

**THE CITY OF KINGFISHER,
OKLAHOMA**

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

**AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2012**

**CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2012**

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2012

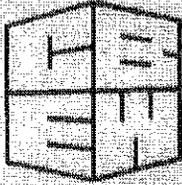
TABLE OF CONTENTS

	Page
Independent Auditor's Report on Financial Statements.....	5-6
Required Supplementary Information:	
Management's Discussion and Analysis	7-16
The Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets	18
Statement of Activities	19
Governmental Funds Financial Statements:	
Balance Sheet	21
Statement of Revenues, Expenditures, and Changes in Fund Balances.....	22
Reconciliation of Governmental Fund and Government-Wide Financial Statements.....	23-24
Proprietary Funds Financial Statements:	
Statement of Net Assets.....	26
Statement of Revenues, Expenses, and Changes in Net Assets.....	27
Statement of Cash Flows.....	28
Footnotes to the Basic Financial Statements	29-50
Required Supplementary Information:	
Budgetary Comparison Information	
Budgetary Comparison Schedule (Budgetary Basis) – General Fund.....	52-54
Budgetary Comparison Schedule (Budgetary Basis) – Flood Control.....	55
Footnotes to Budgetary Comparison Schedules.....	55
Other Supplementary Information:	
General Fund Accounts Combining Schedules	
Combining Balance Sheet	57
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance.....	58
Nonmajor Governmental Combining Schedules	
Combining Balance Sheet	59
Combining Statement of Revenues, Expenditures and Changes in Fund Balance.....	59
State Awards Information	
Schedule of Expenditures of State Awards.....	60
Footnotes to Schedule of Expenditures of State Awards.....	60

CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2012

Single Audit and Internal Control and Compliance over Financial Reporting

Independent Auditor's Report on Internal Control and Compliance Over Financial Reporting in Accordance with Government Auditing Standards	62-63
Independent Auditor's Report on Internal Control and Compliance Over Financial Reporting in Accordance with OMB and Circular A-133	64-65
Schedule of Expenditures of Federal Awards.....	66



CBEW
Professional
Group, LLP
Certified Public Accountants

206 N. HARRISON • P.O. BOX 790 • CUSHING, OKLAHOMA 74023 • 918-225-4218 • FAX 918-225-4315

DON K. ETHRIDGE, CPA
WALTER H. WEBB, CPA
JANE FRAZIER, CPA
CHARLES E. CROOKS, CPA
TRISHA J. RIEMAN, CPA

INDEPENDENT AUDITOR'S REPORT

December 14, 2012

Honorable Board of City Commissioners
City of Kingfisher
Kingfisher, Oklahoma

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Kingfisher, Oklahoma, (City) as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Kingfisher, Oklahoma, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2012 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7 through 16 and budgetary comparison information on page 52 through 54 and the notes on page 54 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.

City of Kingfisher
December 14, 2012

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Kingfisher's financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*, and is not a required part of the basic financial statements. The combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual non-major fund financial statements and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

CBEW Professional Group, LLP

CBEW Professional Group, LLP
Certified Public Accountants

CITY OF KINGFISHER, OKLAHOMA
Management's Discussion and Analysis
As of and for the Fiscal Year Ended June 30, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF KINGFISHER, OKLAHOMA
Management's Discussion and Analysis
As of and for the Fiscal Year Ended June 30, 2012

Our discussion and analysis of the City of Kingfisher's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2012. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- For the fiscal year ended June 30, 2012, the City's total net assets increased by \$1,475,890 or 5% from the prior year.
- During the year, the City's expenses for governmental activities were \$5.2 million and were funded by program revenues of \$1,821,822 and further funded with taxes and other general revenues and transfers that totaled \$5 million.
- In the City's business-type activities, such as utilities, program revenues exceeded expenses by \$734,303.
- For budgetary reporting purposes, the General Fund reported revenues greater than estimates of \$163,669 or 3.5%, while expenditures were under the final appropriations by \$30,190 or 0.6%.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements presented herein include all of the activities of the City of Kingfisher (the "City") and its component units using the integrated approach as prescribed by GASB Statements No. 14, 34, and 39. Included in this report are government-wide statements for each of two categories of activities – governmental and business-type including the four blended component units.

The government-wide financial statements present the complete financial picture of the City from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business-type activities separately and combined. These statements include all assets of the City (including infrastructure capital assets) as well as all liabilities (including all long-term debt).

About the City

The City of Kingfisher is an incorporated municipality with a population of approximately 4,633 located in northwestern Oklahoma. The City is a Council/Manager form of government and operates under a home-rule charter that provides for three branches of government:

- Legislative – the City Commission is a five-member governing body with the mayor and four commissioners elected by the citizens at large
- Executive – the City Manager is the Chief Executive Officer and appointed by the City Council
- Judicial – the Municipal Judge is a practicing attorney appointed by the City Commissioners

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

CITY OF KINGFISHER, OKLAHOMA
Management's Discussion and Analysis
As of and for the Fiscal Year Ended June 30, 2012

The City's Financial Reporting Entity

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

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

- **The City of Kingfisher** – that operates the public safety, health and welfare, streets and highways, parks and recreation, and administrative activities
- **The City of Kingfisher Public Works Authority** – that operates the electric, water, sewer, and sanitation services of the City
- **The Kingfisher Special Projects Authority** – that promotes, develops and secures industrial development within the City
- **The Kingfisher Recreation Authority** – that operates the swimming pool facility of the City and oversees the management of the municipal golf course of the City
- **The Kingfisher Hospital Authority** – only finances the Kingfisher Regional Hospital with the 1% sales tax through 2032. This Authority was formed in May 2007 and had no financial activity in the current year.

All four component units (Authorities) have the City Commissioners as their governing body (trustees) and the City is able to impose its will on the Authorities through required approval of all debt obligations issued by these entities.

Using This Annual Report

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

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

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

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

Reporting the City as a Whole

The Statement of Net Assets and the Statement of Activities

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

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

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

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

Reporting the City's Most Significant Funds

Fund Financial Statements

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

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

CITY OF KINGFISHER, OKLAHOMA
Management's Discussion and Analysis
As of and for the Fiscal Year Ended June 30, 2012

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 Assets, the Statement of Revenues, Expenses and Changes in Fund Net Assets and Statement of Cash Flows. In fact, the City's enterprise funds are essentially the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows.

A FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the primary government, assets exceeded liabilities by \$31 million at the close of the most recent fiscal year.

TABLE 1
NET ASSETS (In Thousands)

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2012	2011		2012	2011		2012	2011	
Current assets	\$ 3,706	\$ 2,851	30%	\$ 4,283	\$ 5,406	-21%	\$ 7,989	\$ 8,257	-3%
Non-current assets	9,822	8,978	9%	16,502	15,652	5%	26,324	24,630	7%
Total assets	13,528	11,829	14%	20,785	21,058	-1%	34,313	32,887	4%
Current liabilities	1,058	1,024	3%	619	633	-2%	1,677	1,657	1%
Non-current liabilities	271	289	-6%	1,289	1,342	-4%	1,560	1,631	-4%
Total liabilities	1,329	1,313	1%	1,908	1,975	-3%	3,237	3,288	-2%
Net assets									
Invested in capital assets, net of related debt	9,117	8,136	12%	15,412	14,493	6%	24,529	22,629	8%
Restricted	906	931	-3%	111	715	-84%	1,017	1,646	-38%
Unrestricted	2,176	1,449	50%	3,354	3,875	-13%	5,530	5,324	4%
Total net assets	\$ 12,199	\$ 10,516	16%	\$ 18,877	\$ 19,083	-1%	\$ 31,076	\$ 29,599	5%

The largest portion of the City's net assets reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. For 2012, this investment in capital assets, net of related debt amounted to \$24.5 million. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A major portion of the City's net assets, approximately \$1,017,000, also represents resources that are subject to external restrictions or internal legislation on how they may be used. The remaining balance of

CITY OF KINGFISHER, OKLAHOMA
Management's Discussion and Analysis
As of and for the Fiscal Year Ended June 30, 2012

unrestricted net assets, \$5.5 million, is available to meet the government's ongoing obligations to citizens and creditors.

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

Changes in Net Assets

For the year ended June 30, 2012, net assets of the primary government changed as follows:

TABLE 2
CHANGES IN NET ASSETS (In Thousands)

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2012	2011		2012	2011		2012	2011	
Revenues									
Charges for service	\$ 417	\$ 688	-39%	\$ 7,309	\$ 7,275	0%	\$ 7,726	\$ 7,963	-3%
Operating grants and contributions	1,180	424	178%	-	-	-	1,180	424	178%
Capital grants and contributions	225	63	257%	-	-	-	225	63	257%
Taxes	3,352	2,927	15%	-	-	-	3,352	2,927	15%
Intergovernmental revenue	89	83	7%	264	15	1660%	353	98	260%
Investment income	42	38	11%	25	43	-42%	67	81	-17%
Miscellaneous	325	30	983%	10	19	-47%	335	49	584%
Total revenues	5,630	4,283	32%	7,608	7,352	3%	13,238	11,605	14%
Expenses									
General government	646	569	14%	-	-	-	646	569	14%
Public safety	2,345	2,259	4%	-	-	-	2,345	2,259	4%
Highways and streets	522	475	10%	-	-	-	522	475	10%
Culture and recreation	510	525	-3%	-	-	-	510	525	-3%
Health and welfare	158	154	3%	-	-	-	158	154	3%
Airport	19	26	-27%	-	-	-	19	26	-27%
Hospital sales tax payment	967	805	20%	-	-	-	967	805	20%
Interest on long-term debt	21	34	-38%	-	-	-	21	34	-38%
Light and power	-	-	-	4,669	4,477	4%	4,669	4,477	4%
Water	-	-	-	623	537	16%	623	537	16%
Sewer	-	-	-	394	366	8%	394	366	8%
Sanitation	-	-	-	435	404	8%	435	404	8%
Golf course	-	-	-	159	142	12%	159	142	12%
Swimming pool	-	-	-	289	297	-3%	289	297	-3%
Economic development	-	-	-	5	5	0%	5	5	0%
Total expenses	5,188	4,847	7%	6,574	6,228	6%	11,762	11,075	6%
Excess (deficiency) before transfers	442	(564)	-174%	1,034	1,124	-8%	1,476	530	179%
Transfers	1,240	685	81%	(1,240)	(685)	81%	-	-	-
Change in net assets	1,682	118	1343%	(206)	439	-147%	1,476	530	178%
Beginning net assets	10,517	10,426	1%	19,083	18,644	2%	29,600	29,076	2%
Ending net assets	\$ 12,199	\$ 10,517	16%	\$ 18,877	\$ 19,083	-1%	\$ 31,076	\$ 29,600	5%

CITY OF KINGFISHER, OKLAHOMA
Management's Discussion and Analysis
As of and for the Fiscal Year Ended June 30, 2012

Explanations for changes in excess of 20% and \$200,000 are as follows:

Governmental Activities:

Current Assets – 30% or \$855,000 related to a transfer from the PMA to the Airport Fund to help pay for the construction of an asphalt runway.

Charges for services – 39% decrease or \$271,000 related to a decrease in ambulance revenue of approximately \$265,000.

Operating grants and contributions – 178% increase of \$756,000 related to \$714,000 of operating grants for flood purposes.

Miscellaneous income – 983% increase of \$295,000 related to the City collecting \$250,000 on the judgment they were awarded in 1983 for misappropriation of funds by a former employee.

Transfers – 81% increase of \$555,000 related to an increase in operating subsidies received from KPWA for the Airport runway construction project.

Business-type Activities:

Current Assets – 21% decrease or \$1.1 million related to a decrease in cash in the PMA Capital Improvement Fund for paying expenditures on the new water tower. Also the decrease is due to a \$640,000 transfer of operating subsidies to the Airport Fund to help pay for construction of an asphalt runway.

Restricted Net Assets – 84% decrease or \$604,000 related to the reduction in cash in the PMA Capital Improvement Fund due to expenditures for the new water tower.

Intergovernmental Revenue – 1660% increase or \$249,000 due to grant monies received for the construction of the new water tower.

Transfers – 81% increase of \$555,000 related to an increase in operating subsidies to the governmental activities for the Airport runway construction project.

Governmental Activities

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

CITY OF KINGFISHER, OKLAHOMA
Management's Discussion and Analysis
As of and for the Fiscal Year Ended June 30, 2012

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

	Total Expense of Services		% Inc. (Dec.)	Net Revenue (Expense) of Services		% Inc. (Dec.)
	2012	2011		2012	2011	
General government	\$ 646	\$ 569	14%	\$276	(\$495)	-156%
Public safety	2,345	2,259	4%	(1,780)	(1,278)	39%
Highways and streets	522	475	10%	(332)	(435)	-24%
Culture and recreation	510	525	-3%	(472)	(516)	-9%
Health and welfare	158	154	3%	(128)	(108)	19%
Airport	19	26	-27%	58	-	100%
Hospital sales tax payment	967	805	20%	(967)	(805)	20%
Interest on long-term debt	21	34	-38%	(21)	(34)	-38%
Total	<u>5,188</u>	<u>\$ 4,847</u>	7%	<u>(\$3,366)</u>	<u>(\$3,671)</u>	-8%

Explanations for significant changes are listed above under Table 2.

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

	Total Expense of Services		% Inc. Dec.	Net Revenue (Expense) of Services		% Inc. Dec.
	2012	2011		2012	2011	
Light and power	\$ 4,669	\$ 4,476	4%	\$ 854	\$1,089	-22%
Water	623	537	16%	205	227	10%
Sewer	394	366	8%	20	7	-186%
Sanitation	435	405	7%	18	67	-73%
Golf course	159	142	12%	(159)	(128)	-24%
Swimming pool	289	297	-3%	(199)	(210)	5%
Economic development	5	5	0%	(5)	(5)	0%
Total	<u>\$ 6,574</u>	<u>\$ 6,228</u>	6%	<u>\$ 734</u>	<u>\$ 1,047</u>	-30%

The City's business-type activities include utility services for electric, water, sewer, sanitation, golf course, swimming pool and economic development.

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

- Total business-type activities reported net revenues of \$734,303 for the year ended June 30, 2012.
- While the light and power, water, sewer, and sanitation activities reported net revenues for the year ended June 30, 2012, golf course, swimming pool and economic development had net expenses.

CITY OF KINGFISHER, OKLAHOMA
Management's Discussion and Analysis
As of and for the Fiscal Year Ended June 30, 2012

A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed its 2012 fiscal year, the governmental funds reported a combined fund balance of approximately \$2,274,123 or a 31% change from 2011. The enterprise funds reported combined net assets of \$18.9 million or a 1.1% decrease from 2011.

Other fund highlights include:

- For the year ended June 30, 2012, the General Fund's total fund balance decreased by \$52,298 or 5.6%.
- In the General Fund there was a \$120,722 restriction for insurance, a \$589,995 commitment for economic stabilization, and a \$145,632 assignment for capital improvements.
- Proprietary fund net asset restrictions included \$9,430 for debt service and \$101,559 for capital projects.

General Fund Budgetary Highlights

Over the course of the year, the City Council revised the General Fund budget various times. The revised budget included an increase in overall revenue projections (including transfers in) of 11.9% or \$491,920 and an increase in appropriations (including transfers out) of 20% or \$828,920. Actual revenues and transfers were over estimates by \$163,669 or 3.5%, while expenditures and transfers were under final appropriations by \$30,190 or 0.6%.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2012, the City had \$26 million invested in capital assets, net of depreciation, including police and fire equipment, buildings, park facilities, streets, and water lines and sewer lines. (See Table 5). This represents a net increase of approximately \$1.7 million over last year.

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

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 932	\$ 927	\$ 1,249	\$ 1,249	\$ 2,181	\$ 2,176
Buildings and Improvements	1,598	1,563	3,427	3,532	5,025	5,095
Machinery and Equipment	1,001	1,179	734	781	1,735	1,960
Infrastructure	4,825	4,992	983	1,022	5,808	6,014
Utility Property	-	-	9,833	8,677	9,833	8,677
Construction in progress	1,465	317	-	114	1,465	431
Totals	\$ 9,821	\$ 8,978	\$ 16,226	\$ 15,375	\$ 26,047	\$ 24,353

CITY OF KINGFISHER, OKLAHOMA
Management's Discussion and Analysis
As of and for the Fiscal Year Ended June 30, 2012

This year's more significant capital asset additions included:

Water Tower	\$885,550
2 – Water Wells	329,248
West Bottom Drainage project	434,127
Airport Improvement Project	208,016
Drainage Project (19 th & Will Rogers)	344,990

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

Long-Term Debt

At year-end, the City had \$1.7 million in long-term debt outstanding which represents a \$65,022 or 3.6% decrease from the prior year. The City's changes in long-term debt by type of debt are as follows:

TABLE 6
Long-Term Debt

	Governmental Activities		Business-Type Activities		Total	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Accrued absences	\$ 252	\$ 232	\$ 199	\$ 183	\$ 451	\$ 415
Capital lease	80	115	-	-	80	115
Notes payable	-	-	840	910	840	910
Meter deposit liability	-	-	378	375	378	375
Totals	\$ 332	\$ 347	\$ 1,417	\$ 1,468	\$ 1,749	\$ 1,815

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

The Economic Outlook

The following information outlines significant known factors that will affect subsequent year finances:

- The City will continue to with its flood and drainage projects.
- The City will continue construction on the airport asphalt runway.

Contacting the City's Financial Management

This report is designed to provide our citizens, taxpayers, customers and creditors with an understanding of the City's finances and to demonstrate the City's accountability for the resources it receives. If you have questions about this report or need additional financial information, contact the City Clerk's Office at 301 N. Main Kingfisher, Oklahoma 73750 or telephone at 405-375-3705.

CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2012

BASIC FINANCIAL STATEMENTS - GOVERNMENT-WIDE

CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2012

Statement of Net Assets— June 30, 2012

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 1,116,256	\$ 289,799	\$ 1,406,055
Restricted cash and cash equivalents	-	110,989	110,989
Investments	1,461,145	1,850,000	3,311,145
Deposits with insurance pool	120,722	-	120,722
Accounts receivable, net	59,892	1,601,498	1,661,190
Court fine receivable, net	17,508	-	17,508
Internal balances	(19,693)	19,693	-
Due from other governments	951,032	-	951,032
Inventory	-	410,595	410,595
Total Current Assets	<u>3,706,662</u>	<u>4,282,574</u>	<u>7,989,236</u>
Noncurrent Assets:			
Restricted Investments	-	251,466	251,466
Capital Assets:			
Land and construction in progress	2,397,241	1,249,269	3,646,510
Other capital assets, net of depreciation	7,424,871	14,977,450	22,402,121
Unamortized bond issuance costs	-	24,589	24,589
Total Noncurrent Assets	<u>8,821,912</u>	<u>16,502,774</u>	<u>26,324,686</u>
Total Assets	<u>13,528,574</u>	<u>20,785,348</u>	<u>34,313,922</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	199,288	488,673	687,961
Other payables	300	-	300
Sales tax due to hospital	172,999	-	172,999
Accrued interest payable	-	2,870	2,870
Short-term note payable	624,658	-	624,658
Current portion of:			
Due to depositors	-	37,797	37,797
Capital lease payable	35,476	-	35,476
Notes payable	-	70,000	70,000
Accrued compensated absences	25,193	19,922	45,115
Total Current Liabilities	<u>1,057,914</u>	<u>619,262</u>	<u>1,677,176</u>
Noncurrent liabilities:			
Due to depositors	-	340,177	340,177
Capital lease payable	44,693	-	44,693
Notes payable	-	770,000	770,000
Accrued compensated absences	226,739	179,314	406,053
Total Noncurrent Liabilities	<u>271,432</u>	<u>1,289,491</u>	<u>1,560,923</u>
Total Liabilities	<u>1,329,346</u>	<u>1,908,753</u>	<u>3,238,099</u>
NET ASSETS			
Invested in capital assets, net of related debt	9,117,085	15,411,308	24,528,393
Restricted by:			
External contracts and groups:			
Nonspendable	50,000	-	50,000
Other contracts/groups/legislation	855,692	110,989	966,681
Unrestricted	2,176,451	3,354,298	5,530,749
Total Net Assets	<u>\$ 12,199,228</u>	<u>\$ 18,876,595</u>	<u>\$ 31,075,823</u>

See accompanying notes to the basic financial statements.

CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2012

Statement of Activities – Fiscal Year Ended June 30, 2012

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government							
Governmental Activities							
General government	\$ 646,608	\$ 14,648	\$ 906,668	\$ -	\$ 276,008	\$ -	\$ 276,008
Public safety	2,346,382	346,440	213,373	6,683	(1,780,016)	-	(1,780,016)
Highways and streets	522,022	-	51,511	138,166	(332,365)	-	(332,365)
Culture and recreation	609,961	5,462	8,840	24,000	(471,829)	-	(471,829)
Health and welfare	157,648	28,973	-	-	(127,675)	-	(127,675)
Airport	18,971	21,326	-	55,741	58,098	-	58,098
Hospital sales tax payment	866,824	-	-	-	(968,824)	-	(968,824)
Interest on Long-term debt	21,045	-	-	-	(21,045)	-	(21,045)
Total governmental activities	<u>5,187,661</u>	<u>417,169</u>	<u>1,180,193</u>	<u>224,460</u>	<u>(3,365,738)</u>	<u>-</u>	<u>(3,365,738)</u>
Business-type activities:							
Light and power	4,889,644	5,523,965	-	-	-	854,321	854,321
Water	622,667	827,832	-	-	-	205,165	205,165
Sewer	394,087	419,688	-	-	-	18,602	18,602
Sanitation	436,473	453,385	-	-	-	17,912	17,912
Golf course	168,721	-	-	-	-	(168,721)	(168,721)
Swimming pool	288,795	39,861	-	-	-	(198,904)	(198,904)
Economic development	6,082	-	-	-	-	(5,062)	(5,062)
Total business-type activities	<u>6,574,419</u>	<u>7,308,722</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>734,503</u>	<u>734,503</u>
Total primary government	\$ 11,761,980	\$ 7,725,891	\$ 1,180,193	\$ 224,460	(3,365,738)	734,503	(2,631,436)
General revenues:							
Taxes:							
Sales and use taxes					3,259,437	-	3,259,437
Franchise taxes and public service taxes					79,156	-	79,156
Hotel/motel taxes					13,937	-	13,937
Intergovernmental revenue not restricted to specific programs					89,108	294,915	383,123
Unrestricted investment earnings					41,530	24,762	66,312
Miscellaneous					325,086	10,295	335,381
Transfers - internal activities					1,240,000	(1,240,000)	-
Total general revenues and transfers					<u>5,048,254</u>	<u>(940,000)</u>	<u>4,107,354</u>
Changes in net assets					1,882,485	(208,608)	1,478,880
Net assets - beginning					10,616,733	19,083,200	29,699,933
Net assets - ending					<u>\$ 12,189,218</u>	<u>\$ 18,878,696</u>	<u>\$ 31,078,123</u>

See accompanying notes to the basic financial statements.

CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2012

BASIC FINANCIAL STATEMENTS - GOVERNMENTAL FUNDS

CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2012

Governmental Funds Balance Sheet - June 30, 2012

	<u>General Fund</u>	<u>Flood Control Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 141,898	\$ 66,721	\$ 907,837	\$ 1,116,256
Investments	1,000,000	-	461,145	1,461,145
Receivables:				
Ambulance receivable, net	59,692	-	-	59,692
Court fines receivable, net	17,508	-	-	17,508
Due from other governments	607,520	300,710	20,963	929,193
Other receivables	21,839	-	-	21,839
Deposits in insurance pool	120,722	-	-	120,722
Total assets	\$ 1,969,179	\$ 367,431	\$ 1,389,745	\$ 3,726,355
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 132,447	66,841	\$ -	\$ 199,288
Other payables	-	-	300	300
Due to other funds	19,693	-	-	19,693
Short-term note payable	624,658	-	-	624,658
Sales tax due to hospital	172,999	-	-	172,999
Deferred revenue	143,900	291,994	-	435,294
Total liabilities	1,093,097	358,835	300	1,452,232
Fund balances:				
Nonspendable	-	-	50,000	50,000
Restricted for:				
Cemetery Capital Improvements	-	-	145,930	145,930
Library	-	-	269,131	269,131
Streets	-	-	161,178	161,178
Insurance	120,722	-	-	120,722
Flood Control	-	6,357	-	6,357
Military Memorial	-	-	105,508	105,508
Improvements benefiting citizens	-	-	46,866	46,866
Committed to:				
Economic stabilization	589,995	-	-	589,995
Assigned to:				
Library	-	-	6,327	6,327
Capital Improvements	145,632	-	-	145,632
Airport	-	-	604,259	604,259
Improvements benefiting citizens	-	-	246	246
Flood Control	-	2,239	-	2,239
Sick leave buy back	19,733	-	-	19,733
Total fund balances	876,082	8,596	1,389,445	2,274,123
Total liabilities and fund balances	\$ 1,969,179	\$ 367,431	\$ 1,389,745	\$ 3,726,355

See accompanying notes to the basic financial statements.

CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2012

Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances - Fiscal Year Ended June 30, 2012

	<u>General Fund</u>	<u>Flood Control Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes	\$ 3,379,034	\$ -	\$ 13,937	\$ 3,392,971
Intergovernmental	442,819	614,675	96,704	1,154,198
Charges for services	341,883	-	17,884	359,567
Fines and forfeitures	29,731	-	-	29,731
Licenses and permits	13,808	-	-	13,608
Investment income	12,973	460	4,772	18,205
Donations	11,041	-	410	11,451
Miscellaneous	323,272	-	35,321	358,593
Total revenues	<u>4,554,161</u>	<u>615,135</u>	<u>169,028</u>	<u>5,338,324</u>
EXPENDITURES				
Current:				
Administrative	7,965	-	-	7,965
City Treasurer	72,370	-	-	72,370
City Attorney	35,909	-	-	35,909
Municipal Court	21,122	-	-	21,122
Police	825,722	-	-	825,722
Fire	1,291,428	-	-	1,291,428
Streets	356,643	-	69	356,712
Culture, tourism and recreation	115,349	-	13,098	128,447
General government	277,689	259,827	-	537,516
Library	246,847	-	53	246,900
Cemetery	137,491	-	-	137,491
Airport	-	-	15,158	15,158
Capital Outlay	696,554	434,210	215,131	1,345,895
Debt Service:				
Principal	34,796	-	-	34,796
Interest and other charges	21,044	-	-	21,044
Total expenditures	<u>4,140,929</u>	<u>694,037</u>	<u>243,509</u>	<u>5,078,475</u>
Excess (deficiency) of revenues over expenditures	<u>413,232</u>	<u>(78,902)</u>	<u>(74,481)</u>	<u>259,849</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	601,394	-	740,000	1,341,394
Transfers out	(100,000)	-	(1,394)	(101,394)
Sales tax payment to hospital	(966,924)	-	-	(966,924)
Total other financing sources (uses)	<u>(465,530)</u>	<u>-</u>	<u>738,606</u>	<u>273,076</u>
Net change in fund balances	(52,298)	(78,902)	664,125	532,925
Fund balances - beginning	928,380	87,498	725,320	1,741,198
Fund balances - ending	<u>\$ 876,082</u>	<u>\$ 8,596</u>	<u>\$ 1,389,445</u>	<u>\$ 2,274,123</u>

See accompanying notes to the basic financial statements.

CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2012

Reconciliation of Governmental Funds and Government-Wide Financial Statements:

Total fund balance, governmental funds	\$ 2,274,123
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Assets.	9,821,912
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.	435,294
Accrued Compensated Absences are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Assets.	(251,932)
Certain long-term liabilities are not due and payable from current financial resources and, therefore, are not reported in the funds:	
Capital lease payable	(80,169)
Net Assets of Governmental Activities in the Statement of Net Assets	<u>\$ 12,199,228</u>

**CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2012**

Reconciliation of Governmental Funds and Government-Wide Financial Statements (Continued):

Net change in fund balances - total governmental funds:	\$	532,925
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
<p>Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.</p>		
Capital asset purchases capitalized		1,313,360
Depreciation expense		(470,008)
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:</p>		
Deferred revenue		291,732
<p>Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets:</p>		
Principal payments on long-term debt		34,796
Proceeds of long-term debt		
<p>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:</p>		
Change in accrued compensated absences		(20,312)
Change in net assets of governmental activities	\$	<u>1,882,496</u>

See accompanying notes to the basic financial statements.

**CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2012**

BASIC FINANCIAL STATEMENTS - PROPRIETARY FUNDS

CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2012

Proprietary Funds Statement of Net Assets - June 30, 2012

	<u>Kingfisher Public Works Authority</u>	<u>Kingfisher Special Projects Authority</u>	<u>Kingfisher Recreation Authority</u>	<u>Total</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 126,099	\$ 49,636	\$ 114,084	\$ 289,799
Investments	1,850,000	-	-	1,850,000
Restricted:				
Cash and cash equivalents	110,989	-	-	110,989
Accounts receivable, net	1,601,498	-	-	1,601,498
Due from other funds	19,893	-	-	19,893
Inventory	410,595	-	-	410,595
Total current assets	<u>4,118,874</u>	<u>49,636</u>	<u>114,084</u>	<u>4,282,574</u>
Non-current assets:				
Restricted:				
Investments	251,466	-	-	251,466
Capital assets:				
Land and construction in progress	199,144	50,000	1,000,125	1,249,269
Other capital assets, net of accumulated depreciation	12,936,830	70,440	1,988,180	14,977,460
Unamortized note issue costs	24,589	-	-	24,589
Total non-current assets	<u>13,414,029</u>	<u>120,440</u>	<u>2,968,305</u>	<u>16,502,774</u>
Total assets	<u>\$ 17,532,903</u>	<u>\$ 170,076</u>	<u>\$ 3,082,369</u>	<u>\$ 20,785,348</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 476,882	\$ -	\$ 11,791	\$ 488,673
Accrued interest payable	2,870	-	-	2,870
Due to depositors	37,797	-	-	37,797
Notes payable	70,000	-	-	70,000
Accrued compensated absences	19,089	-	833	19,922
Total current liabilities	<u>606,638</u>	<u>-</u>	<u>12,624</u>	<u>619,262</u>
Non-current liabilities:				
Due to depositors	340,177	-	-	340,177
Notes payable	770,000	-	-	770,000
Accrued compensated absences	171,812	-	7,502	179,314
Total non-current liabilities	<u>1,281,989</u>	<u>-</u>	<u>7,502</u>	<u>1,289,491</u>
Total liabilities	<u>1,888,627</u>	<u>-</u>	<u>20,126</u>	<u>1,908,753</u>
NET ASSETS				
Invested in capital assets, net of related debt	12,322,563	120,440	2,968,305	15,411,308
Restricted for debt service	9,430	-	-	9,430
Restricted for capital projects	101,559	-	-	101,559
Unrestricted	3,210,724	49,636	93,938	3,354,298
Total net assets	<u>\$ 15,644,276</u>	<u>\$ 170,076</u>	<u>\$ 3,062,243</u>	<u>\$ 18,876,595</u>

See accompanying notes to the basic financial statements.

CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2012

Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Assets -- Fiscal Year Ended June 30, 2012

	<u>Kingfisher Public Works Authority</u>	<u>Kingfisher Special Projects Authority</u>	<u>Kingfisher Recreation Authority</u>	<u>Total</u>
REVENUES				
Charges for services:				
Light and power charges	\$ 5,184,284	\$ -	\$ -	\$ 5,184,284
Water charges	816,452	-	-	816,452
Sewer charges	408,002	-	-	408,002
Penalties	65,782	-	-	65,782
Sanitation charges	447,153	-	-	447,153
Recreation	-	-	89,851	89,851
Refunds and reimbursements	272,176	-	-	272,176
Miscellaneous	18,380	5,642	-	25,022
Total operating revenues	<u>7,213,228</u>	<u>5,642</u>	<u>89,851</u>	<u>7,308,722</u>
OPERATING EXPENSES				
Administration	555,963	-	-	555,963
Light and power	3,938,449	-	-	3,938,449
Power plant	180,687	-	-	180,687
Water	404,866	-	-	404,866
Sanitation	376,743	-	-	376,743
Sewer	248,762	-	-	248,762
Recreation	-	-	367,862	367,862
Depreciation expense	379,549	5,062	79,514	464,125
Amortization expense	2,893	-	-	2,893
Total operating expenses	<u>6,085,912</u>	<u>5,062</u>	<u>447,476</u>	<u>6,538,450</u>
Operating income (loss)	<u>1,127,317</u>	<u>580</u>	<u>(357,625)</u>	<u>770,272</u>
NON-OPERATING REVENUES (EXPENSES)				
Investment income	24,782	-	-	24,782
Grant revenue	264,015	-	-	264,015
Loss on capital asset disposal	(15,041)	-	-	(15,041)
Miscellaneous	25,336	-	-	25,336
Interest expense	(35,969)	-	-	(35,969)
Total non-operating revenue (expenses)	<u>263,123</u>	<u>-</u>	<u>-</u>	<u>263,123</u>
Income (loss) before transfers	1,390,440	580	(357,625)	1,033,395
Transfers in	-	-	323,000	323,000
Transfers out	(1,558,000)	-	(5,000)	(1,563,000)
Change in net assets	<u>(187,560)</u>	<u>580</u>	<u>(39,625)</u>	<u>(206,605)</u>
Total net assets - beginning	15,811,839	169,496	3,101,868	19,083,203
Total net assets - ending	<u>\$ 15,644,279</u>	<u>\$ 170,076</u>	<u>\$ 3,062,243</u>	<u>\$ 18,876,598</u>

See accompanying notes to the basic financial statements.

CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2012

Proprietary Funds Statement of Cash Flows – Fiscal Year Ended June 30, 2012

	Kingfisher Public Works Authority	Kingfisher Special Projects Authority	Kingfisher Recreation Authority	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 7,288,866	\$ 5,642	\$ 89,851	\$7,384,458
Payments to suppliers	(4,672,014)	-	(122,332)	(4,894,346)
Payments to employees	(1,163,430)	-	(240,288)	(1,393,718)
Receipts of customer deposits	43,491	-	-	43,491
Refunds of customer meter deposits	(40,787)	-	-	(40,787)
Receipts (payments) from other funds	(37)	-	-	(37)
Net cash provided by (used in) operating activities	1,666,208	5,642	(272,769)	1,299,081
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	-	-	323,000	323,000
Transfers to other funds	(1,658,000)	-	(5,000)	(1,663,000)
Receipts from governmental grants	264,015	-	-	264,015
Net cash provided by (used in) noncapital financing activities	(1,293,985)	-	318,000	(975,985)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	(1,310,856)	-	(19,622)	(1,330,478)
Principal paid on debt	(70,000)	-	-	(70,000)
Interest and fiscal agent fees paid on debt	(36,208)	-	-	(36,208)
Net cash provided by (used in) capital and related financing activities	(1,417,064)	-	(19,622)	(1,436,686)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	396,767	-	-	396,767
Interest and dividends	24,782	-	-	24,782
Net cash provided by investing activities	421,549	-	-	421,549
Net Increase (decrease) in cash and cash equivalents	(723,292)	5,642	25,609	(692,041)
Balances - beginning of year	980,380	43,994	88,455	1,092,829
Balances - end of year	\$ 237,088	\$ 49,636	\$ 114,064	\$ 400,788
Reconciliation to Statement of Net Assets:				
Cash and cash equivalents	\$ 128,099	\$ 49,636	\$ 114,064	\$ 289,799
Restricted cash and cash equivalents - current	110,989	-	-	110,989
Total cash and cash equivalents, end of year	\$ 237,088	\$ 49,636	\$ 114,064	\$ 400,788
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ 1,127,317	\$ 580	\$ (357,625)	\$ 770,272
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	379,549	5,062	79,514	464,125
Amortization expense	2,893	-	-	2,893
Other non-operating revenues	25,336	-	-	25,336
Change in assets and liabilities:				
Due from other funds	(37)	-	-	(37)
Accounts receivable	50,400	-	-	50,400
Inventory	(17,376)	-	-	(17,376)
Accounts payable	(18,912)	-	2,918	(15,994)
Deposits subject to refund	2,724	-	-	2,724
Accrued compensated absences	14,314	-	2,424	16,738
Net cash provided by (used in) operating activities	\$ 1,666,208	\$ 5,642	\$ (272,769)	\$ 1,299,081

See accompanying notes to the basic financial statements.

**CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2012**

NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2012**

Footnotes to the Basic Financial Statements:

1. Summary of Significant Accounting Policies

A. Financial Reporting Entity

The City's financial reporting entity includes the primary government (City of Kingfisher) and the four blended component units as noted below. This annual report includes all activities for which the City of Kingfisher City Commissioners are fiscally responsible.

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

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

The City of Kingfisher has a population of 4,633 located in northwestern Oklahoma. The City is a Council/Manager form of government and operates under a home-rule charter that provides for three branches of government:

- Legislative – the City Commission is a five-member governing body with the mayor and four commissioners elected by the citizens at large
- Executive – the City Manager is the Chief Executive Officer and is appointed by the City Commissioners
- Judicial – the Municipal Judge is a practicing attorney appointed by the City Commissioners

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

Component Units:

- **The City of Kingfisher Public Works Authority** – that operates the electric, water, wastewater and sanitation services of the City
- **The Kingfisher Special Projects Authority** – that promotes, develops and secures industrial development within the City
- **The Kingfisher Recreation Authority** – that operates the swimming pool facility of the City and oversees the management of the municipal golf course of the City
- **The Kingfisher Hospital Authority** – only finances the Kingfisher Regional Hospital with the 1% sales tax through 2032. This Authority was formed in May 2007 and had no financial activity in the current fiscal year.

**CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2012**

All four component units (Authorities) have the City Commissioners as their governing body (trustees) and the City is able to impose its will on the Authorities through required approval of all debt obligations issued by these entities.

Each of these component units are Public Trusts established pursuant to Title 60 of Oklahoma State law. Public Trusts (Authorities) have no taxing power. The Authorities are generally created to finance City services through issuance of revenue bonds or other non-general obligation debt and to enable the City Council to delegate certain functions to the governing body (Trustees) of the Authority. The Authorities generally retain title to assets which are acquired or constructed with Authority debt or other Authority generated resources. The City, as beneficiary of the Public Trusts, receives title to any residual assets when a Public Trust is dissolved.

B. Basis of Presentation and Accounting

Government-Wide Financial Statements:

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

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

- General Government – licenses and permits, inspection fees, rental fees
- Public Safety – fine revenue, fire run fees and ambulance fees, on-behalf pension payments, operating and capital grants
- Highways and Streets – Commercial vehicle and gasoline excise tax shared by the State
- Culture and Recreation – Library fines, operating and capital grants
- Health and Welfare – Cemetery revenue
- Airport – rental fees, and fuel sales

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

Governmental Funds:

The City's governmental funds include:

Major Funds:

- General Fund – accounts for all activities not accounted for in other special-purpose funds
- Flood Control – accounts for grant revenues, transfers, and expenditures for flood control relief

CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2012

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

Special Revenue Funds:

- Street and Alley Fund – accounts for revenues from gasoline and vehicle taxes restricted for street repairs and maintenance
- Cemetery Perpetual Care Fund – accounts for 12.5 percent of cemetery revenue restricted by State law for cemetery capital improvements.
- Hotel/Motel Tax Fund – accounts for hotel/motel tax collections paid to the Chamber of Commerce for tourism
- Airport Fund – accounts for transfers, revenues and expenditures for airport operations
- Overstreet Memorial – accounts for donations to the City restricted for improvements benefiting the citizens of Kingfisher
- Military Memorial Fund – accounts for donations to the City restricted for maintenance of the military memorial monument
- Permanent Fund – Library Endowment Fund – accounts for funds donated to the City and interest earnings for use as deemed by the City Commissioners

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

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

The General and Flood Control Fund are considered major funds and are therefore displayed in separate columns. All other governmental funds are considered non-major funds and are aggregated under the column Other Governmental Funds.

Proprietary Funds:

The City's proprietary funds include:

Enterprise Funds

- Kingfisher Public Works Authority - accounts for the activities of the public trust in providing electric, water, sewer, and sanitation services to the public.
- Kingfisher Special Projects Authority - accounts for the activities related to promoting economic development.
- Kingfisher Recreation Authority – accounts for revenues and expenses of the municipal golf and swimming pool.

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

**CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2012**

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

C. Measurement Focus and Basis of Accounting

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

Measurement Focus

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

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

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

Basis of Accounting

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

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

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

CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2012

D. Assets, Liabilities, and Equity

Cash and Investments

For the purposes of the statements of net assets, balance sheets, and statement of cash flows, "cash and cash equivalents" includes all demand and savings accounts, and certificates of deposits or short-term investments with an original maturity of three months or less. Investments of the promissory note trustee accounts are considered cash equivalents.

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

Receivables

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

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

Inventories

Inventories are valued at average cost. The cost of governmental funds inventories are recorded as expenditures when purchased rather than when consumed because they are immaterial.

Capital Assets

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

CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2012

Government-Wide Statements

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

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold of \$2,500 is used to report capital assets. The range of estimated useful lives by type of asset is as follows:

- Buildings	50 years
- Improvements other than buildings	20-30 years
- Machinery, furniture and equipment	3-24 years
- Utility property and improvements	15-50 years
- Infrastructure	15-50 years

Fund Financial Statements

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

Restricted Assets

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

Long-Term Debt

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

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists of revenue bonds payable, notes payable, deposits subject to refund and accrued compensated absences.

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

**CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2012**

Compensated Absences

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

Equity Classifications

Government-Wide Statements

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

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

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

Fund Statements

Governmental fund equity is classified as fund balance. Since the City implemented GASB Statement 54, 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 (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) laws through constitutional provisions or enabling legislation.
- c. Committed – 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 nor committed. Assignments of fund balance may be made by city council action or management decision when the city council has delegated that authority. Assignments for transfers and interest income for governmental funds are made through budgetary process.
- e. Unassigned – represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the general fund.

CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2012

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

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

E. Revenues, Expenditures, and Expenses

Sales Tax

The City presently levies a three cent sales tax on taxable sales within the City. The sales tax is collected by the Oklahoma Tax Commission and remitted to the City in the month following receipt by the Tax Commission. All three cents of the sales tax are recorded in the General Fund, with one cent transferred to the local hospital per voter approval.

Property Tax

At the present time the City levies no 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.

Operating Revenues and Expenses

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

Expenditures/Expenses

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

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

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

Proprietary Fund - By Operating and Non-Operating

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

CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2012

F. Internal and Interfund Balances and Activities

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

Fund Financial Statements:

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

1. Interfund loans - amounts provided with a requirement for repayment are reported as interfund receivables and payables.
2. Interfund services - sales or purchases of goods and services between funds are reported as revenues and expenditures/expenses.
3. Interfund reimbursements - repayments from funds responsible for certain expenditures/expenses to the funds that initially paid for them are not reported as reimbursements but as adjustments to expenditures/expenses in the respective funds.
4. Interfund transfers - flow of assets from one fund to another where repayment is not expected are reported as transfers in and out.

Government-Wide Financial Statements:

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

1. Internal balances - amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the governmental and business-type activities columns of the Statement of Net Assets, except for the net residual amounts due between governmental and business-type activities, which are reported as Internal Balances.
2. Internal activities - amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers - Internal Activities. The effect of interfund services between funds, if any, is not eliminated in the Statement of Activities.

G. Use of Estimates

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

CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2012

2. Cash, Cash Equivalents, and Investments

For the purpose of the statements of net assets, balance sheets, and statement of cash flows, cash and cash equivalents includes all demand and savings accounts, certificates of deposit or short-term investments with an original maturity of three-months or less.

At June 30, 2012, the reporting entity held the following deposits and investments:

Primary Government:

<u>Type</u>	<u>Credit Rating</u>	<u>Carrying Value</u>
Deposits:		
Demand deposits		\$ 1,507,614
Time deposits, due within one year		3,562,611
		<u>5,070,225</u>
Investments:		
Cavanal Hill US Treasury Funds	AAAm	9,430
		<u>9,430</u>
Total deposits and investments		<u><u>\$ 5,079,655</u></u>
 Reconciliation to Statement of Net Assets:		
Cash and cash equivalents		\$ 1,406,055
Restricted cash and cash equivalents		110,989
Investments		3,311,145
Noncurrent restricted investments		251,466
		<u><u>\$ 5,079,655</u></u>

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

The City's policy as it relates to custodial credit risk is to secure its uninsured deposits with collateral, valued at no more than market value, at least at a level of 110% of the uninsured deposits and accrued interest thereon. At June 30, 2012, the City was uninsured at one bank by \$30,389.

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's investment policy indicates that the City will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the City will not directly invest in securities maturing more than one year from the date of purchase.

CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2012

Investment Credit Risk - The City's investment policy limits investments 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 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.
- d. County, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality or school district.
- e. Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.
- f. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs a., b., c., and d.

Concentration of Investment Credit Risk - the City limits, with the exception of U.S. Treasury and authorized pools, no more than 70% of total investments can be invested with a single financial institution.

The City was not exposed to concentration of credit risk as defined above.

Restricted Cash and Investments - The amounts reported as restricted assets of the proprietary fund statement of net assets are comprised of amounts held by the Public Works Authority for utility deposits (refunded upon termination of service or applied to final bill), amounts held by the trustee bank for debt retirement, and amounts held in a capital improvement fund. The restricted assets as of June 30, 2012 are as follows:

	<u>Current</u>	<u>Noncurrent</u>
	<u>Cash and cash</u>	<u>Investments</u>
	<u>equivalents</u>	
Utility Deposits	\$ -	\$ 251,466
Capital Improvement	101,559	-
Trustee Accounts:		
2006 Interest Fund	9,430	-
Total	<u>\$ 110,989</u>	<u>\$ 251,466</u>

CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2012

3. Accounts and Notes Receivable

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

	Accounts Receivable	Less: Allowance for Uncollectible Accounts	Net Accounts Receivable
Governmental Activities:			
Ambulance receivables	\$ 652,883	\$ (593,191)	\$ 59,692
Court fines	35,017	(17,509)	17,508
Total Governmental Activities	\$ 687,900	\$ (610,700)	\$ 77,200
 Business-Type Activities:			
Utilities	\$ 1,643,063	\$ (41,565)	\$ 1,601,498

4. Capital Assets and Depreciation

Capital Assets:

Capital assets consist of land, land improvement, construction in progress, buildings and building improvements, machinery and equipment, and infrastructure. Capital assets are reported at actual or estimated historical cost. Donated capital assets are recorded at their fair value at the date of donation.

**CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2012**

For the year ended June 30, 2012, capital assets balances changed as follows:

	Balance at July 1, 2011	Additions	Disposals	Balance at June 30, 2012
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 927,453	\$ 5,000	\$ -	\$ 932,453
Construction in progress	316,720	1,170,621	22,553	1,464,788
Total capital assets not being depreciated	<u>1,244,173</u>	<u>1,175,621</u>	<u>22,553</u>	<u>2,397,241</u>
Other capital assets:				
Buildings	1,933,834	90,105	-	2,023,939
Improvements	1,052,017	36,013	-	1,088,030
Infrastructure	6,669,521	-	-	6,669,521
Machinery, furniture and equipment	3,128,034	34,174	26,623	3,135,585
Total other capital assets at historical cost	<u>12,783,406</u>	<u>160,292</u>	<u>26,623</u>	<u>12,917,075</u>
Less accumulated depreciation for:				
Buildings	961,777	44,849	-	1,006,626
Improvements	461,339	45,897	-	507,236
Infrastructure	1,677,349	166,807	-	1,844,156
Machinery, furniture and equipment	1,948,556	212,453	26,623	2,134,386
Total accumulated depreciation	<u>5,049,021</u>	<u>470,006</u>	<u>26,623</u>	<u>5,492,404</u>
Other capital assets, net	<u>7,734,385</u>	<u>(309,714)</u>	<u>-</u>	<u>7,424,671</u>
Governmental activities capital assets, net	<u>\$ 8,978,558</u>	<u>\$ 865,907</u>	<u>\$ 22,553</u>	<u>\$ 9,821,912</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 1,249,269	\$ -	\$ -	\$ 1,249,269
Construction in progress	113,950	1,154,887	1,268,837	-
Total capital assets not being depreciated	<u>1,363,219</u>	<u>1,154,887</u>	<u>1,268,837</u>	<u>1,249,269</u>
Other capital assets:				
Buildings	3,473,665	26,018	23,938	3,475,745
Improvements	2,075,456	-	-	2,075,456
Machinery, furniture and equipment	2,779,516	69,547	-	2,849,063
Utility property	12,623,348	1,348,870	-	13,972,218
Infrastructure	1,308,580	-	-	1,308,580
Total other capital assets at historical cost	<u>22,260,565</u>	<u>1,444,435</u>	<u>23,938</u>	<u>23,681,062</u>
Less accumulated depreciation for:				
Buildings	1,140,612	71,856	8,897	1,203,571
Improvements	875,970	44,117	-	920,087
Machinery, furniture and equipment	1,998,817	116,264	-	2,115,081
Utility property improvements	3,946,245	192,989	-	4,139,234
Infrastructure	286,740	38,899	-	325,639
Total accumulated depreciation	<u>8,248,384</u>	<u>464,125</u>	<u>8,897</u>	<u>8,703,612</u>
Other capital assets, net	<u>14,012,181</u>	<u>980,310</u>	<u>15,041</u>	<u>14,977,450</u>
Business-type activities capital assets, net	<u>\$ 15,375,400</u>	<u>\$ 2,135,197</u>	<u>\$ 1,283,878</u>	<u>\$ 16,226,719</u>

CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2012

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

Governmental Activities:		Business-Type Activities:	
General government	\$ 21,827	Power and light	\$ 107,760
Public safety	172,277	Water	133,620
Highways and streets	157,306	Sewer	119,715
Culture, tourism, and recreation	99,114	Sanitation	16,559
Health and welfare	15,774	Administration	1,895
Airport	3,708	Pool	71,003
	<u>\$ 470,006</u>	Golf	8,511
		Economic development	5,062
			<u>\$ 464,125</u>

5. Debt and Debt Service Requirements

For the year ended June 30, 2012, the reporting entity's long-term debt changed as follows:

Type of Debt	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012	Due Within One Year
Governmental Activities:					
Capital lease payable	\$ 114,965	\$ -	\$ 34,796	\$ 80,169	\$ 35,476
Accrued compensated absences	231,620	40,624	20,312	251,932	25,193
Total Governmental Activities	<u>\$ 346,585</u>	<u>\$ 40,624</u>	<u>\$ 55,108</u>	<u>\$ 332,101</u>	<u>\$ 60,669</u>
Business-Type Activities:					
Notes Payable	\$ 910,000	\$ -	\$ 70,000	\$ 840,000	\$ 70,000
Deposits subject to refund	375,250	43,491	40,767	377,974	37,797
Accrued compensated absences	182,498	33,476	16,738	199,236	19,922
Total Business-Type Activities	<u>1,467,748</u>	<u>76,967</u>	<u>127,505</u>	<u>1,417,210</u>	<u>127,719</u>
Total Long-Term Debt	<u>\$ 1,814,333</u>	<u>\$ 117,591</u>	<u>\$ 182,613</u>	<u>\$ 1,749,311</u>	<u>\$ 188,388</u>

Governmental accrued compensated absences will be liquidated by the general fund.

CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2012

Governmental activities long-term debt:

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

Capital Lease Payable:

Lease payable to NBC Oklahoma of Kingfisher for the lease/purchase of 1998 ladder fire truck. Monthly payments of \$3,193 including interest at 3.5%, final payment due September 2014.

	\$ 80,169
Total Capital Leases Payable	<u>\$ 80,169</u>
Current portion	35,476
Noncurrent portion	44,693
Total Capital Leases Payable	<u>\$ 80,169</u>

Accrued Compensated Absences:

	\$ 25,193
Current portion	25,193
Noncurrent portion	226,739
Total Accrued Compensated Absences	<u>\$ 251,932</u>

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

Notes Payable:

2006 Series Sales Tax Revenue Note, original issue amount of \$1,135,000 dated December 21, 2006, issued by the Kingfisher Public Works Authority secured by sales tax revenue, interest rate of 4.1% with a final maturity of December 1, 2021

	\$ 840,000
Total Notes Payable	<u>\$ 840,000</u>
Current portion	\$ 70,000
Noncurrent portion	770,000
Total Notes Payable	<u>\$ 840,000</u>

Meter Deposit Liability:

	\$ 37,797
Current portion	37,797
Noncurrent portion	340,177
Total Meter Deposit Liability	<u>\$ 377,974</u>

Accrued Compensated Absences:

CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2012

	Current portion	\$	19,922
	Noncurrent portion		179,314
Total Accrued Compensated Absences		\$	199,236

Debt Service Requirements to Maturity:

<u>Year Ending June 30.</u>	Governmental Activities	
	Capital Lease obligations	
	Principal	Interest
2013	\$ 35,476	\$ 2,290
2014	36,737	1,029
2015	7,956	55
Totals	\$ 80,169	\$ 3,374

The asset acquired through capital lease is recorded as follows:

Machinery and equipment	\$173,000
Less: Accumulated depreciation	<u>(81,694)</u>
Total	<u>\$91,306</u>

<u>Year Ending June 30.</u>	Business-Type Activities	
	Notes Payable	
	Principal	Interest
2013	\$ 70,000	\$ 33,723
2014	80,000	30,750
2015	80,000	27,470
2016	80,000	24,190
2017	85,000	20,808
2018-2022	445,000	46,433
Totals	\$ 840,000	\$ 183,374

CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2012

Non-Commitment Debt:

The Kingfisher Special Project Authority issued \$4,905,000 of Educational Facilities Lease Revenue Bonds, Series 2004, for the Kingfisher Public Schools Project, dated July 1, 2004. The property, upon which the Project is located, together with improvements, is leased by the School District to the Authority and then subsequently subleased by the Authority back to the District. The bonds are secured by an assignment of the lease revenues and the property leased and subleased. Debt service on the bonds is payable solely from the lease revenues described above. The Authority is not liable for debt payments if lease revenues are insufficient to service the debt. As a result, these bonds are not reported as liabilities within the financial statements.

Outstanding balance at June 30, 2012 \$1,835,000

The Kingfisher Special Project Authority issued \$4,465,000 of Educational Facilities Lease Revenue Bonds, Series 2010, for the Kingfisher Public Schools Project, dated July 1, 2010. The property, upon which the Project is located, together with improvements, is leased by the School District to the Authority and then subsequently subleased by the Authority back to the District. The bonds are secured by an assignment of the lease revenues and the property leased and subleased. Debt service on the bonds is payable solely from the lease revenues described above. The Authority is not liable for debt payments if lease revenues are insufficient to service the debt. As a result, these bonds are not reported as liabilities within the financial statements.

Outstanding balance at June 30, 2012 \$4,270,000

In November 2007, the Kingfisher Hospital Authority issued its Series 2007 Hospital and Sales Tax Revenue Bonds for \$25,000,000 for the purpose of financing certain hospital facilities. The bonds are secured and payable solely from a one cent sales tax restricted for hospital purposes. The City of Kingfisher and the Kingfisher Hospital Authority are not liable for this debt and have no obligation other than the annual appropriation and remittance of the pledged sales taxes.

Outstanding balance at June 30, 2012 \$24,525,000

Governmental activities short-term debt:

Note Payable:

Promissory note for the Starlight project dated August 1, 2011, original amount \$817,384, due in monthly installments of \$10,000 for the first 11 months then a single balloon payment for the unpaid balance due August 1, 2012 with an interest rate of 2.500%.

	\$	624,658
Total Notes Payable	\$	<u>624,658</u>
Current portion	\$	624,658
Noncurrent portion		-
Total Notes Payable	\$	<u>624,658</u>

CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2012

Pledge of Future Revenues

Sales Tax Pledge - The City has pledged one cent (or 33%) of future sales tax revenues to repay \$25,000,000 of Series 2007 Hospital and Sales Tax Revenue Bonds. Proceeds from the notes provided financing for certain hospital facilities. The bonds are payable through 2042, however, the pledged sales tax revenues are only pledged through 2032. The total principal and interest payable for the remainder of the life of these bonds is \$56,799,613. Pledged sales taxes received in the current year were \$966,924. When the pledged sales tax revenue is received it is sent to the trustee bank to be held for debt service on the bonds. As noted above, the City of Kingfisher and the Kingfisher Hospital Authority are not liable for this debt and have no obligation other than the annual appropriation and remittance of the pledged sales taxes. The payments made to the trustee bank were \$966,924 and were 100% of the pledged sales tax received.

Sales Tax Pledge - The City has pledged one half cent (or 16.5%) of future sales tax revenues to repay \$1,135,000 of Series 2006 Sales Tax Revenue Note. Proceeds from the note provided financing for capital assets. The bonds are payable from pledged sales tax revenues and are payable through 2021. The total principal and interest payable for the remainder of the life of these bonds is \$1,023,374. Pledged sales taxes received in the current year were \$483,462. Debt service payments of \$106,208 for the current fiscal year were 21.9% of the pledged sales taxes.

6. Internal and Interfund Balances and Transfers

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

Transfers:

Internal transfers between funds and activities for the year ended June 30, 2012 were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose of Transfer</u>
General Fund	Airport	\$ 100,000	Operating subsidy
KPWA	Airport	640,000	Operating subsidy
KPWA	General Fund	600,000	Operating subsidy
KPWA	KRA	318,000	Operating subsidy
KRA	KRACIP	5,000	Operating subsidy
Hotel/Motel Fund	General Fund	1,394	Administrative fee
Total		<u>\$ 1,664,394</u>	

Reconciliation to Fund Financial Statements:

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net Transfers</u>
Governmental Funds	\$ 1,341,394	\$ (101,394)	\$ 1,240,000
Proprietary Funds	323,000	(1,563,000)	(1,240,000)
	<u>\$ 1,664,394</u>	<u>\$ (1,664,394)</u>	

**CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2012**

Balances:

Interfund receivable and payables at June 30, 2012 were comprised of an Enterprise Fund receivable of \$19,693 due from the General Fund for operations.

7. Risk Management

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

- General Liability and Physical Property – Covered through participation in Oklahoma Municipal Assurance Group risk entity pool
- Worker's Compensation – Worker's compensation is covered through participation in the Oklahoma Municipal Assurance Group risk entity pool
- Employee's Group Medical – Covered through participation in commercial insurance

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

8. Contingencies

Litigation:

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

CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2012

Federal and State Award Programs:

The City of Kingfisher participates in various federal and 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. The City has not been notified of any noncompliance with federal or state award requirements. Any liability for reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

9. Pension Plan Participation

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

- Oklahoma Firefighter's Pension and Retirement System (OFPRS) – a statewide cost-sharing plan
- Oklahoma Police Pension and Retirement System (OPPRS) – a statewide cost-sharing plan
- Oklahoma Employees Retirement System (OPERS) – a state-wide cost-sharing plan

Firefighters' Plan:

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

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

Police Plan:

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

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

The state made on-behalf payments of \$47,629 for the police pension system and \$150,961 for the fire pension during the current fiscal year. These payments are reported as both intergovernmental revenues and public safety expenses.

**CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2012**

Employee Plan:

The City provides a pension benefit for all of its full-time employees with the exception of the police and fire departments, through the Oklahoma Public Employees Retirement System (OPERS). The employee's contribution rate is 7.5%. The City's contribution rate is 12.5%. The plan is funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary.

A copy of the OPERS financial statements can be obtained from Oklahoma Public Employees Retirement System, 2101 N. Lincoln Blvd., Room 580, Oklahoma City, OK 73105.

Summary of Contributions – Cost Sharing Plans:

Oklahoma Police Pension and Retirement System			Oklahoma Firefighter's Pension and Retirement System			Oklahoma Public Employees Retirement System		
Fiscal Year	Required Contribution	Percentage Contributed	Fiscal Year	Required Contribution	Percentage Contributed	Fiscal Year	Required Contribution	Percentage Contributed
2010	\$ 48,698	100%	2010	\$ 65,221	100%	2010	\$ 157,154	100%
2011	49,394	100%	2011	79,155	100%	2011	160,719	100%
2012	53,344	100%	2012	79,765	100%	2012	171,639	100%

CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2012

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2012**

Budgetary Comparison Schedule (Budgetary Basis)- General Fund - Fiscal Year Ended June 30, 2012

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 1,044,281	\$ 1,044,281	\$ 1,129,954	\$ 85,673
Resources (Inflows):				
TAXES:				
Sales tax	2,370,000	2,370,000	2,715,952	345,952
Use tax	470,000	470,000	326,387	(143,613)
Franchise tax	61,000	61,000	54,108	(6,892)
Total Taxes	<u>2,901,000</u>	<u>2,901,000</u>	<u>3,096,347</u>	<u>195,347</u>
INTERGOVERNMENTAL:				
Alcoholic beverage tax	46,000	46,000	48,679	2,679
Grants	-	232,000	211,146	(20,854)
Total Intergovernmental	<u>46,000</u>	<u>278,000</u>	<u>259,825</u>	<u>(18,175)</u>
CHARGES FOR SERVICES:				
Ambulance	200,000	200,000	168,446	(11,554)
Ambulance District #522	240,000	240,000	245,896	5,896
Interments	21,000	21,000	18,889	(2,111)
Inspection fees	200	200	490	290
Rentals	500	500	850	350
Total Charges for Services	<u>461,700</u>	<u>461,700</u>	<u>454,610</u>	<u>(7,190)</u>
FINES AND FORFEITURES:				
Police fines	50,000	50,000	24,072	(25,928)
Library fines	5,000	5,000	5,482	482
Total Fines and Forfeitures	<u>55,000</u>	<u>55,000</u>	<u>29,554</u>	<u>(25,446)</u>
LICENSES AND PERMITS:				
Permits	6,000	6,000	7,370	1,370
Licenses	4,000	4,000	6,238	2,238
Total Licenses and Permits	<u>10,000</u>	<u>10,000</u>	<u>13,608</u>	<u>3,608</u>
MISCELLANEOUS:				
Monument setting fee	2,600	2,600	2,600	100
Burial plot sales	12,000	12,000	6,583	(5,417)
Leases/oil royalty	6,000	6,000	11,807	5,807
Reimbursements	21,000	21,000	44,969	23,969
Police training	3,000	3,000	1,772	(1,228)
Sale of surplus property	2,000	2,000	2,855	855
Restitution	-	260,000	250,142	(9,858)
Check charges	100	100	125	25
OK Building Code Fees	500	500	365	(135)
Miscellaneous	3,000	3,000	2,274	(726)
Donations	-	9,920	11,041	1,121
Total Miscellaneous	<u>50,100</u>	<u>310,020</u>	<u>334,313</u>	<u>24,293</u>
INTEREST:				
Interest - Checking	6,000	8,000	2,690	(5,310)
Interest - C.D.'S	12,300	12,300	8,948	(3,352)
Total Interest	<u>20,300</u>	<u>20,300</u>	<u>11,638</u>	<u>(8,662)</u>
Total Revenue	<u>3,544,100</u>	<u>4,036,020</u>	<u>4,199,795</u>	<u>163,775</u>
OTHER FINANCING SOURCES:				
Transfers in	601,500	601,500	601,394	(106)
Total Other Financing Sources	<u>601,500</u>	<u>601,500</u>	<u>601,394</u>	<u>(106)</u>
Total revenues and other financing sources	<u>4,145,600</u>	<u>4,637,520</u>	<u>4,801,189</u>	<u>163,669</u>
Amounts available for appropriation	<u>\$ 5,189,881</u>	<u>\$ 5,681,801</u>	<u>\$ 5,931,143</u>	<u>\$ 249,342</u> (continued)

CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2012

Budgetary Comparison Schedule (Budgetary Basis) – General Fund – Fiscal Year Ended June 30, 2012 (Continued)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Charges to Appropriations (Outflows):				
COMMISSIONERS:				
Personal services	\$ 8,076	\$ 8,076	\$ 7,659	\$ 216
Other services and charges	1,000	1,000	-	1,000
Total Managerial	<u>9,076</u>	<u>9,076</u>	<u>7,659</u>	<u>1,216</u>
CITY TREASURER:				
Personal services	70,140	70,140	69,826	814
Materials and supplies	1,100	1,100	897	203
Other services and charges	2,100	2,100	1,467	833
Total City Treasurer	<u>73,340</u>	<u>73,340</u>	<u>71,890</u>	<u>1,450</u>
ATTORNEY:				
Personal services	24,574	24,574	37,219	(12,645)
Other services and charges	200	200	-	200
Total Attorney	<u>24,774</u>	<u>24,774</u>	<u>37,219</u>	<u>(12,445)</u>
GENERAL GOVERNMENT:				
Personal services	29,761	29,761	29,638	123
Materials and supplies	22,400	37,400	35,127	2,273
Other services and charges	152,500	431,500	370,417	61,083
Capital outlay	-	-	1,427	(1,427)
Total General Government	<u>204,661</u>	<u>498,661</u>	<u>436,609</u>	<u>62,052</u>
MUNICIPAL COURT				
Personal services	19,336	19,336	19,077	259
Materials and supplies	700	700	263	447
Other services and charges	600	500	1,637	(1,137)
Total Municipal Court	<u>20,636</u>	<u>20,536</u>	<u>20,977</u>	<u>(431)</u>
POLICE:				
Personal services	689,346	689,346	689,838	(482)
Materials and supplies	80,800	80,800	50,627	273
Other services and charges	40,100	40,100	31,449	8,651
Capital outlay	1,200	1,200	1,164	36
Total Police	<u>781,446</u>	<u>781,446</u>	<u>772,978</u>	<u>8,468</u>
FIRE:				
Personal services	972,589	972,589	940,195	32,394
Materials and supplies	70,200	82,800	108,692	(28,292)
Other services and charges	78,400	93,295	96,767	(3,472)
Debt service	38,318	38,318	38,317	1
Total Fire	<u>1,159,507</u>	<u>1,166,802</u>	<u>1,184,171</u>	<u>2,681</u>
STREET:				
Personal services	241,233	241,233	237,348	3,885
Materials and supplies	49,200	49,200	63,083	(13,883)
Other services and charges	27,700	27,700	26,524	1,176
Capital outlay	-	405,000	329,308	75,694
Debt service	120,000	120,000	120,000	-
Total Street	<u>438,133</u>	<u>843,133</u>	<u>776,261</u>	<u>66,872</u>
PARK AND RECREATION:				
Personal services	80,360	80,360	78,440	1,920
Materials and supplies	32,550	32,550	40,045	(7,495)
Other services and charges	5,200	5,200	4,845	355
Capital Outlay	-	-	5,023	(5,023)
Total Park and Recreation	<u>118,110</u>	<u>118,110</u>	<u>128,353</u>	<u>(7,913)</u>

(continued)

CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2012

Budgetary Comparison Schedule (Budgetary Basis) – General Fund– Fiscal Year Ended
June 30, 2012, (Continued)

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Charges to Appropriations (Outflows):				
LIBRARY				
Personal services	\$ 210,294	\$ 210,294	\$ 207,084	\$ 3,210
Materials and supplies	16,600	16,800	19,019	(2,419)
Other services and charges	24,350	24,350	17,499	6,851
Capital outlay	26,000	37,625	34,114	3,511
Total Library	<u>\$ 276,244</u>	<u>\$ 288,869</u>	<u>\$ 277,716</u>	<u>\$ 11,153</u>
CEMETERY:				
Personal services	118,792	118,792	108,978	11,814
Materials and supplies	22,400	22,400	23,900	(1,500)
Other services and charges	4,560	4,550	4,174	376
Capital outlay	500	500	280	220
Total Cemetery	<u>146,242</u>	<u>146,242</u>	<u>136,392</u>	<u>10,850</u>
BUILDING INSPECTOR:				
Personal services	58,637	58,637	57,689	948
Material and supplies	1,500	1,500	4,831	(3,131)
Other services and charges	5,900	5,900	7,236	(1,336)
Capital outlay	5,000	5,000		5,000
Total Building Inspector	<u>71,037</u>	<u>71,037</u>	<u>69,556</u>	<u>1,481</u>
Total General Fund Expenditures	<u>3,323,135</u>	<u>4,062,055</u>	<u>3,916,671</u>	<u>145,384</u>
OTHER FINANCING USES:				
Transfers out	20,000	110,000	110,000	
Sales tax transfer to hospital	790,000	790,000	906,194	(116,194)
Total Other Financing Uses	<u>810,000</u>	<u>900,000</u>	<u>1,016,194</u>	<u>(116,194)</u>
Total expenditures and other financing uses	<u>4,133,135</u>	<u>4,962,055</u>	<u>4,931,865</u>	<u>30,190</u>
Ending Budgetary Fund Balance	<u>\$ 1,056,746</u>	<u>\$ 719,746</u>	<u>\$ 899,276</u>	<u>\$ 279,532</u>

See accompanying notes to budgetary comparison schedules.

CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2012

Budgetary Comparison Schedule (Budgetary Basis) – Flood Control Fund – Fiscal Year Ended June 30, 2012

	FLOOD CONTROL			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 90,504	\$ 90,504	\$ 87,488	\$ (3,006)
Resources (Inflows):				
Grants		728,000	614,876	(113,325)
Interest	1,500	1,500	460	(1,040)
Total Revenue	<u>1,500</u>	<u>729,500</u>	<u>615,136</u>	<u>(114,365)</u>
Amounts available for appropriation	<u>\$ 92,004</u>	<u>\$ 820,004</u>	<u>\$ 702,833</u>	<u>\$ (117,371)</u>
FLOOD:				
Other services and charges	\$ 1,000	\$ 751,000	\$ 259,827	\$ 491,173
Capital outlay	500	3,500	434,210	(430,710)
Total Expenditures	<u>1,500</u>	<u>754,500</u>	<u>694,037</u>	<u>60,463</u>
Ending Budgetary Fund Balance	<u>\$ 90,504</u>	<u>\$ 65,504</u>	<u>\$ 8,588</u>	<u>\$ (56,809)</u>

Footnotes to Budgetary Comparison Schedules:

- The budgetary comparison schedule is reported on a non-GAAP budgetary basis that reports revenues and expenditures on a modified cash basis.
- The legal level of appropriation control is the department level within a fund. Transfers of appropriation within a fund require the approval of the City Council. All supplemental appropriations require the approval of the City Commission. Supplemental appropriations must be filed with the Office of the State Auditor and Inspector.

The city exceeded the legal level of budgetary control as follows:

Attorney	\$12,445
Municipal court	431
Park and recreation	7,913
Transfers out	115,194

- The budgetary basis differs from the modified accrual basis as shown in the schedule below:

General Fund:	
Total budgetary revenues and transfers	\$ 4,801,189
Less: budgetary expenses and transfers	<u>(4,931,865)</u>
Net Change to Budgetary Fund Balance	(130,676)
Change in revenue accruals	91,818
Change in expenditure accruals	26,295
Capital Improvement sub-account change in balance	<u>(39,735)</u>
Change in Fund Balance	<u>\$ (52,298)</u>

CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2012

OTHER SUPPLEMENTARY INFORMATION

CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2012

Combining Balance Sheet – General Fund Accounts – June 30, 2012

	<u>General Fund</u>	<u>Sick Leave Buy Back Fund</u>	<u>Total General Fund Accounts</u>
ASSETS			
Cash and cash equivalents	\$ 122,165	\$ 19,733	\$ 141,898
Investments	1,000,000	-	1,000,000
Due from other governments	607,520	-	607,520
Court fines receivable, net	17,508	-	17,508
Ambulance receivable, net	59,692	-	59,692
Other receivables	21,839	-	21,839
Deposits with insurance pool	120,722	-	120,722
Total assets	<u>\$ 1,949,446</u>	<u>\$ 19,733</u>	<u>\$ 1,969,179</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 132,447	\$ -	\$ 132,447
Due to other funds	19,693	-	19,693
Short-term note payable	624,658	-	624,658
Deferred revenue	143,300	-	143,300
Sales tax due to hospital	172,999	-	172,999
Total liabilities	<u>1,093,097</u>	<u>-</u>	<u>1,093,097</u>
Fund balances:			
Restricted for:			
Insurance	120,722	-	120,722
Committed to:			
Economic Stabilization	589,995	-	589,995
Assigned to:			
Capital Improvements	145,632	-	145,632
Sick leave buy back	-	19,733	19,733
Total fund balances	<u>856,349</u>	<u>19,733</u>	<u>876,082</u>
Total liabilities and fund balances	<u>\$ 1,949,446</u>	<u>\$ 19,733</u>	<u>\$ 1,969,179</u>

CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2012

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – General Fund Accounts – For the Fiscal Year Ended June 30, 2012

	<u>General Fund</u>	<u>Sick Leave Buy Back Fund</u>	<u>Total General Fund Accounts</u>
REVENUES			
Taxes	\$ 3,379,034	\$ -	\$ 3,379,034
Fines and forfeitures	29,731	-	29,731
Licenses and permits	13,608	-	13,608
Intergovernmental	442,819	-	442,819
Charges for services	341,683	-	341,683
Investment earnings	12,973	-	12,973
Miscellaneous	323,272	-	323,272
Donations	11,041	-	11,041
Total revenues	<u>4,554,161</u>	<u>-</u>	<u>4,554,161</u>
EXPENDITURES			
Current:			
General government	277,689	-	277,689
City Treasurer	72,370	-	72,370
City Attorney	35,909	-	35,909
Municipal Court	21,122	-	21,122
Police	825,722	-	825,722
Fire	1,291,428	-	1,291,428
Highways and streets	356,643	-	356,643
Culture, tourism and recreation	115,349	-	115,349
Cemetery	137,491	-	137,491
Administrative	7,965	-	7,965
Library	246,847	-	246,847
Principal	34,796	-	34,796
Interest and other charges	21,044	-	21,044
Capital Outlay	696,554	-	696,554
Total Expenditures	<u>4,140,929</u>	<u>-</u>	<u>4,140,929</u>
Revenues over (under) expenditures	<u>413,232</u>	<u>-</u>	<u>413,232</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	601,394	-	601,394
Transfers out	(100,000)	-	(100,000)
Sales tax payment to hospital	(966,924)	-	(966,924)
Total other financing sources (uses)	<u>(465,530)</u>	<u>-</u>	<u>(465,530)</u>
Revenues and other sources over (under) expenditures and other uses	(52,298)	-	(52,298)
Fund balances - beginning	908,647	19,733	928,380
Fund balances - ending	<u>\$ 856,349</u>	<u>\$ 19,733</u>	<u>\$ 876,082</u>

CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2012

Combining Balance Sheet -- Nonmajor Governmental Funds -- June 30, 2012

	Street and Alley Fund	Cemetery Care Fund	Hotel Motel Tax Fund	Military Memorial Fund	Airport Fund	Overstreet Memorial Fund	Library Endowment Fund	Total-Other Governmental Funds
ASSETS								
Cash and cash equivalents	\$ 163,544	\$ 85,851	\$ -	\$ 10,508	\$ 591,230	\$ 37,112	\$ 26,392	\$ 907,637
Investments	-	60,070	-	98,000	-	10,000	289,088	481,145
Due from other governments	7,634	-	-	-	14,329	-	-	32,063
Total assets	\$ 181,178	\$ 145,930	\$ -	\$ 105,508	\$ 604,289	\$ 47,112	\$ 325,480	\$ 1,369,745
LIABILITIES AND FUND BALANCES								
Liabilities								
Other payables	\$ -	\$ -	\$ -	\$ -	\$ 300	\$ -	\$ -	\$ 300
Total liabilities	\$ -	\$ -	\$ -	\$ -	\$ 300	\$ -	\$ -	\$ 300
Fund balances:								
Nonexpendable	-	-	-	-	-	-	50,000	50,000
Restricted for:								
Cemetery Capital Improvements	-	145,930	-	-	-	-	-	145,930
Library	-	-	-	-	-	-	289,131	289,131
Streets	161,178	-	-	-	-	-	-	161,178
Military Memorial	-	-	-	105,508	-	-	-	105,508
Improvements benefiting citizens	-	-	-	-	-	48,866	-	48,866
Assigned to:								
Library	-	-	-	-	-	-	6,327	6,327
Airport	-	-	-	-	604,289	-	-	604,289
Improvements benefiting citizens	-	-	-	-	-	246	-	246
Total fund balances	161,178	145,930	-	105,508	604,289	47,112	325,480	1,369,445
Total liabilities and fund balances	\$ 181,178	\$ 145,930	\$ -	\$ 105,508	\$ 604,289	\$ 47,112	\$ 325,480	\$ 1,369,745

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance -- Nonmajor Governmental Funds -- For the Fiscal Year Ended June 30, 2012

	Street and Alley Fund	Cemetery Care Fund	Hotel Motel Tax Fund	Military Memorial Fund	Airport Fund	Overstreet Memorial Fund	Library Endowment Fund	Total-Other Governmental Funds
REVENUES								
Taxes	\$ -	\$ -	\$ 19,937	\$ -	\$ -	\$ -	\$ -	\$ 19,937
Intergovernmental	40,863	-	-	-	58,741	-	-	99,604
Charges for services	-	8,484	-	-	9,400	-	-	17,884
Investment earnings	-	506	-	907	-	103	3,188	4,772
Miscellaneous	-	70	-	-	11,928	23,325	-	35,323
Donations	-	-	-	210	-	-	200	410
Total revenues	40,863	9,160	19,937	1,117	77,067	23,428	3,388	159,825
EXPENDITURES								
Current:								
Highways and streets	-	-	-	-	-	69	-	69
Culture, tourism and recreation	-	-	12,543	568	-	-	-	13,090
Airport	-	-	-	-	18,168	-	-	18,168
Library	-	-	-	-	-	-	53	53
Capital Outlay	-	-	-	-	215,131	-	-	215,131
Total Expenditures	-	-	12,543	568	230,289	69	53	243,509
Revenues over (under) expenditures	40,863	9,160	1,394	549	(153,222)	23,359	3,335	(74,484)
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	740,000	-	-	740,000
Transfers out	-	-	(1,394)	-	-	-	-	(1,394)
Total other financing sources (uses)	-	-	(1,394)	-	740,000	-	-	738,606
Revenue and other sources over (under) expenditures and other uses	40,863	9,160	-	549	586,778	23,359	3,335	664,125
Fund balances - beginning	120,215	136,780	-	104,946	17,481	23,763	322,145	725,320
Fund balances - ending	\$ 181,178	\$ 145,930	\$ -	\$ 105,508	\$ 604,289	\$ 47,112	\$ 325,480	\$ 1,369,446

**CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2012**

Schedule of Expenditures of State Awards

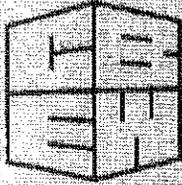
<u>State Grantor/Pass Through Agency Grantor/Program Title</u>	<u>Pass-thru Grant #</u>	<u>Award Amount</u>	<u>Awards Expended</u>
STATE AWARDS:			
Department of Libraries:			
State Aid FY 2012	N/A	\$ 8,444	\$ 8,444
Total Department of Libraries		<u>8,444</u>	<u>8,444</u>
Kingfisher County Conservation District:			
Flood Control Project	N/A	<u>614,676</u>	<u>614,676</u>
Department of Agriculture:			
State Aid FY 2012	N/A	4,418	4,418
Community Wildfire Protection Plan	N/A	<u>10,000</u>	<u>10,000</u>
Total Department of Agriculture		<u>14,418</u>	<u>14,418</u>
Oklahoma Aeronautics Commission			
Airport Improvement	N/A	<u>400,000</u>	<u>55,741</u>
Northern Oklahoma Development Authority			
Water Systems Improvements REAP	N/A	<u>123,700</u>	<u>123,700</u>
TOTAL STATE AWARDS		<u><u>\$ 1,161,238</u></u>	<u><u>\$ 816,979</u></u>

Footnotes to Schedule of Expenditures of State Awards:

1. The Schedules of Expenditures of State Awards are prepared on an accrual basis of accounting. The expenditures are recorded when the liability is incurred regardless of when the award proceeds are received.

CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2012

SINGLE AUDIT AND INTERNAL CONTROL AND COMPLIANCE INFORMATION



CBEW
Professional
Group, LLP
Certified Public Accountants

206 N. HARRISON • P.O. BOX 790 • CUSHING, OKLAHOMA 74023 • 918-225-4215 • FAX 918-225-4315

DON K. ETHRIDGE, CPA
WALTER H. WEBB, CPA
JANE FRAZIER, CPA
CHARLES E. CROOKS, CPA
TRISHA J. RIEMAN, CPA

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

December 14, 2012

Honorable Board of City Commissioners
City of Kingfisher
Kingfisher, Oklahoma

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Kingfisher, Oklahoma, (City) as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 14, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

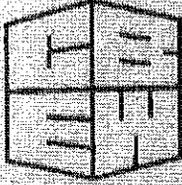
As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Kingfisher
December 14, 2012

This report is intended solely for the information and use of management, all applicable federal and state agencies, and those other Governments from which federal financial assistance was received and is not intended to be and should not be used by anyone other than these specified parties.

CBEW Professional Group, LLP

CBEW Professional Group, LLP
Certified Public Accountants



CBEW
Professional
Group, LLP
Certified Public Accountants

208 N. HARRISON • P.O. BOX 790 • CUSHING, OKLAHOMA 74023 • 918-225-4216 • FAX 918-225-4315

DON K. ETHRIDGE, CPA
WALTER H. WEBB, CPA
JANE FRAZIER, CPA
CHARLES E. GROOKS, CPA
TRISHA J. RIEMAN, CPA

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133**

December 14, 2012

Honorable Board of City Commissioners
City of Kingfisher
Kingfisher, Oklahoma

Compliance

We have audited the compliance of the City of Kingfisher, Oklahoma, (City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2012. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City of Kingfisher, Oklahoma's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Kingfisher, Oklahoma's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City of Kingfisher, Oklahoma complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Kingfisher, Oklahoma's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine the auditing procedures for the purpose of expressing our opinion on compliance, and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

City of Kingfisher
December 14, 2012

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, all applicable federal and state agencies, and those other Governments from which federal financial assistance was received and is not intended to be and should not be used by anyone other than these specified parties.

CBEW Professional Group, LLP

CBEW Professional Group, LLP
Certified Public Accountants

**CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2012**

Schedule of Expenditures of Federal Awards

Federal/State Grantor/Pass Through Agency Grantor/Program Title	CEEA #	Pass-thru Grant #	Award Amount	Award Expended
FEDERAL AWARDS:				
U.S. Department of Transportation:				
Passed through Oklahoma Department of Transportation:				
Southern Gateway Trail Phase IV	20.219	STP-137E(087)EH	\$ 36,000	\$ 24,000
Safe Routes to School (Infrastructure)	20.205	SRS-155F(710)ST-SRA-1011	200,000	138,156
Safe Routes to School (Non-Infrastructure)	20.205	SRS-155F(709)ST-SRA-1011	20,000	10,548
Total U.S. Department of Transportation			<u>256,000</u>	<u>172,704</u>
U.S. Department of Homeland Security:				
Passed through Oklahoma Department of Emergency Management:				
Hazard Mitigation Flood Proofing Project	97.039	FHMA-1876-DR-OK Project #16	160,254	12,104
Hazard Mitigation	97.039	FHMA-1883-DR-OK Project #34	5,823,842	221,766
Total U.S. Department of Homeland Security			<u>5,984,096</u>	<u>233,870</u>
U.S. Department of Housing and Urban Development:				
Passed through Oklahoma Department of Commerce:				
CDBG	14.22B	14313 CDBG 10	123,700	116,278
Department of Energy:				
Passed through Oklahoma Department of Commerce:				
ARRA Stimulus Energy Efficiency Community Block Grant	81.12B	13968 SEECBG 09	55,000	24,037
TOTAL FEDERAL AWARDS			<u>\$ 6,418,796</u>	<u>\$ 546,889</u>

**CITY OF KINGFISHER
Kingfisher, Oklahoma**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2012**

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses a qualified opinion on the governmental and business-type activities and an unqualified opinion on each major fund and the aggregate remaining fund information for the City of Kingfisher.
2. No significant deficiencies relating to the audit of the financial statements are reported in the Schedule of Findings and Questioned Costs. No material weaknesses are reported.
3. No instances of noncompliance material to the financial statements of City of Kingfisher were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the "Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133". No material weaknesses are reported.
5. The auditor's report on compliance for the major federal award programs for City of Kingfisher expresses an unqualified opinion on all major federal programs.
6. There were no audit findings relative to the major federal award programs for City of Kingfisher required to be reported in this Schedule.
7. The programs tested as major programs included: 14131 CDBG 10 – CFDA No. 14.228, Highway Planning and Construction – CFDA No. 20.205 and Recreational Trails Program – CFDA No. 20.219.
8. The threshold used for distinguishing between Types A and B programs was \$300,000.
9. The City of Kingfisher did not qualify as a low-risk auditee.

FINDINGS - FINANCIAL STATEMENT AUDIT

1. None

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

1. None

**CITY OF KINGFISHER
Kingfisher, Oklahoma**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2012**

There were no prior year audit findings.