500	-	85,980	4,116	18,419	208
2017	12,500	-	87,604	2,494	18,442	185
2018	12,500	-	55,878	1,051	18,465	162
2019	12,500	-	7,085	32	18,488	139
2020-2024	<u>55,208</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>92,790</u>	<u>348</u>
Totals	<u>\$ 117,708</u>	<u>\$ -</u>	<u>\$ 598,863</u>	<u>\$ 21,410</u>	<u>\$ 185,000</u>	<u>\$ 1,273</u>
Amount remaining to be drawn					<u>(23,408)</u>	
					<u>\$ 161,592</u>	

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<u>Year Ending September 30,</u>	<u>Business Type Activities</u>			
	<u>Notes Payable</u>		<u>Utility System Revenue and Sales Tax Note</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 828,039	\$ 677,382	\$ 215,000	\$ 76,797
2016	855,266	683,342	225,000	70,794
2017	883,769	648,028	225,000	64,584
2018	913,532	611,456	230,000	58,305
2019	944,638	573,543	240,000	51,888
2020-2024	5,241,131	2,247,728	1,285,000	156,975
2025-2029	5,122,086	940,104	415,000	11,523
2030	2,595,433	32,242	-	-
Totals	<u>\$ 17,383,894</u>	<u>\$ 6,413,825</u>	<u>\$ 2,835,000</u>	<u>\$ 490,866</u>
Less remaining funds to be drawn down:	<u>(134,716)</u>			
	<u>\$ 17,249,178</u>			

**Defeased Bonds Outstanding:**

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

<u>Defeased Bonds Outstanding:</u>	<u>Outstanding at September 30, 2014</u>
1977 Series Bonds - Public Works Authority	
Total Defeased Bonds Outstanding	<u>\$40,000</u>

**6. Net Position and Fund Balances**

*Fund Statements:*

Fund balance is classified as nonspendable, restricted, committed, assigned and unassigned. These classifications are defined as:

- a. Nonspendable – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- b. Restricted – consists of fund balance with constraints placed on the use of resources either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) laws through constitutional provisions or enabling legislation.
- c. Committed – included amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the city’s highest level of decision-making authority. The City’s highest level of decision-making authority is made by ordinance.

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- d. Assigned – includes amounts that are constrained by the city’s intent to be used for specific purposes but are neither restricted nor committed. Assignments of fund balance may be made by city council action or management decision when the city council has delegated that authority. Assignments for transfers and interest income for governmental funds are made through budgetary process.
- e. Unassigned – represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the general fund.

It is the City’s policy to first use restricted fund balance prior to the use of the unrestricted fund balance when an expense is incurred for purposes for which both restricted and unrestricted fund balance are available. The City’s policy for the use of unrestricted fund balance amounts require that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

The following tables show the fund balance classifications as shown on the Governmental Funds Balance Sheet:

	General Fund	Other Governmental Funds	TOTAL Governmental
Fund Balances (Deficit):			
Restricted for:			
East Village Infrastructure	\$ 445,232	\$ -	\$ 445,232
Animal shelter	-	-	-
Specified water and sewer projects	-	1,831,561	1,831,561
E911	-	6,381	6,381
Industrial Development	-	19,431	19,431
Tourism	-	2,819	2,819
Parks	-	45,675	45,675
Cemetery	-	31,927	31,927
Revolving loan program for small businesses	-	100,708	100,708
Grant programs	-	3,139	3,139
Debt Service	-	455	455
Sub-total Restricted	445,232	2,042,096	2,487,328
Committed to:			
Stabalization	1,363,116	-	1,363,116
Sub-total Committed	1,363,116	-	1,363,116
Assigned to:			
Capital projects	-	88,450	88,450
Airport	39,123	-	39,123
Tourism/parks	-	15,289	15,289
Grant programs	-	122,435	122,435
Public Safety	105,665	-	105,665
Sub-total Assigned	144,788	226,174	370,962
Unassigned:	702,498	-	702,498
<b>TOTAL FUND BALANCES</b>	<b>\$ 2,655,634</b>	<b>\$ 2,268,270</b>	<b>\$ 4,923,904</b>

Net position is displayed in three components:

- a. *Net investment in capital assets* - 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.

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b. *Restricted net position* - Consists of net position 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	\$ -	\$ -	\$ 445,232	\$ 445,232
Capital Improvement Fund	-	6,381	-	6,381
Guthrie/OKC Waterline Fund	-	1,831,561	-	1,831,561
Sub-total Capital Projects	<u>-</u>	<u>1,837,942</u>	<u>445,232</u>	<u>2,283,174</u>
Debt Service:				
Sinking Fund	<u>455</u>	<u>-</u>	<u>-</u>	<u>455</u>
Other				
USDA Rural Development Fund	-	-	100,708	100,708
Hotel Motel Tax Fund	48,494	-	-	48,494
Grant Fund	3,139	-	-	3,139
GIDA	-	19,431	-	19,431
Cemetery Care Fund	31,927	-	-	31,927
Sub-total Other	<u>83,560</u>	<u>19,431</u>	<u>100,708</u>	<u>203,699</u>
 Total Governmental Activities	 <u>84,015</u>	 <u>1,857,373</u>	 <u>545,940</u>	 <u>2,487,328</u>
 TOTAL RESTRICTED NET POSITION	 <u>\$ 84,015</u>	 <u>\$ 1,857,373</u>	 <u>\$ 545,940</u>	 <u>\$ 2,487,328</u>

c. *Unrestricted net position* - All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

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

#### Stabilization Reserve

On August 21, 2012, the City Council adopted Ordinance No. 3239 which established requirements for a stabilization reserve for the General Fund. This ordinance requires that funds be set aside for the purpose of stabilization.

The minimum amount to be set aside for the General Fund stabilization is 12% of General Fund non-capital operating expenses excluding transfers as of the most recent annual audit. The maximum amount is 30% of the same items.

When the balance is less than the minimum, it shall be funded with not less than 75% of assigned and unassigned General Fund balance as of the most recent financial statements. When the balance is greater than the minimum but less than the maximum, it shall be funded with 50% of assigned and unassigned General Fund fund balance as of the most recent financial statements.

Amounts held that are above the minimum balance may be spent for the following purposes:

- a. Expenditures for emergency situations for life, health or public safety issues for which no existing appropriations exist
- b. Situations where a significant revenue declaim in excess of 5% of General Fund original budgeted estimated revenues (excluding transfer in) arises that could not have been foreseen,

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- and for which new revenue is not available and transfers of existing appropriations are not considered feasible or appropriate in maintaining existing service levels;
- c. Correcting the results of an inaccurate estimate, accounting error, or budgeting error in excess of 5% of General Fund original budgeted estimated revenues (excluding transfers)
  - d. Expenditures where the proposed use is of a nonoperational nature involving capital or technical purchases having a useful life of greater than five years that will improve the efficiency of the City government. These efficiency improvements should result in tangible benefits that can be measured financially, through better service to the citizens, or an increased productivity for City employees.
  - e. Expenditures where the proposed use is of a nonrecurring nature, such as start-up costs of a program whose ongoing costs are otherwise funded, matching funds for a grant, or up-front payment of grant eligible expenses to be reimbursed by grant revenues. These expenditures should result in tangible benefits that can be measured financially, through better service to the citizens, or an increased productivity for City employees.

Amounts held that are below the minimum balance may be spent for the following purposes:

- a. Expenditures for emergency situations for life, health or public safety issues for which no existing appropriations exist
- b. Situations where a significant revenue declaim in excess of 5% of General Fund original budgeted estimated revenues (excluding transfer in) arises that could not have been foreseen, and for which new revenue is not available and transfers of existing appropriations are not considered feasible or appropriate in maintaining existing service levels;
- c. Correcting the results of an inaccurate estimate, accounting error, or budgeting error in excess of 5% of General Fund original budgeted estimated revenues (excluding transfers)

The amount of cash in the stabilization reserve account at September 30, 2014 is \$779,213, with an additional amount of cash that is due from another General Fund bank account of \$583,903 for a total amount of \$1,363,116.

The Guthrie Public Works Authority adopted Resolution No. 2012-10 with similar funding requirements and allowable spending purposes. The amount of cash in the stabilization reserve account at September 30, 2014 is \$349,644, with an additional amount of cash that is due from another GPWA bank account of \$471,035 for a total of \$820,679.

## **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 position 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, 2014 were as follows:



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Transfer From	Transfer To	Amount	Purpose of Transfer
General Fund	GPWA	1,586,750	Sales Tax transfer
General Fund	Grant Fund	1,500	Grant match
GPWA	General Fund	1,586,750	Sales Tax transfer
GPWA	General Fund	200,000	Operating transfer
GPWA	Capital Project Fund	81,270	Capital asset purchase
General Fund	Capital Project Fund	202,559	Capital asset purchase
Total		<u>\$ 3,658,829</u>	
<b>Reconciliation to Fund Financial Statements:</b>			
	Transfers In	Transfers Out	GW Capital Asset Transfers
Governmental Funds	\$ 2,072,079	\$ (1,790,809)	\$ (129,215)
Proprietary Funds	1,586,750	(1,868,020)	129,215
	<u>3,658,829</u>	<u>(3,658,829)</u>	<u>-</u>
			<u>\$ 152,055</u>
			<u>\$ (152,055)</u>

*Balances:*

Interfund receivable and payables at September 30, 2014 were comprised of the following:

Due From	Due To	Amount	Nature of Balance
General Fund	GPWA	525	Utility payments received by General Fund
General Fund	Grant Fund	10,155	To cover expenditures
GPWA	General Fund	234	To cover expenditures
Capital Project Fund	GPWA	96,958	To cover expenditures
GPWA	Capital Improvement Fund	149	To cover expenditures
GPWA	General Fund	143	To cover expenditures
Total		<u>\$ 108,164</u>	
<b>Reconciliation to Fund Financial Statements:</b>			
	Due From	Due To	Net Internal Balances
Governmental Funds	\$ 10,681	\$ (107,638)	\$ (96,957)
Proprietary Funds	97,483	(526)	96,957
Total	<u>\$ 108,164</u>	<u>\$ (108,164)</u>	<u>\$ -</u>

**8. Pledged Future Revenues**

*Utility Net Revenues Pledge* – The City has pledged the net water and sewer utility revenues to repay the following notes payable: \$607,000 of 2004 SRF, \$7,320,000 of 2008 SRF, \$8,000,000 of 2009 SRF and \$4,375,000 of 2010 SRF Oklahoma Water Resources Board Notes Payable. The City has also pledged 1% of sales tax to repay the \$2,975,000 of 2013 Utility System and Sales Tax Revenue Note. Proceeds from the bonds provided for the purchase or construction of water and utility systems. The bonds are payable from pledged net water and sewer utility revenues through 2030. The total principal and interest payable for the remainder of the life of these bonds is \$27,123,585 (total principal includes \$134,716 remaining to be drawn). Pledged sales tax and net water and sewer utility revenues in the current fiscal year were \$2,895,056. Debt service payments of \$1,826,973 for the current fiscal year were 63% 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:

- One cent 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 one 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 Principal Financial Group

### *(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 2014 was \$138,309. 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 multiple claims 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, 2014, 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 2014, 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.

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**11. Pension Plan Participation**

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

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

*Firefighters’ Plan:*

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

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

*Police Plan:*

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

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

*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
2012	\$ 89,067	100%	2012	\$ 126,107	100%
2013	\$ 88,655	100%	2013	\$ 137,180	100%
2014	\$ 100,680	100%	2014	\$ 157,808	100%

The state made on-behalf payments of \$84,926 for the police pension system and \$341,674 for the fire pension during the current fiscal year.

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*Employee Plan:*

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

**A. Plan Description**

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

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

<u>Provision</u>	<u>OMRF Plan</u>
a. Eligible to Participate	Full-time, non-uniformed employees of the City or Authority upon hire if less than age 60.
b. Contribution Requirements:	
- Authorization	By City ordinance
- Actuarially Determined	Yes
- Employer Rate	8.32% 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.

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- 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, 2014, the City's annual pension cost and required contributions of \$152,514 were made.

2. Actuarial Assumptions

Date of Last Actuarial Valuation	July 1, 2014
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

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**D. Funded Status and Funding Progress**

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

Actuarial accrued liability (AAL)	\$5,332,653
Actuarial value of plan assets	<u>4,939,356</u>
Overfunded (Unfunded) actuarial accrued liability (UAAL)	\$ (393,297)
Funded ratio (actuarial value of plan assets/AAL)	92.6%
Annual covered payroll (active plan members)	\$1,622,395
UAAL as a percentage of covered payroll	24.2%

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 as 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 2014, the City contributed \$10,212 to the plan. Plan members receiving benefits contributed \$10,212, or 100 percent of the total premiums, through their required contribution of \$400.00 per month for retiree-only coverage and \$536.02 for retiree and spouse medical coverage.

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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, 2014:

Annual required contribution	\$ 98,443
Interest on net OPEB obligation	9,176
Adjustment to annual required contribution	(20,639)
Annual OPEB cost	86,980
Contributions made	(5,038)
Increase in net OPEB obligation	81,942
Net OPEB obligation—beginning of year	311,422
Net OPEB obligation—end of year	\$ 393,364

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net unfunded OPEB obligation for 2014 was as follows:

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Unfunded OPEB Obligation</u>
6/30/12	\$70,836	14.4%	\$229,477
6/30/13	\$86,983	5.79%	\$311,422
6/30/14	\$81,942	6.1%	\$393,364

*Funded Status and Funding Progress.* As of February 12, 2014, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$832,247, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$832,247. The covered payroll (annual payroll of active employees covered by the plan) was \$4.0 million, and the ratio of the UAAL to the covered payroll was 18 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.



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*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 February 12, 2014, 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 4.62 percent initially, varying annually 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, 2014, was twenty-six years.

## **12. New Accounting Pronouncements**

The GASB has issued several new accounting pronouncements, which will be effective in subsequent years. A description of the new accounting pronouncements, the fiscal year in which they are effective, and the City's consideration of the impact of these pronouncements are described below:

Statement No. 68, *Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27*. GASB No. 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and pension expenses. GASB No. 68 also details the recognition and disclosure requirements for employers with liabilities to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. Defined benefit pensions are further classified by GASB No. 68 as single employer plans, agent employer plans and costsharing plans, and recognition and disclosure requirements are addressed for each classification. GASB No. 68 was issued in June 2012, and the City has not yet determined the impact that implementation of GASB No. 68 will have on its net position. The Statement is effective for fiscal years ended June 30, 2015.

Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date, an Amendment of GASB Statement 68*. GASB No. 71 addresses an issue regarding application of the transition provisions of GASB No. 68. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The Statement is effective for fiscal years ended June 30, 2015 and should be implemented simultaneously with GASB No. 68.

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**Budgetary Comparison Schedule (Budgetary Basis) General Fund – Year Ended September 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ 4,942,500	\$ 5,222,467	\$ 5,665,548	\$ 443,081
Licenses and permits	88,000	94,930	120,054	25,124
Intergovernmental	248,000	263,465	278,312	14,847
Charges for services	132,580	132,580	129,258	(3,322)
Fees and fines	200,000	200,000	213,915	13,915
Investment earnings	2,200	2,200	2,176	(24)
Miscellaneous	547,800	719,201	332,181	(387,020)
Total revenues	<u>6,161,080</u>	<u>6,634,843</u>	<u>6,741,444</u>	<u>106,601</u>
<b>EXPENDITURES</b>				
Departmental:				
<i>General Government:</i>				
General government	1,043,796	1,035,336	816,789	218,547
City manager	219,502	226,182	226,151	31
Human resources	188,431	198,338	147,077	51,261
City clerk	138,251	125,942	125,941	1
Building services	88,625	87,815	87,392	423
Planning and zoning	203,586	194,116	193,894	222
Economic development	79,025	70,166	65,712	4,454
Vehicle maintenance	154,126	162,313	145,162	17,151
Total General Government	<u>2,115,342</u>	<u>2,100,208</u>	<u>1,808,118</u>	<u>292,090</u>
<i>Public Safety:</i>				
Police administration	376,935	645,124	619,464	25,660
Police operations	860,674	785,953	785,949	4
Criminal investigations	130,216	12,124	12,123	1
Police support	138,867	91,476	91,471	5
Communications	160,291	158,906	158,903	3
Animal Control	91,043	65,448	65,442	6
Code Compliance	73,833	53,650	53,646	4
Total Public Safety	<u>1,831,859</u>	<u>1,812,681</u>	<u>1,786,998</u>	<u>25,683</u>
<i>Street:</i>				
Street	579,291	578,638	570,267	8,371
Total Street	<u>579,291</u>	<u>578,638</u>	<u>570,267</u>	<u>8,371</u>
<i>Culture and Recreation:</i>				
Library	210,062	209,762	208,333	1,429
Parks	421,734	456,999	427,190	29,809
Total Culture and Recreation	<u>631,796</u>	<u>666,761</u>	<u>635,523</u>	<u>31,238</u>
Total Expenditures	<u>5,158,288</u>	<u>5,158,288</u>	<u>4,800,906</u>	<u>357,382</u>
Excess (deficiency) of revenues over expenditures	<u>1,002,792</u>	<u>1,476,555</u>	<u>1,940,538</u>	<u>463,983</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,633,333	1,786,750	1,786,750	-
Transfers out	(2,636,125)	(3,109,889)	(3,410,836)	(300,947)
Total other financing sources and uses	<u>(1,002,792)</u>	<u>(1,323,139)</u>	<u>(1,624,086)</u>	<u>(300,947)</u>
Net change in fund balances	-	153,416	316,452	163,036
Fund balances - beginning	-	-	2,562,907	2,562,907
Fund balances - ending	<u>\$ -</u>	<u>\$ 153,416</u>	<u>\$ 2,879,359</u>	<u>\$ 2,725,943</u>

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**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
Total revenue - budgetary basis	\$ 8,528,194
Total expenses - budgetary basis	(8,211,742)
Change in fund balance - budgetary basis	316,452
Revenue accruals	334,809
Expenditure accruals	(604,896)
Change in fund balance - GAAP basis	\$ 46,365

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

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) -- Entry Age	Unfunded Liability AAL	Funded Ratio	Covered Payroll	Unfunded AAL as a Percentage of Covered Payroll
1/1/05	\$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%
1/1/11	\$4,108,038	\$4,647,003	\$ 538,965	88.4%	\$1,705,993	31.6%
1/1/12	\$4,440,745	\$5,091,668	\$ 650,923	87.2%	\$1,719,767	37.8%
1/1/13	\$4,877,789	\$5,447,243	\$ 569,454	89.5%	\$1,791,177	31.8%
1/1/14	\$4,939,356	\$5,332,653	\$ 393,297	92.6%	\$1,622,395	24.2%

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

Period Ended	Annual Pension Cost	Percentage of APC Contributed	Net Pension Obligation
September 30, 2012	\$ 151,366	100%	-
September 30, 2013	\$ 158,189	100%	-
September 30, 2014	\$ 152,514	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	September 30, 2013
Actuarial accrued liability - AAL (a)	\$762,663	\$832,247
Actuarial value of plan assets (b)	-	-
Unfunded actuarial accrued liability – UAAL (funding excess) (a) – (b)	\$762,663	\$832,247
Funded ratio (b)/(a)	0%	0%
Covered payroll (c)	\$1,826,439	\$3,998,000
UAAL (funding excess) as a % of covered payroll [UAAL/(c)]	41.8%	18%

Three year trend information is not available because only two actuarial valuations have been done since GASB 45 implementation.

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**OTHER SUPPLEMENTARY INFORMATION**

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**Combining Balance Sheet – Nonmajor Governmental Funds – September 30, 2014**

	<u>Guthrie Oklahoma City Waterline Fund</u>	<u>Hotel Motel Tax Fund</u>	<u>Cemetery Care Fund</u>	<u>Grant Fund</u>	<u>USDA Rural Development</u>	<u>Guthrie Industrial Development Fund</u>	<u>Capital Project Fund</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>									
Cash and cash equivalents	\$ 1,831,561	\$ 53,070	\$ 31,927	\$ 113,715	\$ 47,675	\$ 19,431	\$ 158,371	\$ 455	\$ 2,256,205
Receivable from other governments	-	-	-	9,764	-	-	-	-	9,764
Due from other funds	-	-	-	10,155	-	-	149	-	10,304
Taxes receivable, net	-	40,906	-	-	-	-	-	-	40,906
Utilities receivable, net	-	-	-	-	-	-	41,284	-	41,284
Note receivable, net	-	-	-	-	53,033	-	-	-	53,033
Total assets	<u>\$ 1,831,561</u>	<u>\$ 93,976</u>	<u>\$ 31,927</u>	<u>\$ 133,634</u>	<u>\$ 100,708</u>	<u>\$ 19,431</u>	<u>\$ 199,804</u>	<u>\$ 455</u>	<u>\$ 2,411,496</u>
<b>LIABILITIES AND FUND BALANCES</b>									
Liabilities:									
Accounts payable	\$ -	\$ 30,193	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,193
Due to other funds	-	-	-	-	-	-	96,958	-	96,958
Total liabilities	<u>-</u>	<u>30,193</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>96,958</u>	<u>-</u>	<u>127,151</u>
Deferred inflows of resources:									
Deferred revenue	-	-	-	8,060	-	-	8,015	-	16,075
Fund balances:									
Restricted	1,831,561	48,494	31,927	3,139	100,708	19,431	6,381	455	2,042,096
Assigned	-	15,289	-	122,435	-	-	88,450	-	226,174
Total fund balances	<u>1,831,561</u>	<u>63,783</u>	<u>31,927</u>	<u>125,574</u>	<u>100,708</u>	<u>19,431</u>	<u>94,831</u>	<u>455</u>	<u>2,268,270</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 1,831,561</u>	<u>\$ 93,976</u>	<u>\$ 31,927</u>	<u>\$ 133,634</u>	<u>\$ 100,708</u>	<u>\$ 19,431</u>	<u>\$ 199,804</u>	<u>\$ 455</u>	<u>\$ 2,411,496</u>

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**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – For the Year Ended September 30, 2014**

	<u>Guthrie Oklahoma City Waterline Fund</u>	<u>Hotel Motel Tax Fund</u>	<u>Cemetery Care Fund</u>	<u>Grant Fund</u>	<u>USDA Rural Development</u>	<u>Guthrie Industrial Development Fund</u>	<u>Capital Project Fund</u>	<u>Debt Service</u>	<u>Total-Other Governmental Funds</u>
<b>REVENUES</b>									
Taxes	\$ -	\$ 195,188	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 195,188
Intergovernmental	-	-	-	47,070	-	-	-	-	47,070
Charges for services	-	-	9,720	-	-	14,900	230,304	-	254,924
Investment earnings	190	293	97	167	57	38	52	-	894
Miscellaneous	-	10,745	-	18,307	-	-	-	-	29,052
Total revenues	<u>190</u>	<u>206,226</u>	<u>9,817</u>	<u>65,544</u>	<u>57</u>	<u>14,938</u>	<u>230,356</u>	<u>-</u>	<u>527,128</u>
<b>EXPENDITURES</b>									
Current:									
General government	14,000	-	-	-	-	-	80	-	14,080
Culture and recreation	-	130,262	3,430	-	-	-	-	-	133,692
Debt Service:									
Principal	-	-	-	-	-	18,087	130,171	-	148,258
Interest and other charges	-	-	-	-	-	-	10,865	-	10,865
Capital Outlay	56,708	115,526	12,786	27,102	-	-	566,638	-	778,760
Total Expenditures	<u>70,708</u>	<u>245,788</u>	<u>16,216</u>	<u>27,102</u>	<u>-</u>	<u>18,087</u>	<u>707,754</u>	<u>-</u>	<u>1,085,655</u>
Excess (deficiency) of revenues over expenditures	<u>(70,518)</u>	<u>(39,562)</u>	<u>(6,399)</u>	<u>38,442</u>	<u>57</u>	<u>(3,149)</u>	<u>(477,398)</u>	<u>-</u>	<u>(558,527)</u>
<b>OTHER FINANCING SOURCES (USES)</b>									
Proceeds from long-term debt, net	-	-	-	-	-	5,587	-	-	5,587
Proceeds from capital leases	-	-	-	-	-	-	272,084	-	272,084
Transfers in	-	-	-	1,500	-	-	283,829	-	285,329
Transfers out	-	-	-	-	-	-	-	-	-
Proceeds from sale of land	-	-	-	-	-	9,816	-	-	9,816
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,500</u>	<u>-</u>	<u>15,403</u>	<u>555,913</u>	<u>-</u>	<u>572,816</u>
Net change in fund balances	(70,518)	(39,562)	(6,399)	39,942	57	12,254	78,515	-	14,289
Fund balances - beginning	1,902,079	103,345	38,326	85,632	100,651	7,177	16,316	455	2,253,981
Fund balances - ending	<u>\$ 1,831,561</u>	<u>\$ 63,783</u>	<u>\$ 31,927</u>	<u>\$ 125,574</u>	<u>\$ 100,708</u>	<u>\$ 19,431</u>	<u>\$ 94,831</u>	<u>\$ 455</u>	<u>\$ 2,268,270</u>



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**Combining Balance Sheet – General Fund Accounts – September 30, 2014**

	<u>General Fund</u>	<u>Fire/EMS Cash</u>	<u>Airport Account</u>	<u>General Fund Stabilization Account</u>	<u>Total General Fund Accounts</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 685,945	97,308	\$ 24,161	\$ 779,213	\$ 1,586,627
Investments	448,467	-	-	-	448,467
Receivable from other governments	645,823	-	228,905	-	874,728
Due from other funds	429	22,549	-	583,903	606,881
Taxes receivable, net	70,410	-	-	-	70,410
Court fines receivable, net	58,646	-	-	-	58,646
Ambulance receivable, net	113,522	-	-	-	113,522
Total assets	<u>\$ 2,023,242</u>	<u>\$ 119,857</u>	<u>\$ 253,066</u>	<u>\$ 1,363,116</u>	<u>\$ 3,759,281</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 49,052	\$ 13,913	\$ 19,494	\$ -	\$ 82,459
Accrued payroll payable	166,166	-	-	-	166,166
Due to other funds	616,898	280	6	-	617,184
Due to bondholders	2,500	-	-	-	2,500
Payable to other governments	1,115	-	-	-	1,115
Other payables	92	-	-	-	92
Total liabilities	<u>835,823</u>	<u>14,193</u>	<u>19,500</u>	<u>-</u>	<u>869,516</u>
Deferred inflows of resources:					
Deferred revenue	<u>39,688</u>	<u>-</u>	<u>194,443</u>	<u>-</u>	<u>234,131</u>
Fund balances:					
Restricted	445,232	-	-	-	445,232
Committed	-	-	-	1,363,116	1,363,116
Assigned	-	105,665	39,123	-	144,788
Unassigned	702,498	-	-	-	702,498
Total fund balances	<u>1,147,730</u>	<u>105,665</u>	<u>39,123</u>	<u>1,363,116</u>	<u>2,655,634</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 2,023,241</u>	<u>\$ 119,858</u>	<u>\$ 253,066</u>	<u>\$ 1,363,116</u>	<u>\$ 3,759,281</u>

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**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – General Fund  
Accounts – For the Year Ended September 30, 2014**

	<u>General Fund</u>	<u>Fire/EMS Cash</u>	<u>Airport Account</u>	<u>General Fund Stabilization Account</u>	<u>Total General Fund Accounts</u>
<b>REVENUES</b>					
Taxes	\$ 5,611,536	\$ -	\$ -	\$ -	\$ 5,611,536
Intergovernmental	687,297	30,203	470,896	-	1,188,396
Licenses and permits	130,055	-	-	-	130,055
Charges for services	156,677	879,766	107,738	-	1,144,181
Fees and fines	186,427	-	-	-	186,427
Investment earnings	2,958	168	254	3,886	7,266
Miscellaneous	301,303	9,186	128,502	-	438,991
Total revenues	<u>7,076,253</u>	<u>919,323</u>	<u>707,390</u>	<u>3,886</u>	<u>8,706,852</u>
<b>EXPENDITURES</b>					
Current:					
General government	1,845,865	-	-	-	1,845,865
Public safety	2,255,570	2,063,778	-	-	4,319,348
Public works	573,248	-	-	-	573,248
Culture and recreation	639,895	-	-	-	639,895
Economic development	70,107	-	-	-	70,107
Airport	-	-	229,567	-	229,567
Capital outlay	21,117	-	599,669	-	620,786
Total expenditures	<u>5,405,802</u>	<u>2,063,778</u>	<u>829,236</u>	<u>-</u>	<u>8,298,816</u>
Excess (deficiency) of revenues over expenditures	<u>1,670,451</u>	<u>(1,144,455)</u>	<u>(121,846)</u>	<u>3,886</u>	<u>408,036</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	1,786,750	1,266,628	52,451	300,948	3,406,777
Transfers out	(3,410,836)	-	-	-	(3,410,836)
Total other financing sources and uses	<u>(1,624,086)</u>	<u>1,266,628</u>	<u>52,451</u>	<u>300,948</u>	<u>(4,059)</u>
Net change in fund balances	46,365	122,173	(69,395)	304,834	403,977
Fund balances - beginning	1,101,365	(16,508)	108,518	1,058,282	2,251,657
Fund balances - ending	<u>\$ 1,147,730</u>	<u>\$ 105,665</u>	<u>\$ 39,123</u>	<u>\$ 1,363,116</u>	<u>\$ 2,655,634</u>

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**Combining Schedule of Net Position – Enterprise Fund Accounts – September 30, 2014**

	<u>GPWA</u>	<u>Water Treatment Plant Account</u>	<u>Meter Deposit Account</u>	<u>CMOM Account</u>	<u>GPWA Stabilization Account</u>	<u>Total</u>
<b>ASSETS</b>						
Current assets:						
Cash and cash equivalents	\$ 65,232	\$ 927,935	\$ 73,911	\$ 285,672	\$ 349,644	\$ 1,702,394
Restricted:						
Cash and cash equivalents	120,111	11	271,211	-	-	391,333
Investments	-	-	99,000	-	-	99,000
Due from other funds	98,421	870	-	57,351	471,035	627,677
Accounts receivable, net	476,589	113,891	-	54,042	-	644,522
Notes receivable	15,358	-	-	-	-	15,358
Total current assets	<u>775,711</u>	<u>1,042,707</u>	<u>444,122</u>	<u>397,065</u>	<u>820,679</u>	<u>3,480,284</u>
Non-current assets:						
Notes receivable, net	132,281	-	-	-	-	132,281
Capital assets:						
Land and construction in progress	1,991,083	60,760	-	-	-	2,051,843
Other capital assets, net of accumulated depreciation	13,700,922	13,907,966	-	-	-	27,608,888
Total non-current assets	<u>15,824,286</u>	<u>13,968,726</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,793,012</u>
Total assets	<u>16,599,997</u>	<u>15,011,433</u>	<u>444,122</u>	<u>397,065</u>	<u>820,679</u>	<u>33,273,296</u>
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable	96,081	-	-	-	-	96,081
Salaries payable	27,678	-	-	-	-	27,678
Accrued interest payable	-	21,519	-	4,993	-	26,512
Due to other funds	529,782	470	-	468	-	530,720
Deposits subject to refund	-	-	368,994	-	-	368,994
Compensated absences	4,910	-	-	-	-	4,910
Notes payable	244,284	580,005	-	218,750	-	1,043,039
Total current liabilities	<u>902,735</u>	<u>601,994</u>	<u>368,994</u>	<u>224,211</u>	<u>-</u>	<u>2,097,934</u>
Non-current liabilities:						
Compensated absences	44,186	-	-	-	-	44,186
Notes payable	2,941,190	13,990,574	-	2,109,375	-	19,041,139
Net OPEB obligation	69,074	-	-	-	-	69,074
Total non-current liabilities	<u>3,054,450</u>	<u>13,990,574</u>	<u>-</u>	<u>2,109,375</u>	<u>-</u>	<u>19,154,399</u>
Total liabilities	<u>3,957,185</u>	<u>14,592,568</u>	<u>368,994</u>	<u>2,333,586</u>	<u>-</u>	<u>21,252,333</u>
<b>NET POSITION</b>						
Net investment in capital assets	12,506,531	(601,853)	-	(2,328,125)	-	9,576,553
Restricted for debt service	120,111	-	-	-	-	120,111
Unrestricted	16,170	1,020,718	75,128	391,604	820,679	2,324,299
Total net position	<u>\$ 12,642,812</u>	<u>\$ 418,865</u>	<u>\$ 75,128</u>	<u>\$ (1,936,521)</u>	<u>\$ 820,679</u>	<u>\$ 12,020,963</u>

**CITY OF GUTHRIE, OKLAHOMA**  
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**Combining Schedule of Revenues, Expenses, and Changes in Net Position – Enterprise Fund**  
**Accounts – Year Ended September 30, 2014**

	<u>GPWA</u>	<u>Water Treatment Plant Account</u>	<u>Meter Deposit Account</u>	<u>CMOM Account</u>	<u>GPWA Stabilization Account</u>	<u>Total</u>
<b>REVENUES</b>						
Charges for services:						
Pledged as security:						
Water	\$ 2,484,135	\$ 350,358	\$ -	\$ -	\$ -	\$ 2,834,493
Sewer	799,322	-	-	334,504	-	1,133,826
Unpledged:						
Sewer	1,289,343	-	-	-	-	1,289,343
Rents and royalties	5,565	-	-	-	-	5,565
Miscellaneous	178,986	-	157	-	-	179,143
Total operating revenues	<u>4,757,351</u>	<u>350,358</u>	<u>157</u>	<u>334,504</u>	<u>-</u>	<u>5,442,370</u>
<b>OPERATING EXPENSES</b>						
General government	566,733	-	-	76	-	566,809
Administration	300,197	-	-	-	-	300,197
Water	598,225	115	-	-	-	598,340
Wastewater	367,807	-	-	-	-	367,807
Sanitation	870,747	-	-	17,637	-	888,384
Landfill operations	113,832	-	-	-	-	113,832
Line maintenance	565,233	-	-	-	-	565,233
Meter operations	35	-	-	-	-	35
Municipal pool	13,609	-	-	-	-	13,609
Depreciation	881,705	376,740	-	-	-	1,258,445
Total operating expenses	<u>4,278,123</u>	<u>376,855</u>	<u>-</u>	<u>17,713</u>	<u>-</u>	<u>4,672,691</u>
Operating income (loss)	<u>479,228</u>	<u>(26,497)</u>	<u>157</u>	<u>316,791</u>	<u>-</u>	<u>769,679</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>						
Interest and investment revenue	9,587	1,339	1,971	1,035	1,743	15,675
Interest expense	(67,824)	(688,844)	-	(75,396)	-	(832,064)
Total non-operating revenue (expenses)	<u>(58,237)</u>	<u>(687,505)</u>	<u>1,971</u>	<u>(74,361)</u>	<u>1,743</u>	<u>(816,389)</u>
Income (loss) before contributions and transfers	<u>420,991</u>	<u>(714,002)</u>	<u>2,128</u>	<u>242,430</u>	<u>1,743</u>	<u>(46,710)</u>
Capital contributions	100,296	-	-	-	-	100,296
Transfers in	1,879,387	673,787	-	-	13,975	2,567,149
Transfers out	(2,555,782)	-	(1,900)	(290,737)	-	(2,848,419)
Change in net position	<u>(155,108)</u>	<u>(40,215)</u>	<u>228</u>	<u>(48,307)</u>	<u>15,718</u>	<u>(227,684)</u>
Total net position - beginning	<u>12,797,920</u>	<u>459,080</u>	<u>74,900</u>	<u>(1,888,214)</u>	<u>804,961</u>	<u>12,248,647</u>
Total net position - ending	<u>\$ 12,642,812</u>	<u>\$ 418,865</u>	<u>\$ 75,128</u>	<u>\$ (1,936,521)</u>	<u>\$ 820,679</u>	<u>\$ 12,020,963</u>

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**SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

<b>State Grantor/Pass Through Agency</b>		<b>Award</b>	<b>Awards</b>
<b>Grantor/Program Title</b>	<b>Grant #</b>	<b>Amount</b>	<b>Expended</b>
<b>STATE AWARDS:</b>			
Oklahoma Aeronautics Commission:			
Airport Improvement	GOK-12-S	\$ 54,144	\$ 29,625
Oklahoma Humanities Council:			
Library Grant	N/A	1,926	1,926
<b>TOTAL STATE AWARDS</b>		<u>\$ 56,070</u>	<u>\$ 31,551</u>

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

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

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