



**COMPREHENSIVE ANNUAL FINANCIAL REPORT
AND INDEPENDENT AUDITOR'S REPORTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2014**

CITY OF SAPULPA, OKLAHOMA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
AND ACCOMPANYING
INDEPENDENT AUDITOR'S REPORTS

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INTRODUCTION SECTION



Oklahoma's Most Connected City

425 EAST DEWEY AVENUE
P.O. BOX 1130 • SAPULPA, OK 74067

January 29, 2015

To the Honorable Mayor Reg Green, City Councilors, and Citizens:

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the City of Sapulpa for the fiscal year ended June 30, 2014. The report was prepared by the Finance Department of the City of Sapulpa to present the financial position of the City and the results of the City's financial operations in accordance with generally accepted accounting principles. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data, as presented, is accurate in all material respects, and all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included. The Management's Discussion and Analysis provide additional narrative and detailed analysis of the City's financial affairs, and we encourage readers to consider that information in conjunction with the information presented here.

To facilitate the understanding of the City's financial affairs, the CAFR is divided into the following sections:

- Introductory Section – Includes a table of contents, a letter of transmittal, the City's organizational chart, and a list of City Officials.
- Financial Section – Consists of the independent auditor's report, management's discussion and analysis, the basic financial statements, required supplementary information, and other supplementary information.
- Statistical Section – Presents unaudited financial, economic and demographic data and other information relative to the community.

Governmental Structure

The City of Sapulpa, the County seat of Creek County, Oklahoma, is located in the extreme northeast corner of the County, only twelve miles from the City of Tulsa, Oklahoma. The City lies astride Interstate Highway 44 (Turner Turnpike) connecting the cities of Tulsa and Oklahoma City. First incorporated prior to Oklahoma statehood, its first City Charter was adopted in 1910, with major revisions thereto in 1922, 1970, 2002, and 2005. Currently operating under a Municipal Charter form of Government pursuant to Oklahoma Statutes 1991, Sect. 13-101, et seq., the city is governed by a Board of Councilors consisting of ten councilors, two council members from each of five wards. The mayor is chosen from among the council itself. The City Council also serves as trustees of the Sapulpa Municipal Authority. The Mayor and Council appoint a City Manager, a City Attorney, and a City Treasurer. The responsibility for the day-to-day operations of the City rests with the City Manager.

Economic Conditions and Outlook

The primary measure of local economic activity is sales tax revenue. The City relies on sales tax revenue to fund its governmental operations. Sales tax revenue increased approximately 2.3% from the prior fiscal year which was 4.8% over the amount originally budgeted for the fiscal year.

Another major revenue is the Sapulpa Municipal Authority (SMA) charges for service, which include water, sewer, and refuse revenue. SMA charges for service were increased by a rate adjustment of 2 % effective in July 2013 which resulted in only a 1.7% increase over prior year.

In preparing the FY 2014/2015 budget City officials continue to cope with several challenges, departments still operating with lower staffing levels, infrastructure and capital needs, and increased materials costs. Despite these challenges the overall outlook for the City remains strong. The citizens voted to continue the ½ cent sales tax dedicated to street improvements. This resulted in the issuance of \$4,710,000 Capital Improvement Revenue Bonds which will be used to make improvements to the roads, streets and bridges of the City of Sapulpa.

Acknowledgments

The preparation of this report is a combined effort of the staff of the Finance Department with the professional assistance of our consultants, Crawford & Associates, P.C., and our independent auditors, Arledge & Associates, P.C. We would like to express our appreciation to all individuals who assisted in the preparation of this report.

We would also like to thank the Mayor and the members of the City Council for their leadership, encouragement and support in our effort to provide the citizens with quality services, management and financial reporting.

Respectfully submitted,

Handwritten signature of Tom DeArman in black ink.

Tom DeArman
City Manager

Handwritten signature of Pamela Vann in black ink.

Pamela Vann
Finance Director

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CITY OF SAPULPA
LIST OF CITY OFFICIALS
FOR THE FISCAL YEAR
JULY 1, 2013 – JUNE 30, 2014

REG GREEN, MAYOR
LOUIS MARTIN, JR, VICE-MAYOR

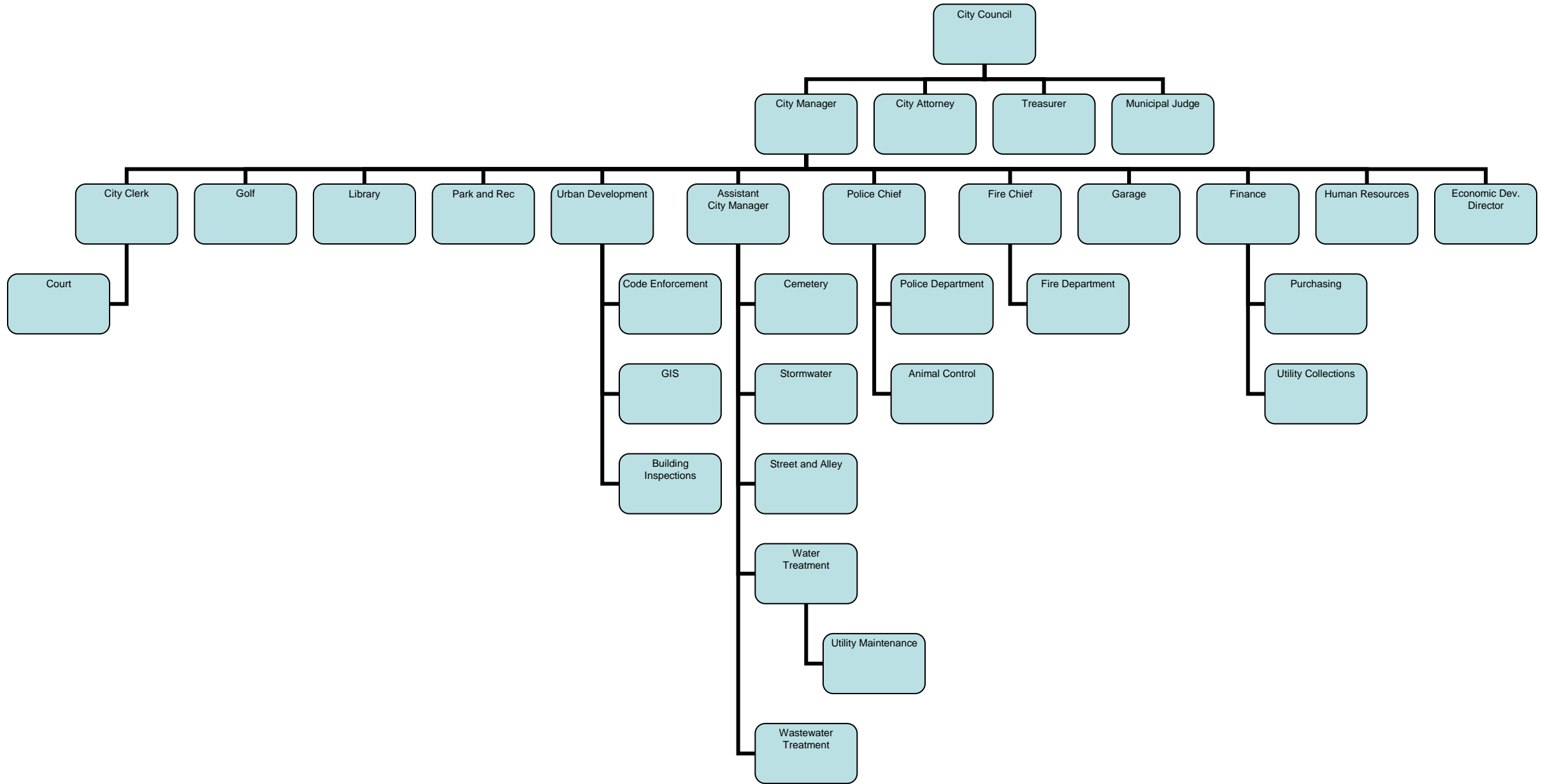
COUNCIL:

CRAIG HENDERSON
THERESA JONES
CHARLES STEPHENS
JOHN ANDERSON

MARTY CUMMINS
MIKE HURT
ALAN H. JONES
BILL ROLLINGS

Tom M. DeArman, City Manager
David Widdoes, City Attorney
David E. Gilliland, Assistant City Manager
Shirley Burzio, City Clerk
Pamela Vann, Finance Director

CITY OF SAPULPA ORGANIZATIONAL CHART



FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Council
City of Sapulpa, 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 Sapulpa, Oklahoma (the "City"), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We 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 as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, budgetary comparison schedule, and schedule of funding progress, 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’s basic financial statements. The introductory section, other supplementary information, and statistical section, as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information, as listed in the table of contents, 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 or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 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.


January 29, 2015

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

FINANCIAL HIGHLIGHTS

- For the fiscal year ended June 30, 2014, the City's total net position increased by \$3.2 million from the prior year.
- During the year, the City's expenses for governmental activities were \$17.6 million and were funded by program revenues of \$6.6 million and further funded with taxes, other general revenues and transfers that totaled \$14.3 million.
- In the City's business-type activities, such as utilities and golf course, total expenses exceeded program revenues by \$1.6 million and were funded with general revenues and transfers of \$1.5 million.
- At June 30, 2014, the General Fund reported an unassigned fund balance of \$0.9 million.
- For budgetary reporting purposes, the General Fund reported revenues more than estimates by \$0.1 million or 0.5%, while expenditures were less than final appropriations by \$0.9 million or 4.3%.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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 inflows, liabilities, and deferred outflows 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, deferred inflows, liabilities, and deferred outflows – as one way to measure the City's financial condition, or position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving, deteriorating, or remaining steady. However, you must consider other nonfinancial factors, such as changes in the City's tax base, the condition of the City's roads, and the quality of services to assess the overall health and performance of the City.

As mentioned above, in the Statement of Net 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, sanitation, stormwater and golf course activities are reported here.

Reporting the City's Most Significant Funds

Fund Financial Statements

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

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

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

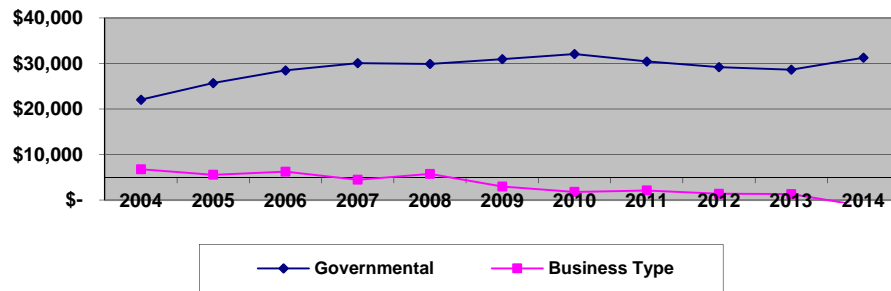
Net Position

The City's combined net position increased from \$26.7 million to \$30.0 million between fiscal years 2013 and 2014. Looking at the net position of governmental and business-type activities separately, governmental activities increased \$3.3 million and business-type activities decreased approximately \$70,000. A comparative, condensed presentation of net position follows (reported in thousands).

TABLE 1
NET POSITION (In Thousands)

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2014	Restated 2013		2014	Restated 2013		2014	Restated 2013	
Current assets	\$ 7,345	\$ 9,080	-19%	\$ 5,978	\$ 6,558	-9%	\$ 13,323	\$ 15,638	-15%
Capital assets, net	41,210	38,033	8%	59,812	59,369	1%	101,022	97,402	4%
Total assets	48,555	47,113	3%	65,790	65,927	0%	114,345	113,040	1%
Deferred Outflows of Resources:									
Deferred amount on refunding	126	137	-8%	7,331	8,023	-9%	7,457	8,160	-9%
Current liabilities	3,489	3,048	14%	3,338	2,462	36%	6,827	5,510	24%
Non-current liabilities	13,910	16,232	-14%	71,095	72,730	-2%	85,005	88,962	-4%
Total liabilities	17,399	19,280	-10%	74,433	75,192	-1%	91,832	94,472	-3%
Net position									
Net investment in capital assets	28,300	24,658	15%	(12,211)	(14,044)	13%	16,089	10,614	52%
Restricted	3,508	3,983	-12%	765	384	99%	4,273	4,367	-2%
Unrestricted (deficit)	(526)	(671)	-22%	10,134	12,418	-18%	9,608	11,747	-18%
Total net position	\$ 31,282	\$ 27,970	12%	\$ (1,312)	\$ (1,242)	6%	\$ 29,970	\$ 26,728	12%

Net Position
(In Thousands)



Explanations for the more significant changes include:

In the business-type activities, restricted for debt service increased over prior year due to the issuance of new debt in the previous year and the increase in debt reserve requirements. Current liabilities increased over prior year due to the first principal payment of \$550,000 on the 2012 Refunding Revenue bonds being mainly due in 2015.

Changes in Net Position

For the year ended June 30, 2014, the change in net position of the primary government was the result of the following (amounts are reported in thousands):

TABLE 2
CHANGES IN NET POSITION (In Thousands)

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	Restated			Restated			Restated		
	2014	2013	2014	2013	2014	2013	2014	2013	
Revenues									
Charges for service	\$ 2,142	\$ 1,941	10%	\$ 10,756	\$ 10,799	0%	\$ 12,898	\$ 12,740	1%
Operating grants and contributions	1,454	1,756	-17%	-	-	0%	1,454	1,756	-17%
Capital grants and contributions	3,014	654	361%	-	83	-100%	3,014	737	309%
Taxes	14,994	14,905	1%	-	-	0%	14,994	14,905	1%
Intergovernmental revenue	244	256	-5%	-	-	0%	244	256	-5%
Investment income	22	35	-37%	26	30	-13%	48	65	-26%
Miscellaneous	336	182	85%	155	152	0%	491	334	47%
Total revenues	22,206	19,729	13%	10,937	11,064	-1%	33,143	30,793	8%
Expenses									
Administration	1,161	1,177	-1%	-	-	-	1,161	1,177	-1%
General government	1,356	1,390	-2%	-	-	-	1,356	1,390	-2%
Legal and judicial	356	327	9%	-	-	-	356	327	9%
Public safety	10,949	10,849	1%	-	-	-	10,949	10,849	1%
Urban development	503	485	4%	-	-	-	503	485	4%
Streets	1,271	1,745	-27%	-	-	-	1,271	1,745	-27%
Culture, parks and recreation	1,480	1,484	0%	-	-	-	1,480	1,484	100%
Interest on long-term debt	501	629	-20%	-	-	-	501	629	-20%
Water	-	-	-	4,354	4,921	-12%	4,354	4,921	-12%
Wastewater	-	-	-	5,497	6,014	-9%	5,497	6,014	-9%
Sanitation	-	-	-	1,321	1,326	0%	1,321	1,326	0%
Stormwater	-	-	-	383	307	25%	383	307	25%
Golf operations	-	-	-	767	763	1%	767	763	1%
Interest on long-term debt	-	-	-	2	3	-33%	2	3	-33%
Total expenses	17,577	18,086	-3%	12,324	13,334	-8%	29,901	31,420	-5%
Excess (deficiency) before transfers	4,629	1,643	182%	(1,387)	(2,270)	-39%	3,242	(627)	-617%
Transfers	(1,317)	(880)	50%	1,317	880	-50%	-	-	-
Increase (decrease) in net position	\$ 3,312	\$ 763	334%	\$ (70)	\$ (1,390)	-95%	\$ 3,242	\$ (627)	-617%

Explanations for the more significant changes include:

Streets Expense - \$474,000 decrease (27%) due in part of a decrease in professional services from the previous year.

Governmental activities transfers - \$437,000 (50%) due to more capital asset transfer activity in special revenue funds that are business-type 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.

Governmental Activities

The following table compares fiscal year 2014 and 2013 total Governmental Activities expenses and net revenue (expense) of services:

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

	Total Expense of Services		% Inc. (Dec.)	Net Revenue (Expense) of Services		% Inc. (Dec.)
	2014	2013		2014	2013	
	General government	\$1,161		\$1,177	-1%	
Public safety	1,356	1,390	-2%	(1,010)	(1,036)	-3%
Streets	356	327	9%	(356)	(327)	9%
Culture, parks and recreation	10,949	10,849	1%	(8,144)	(8,132)	0%
Airport	503	485	4%	208	(412)	-150%
Payment to ERRA	1,271	1,745	-27%	427	(1,533)	-128%
Payment to Hospital	1,480	1,484	0%	(430)	(489)	-12%
Interest on long-term debt	501	629	-20%	(501)	(629)	-20%
Total	\$17,577	\$18,086	-3%	(\$10,967)	(\$13,735)	-20%

Business-type Activities

The following table compares fiscal year 2014 and 2013 total Business-type Activities expenses and net revenue (expense) of services:

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

	Total Expense of Services		% Inc. Dec.	Net Revenue (Expense) of Services		% Inc. Dec.
	2014	2013		2014	2013	
	Water	\$ 4,354		\$ 4,921	-12%	
Wastewater	5,497	6,014	-9%	(2,129)	(2,495)	-15%
Sanitation	1,321	1,326	0%	126	107	18%
Stormwater	382	307	24%	542	597	-9%
Golf operations	767	763	1%	(301)	(358)	-16%
Interest charges	2	3	-33%	(2)	(3)	-33%
Total	\$ 12,323	\$ 13,334	-8%	\$ (1,567)	\$ (2,452)	-36%

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 \$5.3 million or a 17.2% decrease from the prior year due the use of prior year G. O. bond proceeds for capital projects debt service payments. The enterprise funds reported combined net position (deficit) of (\$1.6) million or an 8.2% increase in the net position deficit from 2013.

FUND BALANCE/NET POSITION (In thousands of dollars)			
Governmental Funds		Enterprise Funds	
Nonspendable	\$ 81	Net Investment in Capital Assets	\$ (12,211)
Restricted	3,390	Restricted for debt service	765
Committed	7	Unrestricted	9,808
Assigned	1,220		
Unassigned	595	Total Net Assets	\$ (1,638)
 Total Fund Balance	 \$ 5,293		

Other fund highlights include:

- For the year ended June 30, 2014, the General Fund's total fund balance increased by \$0.4 million or 36%.
- The Sapulpa Municipal Authority enterprise fund reported a decrease in net position, after transfers, of \$0.1 million.

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 of less than 4.6% or \$0.9 million, mainly related to increased sales tax collections over original estimates, and an increase in appropriations of 5.7% or \$1.2 million, with most of the increased appropriations related to the required sales tax transfers.

For budgetary reporting purposes, the General Fund reported revenues in excess of final estimates by \$0.1 million or 0.5%, while expenditures were less than the final appropriations by \$0.9 million or 4.3%.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2014, the City had \$101 million invested in capital assets, net of depreciation, including police and fire equipment, buildings, park facilities, water lines and sewer lines. (See table below). This represents a net increase of \$3.6 million over the prior year.

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

	Governmental		Business-Type		Total	
	Activities		Activities			
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Land	\$ 4,652	\$ 4,652	\$ 71	\$ 71	\$ 4,723	\$ 4,723
Buildings	8,211	7,648	2,613	2,690	10,824	10,338
Imp. other than buildings	2,217	2,377	536	578	2,753	2,955
Machinery, furniture and equipment	3,972	4,184	1,775	1,657	5,747	5,841
Infrastructure	17,473	17,637	2,700	2,043	20,173	19,680
Intangible water rights	-	-	4,915	4,915	4,915	4,915
Utility property	-	-	45,013	44,434	45,013	44,434
Construction in progress	4,685	1,535	2,189	2,980	6,874	4,515
Totals	<u>\$ 41,210</u>	<u>\$ 38,033</u>	<u>\$ 59,812</u>	<u>\$ 59,368</u>	<u>\$ 101,022</u>	<u>\$ 97,401</u>

This year's more significant capital asset additions include:

- \$791,000 – Old National Guard Armory
- \$100,016 – Freightliner Dump Truck
- \$3,669,510 – Street Rehab Projects
- \$1,919,226 – Utility Property Rehab Projects

See Note 3.D. 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 \$88.5 million in long-term debt outstanding, which represents a \$2.6 million or 2.3% decrease from the prior year, resulting mainly from normal debt service payments. The City's changes in long-term debt by type of debt are as follows (excludes unamortized premiums/discounts and deferred amounts on refunding):

TABLE 6
Primary Government Long-Term Debt
(In Thousands)

	Governmental		Business-Type		Total	
	Activities		Activities			
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Accrued absences	\$ 1,578	\$ 1,749	\$ 195	\$ 180	\$ 1,773	\$ 1,929
Revenue bonds	1,315	1,920	69,335	69,995	70,650	71,915
Due to depositors	-	-	273	261	273	261
Water contract obligations	-	-	2,064	2,362	2,064	2,362
Notes payable	-	-	202	137	202	137
General obligation bonds	11,905	13,130	-	-	11,905	13,130
Judgments payable	484	302	-	-	484	302
Estimated claims payable	14	15	-	-	14	15
OPEB liability	1,018	930	-	-	1,018	930
Capital leases	343	344	-	-	343	344
Totals	<u>\$ 16,657</u>	<u>\$ 18,390</u>	<u>\$ 72,069</u>	<u>\$ 72,935</u>	<u>\$ 88,726</u>	<u>\$ 91,325</u>

See Note 3.F. to the financial statements for more detail information on the City's long-term debt and changes therein.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Economic factors play a key role in developing the City's budget. The overall economic outlook for the City of Sapulpa seems to be remaining stable. Total sales tax collections, which is the major revenue for the General fund, had an increase of \$268,140, or 2.3%, from fiscal year 2012-2013 (\$11,427,472) to fiscal year 2013-2014 (\$11,695,612). There is no reason to believe that the trend in sales tax will not continue into next fiscal year. Thus the City's fiscal year 2014-2015 sales tax budget is projected at \$11,501,051, 3 % higher than original fiscal year 2013-2014 budget (\$11,156,805), and 1.7% lower than fiscal year 2013-2014 actual (\$11,695,612).

The Sapulpa Municipal Authority (SMA) charges for service, which include water, sewer, and refuse revenues, shows a slight increase, 1.7%, for fiscal year 2013-2014 (\$9,351,206) from 2012-2013 actual (\$9,196,765). Revenues for these services for fiscal year 2014-2015 were projected 6.3% higher than fiscal year 2013-2014 actual. This included a 3% rate increase in Water & Sewer revenue and a 3% increase to residential refuse rates and a 20% increase to commercial reuse rates. These refuse rate increases were passed through from contract provider.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Director's office at 425 E. Dewey, P. O. Box 1130, Sapulpa, Oklahoma 74067-1130 or by phone at (918) 248-5911.

City of Sapulpa
Statement of Net Position
June 30, 2014

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 2,014,523	\$ 2,386,036	\$ 4,400,559
Investments	1,737,881	1,575,658	3,313,539
Deposits with insurance pool	122,249	-	122,249
Deposits with fiscal agent	188	-	188
Internal balances	135,000	(135,000)	-
Interest receivable	3,161	4,657	7,818
Accounts receivable, net of allowance	-	903,471	903,471
Franchise tax receivable	25,791	-	25,791
Court fine receivable, net of allowance	711,519	-	711,519
Due from other governments	2,288,812	410,583	2,699,395
Other receivables	273,502	114,507	388,009
Inventory	32,210	77,335	109,545
Prepaid expenses	-	640,777	640,777
Capital assets:			
Land and construction in progress	9,336,542	7,174,976	16,511,518
Other capital assets, net of depreciation	31,873,687	52,636,604	84,510,291
Total assets	<u>48,555,065</u>	<u>65,789,604</u>	<u>114,344,669</u>
DEFERRED OUTFLOWS OF RESOURCES			
Unamortized Loss on Refunding	125,586	7,331,444	7,457,030
LIABILITIES			
Accounts payable	408,586	460,423	869,009
Accrued payroll liabilities	96,944	59,413	156,357
Accrued interest payable	43,249	950,761	994,010
Due to other governments	11,559	-	11,559
Escrow deposits	19,230	-	19,230
Due to bondholders	43,330	-	43,330
Unearned revenue	-	5,709	5,709
Long-term liabilities:			
Due within one year	2,866,232	1,861,756	4,727,988
Due in more than one year	13,909,558	71,095,370	85,004,928
Total liabilities	<u>17,398,688</u>	<u>74,433,432</u>	<u>91,832,120</u>
NET POSITION			
Net investment in capital assets	28,299,654	(12,211,542)	16,088,112
Restricted for:			
Capital projects	257,418	-	257,418
Debt service	646,127	764,732	1,410,859
Public safety	2,604,735	-	2,604,735
Unrestricted (deficit)	(525,971)	10,134,426	9,608,455
Total net position	<u>\$ 31,281,963</u>	<u>\$ (1,312,384)</u>	<u>\$ 29,969,579</u>

See accompanying notes to the basic financial statements

**City of Sapulpa
Statement of Activities
For the Year Ended June 30, 2014**

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government							
Governmental activities:							
Administration	\$ 1,161,305	\$ -	\$ -	\$ -	\$ (1,161,305)	\$ -	\$ (1,161,305)
General government	1,355,737	346,197	-	-	(1,009,540)	-	(1,009,540)
Legal and judicial	356,413	-	-	-	(356,413)	-	(356,413)
Public safety	10,949,137	1,562,331	1,243,278	-	(8,143,528)	-	(8,143,528)
Urban development	502,722	-	-	710,329	207,607	-	207,607
Streets	1,271,007	2,160	183,425	1,512,299	426,877	-	426,877
Culture and recreation	1,480,095	231,384	27,323	791,000	(430,388)	-	(430,388)
Interest on long-term debt	500,720	-	-	-	(500,720)	-	(500,720)
Total governmental activities	<u>17,577,136</u>	<u>2,142,072</u>	<u>1,454,026</u>	<u>3,013,628</u>	<u>(10,967,410)</u>	<u>-</u>	<u>(10,967,410)</u>
Business-type activities							
Water	4,353,733	4,550,607	-	-	-	196,874	196,874
Wastewater	5,496,979	3,367,955	-	-	-	(2,129,024)	(2,129,024)
Sanitation	1,320,618	1,446,311	-	-	-	125,693	125,693
Stormwater	382,874	925,114	-	-	-	542,240	542,240
Golf operations	766,627	465,583	-	-	-	(301,044)	(301,044)
Interest charges	1,910	-	-	-	-	(1,910)	(1,910)
Total business-type activities	<u>12,322,741</u>	<u>10,755,570</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,567,171)</u>	<u>(1,567,171)</u>
Total primary government	<u>\$ 29,899,877</u>	<u>\$ 12,897,642</u>	<u>\$ 1,454,026</u>	<u>\$ 3,013,628</u>	<u>(10,967,410)</u>	<u>(1,567,171)</u>	<u>(12,534,581)</u>
General revenues:							
Taxes:							
Sales and use taxes					12,283,297	-	12,283,297
Property taxes					1,281,765	-	1,281,765
Franchise and public service taxes					543,345	-	543,345
Payment in lieu of tax					471,073	-	471,073
Hotel/motel taxes					196,538	-	196,538
E-911 taxes					218,150	-	218,150
Intergovernmental revenue not restricted to specific programs					243,731	-	243,731
Investment income					21,745	25,728	47,473
Miscellaneous					336,010	154,862	490,872
Transfers - Internal activity					(1,316,581)	1,316,581	-
Total general revenues and transfers					<u>14,279,073</u>	<u>1,497,171</u>	<u>15,776,244</u>
Change in net position					3,311,663	(70,000)	3,241,663
Net position - beginning, restated					27,970,300	(1,242,384)	26,727,916
Net position - ending					<u>\$ 31,281,963</u>	<u>\$ (1,312,384)</u>	<u>\$ 29,969,579</u>

See accompanying notes to the basic financial statements

**City of Sapulpa
Balance Sheet
Governmental Funds
June 30, 2014**

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 244,234	\$ 1,736,211	\$ 1,980,445
Investments	-	1,540,630	1,540,630
Deposits with insurance pool	122,249	-	122,249
Deposits with fiscal agent	-	188	188
Accrued interest receivable	-	2,135	2,135
Due from other funds	300,000	361,000	661,000
Due from other governments	794,309	1,905,086	2,699,395
Franchise tax receivable	25,791	-	25,791
Court fine receivable, net	654,148	57,371	711,519
Other receivables	235,104	38,344	273,448
Inventory	8,903	72,754	81,657
Total assets	<u>\$ 2,384,738</u>	<u>\$ 5,713,719</u>	<u>\$ 8,098,457</u>
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 153,255	\$ 270,497	\$ 423,752
Accrued payroll liabilities	67,835	41,603	109,438
Due to other funds	-	661,000	661,000
Due to other governments	10,974	585	11,559
Escrow deposit	19,230	-	19,230
Refundable court bonds	40,092	3,238	43,330
Total liabilities	<u>291,386</u>	<u>976,923</u>	<u>1,268,309</u>
 DEFERRED INFLOW OF RESOURCES			
Deferred revenue	<u>560,716</u>	<u>976,159</u>	<u>1,536,875</u>
 Fund balances:			
Non-spendable	8,903	72,754	81,657
Restricted	-	3,389,744	3,389,744
Committed	7,074	-	7,074
Assigned	642,999	576,895	1,219,894
Unassigned (deficit)	873,660	(278,756)	594,904
Total fund balances	<u>1,532,636</u>	<u>3,760,637</u>	<u>5,293,273</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 2,384,738</u>	<u>\$ 5,713,719</u>	<u>\$ 8,098,457</u>

See accompanying notes to the basic financial statements.

City of Sapulpa
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2014

Fund Balance - Net Position Reconciliation:	\$ 5,293,273
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 the funds, net of accumulated depreciation of \$20,042,568	41,210,229
Internal service funds are used by management to charge costs of certain activities that benefit multiple funds, such as self-insurance costs, to individual funds. The assets and liabilities of these internal service funds are reported in the governmental activities of the Statement of Net Position:	
Internal service funds' net position	246,643
Certain special revenue funds are used by management to perform business-type activities. The assets and liabilities of these special revenue funds are included in business-type activities in the Statement of Net Position:	
Water & sewer sales tax fund	(131,082)
Water resources fund	(87,420)
Sewer plant sales tax fund	(107,449)
	(325,951)
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds:	
Deferred revenue	1,537,081
Certain long-term liabilities are not due and payable from current financial resources and therefore are not reported in the funds:	
Accrued interest payable	(43,249)
Capital lease obligation	(343,109)
Judgments payable	(484,397)
Revenue bonds	(1,189,414)
General obligation bond	(11,905,000)
Unamortized premium on general obligation bonds	(118,692)
OPEB liability	(1,017,530)
Accrued compensated absences	(1,577,921)
	(16,679,312)
Net Position of Governmental Activities in the Statement of Net Position	\$ 31,281,963

See accompanying notes to the basic financial statements.

City of Sapulpa
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2014

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES			
Taxes	\$ 7,011,331	\$ 7,762,445	\$ 14,773,776
Intergovernmental	1,447,187	1,048,746	2,495,933
Charges for services	755,686	313,790	1,069,476
Fines and forfeitures	972,997	32,128	1,005,125
Licenses and permits	171,406	-	171,406
Investment income	2,882	18,402	21,284
Miscellaneous	174,743	262,617	437,360
Total revenues	<u>10,536,232</u>	<u>9,438,128</u>	<u>19,974,360</u>
EXPENDITURES			
Current:			
Administration	1,171,955	-	1,171,955
General government	770,907	368,040	1,138,947
Legal and judicial	324,632	-	324,632
Public safety	10,144,287	157,114	10,301,401
Urban development	317,356	184,930	502,286
Streets	-	856,310	856,310
Culture and recreation	539,598	555,334	1,094,932
Water	-	852,745	852,745
Wastewater	-	111,708	111,708
Capital Outlay	801,567	2,999,974	3,801,541
Debt Service:			
Principal	39,279	2,109,808	2,149,087
Interest	4,866	505,929	510,795
Total expenditures	<u>14,114,447</u>	<u>8,701,892</u>	<u>22,816,339</u>
Excess (deficiency) of revenues over expenditures	<u>(3,578,215)</u>	<u>736,236</u>	<u>(2,841,979)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	6,177,193	1,353,198	7,530,391
Transfers out	(2,346,882)	(3,923,646)	(6,270,528)
Proceeds from long-term debt	153,643	-	153,643
Judgment proceeds	-	331,300	331,300
Total other financing sources (uses)	<u>3,983,954</u>	<u>(2,239,148)</u>	<u>1,744,806</u>
Net change in fund balances	405,739	(1,502,912)	(1,097,173)
Fund balances - beginning	1,126,897	5,263,549	6,390,446
Fund balances - ending	<u>\$ 1,532,636</u>	<u>\$ 3,760,637</u>	<u>\$ 5,293,273</u>

See accompanying notes to the basic financial statements.

City of Sapulpa
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2014

Changes in Fund Balance - Changes in Net Position Reconciliation: \$ (1,097,173)

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

Governmental funds report outlays for capital assets as expenditures while governmental activities report depreciation and amortization expense to allocate those expenditures over the life of the assets:

Capital asset purchases capitalized	4,867,509
Book value of disposed capital assets	(46,877)
Depreciation expense	(1,643,198)
	3,177,434

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

Changes in deferred revenue	189,423
-----------------------------	---------

Certain special revenue funds are used by management to perform business-type activities. The net change in fund balances of these special revenue funds are included in business-type activities in the Statement of Net Position:

Water & Sewer Sales Tax Fund	(51,722)
Water Resources Fund	65,861
Sewer Plant Sales Tax Fund	(67,677)
	(53,538)

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 payment on capital lease obligation	154,068
Principal payment on judgments payable	148,548
Principal payment on G.O. bonds payable	1,225,000
Principal payment on Revenue bonds payable	605,000
G.O. Bond refunding loss amortized	(11,961)
G.O. Bond premium amortized	10,596
Proceeds from Judgment payable	(331,300)
Proceeds from capital lease obligation	(153,643)
	1,646,309

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

Change in accrued interest payable	9,911
Change in OPEB liability	(87,462)
Change in accrued compensated absences	171,474
	93,923

Internal service fund activity is reported as a proprietary fund in the fund financial statements, but certain net revenues are reported in governmental activities on the Statement of Activities:

Change in net position for internal service funds	(644,715)
Change in net position of governmental activities	\$ 3,311,663

See accompanying notes to the basic financial statements.

City of Sapulpa
Statement of Net Position
Proprietary Funds
June 30, 2014

	<u>Enterprise Funds</u>			<u>Internal Service Fund</u>
	<u>SMA Utility Fund</u>	<u>Golf Course Fund</u>	<u>Total</u>	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 64,842	\$ 86,024	\$ 150,866	\$ 71,910
Restricted cash and cash equivalents	2,197,338	-	2,197,338	-
Investments	1,290,811	-	1,290,811	225,000
Interest receivable	4,657	-	4,657	1,026
Accounts receivable, net	898,921	4,550	903,471	-
Other receivables	114,507	-	114,507	54
Due from other funds	-	37,000	37,000	-
Inventory	-	27,888	27,888	-
Total current assets	<u>4,571,076</u>	<u>155,462</u>	<u>4,726,538</u>	<u>297,990</u>
Non-current assets:				
Restricted investments	257,098	-	257,098	-
Prepaid bond insurance	640,777	-	640,777	-
Capital assets:				
Land and other non-depreciable assets	7,140,816	34,160	7,174,976	-
Other capital assets, net of depreciation	51,772,592	864,012	52,636,604	-
Total non-current assets	<u>59,811,283</u>	<u>898,172</u>	<u>60,709,455</u>	<u>-</u>
Total assets	<u>64,382,359</u>	<u>1,053,634</u>	<u>65,435,993</u>	<u>297,990</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amount on refunding	7,331,444	-	7,331,444	-
Total deferred outflows	<u>7,331,444</u>	<u>-</u>	<u>7,331,444</u>	<u>-</u>
LIABILITIES				
Current liabilities:				
Accounts payable	429,911	14,353	444,264	-
Accrued payroll liabilities	36,337	11,755	48,092	-
Due to other funds	-	-	-	37,000
Accrued interest payable	950,761	-	950,761	-
Unearned revenue	-	5,529	5,529	-
Estimated liability for claims	-	-	-	14,347
Current portion of:				
Due to depositors	54,589	-	54,589	-
Notes payable	41,513	41,550	83,063	-
Water contract obligations	309,912	-	309,912	-
Revenue bonds payable	1,395,000	-	1,395,000	-
Accrued compensated absences	16,211	2,981	19,192	-
Total current liabilities	<u>3,234,234</u>	<u>76,168</u>	<u>3,310,402</u>	<u>51,347</u>
Non-current liabilities:				
Due to depositors	218,355	-	218,355	-
Notes payable	-	118,600	118,600	-
Water contract obligations	1,754,404	-	1,754,404	-
Revenue bonds payable, net	68,827,970	-	68,827,970	-
Accrued compensated absences	149,208	26,833	176,041	-
Total non-current liabilities	<u>70,949,937</u>	<u>145,433</u>	<u>71,095,370</u>	<u>-</u>
Total liabilities	<u>74,184,171</u>	<u>221,601</u>	<u>74,405,772</u>	<u>51,347</u>
NET POSITION				
Net investment in capital assets	(12,949,564)	738,022	(12,211,542)	-
Restricted for debt service	764,732	-	764,732	-
Unrestricted	9,714,464	94,011	9,808,475	246,643
Total net position	<u>\$ (2,470,368)</u>	<u>\$ 832,033</u>	<u>\$ (1,638,335)</u>	<u>\$ 246,643</u>

Amounts reported for business-type activities in the Statement of Net Position are different because:

Certain special revenue funds are used by management to perform business-type activities. The assets and liabilities of certain special revenue funds are included in the business-type activities in the Statement of Net Position.

325,951

Net Position of business-type activities

\$ (1,312,384)

See accompanying notes to the basic financial statements.

City of Sapulpa
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2014

	<u>Enterprise Funds</u>			<u>Internal Service Fund</u>
	<u>SMA Utility Fund</u>	<u>Golf Course Fund</u>	<u>Total</u>	
REVENUES				
Water charges	\$ 4,222,653	\$ -	\$ 4,222,653	\$ -
Sewer charges	3,313,883	-	3,313,883	-
Sanitation	1,422,232	-	1,422,232	-
Water taps	26,250	-	26,250	-
Sewer taps	54,072	-	54,072	-
Late charges	185,031	-	185,031	-
Trucked water	24,136	-	24,136	-
Stormwater	925,114	-	925,114	-
Golf course	-	398,138	398,138	-
Self insurance charges	-	-	-	2,379,957
Miscellaneous	116,616	2,445	119,061	-
Total operating revenues	<u>10,289,987</u>	<u>400,583</u>	<u>10,690,570</u>	<u>2,379,957</u>
OPERATING EXPENSES				
General government	189,686	-	189,686	-
Administration	175,214	-	175,214	-
Utility collections	334,336	-	334,336	-
Water treatment plant	1,955,005	-	1,955,005	-
Industrial pretreatment	200,058	-	200,058	-
Wastewater treatment plant	1,162,774	-	1,162,774	-
Stormwater management	358,033	-	358,033	-
Sanitation	1,196,626	-	1,196,626	-
Golf course operations	-	681,091	681,091	-
Depreciation expense	1,800,719	85,536	1,886,255	-
Claims expense	-	-	-	2,407,190
Total operating expenses	<u>7,372,451</u>	<u>766,627</u>	<u>8,139,078</u>	<u>2,407,190</u>
Operating income (loss)	<u>2,917,536</u>	<u>(366,044)</u>	<u>2,551,492</u>	<u>(27,233)</u>
NON-OPERATING REVENUES (EXPENSES)				
Investment income	24,607	329	24,936	2,518
Miscellaneous	151,921	-	151,921	-
Gain on disposal of capital assets	-	65,000	65,000	-
Interest expense and fiscal charges	(3,544,374)	-	(3,544,374)	-
Total non-operating revenue (expenses)	<u>(3,367,846)</u>	<u>65,329</u>	<u>(3,302,517)</u>	<u>2,518</u>
Income (loss) before contributions and transfers	(450,310)	(300,715)	(751,025)	(24,715)
Capital contributions	1,265,150	2,200	1,267,350	-
Transfers in	7,414,870	338,613	7,753,483	-
Transfers out	(8,393,346)	-	(8,393,346)	(620,000)
Change in net position	<u>(163,636)</u>	<u>40,098</u>	<u>(123,538)</u>	<u>(644,715)</u>
Total net position - beginning, restated	<u>(2,306,732)</u>	<u>791,935</u>	<u>(1,514,797)</u>	<u>891,358</u>
Total net position - ending	<u>\$ (2,470,368)</u>	<u>\$ 832,033</u>	<u>\$ (1,638,335)</u>	<u>\$ 246,643</u>
Change in net position			\$ (123,538)	
Amounts reported for business-type activities in the Statement of Activities are different because:				
Certain special revenue funds are used by management to perform business-type activities. The activities of these special revenue funds are included in the business-type activities in the Statement of Activities.				
Water & sewer sales tax fund			51,722	
Water resources fund			(65,861)	
Sewer plant sales tax fund			67,677	
Change in net position of the business-type activities			<u>\$ (70,000)</u>	

See accompanying notes to the basic financial statements.

City of Sapulpa
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2014

	SMA Utility Fund	Golf Course Fund	Total Enterprise Funds	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 10,614,517	\$ 407,175	\$ 11,021,692	\$ -
Payments to suppliers	(2,855,298)	(229,947)	(3,085,245)	(2,407,190)
Payments to employees	(2,686,161)	(441,838)	(3,127,999)	-
Receipts of customer meter deposits	97,685	-	97,685	-
Refunds of customer meter deposits	(85,322)	-	(85,322)	-
Interfund receipts/payments	293,480	(37,000)	256,480	37,000
Receipts from others	-	-	-	2,379,083
Net cash provided by (used in) operating activities	<u>5,378,901</u>	<u>(301,610)</u>	<u>5,077,291</u>	<u>8,893</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	7,414,870	338,613	7,753,483	-
Transfers to other funds	(8,393,346)	-	(8,393,346)	(620,000)
Net cash provided by (used in) noncapital financing activities	<u>(978,476)</u>	<u>338,613</u>	<u>(639,863)</u>	<u>(620,000)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	(808,029)	(188,726)	(996,755)	-
Proceeds from issuance of capital debt	-	171,309	171,309	-
Principal paid on capital debt	(1,052,989)	(11,160)	(1,064,149)	-
Interest and fiscal agent fees paid on capital debt	(2,743,160)	-	(2,743,160)	-
Net cash (used in) capital and related financing activities	<u>(4,604,178)</u>	<u>(28,577)</u>	<u>(4,632,755)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	(608,306)	-	(608,306)	(24,255)
Interest and dividends	19,950	329	20,279	1,492
Net cash provided by (used in) investing activities	<u>(588,356)</u>	<u>329</u>	<u>(588,027)</u>	<u>(22,763)</u>
Net increase (decrease) in cash and cash equivalents	(792,109)	8,755	(783,354)	(633,870)
Balances - beginning of year, restated	<u>3,054,289</u>	<u>77,269</u>	<u>3,131,558</u>	<u>705,780</u>
Balances - end of year	<u>\$ 2,262,180</u>	<u>\$ 86,024</u>	<u>\$ 2,348,204</u>	<u>\$ 71,910</u>
Reconciliation to Statement of Net Position:				
Cash and cash equivalents	\$ 64,842	\$ 86,024	\$ 150,866	\$ 71,910
Restricted cash and cash equivalents - current	2,197,338	-	2,197,338	-
Total cash and cash equivalents, end of year	<u>\$ 2,262,180</u>	<u>\$ 86,024</u>	<u>\$ 2,348,204</u>	<u>\$ 71,910</u>

(Continued)

See accompanying notes to the financial statements.

**City of Sapulpa
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2014**

	<u>SMA Utility Fund</u>	<u>Golf Course Fund</u>	<u>Total Enterprise Funds</u>	<u>Internal Service Funds</u>
Reconciliation of operating income (loss) to net cash provided				
by (used in) operating activities:				
Operating income (loss)	\$ 2,917,536	\$ (366,044)	\$ 2,551,492	\$ (27,233)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:				
Depreciation expense	1,800,719	85,536	1,886,255	-
Miscellaneous income	151,921	-	151,921	-
Change in assets and liabilities:				
Due from other funds	293,480	(37,000)	256,480	-
Accounts receivable	182,192	5,498	187,690	-
Other receivables	(9,763)	-	(9,763)	-
Inventory	-	(1,942)	(1,942)	-
Accounts payable	15,493	5,172	20,665	-
Accrued payroll payable	4,998	1,099	6,097	-
Due to other funds	-	-	-	37,000
Deferred revenue	180	1,094	1,274	-
Claims liability	-	-	-	(874)
Deposits subject to refund	12,363	-	12,363	-
Accrued compensated absences	9,782	4,977	14,759	-
Net cash provided by (used in) operating activities	<u>\$ 5,378,901</u>	<u>\$ (301,610)</u>	<u>\$ 5,077,291</u>	<u>\$ 8,893</u>
Noncash activities:				
Contributed capital assets	<u>\$ 1,265,150</u>	<u>\$ 2,200</u>	<u>\$ 1,267,350</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City's accounting and financial reporting policies conform to accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

During the fiscal year, the City implemented the following GASB Pronouncements:

Statement No. 65, *Items Previously Reported as Assets and Liabilities* – GASB No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources (expenses) or inflows of resources (revenues), certain items that were previously recognized as assets and liabilities.

1.A. FINANCIAL REPORTING ENTITY

The City's financial reporting entity is comprised of the following:

Primary Government:	City of Sapulpa
Component Units:	Sapulpa Municipal Authority Sapulpa Development Authority (Inactive)

In determining the financial reporting entity, the City complies with the provisions of Governmental Accounting Standards Board Statement (GASB) No. 14, *The Financial Reporting Entity*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34*, and includes all component units of which the City is fiscally accountable.

The component units listed above are Public Trusts established pursuant to Title 60 of Oklahoma State law. A Public Trust (Authority) has no taxing power. The Authority is 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 Authority generally retains 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 of the Authority to the Trustees on a long-term basis. The City, as beneficiary of the Public Trust, receives title to any residual assets when a Public Trust is dissolved.

BLENDED COMPONENT UNITS

A blended component unit is a separate legal entity that meets the component unit criteria in the standards listed above. The Sapulpa Municipal Authority, a blended component unit is included since 1) the City can impose its will by authorization of debt issuances; 2) the governing body is the same as the City Council; and 3) management of the Trust and the City are the same. The component units' funds are blended into those of the City's by appropriate fund category to comprise the primary government presentation. The Sapulpa Development Authority is inactive but would be blended for the same reasons.

The component unit that is blended into the primary government's fund categories is presented below.

CITY OF SAPULPA, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

<u>Component Unit</u>	<u>Brief Description/Inclusion Criteria</u>	<u>Included Funds</u>
Sapulpa Municipal Authority	Created February 19, 1968, to finance, develop and operate the water, wastewater, solid waste and golf activities of the City. Current City Council serves as the entire governing body (Trustees). Debt issued by the Authority requires 2/3rds approval of the City Council. And management of the City and Trust is the same.	SMA Utility and SMA Golf Course Enterprise Funds
Sapulpa Development Authority	Created September 21, 2009 to promote the development of business and industry within and without the city limits and to provide additional employment and commerce that will benefit and strengthen the economy of the City. Current City Council serves as the entire governing body (Trustees). Debt issued by the Authority requires 2/3rds approval of the City Council. And management of the City and Trust is the same.	Inactive

1.B. BASIS OF PRESENTATION

Government-Wide Financial Statements:

The statement of net position and statement of activities display information about the City as a whole including component units. They include all financial activities of the reporting entity. Eliminations have been made to minimize the double reporting of transactions involving internal activities. Individual funds are not displayed in these statements. Instead, the statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities presents a comparison between the expenses and program revenues directly associated with the different governmental functions and business-type activities to arrive at the net revenue or expense of the function or activity prior to the use of taxes and other general revenues. Program revenues include (1) fees, fines, and service charges generated by the program or activity, (2) operating grants and contributions that are restricted to meeting the operational requirements of the program or activity, and (3) capital grants and contributions that are restricted to meeting the capital requirements of the program or activity.

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, deferred inflows, liabilities, deferred outflows, or fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary. The City presently has no fiduciary funds. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets plus deferred outflows, liabilities plus deferred inflows, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and

CITY OF SAPULPA, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

- b. Total assets plus deferred outflows, liabilities plus deferred inflows, revenues or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.
- c. A fund that does not meet the criteria of (a) and (b), but for which management has determined is of such significance to be reported as a major fund.

All remaining governmental and enterprise funds not meeting the above criteria are aggregated and reported as nonmajor funds. The funds of the financial reporting entity are described below:

GOVERNMENTAL FUNDS

General Fund (Major Fund)

The General Fund is the primary operating fund of the City. It is used to account for and report all financial resources not accounted for and reported in another fund. Included or combined with the General Fund are the following funds that, in addition to the General Fund, comprise the General Fund Accounts:

<u>Fund</u>	<u>Description</u>
Hunting & Fishing Account	Accounts for revenues from hunting and fishing fees and other sources and expenditures made there from.
Library Account	Accounts for revenues received from sales tax (2.5% of the second and third penny), grants, fines and other sources for library maintenance and operations.
Swimming Pool	Accounts for revenues received from donations and charges for services for swimming pool expenditures.

Special Revenue Funds (Nonmajor Funds)

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The reporting entity includes the following special revenue funds:

<u>Fund</u>	<u>Description</u>
Cemetery Maintenance Fund	Accounts for revenues received from sales tax (2.5% of the second and third penny), lot sales and charges for interment to be used for maintenance and operations of the cemetery. Additional monies are transferred into this fund for right-of-way mowing operations.
Street & Alley Fund	Accounts for revenues received from gasoline excise tax, motor vehicle tax and expenditures made for street maintenance and operations.
Parks & Recreation Fund	Accounts for revenues received from sales tax (5% of the second and third penny) and from other sources to be used for parks and leisure services.
Federal SAF Fund	Accounts for monies received from federal drug seizures. All monies and property received must be used for law enforcement purposes only.

CITY OF SAPULPA, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

Major Thoroughfare Fund	Accounts for revenue received from sales tax (5% of the second and third penny) and expenditures for major thoroughfares.
Water & Sewer Sales Tax Fund	Accounts for revenues received from sales tax (10% of the second and third penny) and expenditures made for maintenance, operations and capital outlay.
Spay & Neuter Fund	Accounts for monies received for and expenditures related to spaying and neutering.
E911 Fund	Accounts for revenues received from tariff rates on base line telephone charges and expenditures for operations and maintenance of the E-911 system.
Juvenile Justice Fund	Accounts for revenues received and expenditures related to the municipal juvenile court and/or any juvenile programs.
Hotel/Motel Tax Fund	Accounts for revenues received from Hotel/Motel Tax and expenditures for operations of the Sapulpa Economic Development Department, promoting tourism, and park capital improvements.
Grants & Aid Fund	Accounts for revenue received and expenditures made for all grant projects, except for library grants and aid.

Capital Project Fund (Nonmajor Funds)

Capital Project Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays. The reporting entity includes the following capital project funds:

<u>Fund</u>	<u>Description</u>
Restricted Construction Park & Recreation Fund	Accounts for revenue received and expenditures made exclusively for the acquisition of new park lands and/or capital and maintenance improvements of such new parks.
Park Development Fund	Accounts for revenue received from the Hotel/Motel Tax fund and expenditures for the acquisition of new park lands and/or making capital improvements to parks.
Fire Cash Fund	Accounts for revenue received from sales tax (2.5% of the second and third penny) and for expenditures for capital improvements.
Police Cash Fund	Accounts for revenue received from sales tax (2.5% of the second and third penny) and for expenditures for capital improvements.
Cemetery Care Fund	Accounts for revenues received from 12.5% of cemetery lot sales and interments. Per state statute, the principal can only be used for the purchase of land and for making permanent capital improvements. The interest can be used for improving, caring for and embellishing lots, walks, drives, parks and other improvements in such cemeteries and maintenance of office and care of records.

CITY OF SAPULPA, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

Capital Improvement Fund	Accounts for revenues received from sales tax (10% of the second and third penny) and other sources and expenditures for capital improvements in an amount of \$4,500 or greater in value with an estimated life of three years or more.
Water Resources Fund	Accounts for revenues received from sales tax (20% of the second and third penny) and expenditures made for water systems capital improvements.
Street Improvement Sales Tax	Accounts for revenues received from ½ cent dedicated sales tax, transfers made to the SMA for debt service payments, and expenditures made for capital outlay.
Sewer Plant Sales Tax	Accounts for revenues received from ½ cent dedicated sales tax, transfers made to the SMA for debt service payments, and expenditures made for capital outlay.
GO Bond Construction Fund	Accounts for the financing and construction of specified capital improvements.

Debt Service Fund (Nonmajor Fund)

The Debt Service Fund is used to account for ad-valorem taxes levied by the City for use in retiring court-assessed judgments and general obligation bonds and their related interest expense. In State Statutes this fund is referred to as the Sinking Fund.

PROPRIETARY FUNDS

Proprietary funds include both enterprise funds and internal service funds. Enterprise funds are used to account for business-like activities provided to the general public. Internal service funds are used to account for business-like activities provided and charged to other funds or entities within the reporting entity. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes the following enterprise funds and internal service fund:

Enterprise Funds (Major Funds)

<u>Fund</u>	<u>Description</u>
Sapulpa Municipal Authority Utility	Accounts for revenues of the public trust from providing water, wastewater and sanitation services to the public. Included accounts of the SMA:
Sewer System Development & Extension Fee Account	Accounts for revenues received from sewer system development and extension fees associated with the sewer expansion program, related expenses, and to account for funds being placed in escrow which are received from developers.
Stormwater Management Account	Accounts for revenues received from stormwater management fees and expenditures made for stormwater maintenance and operations.
Series 2012 Revenue Bond Construction Account	Accounts for bond proceeds used to construct utility capital assets

SMA Golf Course Account	Accounts for revenues received from fees and operational expenses associated with the golf course.
<u>Internal Service Fund</u>	
Insurance Fund	Accounts for revenues and expenses of insurance costs for employees with the City, including police and fire retirees.

1.C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

Measurement Focus

Government-wide and Proprietary Fund Financial Statements

In the government-wide Statement of Net Position and the Statement of Activities, and the proprietary fund statements, the “*economic resources*” measurement focus is applied. 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, deferred outflows, liabilities, and deferred inflows (whether current or noncurrent, financial or nonfinancial) associated with their activities are reported. Fund equity is classified as net position.

Governmental Fund Financial Statements

In the governmental fund financial statements, a “*current financial resources*” measurement focus is applied. Under this focus, only current financial assets, deferred outflows, liabilities, and deferred inflows 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.

Basis of Accounting

Government-wide and Proprietary Fund Financial Statements

In the government-wide Statement of Net Position and Statement of Activities, and the proprietary fund financial statements, the accrual basis of accounting is applied. 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, deferred outflows, liabilities and deferred inflows resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental Fund Financial Statements

In the governmental fund financial statements, the modified accrual basis of accounting is applied. 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 to pay current liabilities. The City has defined “available” as collected within 60 days after year end. Sales and use taxes, franchise taxes, hotel/motel taxes, court fines and interest are considered susceptible to accrual. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general long-term debt principal and interest, claims and judgments, and accrued compensated absences, which are recorded as expenditures to the extent they have matured. Proceeds of general long-term debt and capital leases are reported as other financial sources.

1.D. ASSETS, DEFERRED OUTFLOWS, LIABILITIES, DEFERRED INFLOWS, AND EQUITY

Cash and Cash Equivalents

Cash and cash equivalents include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less. Investments in open-ended mutual funds held in the trustee accounts are considered cash equivalents.

Investments

Investments consist of certificates of deposit whose original maturity term exceeds three months and certain U.S. Government securities. Investments that do not have an established market are reported at estimated fair value as estimated by a broker/dealer. The U.S. Government securities are reported at fair value. All non-negotiable certificates of deposit whose original maturity term exceeds three months are carried at cost.

Receivables

Material receivables in governmental funds and governmental activities include revenue accruals such as sales tax, franchise tax, and grants and other similar intergovernmental revenues since they are usually both measurable and available. Revenue from non-exchange transactions collectible but not available are deferred in accordance with GASB Statement 33 at the fund level.

Proprietary funds and business-type activities material receivables consist of all revenues earned at year-end and not yet received. Billed and unbilled utility accounts receivable comprise the majority of these receivables. They are reported net of allowances for uncollectible accounts.

Inventories

Inventory recorded in governmental funds and governmental activities is valued at average cost and consists of material and supplies used for vehicle maintenance and office and janitorial activities. The cost is allocated to the various user departments based upon their consumption. The consumption method of accounting treatment is utilized by the City's governmental funds.

Special reporting treatments are applied to governmental fund inventories to indicate that they do not represent available spendable resources even though they are a component of current assets. Such amounts are generally offset by fund balance nonspendable accounts.

Proprietary fund and business-type activities inventories are recorded on an average cost basis. Inventory of the enterprise funds consists of materials and supplies used for golf.

Capital Assets and Depreciation

The accounting treatment of 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 and Proprietary Funds

In the government-wide financial statements and proprietary funds, property, plant and equipment are accounted for as capital assets. The City's capitalization threshold was \$2,000 for the year ended June 30, 2014. 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. General infrastructure assets (such as roads, bridges, and traffic systems) acquired prior to July 1, 2002, are reported at estimated historical cost using deflated replacement costs. The cost of normal maintenance and repairs to these assets that do not add materially to the value of the asset or materially extend the assets' useful lives are not capitalized.

Depreciation of all exhaustible capital assets is recorded as an operating expense in proprietary fund financial statements and 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.

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

Buildings	25 - 50 years
Other Improvements	5 - 50 years
Infrastructure	25-100 years
Machinery and Equipment	3 - 20 years
Utility System	25 - 50 years

In the governmental fund financial statements, capital assets acquired are accounted for as capital outlay expenditures.

Restricted Assets

Restricted assets include current and noncurrent assets of enterprise funds and business-type activities that are legally restricted as to their use. The primary restricted assets are related to trustee accounts restricted for debt service and deposits held for refund.

Long-Term Debt

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

All long-term debt to be repaid from governmental activities, business-type activities and proprietary funds are reported as liabilities as incurred. The long-term debt presently is primarily comprised of general obligation bonds, capital lease obligations payable, judgments payable, water contract obligations, revenue bonds payable and accrued compensated absences. This long-term debt is reported net of unamortized discounts, premiums, and deferred amounts from refunding.

Long-term debt of governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payments of principal and interest are reported as expenditures.

Compensated Absences

The City's policies regarding vacation, sick and compensatory time permit employees to accumulate varying amounts as determined by management and contracts with employee groups.

Compensated absences are reported as accrued in the government-wide and proprietary fund financial statements. Governmental funds report only the matured compensated absences payable to currently terminating employees.

Equity Classification

Government-Wide and Proprietary Fund Financial 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 the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net 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.

Governmental Fund Financial Statements:

Governmental fund equity is classified as fund balance. Fund balance is further 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 (a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (b) law through constitutional provisions or enabling legislation.
- c. Committed – includes 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.
- d. Assigned – includes amounts that are constrained by the City's intent to be used for specific purposes but are neither restricted or 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 the 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 balances prior to the use of unrestricted fund balance when an expense is incurred for purposes for which both restricted and unrestricted fund balances 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.

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

1.E. INTERNAL AND INTERFUND BALANCES AND ACTIVITIES

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

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 are not eliminated in the statement of activities.

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.

1.F. REVENUES, EXPENDITURES AND EXPENSES

Sales Tax

The City presently levies a four 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. One cent of the sales tax received is to be recorded as sales tax revenue within the General Fund, one-half cent in the Street Improvement Sales Tax Fund, one-half cent in the Sewer Plant Sales Tax Fund and the remaining two cents distributed to various funds based on various percentages. These percentages, initially set by ordinance, have been further restricted by management and governing body approval as follows:

CITY OF SAPULPA, OKLAHOMA
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June 30, 2014

General Fund	40.00%
Cemetery Maintenance Fund	2.50%
Library Fund	2.50%
Parks & Recreation Fund	5.00%
Fire Cash Fund	2.50%
Police Cash Fund	2.50%
Major Thoroughfare Fund	5.00%
Capital Improvement Fund	10.00%
Water & Sewer Sales Tax Fund	10.00%
Water Resources Fund	<u>20.00%</u>
Total	<u>100.00%</u>

In accordance with the 2012 and 2013 sales tax agreements of their respective bond indentures, sales tax has been pledged for the payment of principal and interest on the indebtedness. The 2012 and 2013 revenue bond indentures state that 40% of two cents of the sales tax levied and assessed pursuant to the City's ordinances is pledged for the payment of those debt issues. In addition, ½ of one cent recorded in the Street Improvement Sales Tax Fund has been pledged for payment on the 2004 Capital Improvement Revenue Bonds.

Sales tax resulting from sales occurring prior to year-end and received by the City after year end have been accrued and are included under the caption *Due from Other Governments* because they represent taxes on sales occurring during the reporting period.

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.

At the present time the City levies a property tax, in addition to dedicated sales tax, to fund the annual debt service requirements of the following general obligation bonds:

General Obligation Bonds

- 2005 General Obligation Bonds
- 2006 General Obligation Bonds
- 2010 General Obligation Bonds
- 2012A Refunding General Obligation Bonds
- 2012B Refunding General Obligation Bonds

The property tax levy, as determined by the City's debt service needs, is submitted to the County Excise Board for approval. County assessors, elected officials, determine the taxable value of real estate and personal property in the County. A State Board of Equalization hears complaints on real estate values with the power to equalize assessments. Under present State law, the ratio of assessed value to true value cannot be less than 11 percent or more than 13 ½ percent.

Property taxes levied by the City are billed and collected by the County Treasurer's office and remitted to the City in the month following collection. Property taxes are levied normally in October and are due in equal installments on December 31 and March 31. Property taxes unpaid for the fiscal year are attached by an enforceable lien on property in the following October.

For the year ended June 30, 2014, the City's net assessed valuation of taxable property was \$125,177,728. The taxes levied by the City per \$1,000 of net assessed valuation for the year ended June 30, 2014, was \$10.24.

Expenditures/Expenses

In the government-wide statement of activities, expenses, including depreciation of capital assets, are reported by function or activity. In the governmental fund financial statements, expenditures are reported by class as current (further reported by function), capital outlay and debt service. In proprietary fund financial statements, expenses are reported by object or activity.

1.G. USE OF ESTIMATES

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

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

2.A. DEPOSITS AND INVESTMENT LAWS AND REGULATIONS

In accordance with State law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral valued at no more than market value. Acceptable collateral includes certain U.S. Government or Government Agency securities, certain State of Oklahoma or political subdivision debt obligations, surety bonds or certain letters of credit. As required by 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the City must have a written collateral agreement approved by the board of directors or loan committee. As reflected in Note 3.A., the City's uninsured deposits were sufficiently collateralized in accordance with these provisions for the year ended June 30, 2014.

Investments of a City (excluding Public Trusts) are limited by State Law to the following:

- 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 of Oklahoma 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.

Public trusts created under O.S. Title 60, are not subject to the above noted investment limitations and are primarily governed by any restrictions in their trust or bond indentures.

2.B. DEBT RESTRICTIONS AND COVENANTS

General Obligation Debt

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

Other Long-Term Debt

As required by the Oklahoma State Constitution, the City (excluding Public Trusts) may not incur any indebtedness that would require payment from resources beyond the current fiscal year revenue, without first obtaining voter approval.

Revenue Bond Debt

The bond indentures relating to the revenue bond issues of the Sapulpa Municipal Authority contain a number of restrictions or covenants that are financial related. These include covenants such as a required flow of funds through special accounts, debt service coverage requirements and required reserve account balances.

The following schedule presents a brief summary of the most significant requirements and the Authority’s level of compliance, thereon, as of June 30, 2014:

<u>Requirement</u>	<u>Level of Compliance</u>
a. Flow of Funds	
1. 2012 Refunding Revenue Bonds:	
- Revenue Fund	The Authority maintained all required accounts and made the required payments into such accounts.
- Construction Fund	
- Bond Fund	
- Bond Reserve Fund	
2. 2013 Refunding Revenue Bonds:	
- Revenue Account	The Authority maintained all required accounts and made the required payments into such accounts.
- Construction Fund	
- Bond Account	
- Sinking Fund	
b. Revenue Bond Coverage:	
Net operating revenue plus transferred sales tax must equal 1.25 times annual debt service on the 2012 and 2013 Refunding Revenue Bonds.	Net revenues available amounted to \$8,470,816. The annual debt service was \$4,095,687. Actual coverage was 2.07 times.
c. Reserve Account Requirements:	
2012 Refunding Revenue Bonds:	
Insurance policy fair value to be \$1,642,550.	The Authority purchased a financial security assurance municipal bond debt service reserve insurance policy with a \$1,642,550 fair value.

2013 Refunding Revenue Bonds:
Insurance policy fair value to be \$2,473,088.

The Authority purchased a financial security assurance municipal bond debt service reserve insurance policy with a \$2,473,088 fair value.

2.C. FUND EQUITY / NET POSITION RESTRICTIONS

Restricted Net position

Restricted net position at the government-wide financial statements are required to restrict funds in accordance with various laws and regulations, specifically those laws and regulations dealing with debt service and the use of restricted revenues. See Note 3. I. for details of restricted net position.

Deficit Prohibition

Title 11, Section 17-211 of the Oklahoma Statutes prohibits the creation of a deficit fund balance in any individual fund (excluding public trusts). At June 30, 2014, the City reported a fund balance deficit in the Grants and Aid Fund of \$278,756.

2.D. BUDGETARY COMPLIANCE

The City prepares its annual operating budget under the provisions of the Municipal Budget Act (the Budget Act). In accordance with those provisions, the following process is used to adopt the annual budget:

- a. Prior to June 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1.
- b. Public hearings are conducted to obtain citizen comments. At least one public hearing must be held no later than 15 days prior to July 1.
- c. Subsequent to the public hearings but no later than seven days prior to July 1, the budget is adopted by resolution of the City Council.
- d. The adopted budget is filed with the Office of State Auditor and Inspector.

The legal level of control at which expenditures may not legally exceed appropriations is the department level within a fund.

All fund decreases of appropriation and supplemental appropriations require City Council approval. The City Manager may transfer appropriations between departments within a fund without City Council approval. Supplemental appropriations must also be filed with the Office of State Auditor and Inspector.

In accordance with Title 60 of the Oklahoma State Statutes, the Sapulpa Municipal Authority, accounted for as a blended enterprise fund in this report, is required to prepare an annual budget and submit a copy to the City as beneficiary. However, there are no further requirements such as form of budget, approval of the budget or definition of a legal level of control; and, therefore, no budget and actual financial presentation for the SMA fund is included in this report.

NOTE 3. DETAIL NOTES - TRANSACTION CLASSES/ACCOUNTS

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

3. A. DEPOSIT AND INVESTMENT RISKS

Primary Government:

The City of Sapulpa, including its blended component units, held the following deposits and investments at June 30, 2014:

<u>Type</u>	<u>Maturities</u>	<u>Credit Rating</u>	<u>Carrying Value</u>
Deposits:			
Demand deposits			\$ 1,200,211
Cash on hand			3,621
Time deposits	Due within one year		<u>3,107,442</u>
			<u>\$ 4,311,274</u>
Investments:			
Trustee money market accounts - Federated Treasury Obligations Fund		AAAm	\$ 3,196,727
Judgments	Due in 1 - 5 years		171,097
U.S. Treasury HH Savings Bonds	7/1/2022		<u>35,000</u>
			<u>3,402,824</u>
Total deposits and investments			<u><u>\$ 7,714,098</u></u>
Reconciliation to Statement of Net Position:			
Cash and cash equivalents			\$ 4,400,559
Investments			<u>3,313,539</u>
			<u><u>\$ 7,714,098</u></u>

Custodial Credit Risk – Exposure to custodial credit risk related to deposits exists when the City holds deposits that are uninsured and uncollateralized; collateralized 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 100% of the uninsured deposits and accrued interest thereon. The investment policy also limits acceptable collateral to U.S. Treasury securities and direct debt obligations of municipalities, counties, and school districts in the state of Oklahoma. As required by Federal 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the City must have a written collateral agreement approved by the board of directors or loan committee.

At June 30, 2014, the City was not exposed to custodial credit risk as defined above.

CITY OF SAPULPA, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
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Investment Credit Risk – The City’s investment policy limits investments to those allowed in state law applicable to municipalities. These investment limitations are described in Note 2.A. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City has no formal policy limiting investments based on credit rating, but discloses any such credit risk associated with their investments by reporting the credit quality ratings of investments in debt securities as determined by nationally recognized statistical rating organizations—rating agencies—as of the year end. Unless there is information to the contrary, obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

Investment Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City discloses its exposure to interest rate risk by disclosing the maturity dates of its various investments.

As noted in the schedule of deposits and investments above, at June 30, 2014, the investments held by the City mature at various times.

Concentration of Investment Credit Risk - Exposure to concentration of credit risk is considered to exist when investments in any one issuer represent a significant percent of total investments of the City (any over 5% are disclosed). Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this consideration.

At June 30, 2014, the City had no concentration of credit risk as defined above.

3. B. RESTRICTED ASSETS

The amounts reported as restricted assets on the Proprietary Funds Statement of Net Position are comprised of cash and investments held by the trustee bank on behalf of the public trust (Authority) related to its required revenue bond accounts as described in Note 2.B and amounts due to depositors related to utility deposits.

The restricted assets as of June 30, 2014 were as follows:

	Current Cash and cash Equivalents	Noncurrent Investments
	<u> </u>	<u> </u>
Utility Deposits	\$ 16,018	\$ 257,098
Trustee Accounts:		
2012 Bond Fund	1,097,563	-
2012 Sinking Fund	-	-
2012 Construction Fund	465,827	-
2013 Bond Fund	617,930	-
Total	<u>\$ 2,197,338</u>	<u>\$ 257,098</u>

CITY OF SAPULPA, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

3. C. ACCOUNTS RECEIVABLE AND COURT FINES RECEIVABLE

Accounts receivable of the governmental and business-type activities consist of court fines receivable, customer utilities services provided, both billed and unbilled, and golf services due at year end, all reported net of allowance for uncollectible amounts.

	Utilities Receivable	Golf	Total	Court Fines Receivable
Accounts receivable	\$ 2,376,911	\$ 4,550	\$ 2,381,461	\$ 2,572,733
Less: allowance for uncollectible accounts	(1,477,990)	-	(1,477,990)	(1,861,214)
Accounts receivable, net of allowance	<u>\$ 898,921</u>	<u>\$ 4,550</u>	<u>\$ 903,471</u>	<u>\$ 711,519</u>

3. D. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2014, was as follows:

	Balance at July 1, 2013	Additions	Transfers	Disposals	Balance at June 30, 2014
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 4,651,556	\$ -	\$ -	\$ -	\$ 4,651,556
Construction in progress	1,534,673	3,669,510	-	(519,197)	4,684,986
Total capital assets not being depreciated	<u>6,186,229</u>	<u>3,669,510</u>	<u>-</u>	<u>(519,197)</u>	<u>9,336,542</u>
Other capital assets:					
Buildings	10,903,321	791,000	-	-	11,694,321
Other improvements	3,449,526	-	-	-	3,449,526
Machinery and equipment	10,798,870	494,890	-	(31,991)	11,261,769
Infrastructure	28,970,748	431,306	-	(187,910)	29,214,144
Total other capital assets at historical cost	<u>54,122,465</u>	<u>1,717,196</u>	<u>-</u>	<u>(219,901)</u>	<u>55,619,760</u>
Less accumulated depreciation for:					
Buildings	(3,255,308)	(227,408)	-	-	(3,482,716)
Other improvements	(1,071,889)	(160,728)	-	-	(1,232,617)
Machinery and equipment	(6,614,545)	(707,039)	-	31,991	(7,289,593)
Infrastructure	(11,334,157)	(548,470)	-	141,480	(11,741,147)
Total accumulated depreciation	<u>(22,275,899)</u>	<u>(1,643,645)</u>	<u>-</u>	<u>173,471</u>	<u>(23,746,073)</u>
Other capital assets, net	31,846,566	73,551	-	(46,430)	31,873,687
Governmental activities capital assets, net	<u>\$ 38,032,795</u>	<u>\$ 3,743,061</u>	<u>\$ -</u>	<u>\$ (565,627)</u>	<u>\$ 41,210,229</u>
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 70,721	\$ -	\$ -	\$ -	\$ 70,721
Water rights contracts	4,915,486	-	-	-	4,915,486
Construction in progress	2,980,374	1,944,667	-	(2,736,272)	2,188,769
Total capital assets not being depreciated	<u>7,966,581</u>	<u>1,944,667</u>	<u>-</u>	<u>(2,736,272)</u>	<u>7,174,976</u>
Other capital assets:					
Buildings	3,831,040	-	-	-	3,831,040
Other improvements	1,569,068	25,541	-	-	1,594,609
Utility property	67,691,865	2,017,376	-	(7,640)	69,701,601
Machinery and equipment	3,948,468	354,773	-	(177,728)	4,125,513
Infrastructure	2,389,026	723,020	-	-	3,112,046
Total other capital assets at historical cost	<u>79,429,467</u>	<u>3,120,710</u>	<u>-</u>	<u>(185,368)</u>	<u>82,364,809</u>
Less accumulated depreciation for:					
Buildings	(1,141,006)	(77,253)	-	-	(1,218,259)
Other improvements	(991,454)	(67,119)	-	-	(1,058,573)
Utility property	(23,258,521)	(1,437,405)	-	7,640	(24,688,286)
Machinery and equipment	(2,290,767)	(237,518)	-	177,728	(2,350,557)
Infrastructure	(345,570)	(66,960)	-	-	(412,530)
Total accumulated depreciation	<u>(28,027,318)</u>	<u>(1,886,255)</u>	<u>-</u>	<u>185,368</u>	<u>(29,728,205)</u>
Other capital assets, net	51,402,149	1,234,455	-	-	52,636,604
Business-type activities capital assets, net	<u>\$ 59,368,730</u>	<u>\$ 3,179,122</u>	<u>\$ -</u>	<u>\$ (2,736,272)</u>	<u>\$ 59,811,580</u>

CITY OF SAPULPA, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
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Depreciation expense was charged to functions in the statement of activities as follows:

Depreciation expense charged to governmental activities:

General government	\$	95,116
Legal and judicial		3,429
Public safety		614,477
Urban development		3,047
Streets		658,411
Culture and recreation		269,165
Total governmental activities depreciation expense	<u>\$</u>	<u>1,643,645</u>

Depreciation expense charged to business-type activities:

Water	\$	562,821
Wastewater		1,082,799
Sanitation		33,077
Stormwater		107,064
Golf course		100,494
Total business-type activities depreciation expense	<u>\$</u>	<u>1,886,255</u>

Note: General government, administration, utility collections and utility maintenance of the business-type activities were allocated to the appropriate functions based upon a percentage of revenues.

3. E. WATER RIGHTS CONTRACT

The Sapulpa Municipal Authority (SMA) entered into three agreements with the United States of America for water storage space in Skiatook Lake. In consideration of the right to utilize the aforesaid storage space in the project for municipal and industrial supply purposes, the SMA agreed to pay costs in the amount of \$4,915,486 (which is the balance of the unamortized water rights reported as capital assets at June 30, 2014), along with maintenance and operations costs on an annual basis. The City incurred an obligation to the federal government for the water rights. The obligations were incurred in March 1993, November 1999, November 2002, and June 2006. The obligations are payable in annual installments of \$30,491, \$33,966, \$143,535 and \$184,184, respectively. The total water right obligation balance at June 30, 2014 is \$2,063,782. See Note 3.F. for further disclosures.

Due to the long-term nature of this agreement, and the infinite economic life of the water rights, the SMA's investment in the water rights contract is not being amortized.

3. F. LONG-TERM DEBT

The reporting entity's long-term debt is segregated by the amounts involving governmental activities and business-type activities.

CITY OF SAPULPA, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

Governmental Activities Long-Term Debt

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

General Obligation Bonds:

\$1,925,000 General Obligation Bonds of 2005, due in annual installments of \$100,000, final installment of \$125,000 due June 1, 2025, with interest rates at 2.80% to 3.90%	\$1,125,000
\$415,000 General Obligation Bonds of 2006, due in annual installments of \$50,000, final installment due June 1, 2016, with interest rates at 4.00% to 4.20%	100,000
\$6,800,000 General Obligation Bonds of 2010, due in annual installments of \$350,000, final installment of \$500,000 due June 1, 2030, with interest rates at 3.75% to 4.25%	5,750,000
\$2,450,000 Refunding General Obligation Bonds of 2012A, due in annual installments varying from \$300,000 to \$190,000 with final maturity of June 1, 2023, with interest rates at 1.6% to 4%	1,915,000
\$3,720,000 Refunding General Obligation Bonds of 2012B, due in annual installments varying from \$425,000 to \$260,000 with final maturity of June 1, 2024, with interest rates at 1.6% to 4%	<u>3,015,000</u>
Total General Obligation Bonds	<u>\$11,905,000</u>
Current portion	\$ 1,205,000
Non-current portion	<u>10,700,000</u>
Total General Obligation Bonds	<u>\$11,905,000</u>

Revenue Bonds Payable:

2004 Series Capital Improvement Revenue Bonds original issue amount \$4,970,000, dated October 14, 2004, issued by Sapulpa Municipal Authority, secured by utility revenues and pledged sales tax, interest rates from 3.75% to 4.35%, final maturity on October 1, 2014	\$1,025,000
2006 Series Capital Improvement Revenue Bonds original issue amount \$925,000, dated May 1, 2006, issued by Sapulpa Municipal Authority, secured by year-to-year, appropriation of debt service payments made by city, interest rates from 4.50% to 5.00%, final maturity on May 1, 2016	<u>290,000</u>
Total Revenue Bonds Payable	<u>\$1,315,000</u>
Current portion	\$1,120,000
Non-current portion, net	<u>195,000</u>
Total Revenue Bonds Payable	<u>\$1,315,000</u>

Capital Lease Obligations:

\$66,923 capital lease with De Lage Landen Public Finance for desktop printers payable in monthly installments of \$1,281, final payment due June 2015 with interest rate at 5.79%; lease must be renewed annually	\$14,902
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CITY OF SAPULPA, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

\$87,995 capital lease with De Lage Landen Public Finance for copiers payable in monthly installments of \$1,680, final payment due September 2015 with interest rate at 5.48%; lease must be renewed annually	24,303
\$269,473 capital lease with First United Bank & Trust for Vactor Combination Sewer Cleaning truck payable in quarterly installments of \$9,196, final payment due March 2015 with interest rate at 3.45%; lease must be renewed annually	27,111
\$153,643 capital lease with De Lage Landen Public Finance copiers payable in monthly installments of \$2,870, final payment due March 2019 with interest rate at 4.25%; lease must be renewed annually	146,710
\$169,058 capital lease with First United Bank & Trust for asphalt paver and distributor payable in quarterly installments of \$6,736, final payment due August 2019 with interest rate at 3.05%; lease must be renewed annually	<u>130,083</u>
Total Capital Lease Obligations	<u>\$343,109</u>
Current portion	\$112,984
Non-current portion	<u>230,125</u>
Total Capital Lease Obligations	<u>\$343,109</u>

Accrued Compensated Absences:

Accrued compensated absences reported in the governmental activities are comprised of accrued vacation leave, sick leave and compensatory time.

Current portion	\$157,792
Non-current portion	<u>1,420,129</u>
Total Accrued Compensated Absences	<u>\$1,577,921</u>

Estimated Claims Liability:

Estimated claims liability reported in the governmental activities are comprised of accrued payables and liabilities incurred but not reported.

Current portion	<u>\$14,141</u>
Total Estimated Claims Liability	<u>\$14,141</u>

Judgment Payable:

\$55,000 judgment payable (Nix), payable in annual installments of \$18,333, beginning December 2012, with interest at the statutory rate which was 5.25% for 2013, final payment due December 2014	\$18,334
\$325,000 judgment payable (Eurocraft), payable in annual installments of \$108,333, beginning December 2012, with interest at the statutory rate which was 5.25% for 2013, final payment due December 2014	108,333
\$36,000 judgment payable (Woodberry), payable in annual installments of \$12,000, Beginning December 2012, with interest at the statutory rate which was 5.25% for 2012, final payment due December 2014	12,000

CITY OF SAPULPA, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

\$18,000 judgment payable (Tenant), payable in annual installments of \$6,000, final Payment due December 2016, with interest at the statutory rate of 5.25%	18,000
\$313,300 judgment payable (Smith), payable in annual installments of \$104,433, final Payment due December 2016, with interest at the statutory rate of 5.25%	313,300
\$21,645 judgment payable (Springs, Rogers, Mason) payable in annual installments of \$7,215 beginning December 2013, with interest at the statutory rate which was 5.25% for 2013, final payment due December 2015	<u>14,430</u>
Total Judgments Payable	<u>\$484,397</u>
Current portion	\$256,315
Non-current portion	<u>228,082</u>
Total Judgments Payable	<u>\$484,397</u>

Business-Type Activities Long-Term Debt

At June 30, 2014, the long-term debt payable from enterprise fund resources consisted of the following:

Revenue Bonds Payable:

2012 Refunding Series Revenue Bonds original issue amount of \$27,675,000, dated July 1, 2012, issued by Sapulpa Municipal Authority, secured by utility revenue and pledged sales tax, variable interest rate from 5.00% to 2.00%, final maturity on July 1, 2042	\$27,675,000
2013 Refunding Series Revenue Bonds original issue amount of \$42,320,000, dated July 1, 2012, issued by Sapulpa Municipal Authority, secured by utility revenue and pledged sales tax, interest rate from 5.00% to 1.60%, final maturity on July 1, 2043	<u>41,660,000</u>
Total Revenues Bonds Payable	<u>69,335,000</u>
Less: Unamortized Bond Discount – 2012 Series	(251,451)
Add: Unamortized Bond Premium – 2013 Series	<u>1,139,421</u>
Total Revenue Bonds Payable, Net	<u>\$70,222,970</u>
Current portion	\$1,395,000
Non-current portion, net	<u>68,827,970</u>
Total Revenue Bonds Payable, net	<u>\$70,222,970</u>

Notes Payable:

\$280,163 note payable with American Heritage Bank for sewer cleaner, payable in monthly installments of \$15,501, final payment due July 2014 with interest at 3.9%	\$14,837
\$171,309 note payable with American Heritage Bank for golf carts, payable in monthly installments of \$11,159, final payment due March 2018 with interest at 2.1%	160,150

CITY OF SAPULPA, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

\$200,000 capital lease with American Heritage Bank for the softball complex, payable in monthly installments of \$9,399, final payment due January 2015 with interest at 4.05%	<u>26,676</u>
Total Notes Payable	<u>\$201,663</u>
Current portion	\$83,063
Non-current portion	<u>118,600</u>
Total Notes Payable	<u>\$201,663</u>

Accrued Compensated Absences:

Accrued compensated absences reported in the business-type activities are comprised of accrued vacation leave, sick leave and compensatory time.

Current portion	\$19,192
Non-current portion	<u>176,041</u>
Total Accrued Compensated Absences	<u>\$195,233</u>

Water Contract Obligations:

The City has a number of contractual obligations with the U.S. Army Corps of Engineer for water use rights, with outstanding amounts due as follows:

Obligation payable to the U.S. Army Corps of Engineer, original amount of \$632,924, for use of water facility, payable in 41 annual installments of \$30,491, final maturity in March 2033.	\$410,642
Obligation payable to the U.S. Army Corps of Engineer, original amount of \$632,924, for use of water facility, payable in 35 annual installments of \$33,966, final maturity in November, 2033.	461,132
Obligation payable to the U.S. Army Corps of Engineer, original amount of \$1,738,077, for use of water facility, payable in 16 annual installments of \$143,535, final maturity in November, 2017.	522,010
Obligation payable to the U.S. Army Corps of Engineer, original amount of \$1,727,377, for use of water facility, payable in 12 annual installments of \$184,184, final maturity in June, 2017.	<u>670,532</u>
Total Water Contract Obligations	<u>\$2,064,316</u>
Current portion	\$309,912
Non-current portion	<u>1,754,404</u>
Total Water Contract Obligations	<u>\$2,064,316</u>

CITY OF SAPULPA, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

Due to Depositors:

Outstanding deposits for utility services, refundable only upon termination of service, amounted to the following:

Current portion	\$54,589
Non-current portion	<u>218,355</u>
 Total Due to Depositors	 <u>\$272,944</u>

Defeased Bonds Outstanding

The City, through its various public trusts, has in substance defeased a number of outstanding bond issues by placing deposits in irrevocable trusts, escrow accounts, for the purchase of U.S. Government Securities to pay principal and interest on the refunded 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 debt issues were as follows:

1998 Series Capital Improvement Revenue Bonds – Defeased	\$8,995,000
2003A Series Revenue Bonds	<u>4,700,000</u>
 Total Defeased Bonds Outstanding	 <u>\$13,695,000</u>

Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the year ended June 30, 2014:

<u>Type of Debt</u>	<u>Balance July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2014</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
General obligation bonds	\$ 13,130,000	\$ -	\$ 1,225,000	\$ 11,905,000	\$ 1,205,000
Revenue bonds payable	1,920,000	-	605,000	1,315,000	1,120,000
Capital lease obligation	343,533	153,644	154,068	343,109	112,984
Judgments payable	301,645	331,300	148,548	484,397	256,315
Estimated claims liability	15,221	-	1,080	14,141	14,141
Other post-employment benefit liability	930,068	122,986	35,524	1,017,530	-
Accrued compensated absences	1,749,395	1,196,687	1,368,161	1,577,921	157,792
Total Governmental Activities	<u>\$ 18,389,862</u>	<u>\$ 1,804,617</u>	<u>\$ 3,537,381</u>	16,657,098	<u>\$ 2,866,232</u>
 Unamortized bond premiums/discounts				<u>118,692</u>	
Net Long-term Debt				<u>\$ 16,775,790</u>	
Reconciliation to Government-Wide Statement of Net Position:					
Due in One Year				\$ 2,866,232	
Due in More than One Year				<u>13,909,558</u>	
				<u>\$ 16,775,790</u>	
 Business-Type Activities:					
Due to depositors	\$ 260,581	\$ 97,685	\$ 85,322	\$ 272,944	\$ 54,589
Water contract obligations	2,361,739	-	297,423	2,064,316	309,912
Notes payable	137,079	171,309	106,725	201,663	83,063
Revenue bonds payable	69,995,000	-	660,000	69,335,000	1,395,000
Accrued compensated absences	180,474	148,063	133,304	195,233	19,192
Total Business-Type Activities	<u>\$ 72,934,873</u>	<u>\$ 417,057</u>	<u>\$ 1,282,774</u>	72,069,156	<u>\$ 1,861,756</u>
 Unamortized bond premiums/discounts				<u>887,970</u>	
Net Long-term Debt				<u>\$ 72,957,126</u>	
Reconciliation to Government-Wide Statement of Net Position:					
Due in One Year				\$ 1,861,756	
Due in More than One Year				<u>71,095,370</u>	
				<u>\$ 72,957,126</u>	

CITY OF SAPULPA, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

Annual Debt Service Requirements

The annual debt service requirements to maturity, including principal and interest, for long-term debt, excluding accrued compensated absences, due to depositors, estimated claims liability and OPEB liability as of June 30, 2014 are as follows:

Year Ending June 30,	GOVERNMENTAL ACTIVITY DEBT							
	Capital Lease Obligations		General Obligation Bonds		Revenue Bonds		Judgments Payable	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 112,984	\$ 11,243	\$ 1,205,000	\$ 378,215	\$ 1,120,000	\$ 36,794	\$ 256,315	\$ 24,272
2016	58,609	7,538	950,000	338,541	195,000	9,750	117,648	11,974
2017	55,658	5,449	915,000	310,915	-	-	110,434	5,798
2018	57,774	3,333	925,000	285,040	-	-	-	-
2019	51,400	1,166	930,000	258,915	-	-	-	-
2020-2024	6,684	52	4,605,000	898,183	-	-	-	-
2025-2029	-	-	1,875,000	325,500	-	-	-	-
2030	-	-	500,000	21,250	-	-	-	-
Totals	\$ 343,109	\$ 28,781	\$ 11,905,000	\$ 2,816,559	\$ 1,315,000	\$ 46,544	\$ 484,397	\$ 42,044

Year Ending June 30,	BUSINESS-TYPE ACTIVITY DEBT					
	Revenue Bonds Payable		Notes Payable		Water Contract Obligation	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 1,395,000	\$ 2,712,040	\$ 83,063	\$ 3,800	\$ 309,912	\$ 82,264
2016	1,455,000	2,659,090	42,436	2,200	322,346	82,264
2017	1,510,000	2,603,740	43,352	1,283	335,279	69,830
2018	1,550,000	2,558,440	32,812	633	351,489	56,897
2019	1,595,000	2,516,665	-	-	35,002	29,455
2020-2024	8,475,000	12,078,210	-	-	197,237	125,048
2025-2029	10,185,000	10,364,238	-	-	240,108	82,177
2030-2034	12,755,000	7,795,887	-	-	272,943	29,951
2035-2039	15,635,000	4,882,938	-	-	-	-
2040-2043	14,780,000	1,516,956	-	-	-	-
Totals	\$ 69,335,000	\$ 49,688,204	\$ 201,663	\$ 7,916	\$ 2,064,316	\$ 557,886

Pledge of Future Revenues

Sales Tax and Utility Net Revenues Pledge - The City has pledged 40% of two cents (or 20%) of future sales tax revenues and net utility revenues to repay the following revenue bonds: \$27,675,000 2012 Refunding Revenue Bonds, and \$42,320,000 2013 Refunding Revenue Bonds. Proceeds from the bonds provided for the purchase or construction of capital assets. The bonds are payable from pledged sales tax revenues and net utility revenues. These bonds are payable through 2043. The total principal and interest payable for the remainder of the life of these bonds is \$119,023,204. Pledged sales taxes received in the current year were \$3,727,954 and net utility revenues were \$4,742,862 for total pledged revenues of \$8,470,816. Debt service payments of \$3,291,125 for the current fiscal year were 38.9% of total pledged revenues for these bonds.

Sales Tax Revenues Pledge - In addition, the City has pledged another ½ of one cent (or 12.5%) of future sales tax revenues for the payment on the \$4,970,000 2004 Capital Improvement Revenue Bonds. Proceeds from the bonds provided for the purchase or construction of capital assets. The bonds are payable from pledged sales tax revenues. These bonds are payable through fiscal year 2015. The total principal and interest payable for the remainder of the life of these bonds is \$1,047,294. Pledged sales taxes received in the current year were \$1,461,951. Debt service payments of \$565,298 for the current fiscal year were 38.7% of the pledged sales taxes received.

3.G. INTERFUND BALANCES AND ACTIVITIES

Interfund receivables and payables at June 30, 2014, were as follows:

CITY OF SAPULPA, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

Receivable Fund	Payable Fund	Amount	Nature of Interfund Balance
General Fund	Grants & Aid Fund	\$ 300,000	Temporary loan of cash
Street & Alley Fund	Street Improvement Sales Tax Fund	47,000	Temporary loan of cash
Police Cash Fund	Federal SAF Fund	20,000	Temporary loan of cash
Park & Recreation Fund	Grants & Aid Fund	62,000	Temporary loan of cash
E911 Fund	Water Resources Fund	78,000	Temporary loan of cash
Major Thoroughfare Fund	Street Improvement Sales Tax Fund	60,000	Temporary loan of cash
Capital Improvement Fund	Sewer Improvement Sales Tax Fund	94,000	Temporary loan of cash
		<u>\$ 661,000</u>	

Reconciliation to Fund Financial Statements:

	Due From	Due to	Net Interfund Balances
Governmental Funds	\$ 661,000	\$ (661,000)	\$ -
Proprietary Funds	37,000	-	37,000
Internal Service Funds	-	(37,000)	(37,000)
	<u>\$ 698,000</u>	<u>\$ (698,000)</u>	<u>\$ -</u>

Reconciliation to Statement of Net Position:

Net Interfund Balances	\$ 37,000
BTA - Special Revenue Funds	(172,000)
Internal Balances	<u>\$ (135,000)</u>

Interfund transfers for the year ended June 30, 2014 were as follows:

Transfer From	Transfer To	Amount	Purpose of Transfer
SMA	Cemetery Maintenance Fund	\$ 123,141	Supplemental operating transfer
Cemetery Maintenance Fund	Cemetery Care Fund	9,056	12.5% revenue transfer - state law
SMA	Street and Alley	395,393	Supplemental operating transfer
SMA	Water & Sewer Sales Tax Fund	294,347	Supplemental operating transfer
E-911 Fund	General Fund	135,000	Operating transfer for dispatcher
Juvenile Justice Fund	General Fund	10,000	Operating transfer for juvenile court costs
SMA	Hotel/Motel Tax Fund	6,089	Supplemental operating transfer
Hotel/Motel Tax Fund	Park Development Fund	38,180	Required revenue transfer
Park Development Fund	SMA	37,596	Supplemental for debt service
Capital Improvement Fund	SMA	94,796	Supplemental for debt service
Capital Improvement Fund	Grants & Aid Fund	42,874	Supplemental for capital purchases
Street Improvement Sales Tax Fund	SMA	876,813	Supplemental for debt service
Sewer Plant Sales Tax Fund	SMA	1,394,601	Supplemental for debt service
Insurance Internal Service Fund	SMA	620,000	Partial residual fund equity transfer
GO Sinking Fund	General Fund	7,500	Interest earnings
SMA	General Fund	3,459,247	Supplemental operating transfer
SMA	General Fund	2,333,353	Return of pledged sales tax
SMA	Golf Course Fund	338,613	Supplemental operating transfer
General Fund	SMA	2,333,353	Pledged sales tax - bond indenture
General Fund	Restricted Construction Park/Rec Fund	13,178	Required revenue transfer
General Fund	E911 Fund	351	Supplemental operating transfer
Restricted Construction Park/Rec Fund	Grants & Aid Fund	5,000	Supplemental for capital purchases
Street Improvement Sales Tax Fund	Grants & Aid Fund	58,230	Supplemental for capital purchases
SMA	Parks & Recreation Fund	296,339	Supplemental operating transfer
SMA	Stormwater Management Fund	1,964	Supplemental operating transfer
Water Resource Fund	SMA	1,214,000	Supplemental for debt service
Series 2012 Revenue Bond Fund	SMA	245,011	Supplemental for debt service
Stormwater Management Fund	SMA	596,736	Capital asset transfer
Stormwater Management Fund	Grants & Aid Fund	71,020	Supplemental for capital purchases
SMA	Library Fund	232,093	Supplemental operating transfer
Total		<u>\$ 15,283,874</u>	

	Transfers In	Transfers Out	Reconciliation - BTA - Special Revenue Funds	Reconciliation - Sales tax reclass	Capital Asset Activity	Net Transfers/ Internal Activity
Reconciliation to Fund Financial Statements:						
Governmental Funds	\$ 7,530,391	\$ (6,270,528)	\$ 1,694,254	\$ (3,216,290)	\$ (1,054,408)	\$ (1,316,581)
Proprietary Funds	7,753,483	(8,393,346)	(2,314,254)	3,216,290	1,054,408	\$ 1,316,581
Internal Service Fund	-	(620,000)	620,000	-	-	-
Total Transfers	<u>\$ 15,283,874</u>	<u>\$ (15,283,874)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

3.H. ALLOCATION OF INDIRECT EXPENSES

Certain indirect expenses (expenses benefiting more than one function) have been allocated to specific functions in the Statement of Activities, while other indirect expenses have not been allocated.

Indirect expenses reported in the Statement of Activities under the functions of Administration & General Government have not been allocated for governmental purposes.

Indirect expenses of the proprietary funds, classified in the proprietary funds statement of revenues, expenses and changes in net position as General Government, Administration and Utility Collections have been allocated on a percentage of total revenues to the business-type activity functions in the Statement of Activities.

3.I. FUND BALANCES AND NET POSITION

Fund Balance

The following table shows the fund balance classifications as shown on the Governmental Funds Balance Sheet in accordance with GASB Statement 54:

	General Fund	Other Governmental Funds	TOTAL
Fund Balances:			
Nonspendable:			
Inventory	\$ 8,903	\$ 72,754	\$ 81,657
Sub-total Nonspendable	<u>8,903</u>	<u>72,754</u>	<u>81,657</u>
Restricted for:			
Law enforcement	-	78,141	78,141
Major Thoroughfares		19,585	19,585
Animal control	-	30,599	30,599
E911	-	264,848	264,848
Juvenile Justice programs	-	10,723	10,723
Capital Improvements	-	2,631,456	2,631,456
Debt Service	-	354,392	354,392
Sub-total Restricted	<u>-</u>	<u>3,389,744</u>	<u>3,389,744</u>
Committed to:			
Hunting & Fishing	7,074	-	7,074
Sub-total Committed	<u>7,074</u>	<u>-</u>	<u>7,074</u>
Assigned to:			
Subsequent Year Budget	577,815	-	577,815
Hunting & Fishing	25,182	-	25,182
Library	29,999	-	29,999
Swimming Pool	10,003	-	10,003
Streets	-	62,590	62,590
Cemetery	-	80,433	80,433
Parks	-	174,529	174,529
Law enforcement	-	1,037	1,037
Major Thoroughfares	-	56,540	56,540
Water & Sewer maintenance	-	99,461	99,461
Animal control	-	297	297
E911	-	1,795	1,795
Juvenile Justice programs	-	377	377
Economic Development	-	15,624	15,624
Capital Improvements	-	84,212	84,212
Sub-total Assigned	<u>642,999</u>	<u>576,895</u>	<u>1,219,894</u>
Unassigned (deficit):	873,660	(278,756)	594,904
TOTAL FUND BALANCES	<u>\$ 1,532,636</u>	<u>\$ 3,760,637</u>	<u>\$ 5,293,273</u>

CITY OF SAPULPA, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

Restricted Net Position

The restricted for debt service net position of the business-type activities consists of restricted assets relating to revenue bond trustee accounts. The balance at June 30, 2014, is comprised of the following:

Enterprise Funds:	
2012 Revenue Bond Trust Accounts	\$ 1,097,563
2013 Revenue Bond Trust Accounts	617,930
Restricted per bond indenture	1,715,493
Less: Accrued interest payable	(950,761)
Total Restricted for Debt Service	\$ 764,732

Prior Period Adjustment

Beginning net position was restated as of July 1, 2013, as follows:

		Government-Wide	
	SMA Utility Enterprise Fund	Governmental Activities	Business-type Activities
Beginning net position, as previously reported	\$ 254,911	\$ 28,655,985	\$ 1,319,259
Removal of debt issuance costs due to the implementation of GASB 65	(2,561,643)	(685,685)	(2,561,643)
Beginning net position, restated	\$ (2,306,732)	\$ 27,970,300	\$ (1,242,384)

NOTE 4. OTHER NOTES

4.A. EMPLOYEE PENSION AND OTHER BENEFIT PLANS

The City participates in three employee pension systems as follows:

<u>Name of Plan/System</u>	<u>Type of Plan</u>
Oklahoma Police Pension and Retirement Fund	Cost Sharing Multiple Employer - Defined Benefit Plan
Oklahoma Firefighters Pension and Retirement Fund	Cost Sharing Multiple Employer - Defined Benefit Plan
Oklahoma Municipal Retirement Fund (OMRF)	Agent Multiple Employer - Defined Contribution Plan

Oklahoma Police and Firefighter's Pension and Retirement Systems

The City of Sapulpa, as the employer, participates in two statewide cost-sharing multiple employer defined benefit plans on behalf of the police officers and firefighters. The systems are funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary.

CITY OF SAPULPA, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

A. Eligibility Factors, Contribution Methods, and Benefit Provisions

	<u>Oklahoma Police Pension and Retirement System</u>	<u>Oklahoma Firefighter's Pension and Retirement System</u>
Obtaining separately issued financial statements	Police Pension and Retirement 1001 N.W. 63 rd St., Suite 605 Oklahoma City, OK 73116-7335	Firefighters Pension & Retirement 4545 N. Lincoln Blvd., Suite 265 Oklahoma City, OK 73105-3414
Eligibility to participate	All full-time officers, employed by a participating municipality, not less than 21 years of age or more than 45 years of age when hired.	All full-time or voluntary firefighters of a participating municipality hired before age 45.
Authority establishing contribution obligations and benefits	State Statute	State Statute
Employee's contribution rate (percent of covered payroll)	8%	9%
City's contribution rate (percent of covered payroll)	13%	14%
State obligation	10.1%	30.0%
Period required to vest	10 years	10 years
Eligibility and benefits for distribution (full-time)	20 years credited service, 2 ½ % of final average salary multiplied by the years of credited service with a maximum of 30 years considered; if vested, at or after age 50, or after 10 but before 20 years of credited service, with reduced benefits.	20 years credited service 2 ½ % of final average salary multiplied by the years of credited service with a maximum of 30 years considered; if vested, at or after age 50, or after 10 but before 20 years of credited service, with reduced benefits.
Eligibility and benefits for distribution (volunteer)	-	20 years credited service equal to \$5.46 per month per year of service, with a maximum of 30 years considered.
Deferred retirement option	Yes, 20 years credited service with continued service for a maximum of 5 years.	Yes, 20 years credited service with continued service for a maximum of 5 or more years.
Provisions for:		
Cost of living adjustments (normal retirement)	Yes, if vested by 5/83	Yes
Death (duty, non-duty, post retirement)	Yes	Yes
Disability (duty, non-duty)	Yes	Yes
Cost of living all	Yes	Yes

B. Required Contributions and Trend Information

City contributions required by State statute:

Fiscal Year	Oklahoma Police <u>Pension and Retirement System</u>		Oklahoma Firefighter's <u>Pension and Retirement System</u>	
	<u>Required Contribution</u>	<u>Percentage Contributed</u>	<u>Required Contribution</u>	<u>Percentage Contributed</u>
2012	\$297,904	100%	\$348,285	100%
2013	\$308,032	100%	\$352,658	100%
2014	\$303,235	100%	\$376,885	100%

The state made on-behalf payments to the Oklahoma Police Pension and Retirement System and the Oklahoma Firefighter's Pension and Retirement System of \$258,683 (or 10.1% of covered payroll) and \$916,377 (30.0% of covered payroll), respectively, for the fiscal year. These are reported as both intergovernmental revenues and public safety expenses in the current year.

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

C. Related Party Investments

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

Defined Contribution Plan - Oklahoma Municipal Retirement Fund (OMRF)

The City has also provided a defined contribution plan and trust known as the City of Sapulpa Plan and Trust (the "Plan") in the form of The Oklahoma Municipal Retirement System Master Defined Contribution Plan (OMRF). OMRF operations are supervised by a nine-member Board of Trustees elected by the participating municipalities. The plan is administered by Bank One of Oklahoma City. The defined contribution plan is available to all full-time employees except those participating in state fire or police program. Benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate on the employee's employment commencement date, and may make contributions to the plan up to 15% at their option. By City ordinance, the City, as employer, is required to make contributions to the plan, based upon employee contributions under the thrift option, at rates presently varying from 0% - 8% of covered payroll. The City's contributions for each employee (and interest allocated to the employee's account) are vested at a rate of 20% per year of completed service, thus fully vested after five years. City contributions for, and interest forfeited by, employees who leave employment prior to fully vesting shall be added to employer contribution. The authority to establish and amend the provisions of the plan rest with the City Council.

For the year ended June 30, 2014, the following amounts related to the defined contribution plan:

Employee contributions made	\$ 136,785
Employer (City) contributions made	\$ 164,479

Other Post-Employment Benefits

Plan Description: City provides post-retirement benefit options for medical 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. Police and Fire employees may become eligible for those post-retirement benefits if they reach normal retirement age while working for the City. As of June 30, 2014, approximately 12 retired employees are receiving benefits under this plan.

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 \$29,524 to the plan. Plan members receiving benefits contributed \$138,255, or approximately 100 percent of the total premiums, through their required contribution of \$520.73 per month for retiree-only coverage, \$1,132.29 per month for retiree and spouse, \$890.50 per month for retiree and children, and \$1,473.52 per month for retiree and family.

Annual OPEB Cost and Net OPEB Obligation. 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 June 30, 2014:

Annual required contribution	\$ 142,541
Interest on net OPEB obligation	31,373
Adjustment to annual required contribution	<u>(56,928)</u>
Annual OPEB cost (expense)	116,986
Contributions made	<u>(29,524)</u>
Increase in net OPEB obligation	87,462
Net OPEB obligation—beginning of year	<u>930,068</u>
Net OPEB obligation—end of year	<u><u>\$ 1,017,530</u></u>

CITY OF SAPULPA, OKLAHOMA
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June 30, 2014

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net unfunded OPEB obligation for the last three years were 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	\$189,713	12.99%	\$836,606
6/30/13	\$122,986	13.20%	\$930,068
6/30/14	\$122,986	12.00%	\$1,017,530

Funded Status and Funding Progress. As of June 30, 2014, the most recent actuarial valuation date, the Plan was not funded. The actuarial accrued liability (AAL) for benefits was \$1,838,955, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,838,955. The covered payroll (annual payroll of active employees covered by the plan) was \$9.3 million, and the ratio of the UAAL to the covered payroll was 19.84 percent.

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

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

In the June 30, 2014, actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a 4.25 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 5 percent. There were no assets to determine the actuarial value of assets. The UAAL is being amortized over a closed 30 year period as level payments. The remaining amortization period at June 30, 2014, was twenty-six years.

4.B. RISK MANAGEMENT

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

<u>Type of Loss</u>	<u>Method Managed</u>	<u>Risk of Loss Retained</u>
a. Torts, errors and omissions; asset loss and natural disasters	Participation in Oklahoma Municipal Assurance Group risk entity pool	(1)
b. Injuries to employees (workers compensation)	Participation in Oklahoma Municipal Assurance Group risk entity pool	(2)

c. Employee health and life	Purchased commercial insurance through Community Care	No risk of loss
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The City participates in the Oklahoma Municipal Assurance Group Liability Protection Plan and Worker's Compensation Plan (risk entity pool) as follows.

(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 Plan

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.

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's 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 such coverage 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.

Claims Liability Analysis

The claims liabilities related to the above noted health and life risks of loss that are retained are reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

CITY OF SAPULPA, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

The City is no longer self-insured and the remaining balance represents run-off claims. For the risk management internal service self-insurance fund, changes in the claims liability for the City from July 1, 2011, to June 30, 2014, are as follows:

	<u>Health & Life</u>
Claim liability, June 30, 2011	\$ 384,078
Claims and changes in estimates	2,748,299
Claims payments	<u>(3,082,377)</u>
Claim liability, June 30, 2012	50,000
Claims and changes in estimates	-
Claims payments	<u>(34,779)</u>
Claim liability, June 30, 2013	15,221
Claims and changes in estimates	-
Claims payments	<u>(1,080)</u>
Claim liability, June 30, 2014	<u>\$ 14,141</u>
 Assets available to pay claims at June 30, 2014	 <u>\$ 71,910</u>

4.C. COMMITMENTS AND CONTINGENCIES

Commitments:

Construction Commitments

The City had the following construction commitments outstanding at June 30, 2014 with balances left on the contract:

1. Installation of Waterline & Gravity Sewerline at Polson Industrial Park; Contractors – Duncan & Sons, LLC; original contract - \$513,989; remaining contract - \$25,222
2. Lone Star Gravity Bypass; Contractors – McGuire Brothers Construction, Inc.; original contract - \$123,002; remaining contract - \$123,002
3. Installation of Curb and Gutter, Drainage Inlets, Culverts, and Drives at Polson Industrial Park; Contractors – Ira M Green Construction.; original contract -\$207,791; remaining contract - \$116,344

U.S. Army Corps of Engineer – Water Storage Space in Skiatook Lake

The City is under contract with the U.S. Army Corps of Engineer for the right to utilize an undivided 1.52 percent of the usable storage space in the Skiatook Lake Project. This storage space is to be used to impound water for anticipated future demand or need for municipal and industrial water supply. The City is also required to pay annual operations and maintenance (O&M) costs related to this contract. The total O&M costs paid during fiscal year 2013-2014 totaled \$26,608. See Note 3.F. for further debt disclosures.

Contingencies:

Grant Program Involvement

In the normal course of operations, the City participates in various federal or state grant/loan programs from year to year. 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. Any liability for reimbursement which may arise as a result of these audits cannot be reasonably determined at this time.

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 accrual 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. This statutory taxing ability is not available to the City's public trusts (Authorities).

4.D. 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 cost-sharing 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. 69, *Government Combinations and Disposals of Government Operations* – GASB No. 69 establishes accounting and financial reporting standards for mergers, acquisitions, and transfers of operations (i.e., government combinations). The Statement also provides guidance on how to determine the gain or loss on a disposal of government operations. This Statement is effective for fiscal years beginning after December 15, 2013.

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.

4.E. SUBSEQUENT EVENT

On July 1, 2014, the Sapulpa Municipal Authority issued the Series 2014 Capital Improvement Revenue Bonds in the amount of \$7,410,000 to be used to finance improvements to roads, streets and bridges.

CITY OF SAPULPA, OKLAHOMA
 BUDGETARY COMPARISON SCHEDULE (Budgetary Basis)
 GENERAL FUND
 For the fiscal year ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance:	\$713,884	\$777,064	\$769,972	(\$7,092)
Resources (Inflows):				
TAXES:				
Sales tax	11,156,805	11,900,805	11,692,612	(208,193)
Use tax	415,000	415,000	590,689	175,689
Franchise tax	560,000	560,000	543,345	(16,655)
Payment in lieu of tax	440,000	440,000	471,073	31,073
Total Taxes	<u>12,571,805</u>	<u>13,315,805</u>	<u>13,297,719</u>	<u>(18,086)</u>
LICENSES AND PERMITS:				
Building permits	21,000	21,000	24,803	3,803
Trade permits	30,500	30,500	36,016	5,516
Resident construction park/rec fees	10,000	14,200	13,178	(1,022)
Occupation/business	47,500	47,500	54,727	7,227
Other permits	10,160	10,160	12,025	1,865
Total License and Permits	<u>119,160</u>	<u>123,360</u>	<u>140,749</u>	<u>17,389</u>
INTERGOVERNMENTAL:				
Alcoholic beverage tax	102,000	102,000	106,282	4,282
Cigarette/tobacco tax	150,000	150,000	137,449	(12,551)
Total Intergovernmental	<u>252,000</u>	<u>252,000</u>	<u>243,731</u>	<u>(8,269)</u>
CHARGES FOR SERVICES:				
Fire run fees	384,000	384,000	418,973	34,973
Fire run charges	45,000	45,000	23,812	(21,188)
Inspection fees	49,000	49,000	61,967	12,967
Special assessments	1,400	1,400	2,160	760
Other fees - zoning	6,700	6,700	7,115	415
Court collection fees	32,000	62,000	68,605	6,605
Shelter fees	4,500	4,500	5,003	503
Engineering fees	2,500	2,500	1,500	(1,000)
Weed abatement	10,000	10,000	7,103	(2,897)
Pet adoption	200	200	417	217
Total Charges for Services	<u>535,300</u>	<u>565,300</u>	<u>596,655</u>	<u>31,355</u>
FINES AND FORFEITURES	<u>850,100</u>	<u>851,113</u>	<u>969,977</u>	<u>118,864</u>
INVESTMENT INCOME	<u>3,000</u>	<u>3,000</u>	<u>2,616</u>	<u>(384)</u>
MISCELLANEOUS:				
Antenna tower rental	66,934	66,934	73,312	6,378
Reimbursements	30,000	35,148	56,248	21,100
Sale of capital assets	-	-	1,225	1,225
Donations	14,000	15,000	16,460	1,460
Miscellaneous	7,500	7,500	4,720	(2,780)
Total Miscellaneous	<u>118,434</u>	<u>124,582</u>	<u>151,966</u>	<u>27,384</u>
OTHER FINANCING SOURCES:				
Transfers from other funds	<u>5,832,165</u>	<u>5,981,661</u>	<u>5,945,100</u>	<u>(36,561)</u>
Total Other Financing Sources	<u>5,832,165</u>	<u>5,981,661</u>	<u>5,945,100</u>	<u>(36,561)</u>
Total Resources (Inflows)	<u>20,281,964</u>	<u>21,216,821</u>	<u>21,348,513</u>	<u>131,692</u>
Amounts available for appropriation	<u>\$20,995,848</u>	<u>\$21,993,885</u>	<u>\$22,118,485</u>	<u>\$124,600</u> (Continued)

CITY OF SAPULPA, OKLAHOMA
BUDGETARY COMPARISON SCHEDULE (Budgetary Basis)
GENERAL FUND
For the fiscal year ended June 30, 2014

(Continued)

Charges to Appropriations (Outflows):	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
ADMINISTRATION:				
City Council:				
Materials and supplies	200	200	51	149
Other services and charges	102,238	102,238	77,082	25,156
Total City Council	<u>102,438</u>	<u>102,438</u>	<u>77,133</u>	<u>25,305</u>
City Manager:				
Personal services	215,117	215,796	212,988	2,808
Materials and supplies	750	750	750	-
Other services and charges	3,035	3,035	1,888	1,147
Total City Manager	<u>218,902</u>	<u>219,581</u>	<u>215,626</u>	<u>3,955</u>
City Clerk:				
Personal services	176,669	179,880	156,950	22,930
Materials and supplies	6,220	6,220	3,989	2,231
Other services and charges	7,098	6,598	4,846	1,752
Capital outlay	6,000	6,000	-	6,000
Total City Clerk	<u>195,987</u>	<u>198,698</u>	<u>165,785</u>	<u>32,913</u>
Finance:				
Personal services	280,736	282,642	280,752	1,890
Materials and supplies	5,300	2,800	2,607	193
Other services and charges	99,800	111,500	111,221	279
Total Finance	<u>385,836</u>	<u>396,942</u>	<u>394,580</u>	<u>2,362</u>
Treasurer:				
Personal services	29,594	29,594	29,311	283
Other services and charges	490	490	341	149
Total Treasurer	<u>30,084</u>	<u>30,084</u>	<u>29,652</u>	<u>432</u>
Personnel:				
Personal services	95,923	97,457	92,173	5,284
Materials and supplies	1,940	1,940	442	1,498
Other services and charges	18,926	18,926	5,936	12,990
Total Personnel	<u>116,789</u>	<u>118,323</u>	<u>98,551</u>	<u>19,772</u>
Central Purchasing:				
Personal services	61,514	66,343	64,546	1,797
Materials and supplies	275	579	279	300
Other services and charges	3,385	3,081	1,809	1,272
Total Central Purchasing	<u>65,174</u>	<u>70,003</u>	<u>66,634</u>	<u>3,369</u>
Building Inspector:				
Personal services	124,146	125,983	117,975	8,008
Materials and supplies	4,960	4,585	2,422	2,163
Other services and charges	7,700	8,075	3,597	4,478
Total Building Inspector	<u>136,806</u>	<u>138,643</u>	<u>123,994</u>	<u>14,649</u>
TOTAL ADMINISTRATION	<u>1,252,016</u>	<u>1,274,712</u>	<u>1,171,955</u>	<u>102,757</u>

(Continued)

CITY OF SAPULPA, OKLAHOMA
BUDGETARY COMPARISON SCHEDULE (Budgetary Basis)
GENERAL FUND
For the fiscal year ended June 30, 2014

(Continued)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
GENERAL GOVERNMENT:				
Central Garage:				
Personal services	115,367	116,898	114,487	2,411
Materials and supplies	11,685	9,800	4,090	5,710
Other services and charges	14,150	15,982	12,945	3,037
Capital outlay	3,300	3,353	3,353	-
Total Central Garage	<u>144,502</u>	<u>146,033</u>	<u>134,875</u>	<u>11,158</u>
General Government:				
Personal services	26,502	36,502	32,672	3,830
Materials and supplies	20,500	20,500	13,728	6,772
Other services and charges	542,236	530,851	528,345	2,506
Capital Outlay	42,100	530,600	524,416	6,184
Debt Service	31,263	44,148	44,145	3
Total General Government	<u>662,601</u>	<u>1,162,601</u>	<u>1,143,306</u>	<u>19,295</u>
Reserve:				
Other services and charges	178,059	91,739	64,640	27,099
Capital Outlay	-	2,200	2,200	-
Total Reserve	<u>178,059</u>	<u>93,939</u>	<u>66,840</u>	<u>27,099</u>
TOTAL GENERAL GOVERNMENT	<u>985,162</u>	<u>1,402,573</u>	<u>1,345,021</u>	<u>57,552</u>
LEGAL AND JUDICIAL:				
City Attorney:				
Personal services	181,779	182,654	179,937	2,717
Materials and supplies	2,280	2,280	1,026	1,254
Other services and charges	35,278	45,791	25,523	20,268
Capital outlay	26,256	30,756	30,070	686
Total City Attorney	<u>245,593</u>	<u>261,481</u>	<u>236,556</u>	<u>24,925</u>
Municipal Court:				
Personal services	41,365	41,365	41,348	17
Materials and supplies	700	261	261	-
Other services and charges	52,034	82,473	76,538	5,935
Total Municipal Court	<u>94,099</u>	<u>124,099</u>	<u>118,147</u>	<u>5,952</u>
TOTAL LEGAL AND JUDICIAL	<u>339,692</u>	<u>385,580</u>	<u>354,703</u>	<u>30,877</u>

(Continued)

CITY OF SAPULPA, OKLAHOMA
 BUDGETARY COMPARISON SCHEDULE (Budgetary Basis)
 GENERAL FUND
 For the fiscal year ended June 30, 2014

(Continued)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
PUBLIC SAFETY:				
Police:				
Personal services	4,200,278	4,223,479	4,006,672	216,807
Materials and supplies	142,850	148,950	146,979	1,971
Other services and charges	199,850	216,211	187,665	28,546
Capital outlay	1,000	4,263	186	4,077
Total Police	<u>4,543,978</u>	<u>4,592,903</u>	<u>4,341,502</u>	<u>251,401</u>
Fire:				
Personal services	4,412,585	4,444,249	4,238,569	205,680
Materials and supplies	110,744	117,223	92,526	24,697
Other services and charges	176,600	159,700	141,659	18,041
Capital outlay	-	15,000	16,664	(1,664)
Total Fire	<u>4,699,929</u>	<u>4,736,172</u>	<u>4,489,418</u>	<u>246,754</u>
Animal Control:				
Personal services	97,174	98,558	90,573	7,985
Materials and supplies	9,722	10,040	5,862	4,178
Other services and charges	13,890	17,190	13,805	3,385
Capital outlay	2,200	-	-	-
Total Animal Control	<u>122,986</u>	<u>125,788</u>	<u>110,240</u>	<u>15,548</u>
Civil Defense:				
Personal services	13,336	13,336	13,179	157
Other services and charges	34,076	34,076	31,740	2,336
Total Civil Defense	<u>47,412</u>	<u>47,412</u>	<u>44,919</u>	<u>2,493</u>
TOTAL PUBLIC SAFETY	<u>9,414,305</u>	<u>9,502,275</u>	<u>8,986,079</u>	<u>516,196</u>
URBAN DEVELOPMENT:				
Personal services	212,319	215,672	209,876	5,796
Materials and supplies	6,690	5,990	2,986	3,004
Other services and charges	117,540	132,662	104,494	28,168
Capital outlay	-	19,250	-	19,250
TOTAL URBAN DEVELOPMENT	<u>336,549</u>	<u>373,574</u>	<u>317,356</u>	<u>56,218</u>
OTHER FINANCING USES:				
Transfers to other funds	8,377,604	8,940,155	8,779,461	160,694
Total Other Financing Uses	<u>8,377,604</u>	<u>8,940,155</u>	<u>8,779,461</u>	<u>160,694</u>
Total Charges to Appropriations	<u>20,705,328</u>	<u>21,878,869</u>	<u>20,954,575</u>	<u>924,294</u>
Ending Budgetary Fund Balance	<u>\$290,520</u>	<u>\$115,016</u>	<u>\$1,163,909</u>	<u>\$1,048,893</u>

CITY OF SAPULPA, OKLAHOMA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
For the fiscal year ended June 30, 2014

Budget Law

The City has adopted the provisions of the Municipal Budget Act of 1979 (the “Budget Act”). In accordance with the Budget Act, the following process is used to adopt the annual budget:

- a. Prior to June 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1.
- b. Public hearings are conducted to obtain citizen comments. At least one public hearing must be held no later than 15 days prior to July 1.
- c. Subsequent to the public hearings but no later than seven days prior to July 1, the budget is adopted by resolution of the City Council.
- d. By July 1, the adopted budget is filed with the Office of State Auditor and Inspector.

Per State law, the legal level of control at which expenditures may not legally exceed appropriations is the department level within a fund. All transfers of appropriation between departments and supplemental appropriations require City Council approval. The City Manager may transfer appropriations between object categories within a department without City Council approval. Supplemental appropriations must also be filed with the Office of State Auditor and Inspector. No departments exceeded appropriations.

Budgetary Accounting

The annual operating budgets are prepared and presented on the modified accrual basis of accounting.

However, for budgetary purposes, sales tax revenues, both dedicated and undedicated, are recognized first in the General Fund, with appropriated transfers out of the dedicated portions of sales tax to the respective dedicated sales tax funds. This differs from the City’s treatment of dedicated sales taxes in the basic financial statements which recognizes sales tax as revenue in the respective dedicated sales tax funds. Also, the State on-behalf payments for the police and firefighter’s pension are excluded in the budgetary schedule as are capital lease proceeds and related capital outlay.

The City utilizes encumbrance accounting under which all purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve a portion of the applicable appropriation. Encumbrances outstanding at year-end are not considered expenditures for budgetary purposes since the City intends to honor the commitments and provide for supplemental appropriations in the following budget year. All appropriations lapse at year end.

CITY OF SAPULPA, OKLAHOMA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
For the fiscal year ended June 30, 2014

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

	<u>General Fund</u>
Sources/Inflows of resources	
Actual amounts (budgetary basis) "total resources" from the budgetary comparison schedule	\$21,348,513
Differences – budget to GAAP:	
Sales tax recognized as inflows of budgetary resources but are not revenues for financial reporting purposes.	(6,432,583)
State payments made on-behalf of police and fire pension not considered a budgetary resource	1,175,060
Revenues from combined accounts:	
Hunting & Fishing Account	54,048
Library Account	182,875
Library Account – Transfer In	232,093
Swimming Pool Account	<u>153,419</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance – governmental funds	<u>\$16,713,425</u>
Total Revenues – General Fund	\$10,536,232
Transfers In – General Fund	<u>6,177,193</u>
	<u>\$16,713,425</u>
Uses/Outflows of appropriations	
Actual amounts (budgetary basis) "total appropriations" from the budgetary comparison schedule	\$20,954,575
Differences – budget to GAAP:	
Transfer of sales tax to various funds recognized as outflows of budgetary resources but are not uses for financial reporting purposes.	(6,432,583)
State payments made on-behalf of police and fire pension not considered a budgetary expenditure	1,175,060
Capital lease expenditure – capital outlay	153,643
Expenditures from combined accounts:	
Hunting & Fishing Account	54,598
Library Account	401,771
Swimming Pool Account	<u>154,265</u>
Total expenditures and transfers out as reported on the statement of revenues, expenditures, and changes in fund balance – governmental funds	<u>\$16,461,329</u>
Total expenditures – General Fund	\$14,114,447
Transfers out – General Fund	<u>2,346,882</u>
Total expenditures and transfers out – General Fund	<u>\$16,461,329</u>

CITY OF SAPULPA, OKLAHOMA
SCHEDULE OF FUNDING PROGRESS – OTHER POST-EMPLOYMENT BENEFITS
June 30, 2014

OPEB Actuarial Information

The funded status and funding progress of the City’s defined benefit OPEB plan for the first three actuarial valuations is as follows:

Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability Projected Unit Credit (b)	Unfunded Actuarial Accrued Liability (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll [(b) - (a)] / (c)
July 1, 2008	\$ -	\$ 3,163,205	\$ 3,163,205	0.00%	\$ 9,113,077	34.71%
July 1, 2010	-	1,769,991	1,769,991	0.00%	9,399,326	18.83%
July 1, 2012	-	1,838,955	1,838,955	0.00%	9,270,725	19.84%

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City of Sapulpa
Combining Balance Sheet - General Fund Accounts
June 30, 2014

	<u>General Fund</u>	<u>Hunting & Fishing Account</u>	<u>Library Account</u>	<u>Swimming Pool Account</u>	<u>Total General Fund Accounts</u>
ASSETS					
Cash and cash equivalents	\$ 149,361	\$ 35,294	\$ 47,131	\$ 12,448	\$ 244,234
Deposits with insurance pool	122,249	-	-	-	122,249
Due from other funds	300,000	-	-	-	300,000
Due from other governments	775,660	-	18,649	-	794,309
Franchise tax receivable	25,791	-	-	-	25,791
Court fine receivable, net	654,148	-	-	-	654,148
Other receivables	212,509	1,079	-	21,516	235,104
Inventory	8,903	-	-	-	8,903
Total assets	<u>\$ 2,248,621</u>	<u>\$ 36,373</u>	<u>\$ 65,780</u>	<u>\$ 33,964</u>	<u>\$ 2,384,738</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 103,581	\$ 4,117	\$ 30,588	\$ 14,969	\$ 153,255
Accrued payroll liabilities	53,650	-	5,193	8,992	67,835
Due to other governments	10,974	-	-	-	10,974
Escrow deposits	19,230	-	-	-	19,230
Refundable court bonds	40,092	-	-	-	40,092
Total liabilities	<u>227,527</u>	<u>4,117</u>	<u>35,781</u>	<u>23,961</u>	<u>291,386</u>
DEFERRED INFLOW OF RESOURCES					
Deferred revenue	<u>560,716</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>560,716</u>
Fund balances:					
Non-spendable	8,903	-	-	-	8,903
Committed	-	7,074	-	-	7,074
Assigned	577,815	25,182	29,999	10,003	642,999
Unassigned	873,660	-	-	-	873,660
Total fund balances	<u>1,460,378</u>	<u>32,256</u>	<u>29,999</u>	<u>10,003</u>	<u>1,532,636</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 2,248,621</u>	<u>\$ 36,373</u>	<u>\$ 65,780</u>	<u>\$ 33,964</u>	<u>\$ 2,384,738</u>

City of Sapulpa
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - General Fund Accounts
For the Year Ended June 30, 2014

	<u>General Fund</u>	<u>Hunting & Fishing Account</u>	<u>Library Account</u>	<u>Swimming Pool Account</u>	<u>Total General Fund Accounts</u>
REVENUES					
Taxes	\$ 6,865,136	\$ -	\$ 146,195	\$ -	\$ 7,011,331
Intergovernmental	1,418,791	-	28,396	-	1,447,187
Charges for services	596,655	23,268	120	135,643	755,686
Fines and forfeitures	969,977	-	3,020	-	972,997
Licenses and permits	140,749	30,657	-	-	171,406
Investment income	2,616	129	111	26	2,882
Miscellaneous	151,966	(6)	5,033	17,750	174,743
Total revenues	<u>10,145,890</u>	<u>54,048</u>	<u>182,875</u>	<u>153,419</u>	<u>10,536,232</u>
EXPENDITURES					
Current:					
Administration	1,171,955	-	-	-	1,171,955
General government	770,907	-	-	-	770,907
Legal and judicial	324,632	-	-	-	324,632
Public safety	10,144,287	-	-	-	10,144,287
Urban development	317,356	-	-	-	317,356
Culture and recreation	-	37,049	348,284	154,265	539,598
Capital Outlay	730,531	17,549	53,487	-	801,567
Debt Service:					
Principal	39,279	-	-	-	39,279
Interest	4,866	-	-	-	4,866
Total expenditures	<u>13,503,813</u>	<u>54,598</u>	<u>401,771</u>	<u>154,265</u>	<u>14,114,447</u>
Excess (deficiency) of revenues over expenditures	<u>(3,357,923)</u>	<u>(550)</u>	<u>(218,896)</u>	<u>(846)</u>	<u>(3,578,215)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	5,945,100	-	232,093	-	6,177,193
Transfers out	(2,346,882)	-	-	-	(2,346,882)
Proceeds from long-term debt	153,643	-	-	-	153,643
Total other financing sources and uses	<u>3,751,861</u>	<u>-</u>	<u>232,093</u>	<u>-</u>	<u>3,983,954</u>
Net change in fund balances	393,938	(550)	13,197	(846)	405,739
Fund balances - beginning	1,066,440	32,806	16,802	10,849	1,126,897
Fund balances - ending	<u>\$ 1,460,378</u>	<u>\$ 32,256</u>	<u>\$ 29,999</u>	<u>\$ 10,003</u>	<u>\$ 1,532,636</u>

City of Sapulpa
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2014

Special Revenue Funds

	Cemetery Maintenance Fund	Street and Alley Fund	Parks & Recreation Fund	Federal SAF Fund	Major Thoroughfare Fund	Water & Sewer Sales Tax Fund	Spay & Neuter Fund	E911 Fund	Juvenile Justice Fund	Hotel/Motel Tax Fund	Grants & Aid Fund
ASSETS											
Cash and cash equivalents	\$ 17,057	\$ 10,823	\$ 5,122	\$ 67,626	\$ 28,368	\$ 36,727	\$ 31,286	\$ 26,341	\$ 13,170	\$ 12,749	\$ 581
Investments	58,743	5,000	80,801	31,534	-	13,000	-	150,125	-	-	-
Deposits with fiscal agent	-	-	-	-	-	-	-	-	-	-	-
Due from other funds	-	47,000	62,000	-	60,000	-	-	78,000	-	-	-
Due from other governments	18,649	17,543	37,298	-	37,298	74,593	-	-	-	-	740,861
Interest receivable	-	-	-	63	-	-	-	-	-	-	-
Court fines receivable, net of allowance	-	-	-	-	-	-	-	-	57,371	-	-
Other receivable	-	-	4,590	-	-	-	-	17,583	-	16,171	-
Inventory	-	-	-	-	23,307	31,621	-	-	-	-	-
Total assets	\$ 94,449	\$ 80,366	\$ 189,811	\$ 99,223	\$ 148,973	\$ 155,941	\$ 31,286	\$ 272,049	\$ 70,541	\$ 28,920	\$ 741,442
LIABILITIES AND FUND BALANCES											
Liabilities:											
Accounts payable	\$ 8,244	\$ 6,918	\$ 21,873	\$ -	\$ 49,541	\$ 13,631	\$ 390	\$ 5,081	\$ 1,415	\$ 10,120	\$ 71,237
Accrued payroll payable	5,772	10,858	9,976	-	-	11,228	-	325	268	3,176	-
Due to other funds	-	-	-	20,000	-	-	-	-	-	-	362,000
Due to other governments	-	-	-	-	-	-	-	-	585	-	-
Refundable court bonds	-	-	-	-	-	-	-	-	3,238	-	-
Total liabilities	14,016	17,776	31,849	20,000	49,541	24,859	390	5,406	5,506	13,296	433,237
DEFERRED INFLOW OF RESOURCES											
Deferred revenue	-	-	-	45	-	-	-	-	53,935	-	586,961
Fund balances:											
Non-spendable	-	-	-	-	23,307	31,621	-	-	-	-	-
Restricted	-	-	-	78,141	19,585	-	30,599	264,848	10,723	-	-
Assigned	80,433	62,590	157,962	1,037	56,540	99,461	297	1,795	377	15,624	-
Unassigned (deficit)	-	-	-	-	-	-	-	-	-	-	(278,756)
Total fund balances	80,433	62,590	157,962	79,178	99,432	131,082	30,896	266,643	11,100	15,624	(278,756)
Total liabilities, deferred inflows, and fund balances	\$ 94,449	\$ 80,366	\$ 189,811	\$ 99,223	\$ 148,973	\$ 155,941	\$ 31,286	\$ 272,049	\$ 70,541	\$ 28,920	\$ 741,442

City of Sapulpa
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2014

	Capital Projects Funds										Debt Service Fund	Total Governmental Funds
	Restricted Construction Park/Rec Fund	Park Development Fund	Fire Cash Fund	Police Cash Fund	Cemetery Care Fund	Capital Improvement Fund	Water Resources Fund	Street Improvement Sales Tax Fund	Sewer Plant Sales Tax Fund	G.O. Bond Construction Fund	G.O. Sinking Fund	
ASSETS												
Cash and cash equivalents	\$ 9,716	\$ 6,851	\$ 36,449	\$ 26,285	\$ 36,995	\$ 7,723	\$ 896	\$ 1,015,526	\$ 209	\$ 306,764	\$ 38,947	\$ 1,736,211
Investments	-	-	320,828	-	-	100,000	-	114,272	14,749	346,816	304,762	1,540,630
Deposits with fiscal agent	-	-	-	-	-	-	-	-	-	-	188	188
Due from other funds	-	-	-	20,000	-	94,000	-	-	-	-	-	361,000
Due from other governments	-	-	18,649	18,649	-	74,593	149,499	186,491	186,491	-	344,472	1,905,086
Interest receivable	-	-	963	-	-	-	-	102	-	-	1,007	2,135
Court fines receivable, net of allowance	-	-	-	-	-	-	-	-	-	-	-	57,371
Other receivable	-	-	-	-	-	-	-	-	-	-	-	38,344
Inventory	-	-	-	-	-	-	17,826	-	-	-	-	72,754
Total assets	<u>\$ 9,716</u>	<u>\$ 6,851</u>	<u>\$ 376,889</u>	<u>\$ 64,934</u>	<u>\$ 36,995</u>	<u>\$ 276,316</u>	<u>\$ 168,221</u>	<u>\$ 1,316,391</u>	<u>\$ 201,449</u>	<u>\$ 653,580</u>	<u>\$ 689,376</u>	<u>\$ 5,713,719</u>
LIABILITIES AND FUND BALANCES												
Liabilities:												
Accounts payable	\$ -	\$ -	\$ -	\$ 2,192	\$ -	\$ 33,930	\$ 2,801	\$ 35,184	\$ -	\$ 7,940	\$ -	\$ 270,497
Accrued payroll payable	-	-	-	-	-	-	-	-	-	-	-	41,603
Due to other funds	-	-	-	-	-	-	78,000	107,000	94,000	-	-	661,000
Due to other governments	-	-	-	-	-	-	-	-	-	-	-	585
Refundable court bonds	-	-	-	-	-	-	-	-	-	-	-	3,238
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,192</u>	<u>-</u>	<u>33,930</u>	<u>80,801</u>	<u>142,184</u>	<u>94,000</u>	<u>7,940</u>	<u>-</u>	<u>976,923</u>
DEFERRED INFLOW OF RESOURCES												
Deferred revenue	-	-	161	-	-	-	-	73	-	-	334,984	976,159
Fund balances:												
Non-spendable	-	-	-	-	-	-	17,826	-	-	-	-	72,754
Restricted	-	-	369,869	60,234	-	237,833	66,114	1,148,940	102,826	645,640	354,392	3,389,744
Assigned	9,716	6,851	6,859	2,508	36,995	4,553	3,480	25,194	4,623	-	-	576,895
Unassigned (deficit)	-	-	-	-	-	-	-	-	-	-	-	(278,756)
Total fund balances	<u>9,716</u>	<u>6,851</u>	<u>376,728</u>	<u>62,742</u>	<u>36,995</u>	<u>242,386</u>	<u>87,420</u>	<u>1,174,134</u>	<u>107,449</u>	<u>645,640</u>	<u>354,392</u>	<u>3,760,637</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 9,716</u>	<u>\$ 6,851</u>	<u>\$ 376,889</u>	<u>\$ 64,934</u>	<u>\$ 36,995</u>	<u>\$ 276,316</u>	<u>\$ 168,221</u>	<u>\$ 1,316,391</u>	<u>\$ 201,449</u>	<u>\$ 653,580</u>	<u>\$ 689,376</u>	<u>\$ 5,713,719</u>

City of Sapulpa
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2014

	Special Revenue Funds										
	Cemetery Maintenance Fund	Street and Alley Fund	Parks & Recreation Fund	Federal SAF Fund	Major Thoroughfare Fund	Water & Sewer Sales Tax Fund	Spay & Neuter Fund	E911 Fund	Juvenile Justice Fund	Hotel/Motel Tax Fund	Grants & Aid Fund
REVENUES											
Taxes	\$ 146,195	\$ -	\$ 292,390	\$ -	\$ 292,390	\$ 584,778	\$ -	\$ -	\$ -	\$ 196,538	\$ -
Intergovernmental	-	183,425	-	-	-	-	-	-	-	-	635,413
Charges for services	73,050	-	11,670	-	-	-	10,920	218,150	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	32,128	-	-
Investment income	333	308	569	257	249	241	109	491	65	83	-
Miscellaneous	30	870	19,269	8,617	13,175	2,941	-	200,000	-	-	-
Total revenues	<u>219,608</u>	<u>184,603</u>	<u>323,898</u>	<u>8,874</u>	<u>305,814</u>	<u>587,960</u>	<u>11,029</u>	<u>418,641</u>	<u>32,193</u>	<u>196,621</u>	<u>635,413</u>
EXPENDITURES											
Current:											
General government	323,526	-	-	-	-	-	3,814	-	-	-	-
Public safety	-	-	-	-	-	-	-	80,068	26,021	-	51,025
Streets	-	618,819	-	-	220,601	-	-	-	-	-	-
Culture and recreation	-	-	555,334	-	-	-	-	-	-	-	-
Urban development	-	-	-	-	-	-	-	-	-	184,375	555
Water	-	-	-	-	-	830,585	-	-	-	-	-
Wastewater	-	-	-	-	-	-	-	-	-	-	111,708
Capital outlay	4,200	37,058	14,463	29,941	56,048	-	-	-	-	-	847,060
Debt service:											
Principal	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>327,726</u>	<u>655,877</u>	<u>569,797</u>	<u>29,941</u>	<u>276,649</u>	<u>830,585</u>	<u>3,814</u>	<u>80,068</u>	<u>26,021</u>	<u>184,375</u>	<u>1,010,348</u>
Excess (deficiency) of revenues over expenditures	<u>(108,118)</u>	<u>(471,274)</u>	<u>(245,899)</u>	<u>(21,067)</u>	<u>29,165</u>	<u>(242,625)</u>	<u>7,215</u>	<u>338,573</u>	<u>6,172</u>	<u>12,246</u>	<u>(374,935)</u>
OTHER FINANCING SOURCES (USES)											
Transfers in	123,141	395,393	296,339	-	-	294,347	-	351	-	6,089	177,124
Transfers out	(9,056)	-	-	-	-	-	-	(135,000)	(10,000)	(38,180)	-
Judgement proceeds	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>114,085</u>	<u>395,393</u>	<u>296,339</u>	<u>-</u>	<u>-</u>	<u>294,347</u>	<u>-</u>	<u>(134,649)</u>	<u>(10,000)</u>	<u>(32,091)</u>	<u>177,124</u>
Net change in fund balances	5,967	(75,881)	50,440	(21,067)	29,165	51,722	7,215	203,924	(3,828)	(19,845)	(197,811)
Fund balances (deficit) - beginning	74,466	138,471	107,522	100,245	70,267	79,360	23,681	62,719	14,928	35,469	(80,945)
Fund balances (deficit) - ending	<u>\$ 80,433</u>	<u>\$ 62,590</u>	<u>\$ 157,962</u>	<u>\$ 79,178</u>	<u>\$ 99,432</u>	<u>\$ 131,082</u>	<u>\$ 30,896</u>	<u>\$ 266,643</u>	<u>\$ 11,100</u>	<u>\$ 15,624</u>	<u>\$ (278,756)</u>

City of Sapulpa
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Non-Major Governmental Funds
 For the Year Ended June 30, 2014

	Capital Projects Funds										Debt Service Fund	Total Governmental Funds
	Restricted Construction Park/Rec Fund	Park Development Fund	Fire Cash Fund	Police Cash Fund	Cemetery Care Fund	Capital Improvement Fund	Water Resources Fund	Street Improvement Sales Tax Fund	Sewer Plant Sales Tax Fund	G.O. Bond Construction Fund	G.O. Sinking Fund	
REVENUES												
Taxes	\$ -	\$ -	\$ 146,195	\$ 146,195	\$ -	\$ 584,778	\$ 1,169,561	\$ 1,461,951	\$ 1,461,951	\$ -	\$ 1,279,523	\$ 7,762,445
Intergovernmental	-	-	-	-	-	-	-	229,908	-	-	-	1,048,746
Charges for services	-	-	-	-	-	-	-	-	-	-	-	313,790
Fines and forfeitures	-	-	-	-	-	-	-	-	-	-	-	32,128
Investment income	47	20	1,370	322	124	175	224	2,450	327	5,057	5,581	18,402
Miscellaneous	440	-	-	4,833	-	382	-	12,060	-	-	-	262,617
Total revenues	487	20	147,565	151,350	124	585,335	1,169,785	1,706,369	1,462,278	5,057	1,285,104	9,438,128
EXPENDITURES												
Current:												
General government	-	-	-	-	-	-	-	-	-	40,700	-	368,040
Public safety	-	-	-	-	-	-	-	-	-	-	-	157,114
Streets	-	-	-	-	-	9,236	-	7,654	-	-	-	856,310
Culture and recreation	-	-	-	-	-	-	-	-	-	-	-	555,334
Urban development	-	-	-	-	-	-	-	-	-	-	-	184,930
Water	-	-	-	-	-	-	21,646	-	-	514	-	852,745
Wastewater	-	-	-	-	-	-	-	-	-	-	-	111,708
Capital outlay	14,348	-	42,397	137,375	-	259,728	-	574,436	-	651,620	331,300	2,999,974
Debt service:												
Principal	-	-	-	-	-	114,676	-	624,250	-	-	1,370,882	2,109,808
Interest	-	-	-	-	-	4,245	-	60,298	-	-	441,386	505,929
Total expenditures	14,348	-	42,397	137,375	-	387,885	21,646	1,266,638	-	692,834	2,143,568	8,701,892
Excess (deficiency) of revenues over expenditures	(13,861)	20	105,168	13,975	124	197,450	1,148,139	439,731	1,462,278	(687,777)	(858,464)	736,236
OTHER FINANCING SOURCES (USES)												
Transfers in	13,178	38,180	-	-	9,056	-	-	-	-	-	-	1,353,198
Transfers out	(5,000)	(37,596)	-	-	-	(137,670)	(1,214,000)	(935,043)	(1,394,601)	-	(7,500)	(3,923,646)
Judgement proceeds	-	-	-	-	-	-	-	-	-	-	331,300	331,300
Total other financing sources (uses)	8,178	584	-	-	9,056	(137,670)	(1,214,000)	(935,043)	(1,394,601)	-	323,800	(2,239,148)
Net change in fund balances	(5,683)	604	105,168	13,975	9,180	59,780	(65,861)	(495,312)	67,677	(687,777)	(534,664)	(1,502,912)
Fund balances (deficit) - beginning	15,399	6,247	271,560	48,767	27,815	182,606	153,281	1,669,446	39,772	1,333,417	889,056	5,263,549
Fund balances (deficit) - ending	\$ 9,716	\$ 6,851	\$ 376,728	\$ 62,742	\$ 36,995	\$ 242,386	\$ 87,420	\$ 1,174,134	\$ 107,449	\$ 645,640	\$ 354,392	\$ 3,760,637

City of Sapulpa
Schedule of Revenues, Expenditures, and Changes in Fund Balance - (Budgetary Basis)
Budget and Actual - Nonmajor Governmental Funds
For the Year ended June 30, 2014

	<u>Cemetery Maintenance Fund</u>			<u>Street and Alley</u>		
	<u>Final</u>	<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>	<u>Final</u>	<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES						
Taxes	\$ -	\$ 146,195	\$ 146,195	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	181,500	183,425	1,925
Charges for services	72,525	73,050	525	-	-	-
Investment income	200	333	133	650	308	(342)
Miscellaneous	-	30	30	-	870	870
Total revenues	<u>72,725</u>	<u>219,608</u>	<u>146,883</u>	<u>182,150</u>	<u>184,603</u>	<u>2,453</u>
EXPENDITURES						
Departmental:						
General government	384,799	327,726	57,073	-	-	-
Streets	-	-	-	714,474	655,877	58,597
Total Expenditures	<u>384,799</u>	<u>327,726</u>	<u>57,073</u>	<u>714,474</u>	<u>655,877</u>	<u>58,597</u>
Excess (deficiency) of revenues over expenditures	<u>(312,074)</u>	<u>(108,118)</u>	<u>203,956</u>	<u>(532,324)</u>	<u>(471,274)</u>	<u>61,050</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	271,901	123,141	148,760	395,393	395,393	-
Transfers out	(9,000)	(9,056)	(56)	-	-	-
Total other financing sources and uses	<u>262,901</u>	<u>114,085</u>	<u>148,704</u>	<u>395,393</u>	<u>395,393</u>	<u>-</u>
Net change in fund balances	(49,173)	5,967	55,140	(136,931)	(75,881)	61,050
Fund balances - beginning	74,466	74,466	-	138,471	138,471	-
Fund balances - ending	<u>\$ 25,293</u>	<u>\$ 80,433</u>	<u>\$ 55,140</u>	<u>\$ 1,540</u>	<u>\$ 62,590</u>	<u>\$ 61,050</u>

City of Sapulpa
Schedule of Revenues, Expenditures, and Changes in Fund Balance - (Budgetary Basis)
Budget and Actual - Nonmajor Governmental Funds
For the Year ended June 30, 2014

(Continued)

	<u>Parks & Recreation Fund</u>			<u>Federal SAF Fund</u>		
	<u>Final</u>	<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>	<u>Final</u>	<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES						
Taxes	\$ -	\$ 292,390	\$ 292,390	\$ -	\$ -	\$ -
Charges for services	5,000	11,670	6,670	-	-	-
Investment income	620	569	(51)	200	257	57
Miscellaneous	22,840	19,269	(3,571)	-	8,617	8,617
Total revenues	<u>28,460</u>	<u>323,898</u>	<u>295,438</u>	<u>200</u>	<u>8,874</u>	<u>8,674</u>
EXPENDITURES						
Departmental:						
Culture and recreation	665,412	569,797	95,615	-	-	-
Streets	-	-	-	29,941	29,941	-
Total Expenditures	<u>665,412</u>	<u>569,797</u>	<u>95,615</u>	<u>29,941</u>	<u>29,941</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(636,952)</u>	<u>(245,899)</u>	<u>391,053</u>	<u>(29,741)</u>	<u>(21,067)</u>	<u>8,674</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	593,859	296,339	297,520	-	-	-
Total other financing sources and uses	<u>593,859</u>	<u>296,339</u>	<u>297,520</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(43,093)	50,440	93,533	(29,741)	(21,067)	8,674
Fund balances - beginning	107,522	107,522	-	100,245	100,245	-
Fund balances - ending	<u>\$ 64,429</u>	<u>\$ 157,962</u>	<u>\$ 93,533</u>	<u>\$ 70,504</u>	<u>\$ 79,178</u>	<u>\$ 8,674</u>

City of Sapulpa
Schedule of Revenues, Expenditures, and Changes in Fund Balance - (Budgetary Basis)
Budget and Actual - Nonmajor Governmental Funds
For the Year ended June 30, 2014

(Continued)

	Major Thoroughfare Fund			Water & Sewer Sales Tax Fund		
	Final	Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)	Final	Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
REVENUES						
Taxes	\$ -	\$ 292,390	\$ 292,390	\$ -	\$ 584,778	\$ 584,778
Investment income	200	249	49	550	241	(309)
Miscellaneous	11,856	13,175	1,319	-	2,941	2,941
Total revenues	<u>12,056</u>	<u>305,814</u>	<u>293,758</u>	<u>550</u>	<u>587,960</u>	<u>587,410</u>
EXPENDITURES						
Departmental:						
Streets	310,456	276,649	33,807	-	-	-
Water	-	-	-	894,175	830,585	63,590
Total Expenditures	<u>310,456</u>	<u>276,649</u>	<u>33,807</u>	<u>894,175</u>	<u>830,585</u>	<u>63,590</u>
Excess (deficiency) of revenues over expenditures	<u>(298,400)</u>	<u>29,165</u>	<u>327,565</u>	<u>(893,625)</u>	<u>(242,625)</u>	<u>651,000</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	297,520	-	297,520	889,387	294,347	595,040
Transfers out	-	-	-	-	-	-
Total other financing sources and uses	<u>297,520</u>	<u>-</u>	<u>297,520</u>	<u>889,387</u>	<u>294,347</u>	<u>595,040</u>
Net change in fund balances	(880)	29,165	30,045	(4,238)	51,722	55,960
Fund balances - beginning	70,267	70,267	-	79,360	79,360	-
Fund balances - ending	<u>\$ 69,387</u>	<u>\$ 99,432</u>	<u>\$ 30,045</u>	<u>\$ 75,122</u>	<u>\$ 131,082</u>	<u>\$ 55,960</u>

City of Sapulpa
 Schedule of Revenues, Expenditures, and Changes in Fund Balance - (Budgetary Basis)
 Budget and Actual - Nonmajor Governmental Funds
 For the Year ended June 30, 2014

	Spay & Neuter Fund			E911 Fund			(Continued)
	<u>Final</u>	<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>	<u>Final</u>	<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>	
REVENUES							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Licenses and permits	-	-	-	-	-	-	
Intergovernmental	-	-	-	-	-	-	
Charges for services	9,000	10,920	1,920	186,100	218,150	32,050	
Fines and forfeitures	-	-	-	-	-	-	
Investment income	100	109	9	241	491	250	
Miscellaneous	-	-	-	-	200,000	200,000	
Total revenues	<u>9,100</u>	<u>11,029</u>	<u>1,929</u>	<u>186,341</u>	<u>418,641</u>	<u>232,300</u>	
EXPENDITURES							
Departmental:							
General government	9,000	3,814	5,186	-	-	-	
Public safety	-	-	-	86,280	80,068	6,212	
Total Expenditures	<u>9,000</u>	<u>3,814</u>	<u>5,186</u>	<u>86,280</u>	<u>80,068</u>	<u>6,212</u>	
Excess (deficiency) of revenues over expenditures	<u>100</u>	<u>7,215</u>	<u>7,115</u>	<u>100,061</u>	<u>338,573</u>	<u>238,512</u>	
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	351	351	-	
Transfers out	-	-	-	(135,000)	(135,000)	-	
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>(134,649)</u>	<u>(134,649)</u>	<u>-</u>	
Net change in fund balances	100	7,215	7,115	(34,588)	203,924	238,512	
Fund balances - beginning	23,681	23,681	-	62,719	62,719	-	
Fund balances - ending	<u>\$ 23,781</u>	<u>\$ 30,896</u>	<u>\$ 7,115</u>	<u>\$ 28,131</u>	<u>\$ 266,643</u>	<u>\$ 238,512</u>	

City of Sapulpa
 Schedule of Revenues, Expenditures, and Changes in Fund Balance - (Budgetary Basis)
 Budget and Actual - Nonmajor Governmental Funds
 For the Year ended June 30, 2014

(Continued)

	Juvenile Justice Fund			Hotel/Motel Tax Fund		
	Final	Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)	Final	Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ 210,000	\$ 196,538	\$ (13,462)
Fines and forfeitures	32,000	32,128	128	-	-	-
Investment income	100	65	(35)	100	83	(17)
Total revenues	<u>32,100</u>	<u>32,193</u>	<u>93</u>	<u>210,100</u>	<u>196,621</u>	<u>(13,479)</u>
EXPENDITURES						
Departmental:						
Public safety	31,350	26,021	5,329	-	-	-
Urban development	-	-	-	192,429	184,375	8,054
Total Expenditures	<u>31,350</u>	<u>26,021</u>	<u>5,329</u>	<u>192,429</u>	<u>184,375</u>	<u>8,054</u>
Excess (deficiency) of revenues over expenditures	<u>750</u>	<u>6,172</u>	<u>5,422</u>	<u>17,671</u>	<u>12,246</u>	<u>(5,425)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	6,089	6,089	-
Transfers out	(10,000)	(10,000)	-	(39,375)	(38,180)	(1,195)
Total other financing sources and uses	<u>(10,000)</u>	<u>(10,000)</u>	<u>-</u>	<u>(33,286)</u>	<u>(32,091)</u>	<u>(1,195)</u>
Net change in fund balances	(9,250)	(3,828)	5,422	(15,615)	(19,845)	(4,230)
Fund balances - beginning	14,928	14,928	-	35,469	35,469	-
Fund balances - ending	<u>\$ 5,678</u>	<u>\$ 11,100</u>	<u>\$ 5,422</u>	<u>\$ 19,854</u>	<u>\$ 15,624</u>	<u>\$ (4,230)</u>

City of Sapulpa
 Schedule of Revenues, Expenditures, and Changes in Fund Balance - (Budgetary Basis)
 Budget and Actual - Nonmajor Governmental Funds
 For the Year ended June 30, 2014

	Grants & Aid Fund			Restricted Construction Park/Rec Fund		
	Final	Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)	Final	Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
(Continued)						
REVENUES						
Intergovernmental	\$ 2,706,432	\$ 635,413	\$ (2,071,019)	\$ -	\$ -	\$ -
Investment income	250	-	(250)	70	47	(23)
Total revenues	<u>2,706,682</u>	<u>635,413</u>	<u>(2,071,269)</u>	<u>70</u>	<u>487</u>	<u>417</u>
EXPENDITURES						
Departmental:						
General government	791,174	-	791,174	-	-	-
Culture and recreation	9,867	9,800	67	14,025	14,348	(323)
Public safety	86,404	62,075	24,329	-	-	-
Urban development	1,528,487	684,883	843,604	-	-	-
Wastewater	290,142	253,590	36,552	-	-	-
Total Expenditures	<u>2,706,074</u>	<u>1,010,348</u>	<u>1,695,726</u>	<u>14,025</u>	<u>14,348</u>	<u>(323)</u>
Excess (deficiency) of revenues over expenditures	<u>608</u>	<u>(374,935)</u>	<u>(375,543)</u>	<u>(13,955)</u>	<u>(13,861)</u>	<u>94</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	177,124	177,124	-	14,200	13,178	1,022
Transfers out	-	-	-	(5,000)	(5,000)	-
Total other financing sources and uses	<u>177,124</u>	<u>177,124</u>	<u>-</u>	<u>9,200</u>	<u>8,178</u>	<u>1,022</u>
Net change in fund balances	177,732	(197,811)	(375,543)	(4,755)	(5,683)	(928)
Fund balances - beginning	(80,945)	(80,945)	-	15,399	15,399	-
Fund balances - ending	<u>\$ 96,787</u>	<u>\$ (278,756)</u>	<u>\$ (375,543)</u>	<u>\$ 10,644</u>	<u>\$ 9,716</u>	<u>\$ (928)</u>

City of Sapulpa
Schedule of Revenues, Expenditures, and Changes in Fund Balance - (Budgetary Basis)
Budget and Actual - Nonmajor Governmental Funds
For the Year ended June 30, 2014

(Continued)

	Park Development Fund			Fire Cash Fund		
	Final	Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)	Final	Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 146,195	\$ 146,195
Investment income	20	20	-	2,500	1,370	(1,130)
Total revenues	<u>20</u>	<u>20</u>	<u>-</u>	<u>2,500</u>	<u>147,565</u>	<u>145,065</u>
EXPENDITURES						
Departmental:						
Public safety	-	-	-	112,900	42,397	70,503
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>112,900</u>	<u>42,397</u>	<u>70,503</u>
Excess (deficiency) of revenues over expenditures	<u>20</u>	<u>20</u>	<u>-</u>	<u>(110,400)</u>	<u>105,168</u>	<u>215,568</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	39,375	38,180	1,195	148,760	-	148,760
Transfers out	(37,596)	(37,596)	-	-	-	-
Total other financing sources and uses	<u>1,779</u>	<u>584</u>	<u>1,195</u>	<u>148,760</u>	<u>-</u>	<u>148,760</u>
Net change in fund balances	1,799	604	(1,195)	38,360	105,168	66,808
Fund balances - beginning	6,247	6,247	-	271,560	271,560	-
Fund balances - ending	<u>\$ 8,046</u>	<u>\$ 6,851</u>	<u>\$ (1,195)</u>	<u>\$ 309,920</u>	<u>\$ 376,728</u>	<u>\$ 66,808</u>

City of Sapulpa
Schedule of Revenues, Expenditures, and Changes in Fund Balance - (Budgetary Basis)
Budget and Actual - Nonmajor Governmental Funds
For the Year ended June 30, 2014

	Police Cash Fund			Cemetery Care Fund		
	Final	Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)	Final	Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
REVENUES						
Taxes	\$ -	\$ 146,195	\$ 146,195	\$ -	\$ -	\$ -
Investment income	700	322	(378)	135	124	(11)
Miscellaneous	-	4,833	4,833	-	-	-
Total revenues	700	151,350	150,650	135	124	(11)
EXPENDITURES						
Departmental:						
General government	-	-	-	7,500	-	7,500
Public safety	142,325	137,375	4,950	-	-	-
Total Expenditures	142,325	137,375	4,950	7,500	-	7,500
Excess (deficiency) of revenues over expenditures	(141,625)	13,975	155,600	(7,365)	124	7,489
OTHER FINANCING SOURCES (USES)						
Transfers in	148,760	-	148,760	9,000	9,056	(56)
Total other financing sources and uses	148,760	-	148,760	9,000	9,056	(56)
Net change in fund balances	7,135	13,975	6,840	1,635	9,180	7,545
Fund balances - beginning	48,767	48,767	-	27,815	27,815	-
Fund balances - ending	\$ 55,902	\$ 62,742	\$ 6,840	\$ 29,450	\$ 36,995	\$ 7,545

City of Sapulpa
 Schedule of Revenues, Expenditures, and Changes in Fund Balance - (Budgetary Basis)
 Budget and Actual - Nonmajor Governmental Funds
 For the Year ended June 30, 2014

	Capital Improvement Fund			Water Resources Fund		
	Final	Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)	Final	Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
REVENUES						
Taxes	\$ -	\$ 584,778	\$ 584,778	\$ -	\$ 1,169,561	\$ 1,169,561
Investment income	250	175	(75)	380	224	(156)
Miscellaneous	-	382	382	-	-	-
Total revenues	250	585,335	585,085	380	1,169,785	1,169,405
EXPENDITURES						
Departmental:						
General government	102,736	61,488	41,248	-	-	-
Culture and recreation	27,535	17,245	10,290	-	-	-
Public safety	71,928	38,424	33,504	-	-	-
Streets	230,592	235,777	(5,185)	-	-	-
Water	72,672	34,951	37,721	25,014	21,646	3,368
Total Expenditures	505,463	387,885	117,578	25,014	21,646	3,368
Excess (deficiency) of revenues over expenditures	(505,213)	197,450	702,663	(24,634)	1,148,139	1,172,773
OTHER FINANCING SOURCES (USES)						
Transfers in	595,040	-	595,040	1,190,081	-	1,190,081
Transfers out	(137,670)	(137,670)	-	(1,214,000)	(1,214,000)	-
Total other financing sources and uses	457,370	(137,670)	595,040	(23,919)	(1,214,000)	1,190,081
Net change in fund balances	(47,843)	59,780	107,623	(48,553)	(65,861)	(17,308)
Fund balances - beginning	182,606	182,606	-	153,281	153,281	-
Fund balances - ending	\$ 134,763	\$ 242,386	\$ 107,623	\$ 104,728	\$ 87,420	\$ (17,308)

City of Sapulpa
 Schedule of Revenues, Expenditures, and Changes in Fund Balance - (Budgetary Basis)
 Budget and Actual - Nonmajor Governmental Funds
 For the Year ended June 30, 2014

(Continued)

	Street Improvement Sales Tax Fund			Sewer Plant Sales Tax Fund		
	Final	Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)	Final	Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
REVENUES						
Taxes	\$ -	\$ 1,461,951	\$ 1,461,951	\$ -	\$ 1,461,951	\$ 1,461,951
Intergovernmental	243,219	229,908	(13,311)	-	-	-
Investment income	2,000	2,450	450	300	327	27
Miscellaneous	-	12,060	12,060	-	-	-
Total revenues	<u>245,219</u>	<u>1,706,369</u>	<u>1,461,150</u>	<u>300</u>	<u>1,462,278</u>	<u>1,461,978</u>
EXPENDITURES						
Departmental:						
Streets	648,784	1,266,638	(617,854)	-	-	-
Total Expenditures	<u>648,784</u>	<u>1,266,638</u>	<u>(617,854)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(403,565)</u>	<u>439,731</u>	<u>843,296</u>	<u>300</u>	<u>1,462,278</u>	<u>1,461,978</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	1,487,601	-	1,487,601	1,487,601	-	1,487,601
Transfers out	(1,619,591)	(935,043)	(684,548)	(1,394,601)	(1,394,601)	-
Total other financing sources and uses	<u>(131,990)</u>	<u>(935,043)</u>	<u>803,053</u>	<u>93,000</u>	<u>(1,394,601)</u>	<u>1,487,601</u>
Net change in fund balances	(535,555)	(495,312)	40,243	93,300	67,677	(25,623)
Fund balances - beginning	1,669,446	1,669,446	-	39,772	39,772	-
Fund balances - ending	<u>\$ 1,133,891</u>	<u>\$ 1,174,134</u>	<u>\$ 40,243</u>	<u>\$ 133,072</u>	<u>\$ 107,449</u>	<u>\$ (25,623)</u>

City of Sapulpa
Schedule of Revenues, Expenditures, and Changes in Fund Balance - (Budgetary Basis)
Budget and Actual - Nonmajor Governmental Funds
For the Year ended June 30, 2014

	<u>G.O. Bond Construction fund</u>			<u>G.O. Sinking Fund</u>		
	<u>Final</u>	<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>	<u>Final</u>	<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ 1,864,702	\$ 1,279,523	\$ (585,179)
Investment income	2,075	5,057	2,982	8,000	5,581	(2,419)
Miscellaneous	-	-	-	-	331,300	331,300
Total revenues	<u>2,075</u>	<u>5,057</u>	<u>2,982</u>	<u>1,872,702</u>	<u>1,616,404</u>	<u>(256,298)</u>
EXPENDITURES						
Departmental:						
General government	1,273,341	672,680	600,661	1,896,572	2,143,568	(246,996)
Water	54,138	20,154	33,984	-	-	-
Total Expenditures	<u>1,327,479</u>	<u>692,834</u>	<u>634,645</u>	<u>1,896,572</u>	<u>2,143,568</u>	<u>(246,996)</u>
Excess (deficiency) of revenues over expenditures	<u>(1,325,404)</u>	<u>(687,777)</u>	<u>637,627</u>	<u>(23,870)</u>	<u>(527,164)</u>	<u>(503,294)</u>
OTHER FINANCING SOURCES (USES)						
Transfers out	-	-	-	(7,500)	(7,500)	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,500)</u>	<u>(7,500)</u>	<u>-</u>
Net change in fund balances	(1,325,404)	(687,777)	637,627	(31,370)	(534,664)	(503,294)
Fund balances - beginning	1,333,417	1,333,417	-	889,056	889,056	-
Fund balances - ending	<u>\$ 8,013</u>	<u>\$ 645,640</u>	<u>\$ 637,627</u>	<u>\$ 857,686</u>	<u>\$ 354,392</u>	<u>\$ (503,294)</u>

City of Sapulpa
Combining Schedule of Net Position
SMA Utility Fund Accounts
June 30, 2014

	Enterprise Fund Accounts				Total
	SMA Utility	Stormwater Management Account	Sewer System Development Account	Series 2012 Revenue Bond Construction Account	
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 17,845	\$ 12,441	\$ 27,641	\$ 6,915	\$ 64,842
Restricted cash and cash equivalents	1,731,511	-	-	465,827	2,197,338
Investments	627,019	525,170	138,622	-	1,290,811
Restricted investments	-	-	-	-	-
Interest receivable	1,696	2,408	553	-	4,657
Accounts Receivable, net	803,723	95,198	-	-	898,921
Other receivables	114,007	-	500	-	114,507
Due from other funds	-	-	-	-	-
Due from governments	-	-	-	-	-
Inventory	-	-	-	-	-
Total current assets	<u>3,295,801</u>	<u>635,217</u>	<u>167,316</u>	<u>472,742</u>	<u>4,571,076</u>
Non-current assets:					
Restricted investments	257,098	-	-	-	257,098
Prepaid bond insurance	640,777	-	-	-	640,777
Capital Assets:					
Land and other non-depreciable assets	7,140,816	-	-	-	7,140,816
Other capital assets, net of depreciation	51,772,592	-	-	-	51,772,592
Unamortized debt issuance costs	-	-	-	-	-
Total non-current assets	<u>59,811,283</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>59,811,283</u>
Total assets	<u>63,107,084</u>	<u>635,217</u>	<u>167,316</u>	<u>472,742</u>	<u>64,382,359</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred amount on refunding	7,331,444	-	-	-	7,331,444
Total deferred outflows	<u>7,331,444</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,331,444</u>
LIABILITIES					
Current liabilities:					
Accounts payable	386,410	17,281	-	26,220	429,911
Accrued payroll liabilities	33,341	2,996	-	-	36,337
Accrued interest payable	950,761	-	-	-	950,761
Current portion of:					
Due to depositors	54,589	-	-	-	54,589
Notes payable	41,513	-	-	-	41,513
Water contract obligations	309,912	-	-	-	309,912
Revenue bonds payable	1,395,000	-	-	-	1,395,000
Accrued compensated absences	16,211	-	-	-	16,211
Total current liabilities	<u>3,187,737</u>	<u>20,277</u>	<u>-</u>	<u>26,220</u>	<u>3,234,234</u>
Non-current liabilities:					
Due to depositors	218,355	-	-	-	218,355
Notes payable	-	-	-	-	-
Water contract obligations	1,754,404	-	-	-	1,754,404
Revenue bonds payable, net	68,827,970	-	-	-	68,827,970
Accrued compensated absences	145,901	3,307	-	-	149,208
Total non-current liabilities	<u>70,946,630</u>	<u>3,307</u>	<u>-</u>	<u>-</u>	<u>70,949,937</u>
Total liabilities	<u>74,134,367</u>	<u>23,584</u>	<u>-</u>	<u>26,220</u>	<u>74,184,171</u>
NET POSITION					
Net investment in capital assets	(13,415,391)	-	-	465,827	(12,949,564)
Restricted for debt service	764,732	-	-	-	764,732
Unrestricted (deficit)	8,954,820	611,633	167,316	(19,305)	9,714,464
Total net position	<u>\$ (3,695,839)</u>	<u>\$ 611,633</u>	<u>\$ 167,316</u>	<u>\$ 446,522</u>	<u>\$ (2,470,368)</u>

City of Sapulpa
Combining Schedule of Revenues, Expenses and Changes in Net Position
SMA Utility Fund Accounts
For the Year Ended June 30, 2014

	Enterprise Fund Accounts				Total
	<u>SMA Utility</u>	<u>Stormwater Management Account</u>	<u>Sewer System Development Account</u>	<u>Series 2012 Revenue Bond Construction Account</u>	
REVENUES					
Water charges	\$ 4,222,653	\$ -	\$ -	\$ -	\$ 4,222,653
Sewer charges	3,313,883	-	-	-	3,313,883
Sanitation	1,422,232	-	-	-	1,422,232
Water taps	26,250	-	-	-	26,250
Sewer taps	31,500	-	22,572	-	54,072
Late charges	185,031	-	-	-	185,031
Trucked water	24,136	-	-	-	24,136
Stormwater	-	925,114	-	-	925,114
Miscellaneous	116,616	-	-	-	116,616
Total operating revenues	<u>9,342,301</u>	<u>925,114</u>	<u>22,572</u>	<u>-</u>	<u>10,289,987</u>
OPERATING EXPENSES					
General government	189,686	-	-	-	189,686
Administration	175,214	-	-	-	175,214
Utility collections	334,336	-	-	-	334,336
Water treatment plant	1,763,592	-	-	191,413	1,955,005
Industrial pretreatment	71,052	-	-	129,006	200,058
Wastewater treatment plant	1,162,774	-	-	-	1,162,774
Stormwater management	-	358,033	-	-	358,033
Sanitation	1,196,626	-	-	-	1,196,626
Depreciation expense	1,800,719	-	-	-	1,800,719
Total Operating Expenses	<u>6,693,999</u>	<u>358,033</u>	<u>-</u>	<u>320,419</u>	<u>7,372,451</u>
Operating income (loss)	<u>2,648,302</u>	<u>567,081</u>	<u>22,572</u>	<u>(320,419)</u>	<u>2,917,536</u>
NON-OPERATING REVENUES (EXPENSES)					
Investment income	20,273	3,395	836	103	24,607
Miscellaneous	129,061	18,660	-	4,200	151,921
Interest expense and fiscal charges	(3,542,251)	(2,123)	-	-	(3,544,374)
Total non-operating revenue (expenses)	<u>(3,392,917)</u>	<u>19,932</u>	<u>836</u>	<u>4,303</u>	<u>(3,367,846)</u>
Income (loss) before contributions and transfers	<u>(744,615)</u>	<u>587,013</u>	<u>23,408</u>	<u>(316,116)</u>	<u>(450,310)</u>
Capital contributions	1,265,150	-	-	-	1,265,150
Transfers in	7,412,906	1,964	-	-	7,414,870
Transfers out	(7,480,579)	(667,756)	-	(245,011)	(8,393,346)
Change in net position	<u>452,862</u>	<u>(78,779)</u>	<u>23,408</u>	<u>(561,127)</u>	<u>(163,636)</u>
Total net position - beginning, restated	<u>(4,148,701)</u>	<u>690,412</u>	<u>143,908</u>	<u>1,007,649</u>	<u>(2,306,732)</u>
Total net position - ending	<u>\$ (3,695,839)</u>	<u>\$ 611,633</u>	<u>\$ 167,316</u>	<u>\$ 446,522</u>	<u>\$ (2,470,368)</u>

CITY OF SAPULPA, OKLAHOMA
(SAPULPA MUNICIPAL AUTHORITY)
SCHEDULE OF DEBT SERVICE COVERAGE REQUIREMENTS
For the fiscal year ended June 30, 2014

	2012 and 2013 Refunding Revenue Bonds Coverage Requirement
Gross Revenue Available for Debt Service:	
Operating revenues and investment income	\$10,314,594
Sales tax appropriated and transferred	3,727,954
Total Gross Revenues Available	14,042,548
Operating Expenses	5,571,732
Net Revenues Available for Debt Service	\$8,470,816
Debt Service Requirements:	
Average annual debt service	\$4,095,887
Coverage	2.07
Coverage Requirement	1.20

NOTE 1: Operating revenues consist of all water, wastewater, and sanitation revenues and investment income; operating expenses include all trust operating expenses, exclusive of depreciation, amortization and bad debt expense.

NOTE 2: According to the 2012 bond indenture, the Authority must meet two coverage requirements:
#1 - Net revenues plus sales tax transferred to the authority must at least equal 1.25 times the average annual debt service.
#2 - Net revenues (excluding sales tax) must at least equal 1.00 times the average annual debt service.

STATISTICAL SECTION

CITY OF SAPULPA, OKLAHOMA
NET ASSETS/NET POSITION BY COMPONENT
Last Ten Fiscal Years
June 30, 2014
TABLE 1

	FISCAL YEAR									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities										
Invested in capital assets, net of related debt	\$ 22,432,421	\$ 23,264,086	\$ 25,731,696	\$ 25,453,019	\$ 27,327,634	\$ 28,413,297 *	\$ 25,253,598	\$ 25,864,472	\$ -	\$ -
Net investment in capital assets	-	-	-	-	-	-	-	-	24,658,364	28,299,654
Restricted	2,869,357	3,182,803	3,378,260	3,651,202	3,445,938	3,851,607 *	3,492,437	2,440,222	3,982,888	3,508,280
Unrestricted	344,621	2,039,881	989,136	811,160	207,770	(157,338)	1,710,363	908,507	14,733	(525,971)
Total governmental activities net assets	<u>\$ 25,646,399</u>	<u>\$ 28,486,770</u>	<u>\$ 30,099,092</u>	<u>\$ 29,915,381</u>	<u>\$ 30,981,342</u>	<u>\$ 32,107,566</u>	<u>\$ 30,456,398</u>	<u>\$ 29,213,201</u>	<u>\$ 28,655,985</u>	<u>\$ 31,281,963</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ 1,615,464	\$ 1,965,686	\$ 1,434,206	\$ 1,995,103	\$ (5,282,635)	\$ (6,587,407)	\$ (5,289,977)	\$ (5,593,983)	\$ -	\$ -
Net investment in capital assets	-	-	-	-	-	-	-	-	(6,020,714)	(12,211,542)
Restricted	1,428,243	1,923,836	1,883,075	1,219,432	2,186,122	3,076,143 **	3,198,295	2,852,635	383,690	764,732
Unrestricted	2,506,311	2,351,403	1,138,151	2,527,446	6,059,820	5,296,191 **	4,203,008	4,131,268	6,956,283	10,134,426
Total business-type activities net assets	<u>\$ 5,550,018</u>	<u>\$ 6,240,925</u>	<u>\$ 4,455,432</u>	<u>\$ 5,741,981</u>	<u>\$ 2,963,307</u>	<u>\$ 1,784,927</u>	<u>\$ 2,111,326</u>	<u>\$ 1,389,920</u>	<u>\$ 1,319,259</u>	<u>\$ (1,312,384)</u>
Primary government										
Invested in capital assets, net of related debt	\$ 24,047,885	\$ 25,229,772	\$ 27,165,902	\$ 27,448,122	\$ 22,044,999	\$ 21,825,890	\$ 19,963,621	\$ 20,270,489	\$ -	\$ -
Net investment in capital assets	-	-	-	-	-	-	-	-	18,637,650	16,088,112
Restricted	4,297,600	5,106,639	5,261,335	4,870,634	5,632,060	6,927,750	6,690,732	5,292,857	4,366,578	4,273,012
Unrestricted	2,850,932	4,391,284	2,127,287	3,338,606	6,267,590	5,138,853	5,913,371	5,039,775	6,971,016	9,608,455
Total primary government net assets	<u>\$ 31,196,417</u>	<u>\$ 34,727,695</u>	<u>\$ 34,554,524</u>	<u>\$ 35,657,362</u>	<u>\$ 33,944,649</u>	<u>\$ 33,892,493</u>	<u>\$ 32,567,724</u>	<u>\$ 30,603,121</u>	<u>\$ 29,975,244</u>	<u>\$ 29,969,579</u>

* 2010 restricted net assets related to unspent bond proceeds of \$6,227,208 were reclassified to Invested in Capital Assets, Net of Related Debt

** 2010 unrestricted net assets related to \$778,361 of restricted governmental funds, classified as business-type at the government-wide level, were reclassified as restricted.

CITY OF SAPULPA, OKLAHOMA
 CHANGES IN NET ASSETS/POSITION
 Last Ten Fiscal Years
 June 30, 2014
 TABLE 2

	FISCAL YEAR									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental activities:										
Administration	\$ 857,024	\$ 922,218	\$ 938,846	\$ 956,165	\$ 1,073,542	\$ 1,068,277	\$ 1,070,144	\$ 1,111,318	\$ 1,176,999	\$ 1,161,305
General government	1,814,825	1,521,420	1,767,315	1,356,744	1,347,723	1,167,575	1,251,192	1,408,140	1,389,891	1,355,737
Legal and judicial	220,913	240,662	239,239	236,636	301,454	281,752	289,703	311,262	326,787	356,413
Public safety	6,851,852	8,022,350	10,179,831	10,742,549	10,587,857	10,312,829	10,075,409	10,504,023	10,848,677	10,949,137
Urban development	294,901	316,422	414,096	435,239	419,161	453,837	420,914	435,616	485,346	502,722
Streets	1,300,190	1,345,462	1,763,423	2,784,449	2,355,922	2,429,735	2,174,486	2,703,737	1,745,231	1,271,007
Culture and recreation	852,758	854,183	951,804	1,166,790	1,155,838	1,281,735	1,383,426	1,395,653	1,483,769	1,479,655
Interest on long-term debt	402,809	482,366	468,799	498,907	518,346	449,233	661,342	627,376	628,875	500,720
Total governmental activities expenses	<u>12,595,272</u>	<u>13,705,083</u>	<u>16,723,353</u>	<u>18,177,479</u>	<u>17,759,843</u>	<u>17,444,973</u>	<u>17,326,616</u>	<u>18,497,125</u>	<u>18,085,575</u>	<u>17,576,696</u>
Business-type activities:										
Water operations	3,150,738	3,251,849	3,685,257	3,925,793	4,463,707	3,781,367	4,200,477	4,304,460	4,920,543	4,353,733
Wastewater operations	5,353,600	5,348,397	5,482,432	5,246,459	6,363,922	6,437,587	6,520,715	6,783,694	6,013,722	5,496,979
Sanitation operations	1,102,646	1,160,526	1,127,731	1,245,713	1,476,846	1,290,756	1,254,592	1,318,230	1,326,338	1,320,618
Stormwater maintenance	34,062	25,551	60,901	333,179	75,226	581,406	389,019	363,981	307,344	382,874
Golf course operations	555,908	609,716	635,283	657,173	688,775	709,765	728,809	777,581	763,120	766,627
Interest charges - governmental activities	-	198,662	219,826	-	250,662	279,547	159,201	135,689	3,320	1,910
Total business-type activities expenses	<u>10,196,954</u>	<u>10,594,701</u>	<u>11,211,430</u>	<u>11,408,317</u>	<u>13,319,138</u>	<u>13,080,428</u>	<u>13,252,813</u>	<u>13,683,635</u>	<u>13,334,387</u>	<u>12,322,741</u>
Total primary government expenses	<u>\$ 22,792,226</u>	<u>\$ 24,299,784</u>	<u>\$ 27,934,783</u>	<u>\$ 29,585,796</u>	<u>\$ 31,078,981</u>	<u>\$ 30,525,401</u>	<u>\$ 30,579,429</u>	<u>\$ 32,180,760</u>	<u>\$ 31,419,962</u>	<u>\$ 29,899,437</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Administration	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
General government	276,738	296,179	309,286	369,695	347,269	309,656	243,474	305,011	351,610	346,197
Legal and judicial	-	-	-	-	-	-	-	-	-	-
Public safety	1,205,843	1,138,414	1,404,493	1,432,925	1,396,380	1,449,726	1,280,684	1,296,598	1,336,141	1,562,331
Urban development	-	-	-	-	-	-	-	-	-	-
Streets	-	-	3,580	2,835	2,465	1,880	1,410	2,200	2,025	2,160
Culture and recreation	72,919	46,471	53,858	61,019	63,598	121,714	195,097	231,450	251,688	231,384
Operating grants and contributions	347,848	392,791	1,790,870	2,180,366	1,515,802	1,545,268	1,381,450	1,480,098	1,755,551	1,454,026
Capital grants and contributions	2,210,257	2,633,830	280,910	390,706	321,276	705,061	279,978	247,842	653,744	3,013,628
Total governmental activities program revenues	<u>4,113,605</u>	<u>4,507,685</u>	<u>3,842,997</u>	<u>4,437,546</u>	<u>3,646,790</u>	<u>4,133,305</u>	<u>3,382,093</u>	<u>3,563,199</u>	<u>4,350,759</u>	<u>6,609,726</u>

(Continued)

TABLE 2
(Continued)

	FISCAL YEAR									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Business-type activities:										
Charges for services:										
Water operations	3,660,800	3,722,888	3,863,474	3,917,170	3,825,477	4,219,649	4,355,677	4,489,675	4,567,882	4,550,607
Wastewater operations	2,929,802	3,074,182	3,089,967	3,263,802	3,025,624	3,266,234	3,230,851	3,227,839	3,519,075	3,367,955
Sanitation operations	1,048,382	1,069,175	1,160,271	1,208,563	1,284,700	1,340,625	1,340,120	1,375,304	1,433,791	1,446,311
Stormwater operations	-	-	-	178,996	555,318	786,841	824,475	850,247	904,277	925,114
Golf course operations	398,248	487,726	474,354	506,902	518,383	416,658	420,077	339,711	374,750	465,583
Operating grants and contributions	-	-	-	-	654	-	-	-	-	-
Capital grants and contributions	-	-	320,395	1,636,307	-	-	-	-	82,868	-
Total business-type activities program revenues	8,037,232	8,353,971	8,908,461	10,711,740	9,210,156	10,030,007	10,171,200	10,282,776	10,882,643	10,755,570
Total primary government program revenues	\$ 12,150,837	\$ 12,861,656	\$ 12,751,458	\$ 15,149,286	\$ 12,856,946	\$ 14,163,312	\$ 13,553,293	\$ 13,845,975	\$ 15,233,402	\$ 17,365,296
Net (Expense)/Revenue										
Governmental activities:	\$ (8,481,667)	\$ (9,197,398)	\$ (12,880,356)	\$ (13,739,933)	\$ (14,113,053)	\$ (13,311,668)	\$ (13,944,523)	\$ (14,933,926)	\$ (13,734,816)	\$ (10,966,970)
Business-type activities:	(2,159,722)	(2,240,730)	(2,302,969)	(696,577)	(4,108,982)	(3,050,421)	(3,081,613)	(3,400,859)	(2,451,744)	(1,567,171)
Total primary government net expense	\$ (10,641,389)	\$ (11,438,128)	\$ (15,183,325)	\$ (14,436,510)	\$ (18,222,035)	\$ (16,362,089)	\$ (17,026,136)	\$ (18,334,785)	\$ (16,186,560)	\$ (12,534,141)
General Revenues and Other Changes in Net Assets/Position										
Governmental activities:										
Taxes:										
Sales and use taxes	\$ 7,284,641	\$ 11,393,892	\$ 11,796,326	\$ 12,361,944	\$ 12,068,005	\$ 11,285,695	\$ 11,726,417	\$ 12,526,584	\$ 11,819,642	\$ 12,283,297
Ad valorem property taxes	1,439,711	1,222,022	1,203,946	1,396,811	1,409,760	1,443,683	1,754,809	1,708,703	1,630,259	1,281,765
Franchise and public service taxes	385,148	475,507	427,556	443,180	506,646	505,361	518,026	566,894	536,362	543,345
Payment in lieu of taxes	369,507	411,153	420,570	443,526	533,019	439,767	439,422	428,810	489,500	471,073
Hotel/motel taxes	-	-	136,286	250,112	226,929	185,685	189,002	191,443	215,883	196,538
E-911 taxes	177,281	162,757	170,803	226,004	237,292	217,442	215,068	201,751	212,641	218,150
Intergovernmental revenue not restricted to specific programs	148,664	248,464	251,636	262,624	257,051	252,939	269,260	275,705	256,192	243,731
Investment income	254,030	302,650	175,066	170,723	90,972	76,078	88,060	57,462	34,713	21,745
Miscellaneous	117,740	125,183	163,589	464,382	324,959	1,705,317	325,436	250,669	181,936	335,570
Special item - Gain on forgiveness of debt / gain on sale of capital assets	-	133,844	-	-	-	-	-	-	-	-
Transfers-Internal activity	1,891,341	(2,510,859)	(253,100)	(1,628,329)	(1,060,094)	(1,674,075)	(3,232,145)	(2,517,292)	(879,543)	(1,316,581)
Total governmental activities	12,068,063	11,964,613	14,492,678	14,390,977	14,594,539	14,437,892	12,293,355	13,690,729	14,497,585	14,278,633
Business-type activities:										
Sales and use taxes	2,659,913	-	-	-	-	-	-	-	-	-
Investment earnings	118,795	299,364	367,690	221,558	61,112	54,785	34,294	13,163	29,845	25,728
Miscellaneous	60,559	121,414	63,597	133,240	209,102	143,181	141,573	148,998	151,710	154,862
Transfers - Internal activity	(1,891,341)	2,510,859	253,100	1,628,329	1,060,094	1,674,075	3,232,145	2,517,292	879,543	1,316,581
Total business-type activities	947,926	2,931,637	684,387	1,983,127	1,330,308	1,872,041	3,408,012	2,679,453	1,061,098	1,497,171
Total primary government	\$ 13,015,989	\$ 14,896,250	\$ 15,177,065	\$ 16,374,104	\$ 15,924,847	\$ 16,309,933	\$ 15,701,367	\$ 16,370,182	\$ 15,558,683	\$ 15,775,804
Change in Net Assets/Position										
Governmental activities	\$ 3,586,396	\$ 2,767,215	\$ 1,612,322	\$ 651,044	\$ 481,486	\$ 1,126,224	\$ (1,651,168)	\$ (1,243,197)	\$ 762,769	\$ 3,311,663
Business-type activities	(1,211,796)	690,907	(1,618,582)	1,286,550	(2,778,674)	(1,178,380)	326,399	(721,406)	(1,390,646)	(70,000)
Total primary government	\$ 2,374,600	\$ 3,458,122	\$ (6,260)	\$ 1,937,594	\$ (2,297,188)	\$ (52,156)	\$ (1,324,769)	\$ (1,964,603)	\$ (627,877)	\$ 3,241,663

CITY OF SAPULPA, OKLAHOMA
FUND BALANCES - GOVERNMENTAL FUNDS
 Last Ten Fiscal Years
 June 30, 2014
TABLE 3

	Fiscal Year									
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General Fund										
Reserved	\$ 1,917,191	\$ 1,982,763	\$ 2,110,218	\$ 303,557	\$ 205,933	\$ 199,888	\$ -	\$ -	\$ -	\$ -
Unreserved	(456,024)	(299,612)	(517,555)	2,129,650	2,015,310	1,432,329	-	-	-	-
Nonspendable	-	-	-	-	-	-	28,044	28,251	10,187	8,903
Committed	-	-	-	-	-	-	9,151	-	7,753	7,074
Assigned	-	-	-	-	-	-	1,396,679	1,327,870	476,068	642,999
Unassigned	-	-	-	-	-	-	766,562	530,398	632,889	873,660
Total general fund	<u>\$ 1,461,167</u>	<u>\$ 1,683,151</u>	<u>\$ 1,592,663</u>	<u>\$ 2,433,207</u>	<u>\$ 2,221,243</u>	<u>\$ 1,632,217</u>	<u>\$ 2,200,436</u>	<u>\$ 1,886,519</u>	<u>\$ 1,126,897</u>	<u>\$ 1,532,636</u>
All Other Governmental Funds										
Reserved	\$ 7,303,814	\$ 1,436,477	\$ 485,980	\$ 30,000	\$ 114,805	\$ 25,437	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	2,327,593	2,094,841	2,909,690	3,379,674	2,938,050	3,612,778	-	-	-	-
Debt service funds	483,037	579,549	638,793	675,822	603,551	599,612	-	-	-	-
Capital project funds	2,621,072	987,418	226,465	9,809	9,976	6,227,208	-	-	-	-
Nonspendable	-	-	-	-	-	-	104,823	102,348	71,860	72,754
Restricted	-	-	-	-	-	-	7,319,538	4,605,853	4,733,237	3,389,744
Assigned	-	-	-	-	-	-	890,861	954,633	539,397	576,895
Unassigned	-	-	-	-	-	-	-	-	(80,945)	(278,756)
Total all other governmental funds	<u>\$ 12,735,516</u>	<u>\$ 5,098,285</u>	<u>\$ 4,260,928</u>	<u>\$ 4,095,305</u>	<u>\$ 3,666,382</u>	<u>\$ 10,465,035</u>	<u>\$ 8,315,222</u>	<u>\$ 5,662,834</u>	<u>\$ 5,263,549</u>	<u>\$ 3,760,637</u>
GRAND TOTAL	<u>\$ 14,196,683</u>	<u>\$ 6,781,436</u>	<u>\$ 5,853,591</u>	<u>\$ 6,528,512</u>	<u>\$ 5,887,625</u>	<u>\$ 12,097,252</u>	<u>\$ 10,515,658</u>	<u>\$ 7,549,353</u>	<u>\$ 6,390,446</u>	<u>\$ 5,293,273</u>

Note: For years 2005, 2006, and 2007 reserved fund balance for the General Fund includes accrued compensated absences.

CITY OF SAPULPA, OKLAHOMA
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
 Last Ten Fiscal Years
 June 30, 2014
TABLE 4

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Sales and use taxes	\$ 9,944,554	\$ 11,393,892	\$ 11,796,326	\$ 12,361,944	\$ 12,068,005	\$ 11,285,695	\$ 11,726,417	\$ 12,526,584	\$ 11,819,642	\$ 12,283,297
Franchise and public service taxes	385,148	476,493	437,765	435,211	506,646	506,484	519,306	568,534	543,696	543,345
Ad valorem taxes	1,312,215	1,150,898	1,187,400	1,393,472	1,351,081	1,443,683	1,754,809	1,708,703	1,630,259	1,279,523
Payment in lieu of tax	369,507	411,153	420,570	443,526	533,019	444,814	433,956	432,744	457,178	471,073
Hotel/motel taxes	-	-	136,286	250,112	226,929	185,685	189,002	191,443	215,883	196,538
Intergovernmental	2,424,695	1,256,678	2,847,067	2,658,141	2,018,637	1,839,296	1,605,417	1,856,450	1,875,191	2,496,953
Charges for services	639,135	837,007	682,600	1,007,160	681,175	812,468	957,381	1,031,133	1,075,463	1,069,476
Fines and forfeitures	768,675	764,493	504,235	1,360,620	1,081,859	986,075	854,646	792,458	819,632	1,005,125
Licenses and permits	165,638	146,929	150,588	185,115	169,721	152,398	103,452	144,708	170,794	171,406
Investment income	266,501	326,819	201,273	165,102	135,120	81,871	94,987	57,562	36,161	21,284
Miscellaneous	398,362	345,217	333,743	691,398	414,806	1,825,979	458,196	442,424	348,064	435,900
Total Revenues	<u>16,674,430</u>	<u>17,109,579</u>	<u>18,697,853</u>	<u>20,951,801</u>	<u>19,186,998</u>	<u>19,564,448</u>	<u>18,697,569</u>	<u>19,752,743</u>	<u>18,991,963</u>	<u>19,973,920</u>
Expenditures:										
Administration	854,642	914,403	927,515	1,047,491	1,064,987	1,026,696	1,053,102	1,101,748	1,142,548	1,171,955
General government	1,417,638	1,433,430	1,680,138	1,459,139	1,155,645	1,098,311	1,082,186	1,196,497	1,587,391	1,138,947
Legal and judicial	214,579	220,108	219,300	217,008	265,581	252,601	259,345	283,797	295,223	324,632
Public safety	6,682,250	7,697,333	9,506,028	9,900,490	9,410,268	9,316,475	9,536,063	10,262,800	10,464,141	10,301,401
Urban development	286,164	302,813	399,383	426,359	408,053	441,909	564,694	430,531	481,545	502,286
Streets	720,410	912,145	995,751	1,227,894	1,095,206	1,076,534	837,637	989,421	989,421	856,310
Culture and recreation	664,195	750,076	847,538	869,269	917,770	1,017,099	1,108,269	1,115,128	1,123,818	1,094,492
Water	656,493	720,710	643,703	907,507	818,481	670,992	657,752	762,727	807,385	852,745
Wastewater	262,065	240,733	364,420	2,090	137,510	257,700	294,054	-	379	111,708
Stormwater	-	-	-	75,001	-	-	-	-	-	-
Capital outlay	4,595,321	11,080,478	3,289,117	2,770,416	3,046,582	3,150,245	4,027,730	4,806,244	3,059,420	3,801,541
Debt service:										
Principal	1,045,723	953,356	1,189,559	-	1,206,180	1,160,665	1,049,457	1,424,883	1,908,668	2,149,087
Interest and fiscal charges	399,256	472,754	474,240	1,179,906	509,827	543,216	661,522	623,224	660,062	510,795
Total Expenditures	<u>17,798,736</u>	<u>25,698,339</u>	<u>20,536,692</u>	<u>20,082,570</u>	<u>20,036,090</u>	<u>20,149,257</u>	<u>21,370,708</u>	<u>22,845,216</u>	<u>22,520,001</u>	<u>22,815,899</u>
Excess of revenues over(under) expenditures	(1,124,306)	(8,588,760)	(1,838,839)	869,231	(849,092)	(584,809)	(2,673,139)	(3,092,473)	(3,528,038)	(2,841,979)
Other financing sources(uses) and special item:										
Transfers in	5,077,999	5,669,317	6,454,626	6,720,781	6,354,987	6,119,686	6,780,870	6,425,466	6,795,543	7,530,391
Transfers out	(4,964,758)	(5,787,969)	(6,242,907)	(7,407,382)	(6,465,333)	(6,038,545)	(6,218,191)	(6,715,298)	(5,905,112)	(6,270,528)
Payment to escrow	(56,057)	(14,464)	-	-	-	(246,740)	-	-	(6,002,824)	-
Debt proceeds	2,042,879	977,688	699,275	492,291	495,800	6,935,000	528,866	-	6,450,534	153,643
Bond premium	-	-	-	-	-	25,035	-	-	-	-
Judgements	-	-	-	-	-	-	-	416,000	24,312	331,300
Special item - proceeds from sale of capital assets	-	147,164	-	-	-	-	-	-	8,881	-
Total other financing sources(uses) and special item	<u>2,100,063</u>	<u>991,736</u>	<u>910,994</u>	<u>(194,310)</u>	<u>385,454</u>	<u>6,794,436</u>	<u>1,091,545</u>	<u>126,168</u>	<u>1,371,334</u>	<u>1,744,806</u>
Net change in fund balances	<u>\$ 975,757</u>	<u>\$ (7,597,024)</u>	<u>\$ (927,845)</u>	<u>\$ 674,921</u>	<u>\$ (463,638)</u>	<u>\$ 6,209,627</u>	<u>\$ (1,581,594)</u>	<u>\$ (2,966,305)</u>	<u>\$ (2,156,704)</u>	<u>\$ (1,097,173)</u>
Debt service as a percentage of noncapital expenditures	10.9%	9.8%	9.6%	6.8%	10.1%	10.0%	9.9%	11.4%	13.2%	16.3%

CITY OF SAPULPA, OKLAHOMA
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
 Last Ten Fiscal Years
 June 30, 2014
TABLE 5

Fiscal Year	Ad Valorem Tax	Sales Tax	Use Tax	Franchise Tax	Payment in lieu of Tax	Hotel/Motel Tax	E-911 Tax	Totals
2005	\$ 1,439,711	\$ 9,672,408	\$ 272,145	\$ 385,148	\$ 369,507	\$ -	\$ 177,281	\$ 12,316,200
2006	1,222,022	11,062,496	331,396	475,507	411,153	-	162,757	13,665,331
2007	1,203,946	11,285,918	510,408	427,556	420,570	136,286	170,803	14,155,487
2008	1,393,472	11,840,175	521,769	435,211	443,526	250,112	226,004	15,110,269
2009	1,409,760	11,592,621	475,384	506,646	533,019	226,929	237,292	14,981,651
2010	1,443,683	10,865,027	420,668	505,361	439,767	185,685	217,442	14,077,633
2011	1,754,809	11,279,672	446,745	518,026	439,422	189,002	215,068	14,842,744
2012	1,708,703	11,812,789	713,795	566,894	428,810	191,443	201,751	15,624,185
2013	1,630,259	11,427,776	391,866	543,696	457,178	215,883	212,641	14,879,299
2014	1,279,523	11,692,608	590,689	543,345	471,073	196,538	218,150	14,991,926

CITY OF SAPULPA, OKLAHOMA
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years
June 30, 2014
TABLE 6

Fiscal Year	Real Property	Personal Property	Public Service Property	Total Assessed Value	Homestead Exemption	Net Assessed Value	Estimated Actual Value
2005	67,045,944	7,725,210	6,863,336	81,634,490	4,368,156	77,266,334	643,886,117
2006	73,838,504	15,133,875	11,163,226	100,135,605	4,511,613	95,623,992	800,575,660
2007	78,268,289	15,398,212	7,343,203	101,009,704	4,409,554	96,600,150	805,001,250
2008	80,947,358	14,138,460	7,934,105	103,019,923	4,844,233	98,175,690	818,130,750
2009	87,485,841	14,803,042	7,368,288	109,657,171	5,005,711	104,651,460	872,095,500
2010	92,742,957	16,797,588	7,962,450	117,502,995	5,007,064	112,495,931	937,466,092
2011	96,762,154	21,583,589	7,820,264	126,166,007	5,119,339	121,046,668	1,008,722,233
2012	99,214,387	18,249,449	7,887,602	125,351,438	5,137,937	120,213,501	1,001,779,175
2013	103,002,397	17,782,728	8,378,146	129,163,271	5,250,466	123,912,805	1,032,606,708
2014	105,689,967	17,282,094	6,514,937	129,486,998	4,309,270	125,177,728	1,043,147,733

Source: County Excise Board

Note: Property in the county is reassessed annually. The ratio of assessed value to true value cannot be less than 11 percent nor more than 13 1/2 percent.
Tax rates are per \$1,000 of assessed value.

CITY OF SAPULPA, OKLAHOMA
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
(PER \$1,000 OF ASSESSED VALUE)
Last Ten Fiscal Years
June 30, 2014
TABLE 7

Fiscal Year	City	(1)			Total Levy
	Direct Rate	Overlapping Rates			
	Sinking Fund	Sapulpa School District	County	Vo Tech School District	
2005	18.43	60.70	20.08	13.26	112.47
2006	12.76	62.76	20.08	13.26	108.86
2007	12.45	63.34	20.63	13.26	109.68
2008	14.23	61.52	20.79	13.26	109.80
2009	14.01	63.13	20.70	13.26	111.10
2010	12.80	67.99	22.26	13.26	116.31
2011	14.54	66.53	22.02	13.26	116.35
2012	14.19	65.66	21.84	13.26	114.95
2013	13.44	66.08	20.16	13.26	112.94
2014	10.24	67.39	20.22	13.26	111.11

Source: County Excise Board

Note: City property tax may only be levied to repay principal and interest on general obligation bonded debt approved by the voters and any court-assessed judgments.

(1) Overlapping rates are those of local and county governments that apply to property owners within the City of Sapulpa

CITY OF SAPULPA, OKLAHOMA
 PRINCIPAL PROPERTY TAXPAYERS
 CURRENT YEAR
 June 30, 2014
 TABLE 8

Taxpayer	Type of Business	Rank	2014	
			Taxable Assessed Value	Percentage of Net Total Assessed Value
Saint-Gobain Containers, Inc.	Glass Manufacturing	1	7,265,886	5.804%
Inverness Village	Retirement Community	2	5,834,429	4.661%
Oklahoma Gas & Electric	Utility	3	3,845,674	3.072%
Enogex, LLC	Gas/Pipeline Company	4	2,271,889	1.815%
AEP Industries, Inc.	Packaging	5	1,783,350	1.425%
Enable Oklahoma Interstate Transmission	Mechanical	6	1,469,834	1.174%
Rolled Alloys LP	Metal Supplier	7	1,402,016	1.120%
Sulzer Chemtech, Inc.	Chemical Engineering/ Manufacturing	8	1,146,486	0.916%
Oklahoma Natural Gas	Utility	9	1,082,872	0.865%
Public Service Company of Ok	Utility	10	1,012,821	0.809%
Totals			<u>\$ 27,115,257</u>	<u>21.66%</u>

Source: County Assessors Office

CITY OF SAPULPA, OKLAHOMA
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years
June 30, 2014
TABLE 9

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percentage of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Percentage of Total Collected to Total Levy</u>	<u>Net Assessed Value</u>	<u>Mill Levy</u>
2005	1,423,797	1,266,303	89%	30,538	1,296,841	91%	77,266,334	18.43
2006	1,220,638	1,087,105	89%	63,793	1,150,898	94%	95,623,992	12.76
2007	1,203,023	1,129,858	94%	57,541	1,187,399	99%	96,600,150	12.45
2008	1,396,811	1,336,780	96%	56,692	1,393,472	99.8%	98,175,690	14.23
2009	1,465,695	1,350,187	92%	59,573	1,409,760	96.2%	104,651,460	14.01
2010	1,440,594	1,377,667	96%	66,016	1,443,683	100.2%	112,495,931	12.81
2011	1,765,619	1,693,609	96%	61,200	1,754,809	99.4%	121,046,668	14.54
2012	1,705,446	1,580,190	93%	61,300	1,641,490	96.2%	120,213,501	14.19
2013	1,665,883	1,579,411	95%	58,253	1,637,664	98.3%	123,912,805	13.44
2014	1,281,372	1,224,170	96%	55,353	1,279,523	99.9%	125,177,728	10.24

Estimate of Needs, County Report

CITY OF SAPULPA, OKLAHOMA
SALES TAX RATES OF DIRECT AND OVERLAPPING GOVERNMENTS
Last Ten Fiscal Years
June 30, 2014
TABLE 10

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
City	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Creek County	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
State of Oklahoma	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
Total	9.50%	9.50%	9.50%	9.50%	9.50%	9.50%	9.50%	9.50%	9.50%	9.50%

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
City	4.000%	4.000%	4.000%	4.000%	4.000%	4.000%	4.000%	4.000%	4.000%	4.000%
Tulsa County	1.017%	1.017%	1.017%	1.017%	1.017%	1.017%	1.017%	0.850%	0.850%	0.917%
State of Oklahoma	4.500%	4.500%	4.500%	4.500%	4.500%	4.500%	4.500%	4.500%	4.500%	4.500%
Total	9.517%	9.517%	9.517%	9.517%	9.517%	9.517%	9.517%	9.350%	9.350%	9.417%

Oklahoma Tax Commission

CITY OF SAPULPA, OKLAHOMA
TAXABLE SALES BY CATEGORY
 Last Ten Fiscal Years
 June 30, 2014

TABLE 11

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Agriculture, forestry, and fishing	\$ 2,231	\$ 1,479	\$ 1,196	\$ 1,159	\$ 1,862	\$ 1,737	\$ 1,489	\$ 944	\$ 287	\$ (11)
Mining	170	475	1,116	(3,182)	1,704	167	215,917	362,179	87,504	72,905
Construction	1,349	3,666	5,255	6,596	29,931	7,388	4,765	18,846	24,992	32,766
Manufacturing	104,732	119,121	185,349	216,424	239,727	176,934	124,884	176,357	198,718	191,519
Transportation	3,542	3,906	6,976	5,047	4,979	6,169	5,572	5,074	130,867	211,423
Communications and utilities:										
Communications	431,115	421,233	449,101	464,174	481,970	474,240	448,798	478,749	364,050	264,794
Electric, gas, and sanitary services	701,309	889,120	735,494	827,085	879,008	915,850	899,809	934,241	904,052	912,652
Wholesale trade	614,630	813,920	849,551	933,849	833,248	737,948	798,444	1,041,494	1,008,727	1,031,499
Retail trade:										
Building materials, hardware, garden supply and mobile home dealer	531,419	500,806	526,830	535,494	591,220	456,872	432,603	415,583	455,622	468,238
General merchandise stores	3,166,592	3,417,233	3,317,272	3,349,104	2,927,881	2,770,815	2,730,322	2,779,177	2,734,168	2,730,900
Food stores	1,452,391	1,471,724	1,440,435	1,572,560	1,532,842	1,427,977	1,436,346	1,441,341	1,148,175	1,104,023
Automotive dealers and gasoline service stations	422,212	586,521	656,200	592,159	589,097	520,171	606,846	643,713	703,990	731,878
Apparel and accessory stores	150,139	159,596	186,175	176,195	156,067	149,291	153,207	161,950	155,788	147,636
Furniture, home furnishings and equipment stores	296,722	345,110	339,593	342,606	360,098	375,155	328,787	335,028	450,360	175,198
Eating and drinking places	1,066,007	1,224,975	1,286,043	1,453,726	1,519,279	1,451,177	1,551,048	1,597,674	1,580,635	1,572,118
Miscellaneous retail	468,757	415,906	560,374	597,043	579,268	542,471	570,924	588,785	642,640	1,021,678
Finance, insurance, and real estate	3,669	4,206	2,940	12,635	1,959	9,946	15,396	19,559	26,121	174,950
Services:										
Hotels and motels	101,882	136,875	212,488	203,159	191,262	158,052	141,417	128,824	173,262	257,499
Personal services	59,989	44,136	49,263	39,351	34,165	39,573	35,748	29,263	54,574	50,175
Business services	178,514	218,310	237,570	239,650	211,350	180,842	202,161	207,055	175,085	29,697
Automotive repair services and garages	81,547	80,793	81,293	88,530	86,808	97,997	187,408	81,241	51,634	47,919
Miscellaneous repair services	8,142	18,927	20,907	13,641	6,718	6,281	10,291	10,905	13,919	7,935
Motion pictures	74,618	71,565	75,000	80,621	83,797	77,814	67,459	58,141	18,203	38,868
Other services	93,805	103,851	115,695	128,627	281,686	324,263	337,146	372,786	217,979	116,619
Nonclassifiable establishments	26,393	58,018	49,606	82,754	47,218	47,288	44,686	55,412	122,392	379,110
	<u>\$ 10,041,876</u>	<u>\$ 11,111,472</u>	<u>\$ 11,391,722</u>	<u>\$ 11,959,007</u>	<u>\$ 11,673,144</u>	<u>\$ 10,956,418</u>	<u>\$ 11,351,473</u>	<u>\$ 11,944,321</u>	<u>\$ 11,443,744</u>	<u>\$ 11,771,988</u>

CITY OF SAPULPA, OKLAHOMA
RATIO FOR OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years
June 30, 2014
TABLE 12

Fiscal Year	Governmental Activities					Business-Type Activities				Total Primary Government	Per Capita
	General Obligation Bonds	Notes Payable	Revenue Bonds	Capital Leases Payable	Judgments Payable	Revenue Bonds Payable	Capital Leases Payable	Notes Payable	Water Contract Obligations		
2005	11,585,000	42,493	-	167,838	215,465	64,905,153	77,326	415,000	4,427,213	81,835,488	3,982
2006	11,320,000	-	-	576,062	139,066	66,080,153	49,727	-	4,135,965	82,300,973	4,003
2007	10,710,000	-	-	229,107	605,737	65,530,153	20,984	-	3,920,264	81,016,245	3,882
2008	10,085,000	-	-	607,712	399,380	65,039,864	-	-	3,685,369	79,817,325	3,818
2009	9,425,000	-	-	414,823	541,890	69,442,821	-	616,859	3,441,050	83,882,443	3,962
2010	15,565,000	-	-	406,686	210,266	68,984,806	-	511,863	3,186,929	88,865,550	4,326
2011	14,905,000	-	-	746,025	18,333	68,506,065	-	392,617	2,922,612	87,490,652	4,259
2012	13,895,000	-	-	349,476	416,000	68,006,852	-	266,883	2,647,690	85,581,901	4,145
2013	13,130,000	-	1,920,000	343,534	301,645	69,995,000	-	137,079	2,361,740	88,188,998	4,241
2014	11,905,000	-	1,315,000	343,109	484,397	69,335,000	-	201,663	2,064,317	85,648,486	4,111

CITY OF SAPULPA, OKLAHOMA
RATIO OF NET GENERAL BONDED DEBT TO ASSESSED
VALUE AND NET BONDED DEBT PER CAPITA
Last Ten Fiscal Years
June 30, 2014
TABLE 13

Fiscal Year	Population (1)	Net Assessed Value	Gross Bonded Debt	Less Debt Service Funds	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
2005	20,550	77,266,334	11,585,000	664,814	10,920,186	14.13%	531
2006	20,560	95,623,992	11,320,000	579,549	10,740,451	11.23%	522
2007	20,871	96,600,150	10,710,000	638,793	10,071,207	10.43%	483
2008	20,908	98,175,690	10,085,000	675,822	9,409,178	9.58%	450
2009	21,173	104,652,521	9,425,000	659,926	8,765,074	8.38%	414
2010	20,544	112,526,167	15,565,000	599,612	14,965,388	13.30%	728
2011	20,544	121,046,668	14,905,000	853,802	14,051,198	11.61%	684
2012	20,648	120,213,501	13,895,000	930,536	12,964,464	10.78%	628
2013	20,793	123,912,805	13,130,000	889,056	12,240,944	9.88%	589
2014	20,836	125,177,728	11,905,000	354,392	11,550,608	9.23%	554

(1) Oklahoma Department of Commerce Projection

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

CITY OF SAPULPA, OKLAHOMA
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
June 30, 2014
TABLE 14

Jurisdiction	Net (1) Debt Outstanding	Percentage (2) Applicable to City of Sapulpa	Amount Applicable to City of Sapulpa
Direct - City of Sapulpa	\$ 10,189,507	100.00%	\$10,189,507
Overlapping: Sapulpa School District	\$ 17,237,900	65.77%	11,336,516
Creek County	\$ 150,000	28.41%	42,615
Total	\$27,577,407		\$21,568,638

Outstanding bond debt-06-30-14

- (1) Gross general bonded debt outstanding less debt service reserves.
- (2) Determined by ratio of assessed valuation of property subject to taxation in overlapping unit to valuation of property subject to taxation in the City of Sapulpa.

CITY OF SAPULPA, OKLAHOMA
LEGAL DEBT MARGIN INFORMATION
 Last Ten Fiscal Years
 June 30, 2014
 TABLE 15

	Fiscal Year									
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Debt limit	\$ 7,726,633	\$ 9,562,399	\$ 9,660,015	\$ 9,817,569	\$ 10,465,146	\$ 11,249,593	\$ 12,104,667	\$ 12,021,350	\$ 12,391,281	\$ 12,517,773
Total net debt applicable to limit	<u>5,975,802</u>	<u>6,180,404</u>	<u>5,848,850</u>	<u>5,503,550</u>	<u>5,123,250</u>	<u>4,742,950</u>	<u>4,362,650</u>	<u>3,982,350</u>	<u>8,465,000</u>	<u>7,765,000</u>
Legal debt margin	<u>\$ 1,750,831</u>	<u>\$ 3,381,995</u>	<u>\$ 3,811,165</u>	<u>\$ 4,314,019</u>	<u>\$ 5,341,896</u>	<u>\$ 6,506,643</u>	<u>\$ 7,742,017</u>	<u>\$ 8,039,000</u>	<u>\$ 3,926,281</u>	<u>\$ 4,752,773</u>
Total net debt applicable to the limit as a percentage of debt limit	77.34%	64.63%	60.55%	56.97%	48.96%	42.16%	36.04%	33.13%	68.31%	62.03%

Legal Debt Margin Calculation for Fiscal Year 2013

Net assessed valuation	\$ 125,177,728
Debt limit (10% of total assessed value)	12,517,773
Debt applicable to limit:	
General obligation bonds	11,905,000
Less: Street or utility bonds outstanding	<u>4,140,000</u>
Total net debt applicable to limit	<u>7,765,000</u>
Legal debt margin	<u>\$ 4,752,773</u>

Note: Article 10, Section 26 of the Constitution of the State of Oklahoma limits municipal debt to 10% of net assessed valuation.
 Article 10, Section 27 of the Constitution of the State of Oklahoma limits municipal debt to non-utility or non-street purposes.

CITY OF SAPULPA, OKLAHOMA
THE SAPULPA MUNICIPAL AUTHORITY
UTILITY SYSTEMS DIVISION
PLEGGED REVENUE COVERAGE
Last Ten Fiscal Years
June 30, 2014
TABLE 16

		<u>Eligible Revenues</u>	<u>Eligible Expenses (1)</u>	<u>Net Revenue Available for Debt Service</u>	<u>Average Annual/ Annual Debt Service</u>	<u>Revenue Bond Coverage</u>
2005	Series 2002 A & B	10,623,493	3,590,363	7,033,130	2,054,248	3.42
	Series 2002 A & B	7,734,232	3,590,363	4,143,869	2,054,248	2.02
	Series 2003 A & B	10,623,493	3,590,363	7,033,130	3,261,966	2.16
2006	Series 2002 A & B and Series 2006	11,130,976	3,768,878	7,362,098	2,113,118	3.48
	Series 2002 A & B	7,928,756	3,768,878	4,159,878	2,113,118	1.97
	Series 2003 A & B	11,130,796	3,768,878	7,361,918	3,263,416	2.26
2007	Series 2002 A & B and Series 2006	12,099,590	3,832,413	8,267,177	2,113,118	3.91
	Series 2002 A & B	8,417,095	3,832,413	4,584,682	2,113,118	2.17
	Series 2003 A & B	12,099,590	3,832,413	8,267,177	3,259,591	2.54
2008	Series 2002 A & B and Series 2006	12,181,273	3,933,666	8,247,607	2,113,118	3.90
	Series 2002 A & B	8,369,145	3,933,666	4,435,479	2,113,118	2.10
	Series 2003 A & B	12,181,273	3,933,666	8,247,607	3,259,591	2.53
2009	Series 2002 A and Series 2006	12,506,046	5,305,485	7,200,561	2,867,928	2.51
	Series 2002 A	8,738,680	5,305,485	3,433,195	2,867,928	1.20
	Series 2003 A & B	12,506,046	5,305,485	7,200,561	3,514,089	2.05
	Series 2009 A & B	12,506,046	5,305,485	7,200,561	3,514,089	2.05
2010	Series 2002 A and Series 2006	12,954,276	4,724,154	8,230,122	2,867,928	2.87
	Series 2002 A	9,661,621	4,724,154	4,937,467	2,867,928	1.72
	Series 2003 A & B	12,954,276	4,724,154	8,230,122	3,292,376	2.50
	Series 2009 A & B	12,954,276	4,724,154	8,230,122	3,292,376	2.50
2011	Series 2002 A and Series 2006	13,416,715	4,961,892	8,454,823	2,975,546	2.84
	Series 2002 A	9,779,479	4,961,892	4,817,587	2,975,546	1.62
	Series 2003 A & B	13,416,715	4,961,892	8,454,823	3,158,256	2.68
	Series 2009 A & B	13,416,715	4,961,892	8,454,823	3,158,256	2.68
2012	Series 2002 A and Series 2006	13,942,643	4,954,359	8,988,284	2,975,546	3.02
	Series 2002 A	9,952,205	4,954,359	4,997,846	2,975,546	1.68
	Series 2003 A & B	13,942,643	4,954,359	8,988,284	3,158,256	2.85
	Series 2009 A & B	13,942,643	4,954,359	8,988,284	3,158,256	2.85
2013	Series 2012 and 2013 Refunding	14,266,099	5,033,068	9,233,031	4,095,687	2.25
2014	Series 2012 and 2013 Refunding	14,042,548	5,571,732	8,470,816	4,095,687	2.07

(1) Excludes depreciation and amortization expense.

CITY OF SAPULPA, OKLAHOMA
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 Last Ten Calendar Years
 June 30, 2014
 TABLE 17

<u>Calendar Year</u>	<u>Population (1)</u>	<u>Personal Income (in thousands)</u>	<u>Per Capita Personal Income (2)</u>	<u>Median Age of Population (3)</u>	<u>School Enrollment (4)</u>	<u>Unemployment Rate (5)</u>
2005	20,550	697,056	33,920	37.3	5,775	5.8%
2006	20,560	792,156	38,529	37.3	5,781	5.5%
2007	20,871	824,905	39,524	37.3	5,550	4.3%
2008	20,908	856,831	40,981	40.7	5,850	4.9%
2009	21,173	835,105	39,442	41.7	5,769	7.5%
2010	20,544	838,051	40,793	38.9	5,765	7.4%
2011	20,544	838,051	40,793	38.9	5,753	6.0%
2012	20,648	872,089	42,236	34.8	5,596	5.6%
2013	20,793	942,962	45,350	34.7	5,654	5.2%
2014	20,836	983,875	47,220	34.9	5,782	4.6%

Sources:

- (1) Oklahoma Department of Commerce Projection
- (2) Per Capital Personal Income - US Bureau of Economic Analysis for the Tulsa metropolitan area
- (3) U.S. Census Bureau
- (4) Sapulpa School District, Independent School Districts
- (5) www.bls.gov

CITY OF SAPULPA, OKLAHOMA
 PRINCIPAL EMPLOYERS
 CURRENT YEAR
 June 30, 2014
 TABLE 18

			2014
Employer	Product/Business	Rank	Employees
BIOS Corporation	Health Care and Social Assistance	1	900
Sapulpa Public Schools	Education Services	2	525
T. D. Williamson	Manufacturing/Engineering Equipment	3	500
John Christner Trucking	Transportation	4	450
Paragon Industries	Pipe Manufacturing	5	400
Veralia	Manufacturing/Engineering Equipment	6	345
American Heritage Bank	Financial Institution	7	300
Walmart Supercenter	Retail	8	279
City of Sapulpa	City Services	9	210
Creek County	Government Services	10	200
Electrical Power Systems	Voltage Switch Gear	11	150
Totals			4,259

Sapulpa Chamber of Commerce (Facts at your Fingertips)

CITY OF SAPULPA, OKLAHOMA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
 Last Eight Fiscal Years
 June 30, 2014
 TABLE 19

<u>Function/Program</u>	<u>Fiscal Year</u>							
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General Government:								
Management Services	5	5	5	5	5	5	5	5
Finance	5	5	5	5	5	5	5	5
Planning	3	3	3	3	3	3	3	3
Building	2	2	2	2	2	2	2	2
Community Image	1	1	1	1	1	1	1	1
Court	3	3	3	3	3	3	3	3
Treasurer								
Human Resources	1	1	1	1	1	1	1	1
MIS								
Legal	1	2	2	2	2	2	2	2
Cemetery	6	6	6	6	6	6	6	6
Other (FM, VM, Tort, FM, DCC)	5	5	5	5	5	5	5	5
Utility Accounting	7	7	7	7	6	6	6	6
Total General Government	39	40	40	40	39	39	39	39
Public Safety and Judiciary:								
Police								
Officers	47	48	48	47	47	47	43	43
Civilians	12	12.5	12.5	12	12	12	11	11
Animal Welfare	3	3	3	3	3	2	2	2
Fire:								
Firefighters & Officers	54	52	52	48	48	49	49	49
Civilians	1	1	1	1	1	1	1	1
Central Communications/EM								
Total Public Safety and Judiciary	117	117	117	111	111	111	106	106
Transportation:								
Streets	11	12	12	12	12	12	12	12
Total Transportation	11	12	12	12	12	12	12	12
Cultural, Parks and Recreation:								
Parks and Recreations	8	8	7	7	7	7	7	7
Library	5	6	5	5	5	5	5	5
Golf Course	6	5	5	5	5	5	5	5
Total Cultural, Parks and Recreation	19	19	17	17	17	17	17	17
Public Works:								
Solid Waste Collection	1	1	1	0	0	0	0	0
Utility Maintenance	15	15	15	15	11	11	11	11
Water Treatment	8	8	8	8	8	8	8	8
Wastewater Treatment	12	11	12	12	12	12	12	13
Industrial Pretreatment/Stormwater Management	1	1	1	5	5	4	3	4
Total Public Works	37	36	37	40	36	35	34	36
Total Full-Time Employees by Function/Program	223	224	223	220	215	214	208	210

CITY OF SAPULPA, OKLAHOMA
Capital Asset Statistics by Function/Program
 Last Eight Fiscal Year
 June 30, 2014
TABLE 20

Function/Program	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
General Government								
Buildings	17	17	17	17	17	17	17	17
Police								
Stations	1	1	1	1	1	1	1	1
Zone Offices	1	1	1	1	1	1	1	1
Patrol units	48	42	39	39	35	35	35	33
Fire								
Stations	4	4	4	4	4	4	4	4
Trucks	12	12	12	12	14	14	13	12
Vehicles	9	9	9	9	9	8	8	8
Trailer Vans								4
Boats								2
Refuse Collection								
Collection trucks	0	0	0	0	0	0	0	0
Streets								
Street miles	209	209	209	209	209	209	209	209
Streetlights	1407	1407	1407	1407	1410	1410	1410	1410
Traffic signals	20	22	22	23	23	23	23	23
Parks and recreation								
Acreage	487	487	487	487	487	487	487	487
Playgrounds	12	12	12	12	12	12	12	12
Baseball/softball diamonds	14	14	14	14	14	14	14	14
Soccer/football fields	15	12	12	12	12	12	12	12
Community Center	1	1	1	1	1	1	1	1
Pool	0	0	0	1	1	1	1	1
Golf course	1	1	1	1	1	1	1	1
Library								
Buildings	2	2	2	2	2	2	2	2
Public Transportation								
Buses	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Trolley	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Cemetery								
Plots	27,764	28,475	40,850	52,595	31,550	46,725	52,850	35,750
Vehicles & Machinery	17	17	17	17	17	17	17	17
Water								
Water mains (miles)	94	94	94	94	94	94	94	94
Fire hydrants	802	810	820	820	822	822	888	860
Storage capacity (thousands of galk	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250
Wastewater								
Sanitary sewers (miles)	99	106	106	106	106	106	106	106
Storm sewers (feet)	51,105	105,600	159,679	159,679	159,679	159,679	159,679	159,679
Daily Treatment Capacity	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000

CITY OF SAPULPA, OKLAHOMA
Operating Indicators by Function/Program
Last Nine Fiscal Years
June 30, 2014
TABLE 21

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014
Police									
Physical Arrests	1068	1146	1146	1338	1262	1002	917	1106	863
*Parking Violations	500	1402	658	779	413	9	48	42	17
Traffic Violations	9746	8200	8504	10141	8978	8392	8137	8159	8728
Fire									
Emergency Responses	1687	1051	1220	1269	1845	2789	2741	2901	3137
Fires Extinguished	247	280	344	290	188	280	287	295	206
Inspections	200	510	148	164	174	209	130	210	310
Solid Waste Collection									
Solid Waste Collected (Tons Per Day)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Recyclables Collected (Tons Per Day)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	NA	NA
Other Public Works									
Potholes Repaired:									
Asphalt Patching (Tons)	600	600	700	438	472	400	597	640	452
Concrete Patching (Cubic Yards)	85	30	54	48	38	26	4	10	10
Parks & Recreation									
Athletic Field-Agreements									
Sapulpa Little League (# of Fields Used)	6	14	14	14	14	14	14	14	14
Sapulpa Youth Soccer (# of Fields Used)	8	15	12	12	12	12	12	12	12
Sapulpa Girls Softball (# of Fields Used)	4	10	10	10	10	10	10	10	10
Community Center/Park Rentals	56	56	70	64	237		81	83	97
Senior Center-Program Participants/Meals Served					7140	7417	7500	4780	4000
-Sr. Center Lunch Program	530	0	0	0					
Water									
Connections	6670	6900	6516	6499	6516	6478	6486	6498	11213
Water Main Breaks	50-100	50	20	25	25-50	100-150	50-100	100-150	50
Average Daily Consumption									
(Thousands of Gallons)	1608	1608	2949	3500	3142	3169	3062	2991	3036
Peak Daily Consumption									
(Thousands of Gallons)	5100	5100	4723	5000	4896	5234	5932	5063	4643
Wastewater									
Average Daily Sewage Treatment									
(Thousands of Gallons)	3000	3000	3000	3000	3000	3000	3000	3000	3000
Transit									
Total Route Miles-Trolleys & Broncho	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total Route Miles-Rt-37	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Passengers	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Source: Various City Departments