

ANNUAL FINANCIAL REPORT
CITY OF NEWKIRK, OKLAHOMA
INCLUDING THE NEWKIRK
MUNICIPAL AUTHORITY
FOR THE YEAR ENDED JUNE 30, 2014

**CITY OF NEWKIRK
INCLUDING THE NEWKIRK MUNICIPAL AUTHORITY
ANNUAL FINANCIAL REPORT
KAY COUNTY
FOR THE YEAR ENDED JUNE 30, 2014**

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KAY COUNTY, OKLAHOMA
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INCLUDING THE NEWKIRK MUNICIPAL AUTHORITY
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Putnam & Company, PLLC
Certified Public Accountants
169 E. 32nd Street
Edmond, OK 73013
Telephone (405) 348-3800
Fax (405)348-3846

INDEPENDENT AUDITOR'S REPORT

City Council
City of Newkirk
Newkirk, Oklahoma

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Newkirk, Oklahoma (the City), as of and for the year ended June 30, 2014, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1. This includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the presentation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Basis for Qualified Opinion

As discussed in Note 1, to the financial statements, the City has not maintained complete capital asset records to support the historical cost of past capital asset purchases. Accounting principles generally accepted in the United States of America require that capital assets be recorded at historical cost net of accumulated depreciation. Documentation supporting historical cost was not readily available for our review. Also, the City has elected to not report depreciation on these capital assets. The amount by which this departure would affect assets, net position, and expenses of the Governmental and Business-Type Activities is not readily determinable.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position-modified cash basis of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Newkirk, Oklahoma, as of June 30, 2014 and the respective changes in modified cash basis financial position and where applicable, cash flows thereof for the year then ended in conformity with the basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements that describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

Supplementary and Other Information

The budgetary comparison information is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The City has not presented the Management's Discussion and Analysis required by the Governmental Accounting Standards Board (GASB) and the GASB has determined is necessary to supplement, although not required to be a part of the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Schedule of

Expenditures of Federal Awards is presented for purposes of additional analysis and is not a required part of the basic financial statements. We subjected this information to the auditing procedures applied by us, in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

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

Putnam & Company

Putnam & Company, PLLC

June 8, 2015

Putnam & Company, PLLC
Certified Public Accountants
169 E. 32nd Street
Edmond, OK 73013
Telephone (405) 348-3800
Fax (405)348-3846

**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**

City Council
City of Newkirk
Newkirk, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund of the City of Newkirk, Oklahoma, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City of Newkirk's basic financial statements and have issued our report thereon dated June 8, 2015. The report on the City was qualified due to the City's use of a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The Management Discussion and Analysis is not presented as required by the Governmental Accounting Standards Board.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Newkirk's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

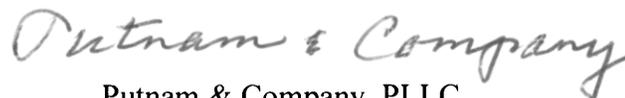
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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.

Purpose of this Report

The purpose of this report is intended solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Putnam & Company, PLLC

June 8, 2015

BASIC FINANCIAL STATEMENTS

**CITY OF NEWKIRK, OKLAHOMA
INCLUDING THE NEWKIRK MUNICIPAL AUTHORITY
STATEMENT OF NET POSITION--MODIFIED CASH BASIS
JUNE 30, 2014**

	Governmental Activities	Business-Type Activities	Totals
CURRENT ASSETS			
Cash and Cash Equivalents	\$1,858,455	2,517	1,860,972
NON-CURRENT ASSETS			
Property and Equipment		3,078,928	3,078,928
TOTAL ASSETS	\$1,858,455	3,081,445	4,939,900
CURRENT LIABILITIES			
Warrants Outstanding	\$235,634		235,634
Accounts Payable	12,722		12,722
Customer Deposits Payable	135,590		135,590
Long-Term Debt--Current Portion	30,000	54,700	84,700
Total Current Liabilities	413,946	54,700	468,646
NON-CURRENT LIABILITIES			
Long-Term Debt--Non-Current Portion	480,000	259,850	739,850
TOTAL LIABILITIES	893,946	314,550	1,208,496
NET POSITION			
Invested in Capital Assets, Net of Related Debt		3,078,928	3,078,928
Restricted for Debt Service	92,531		92,531
Unrestricted	871,978	(312,033)	559,945
TOTAL NET POSITION	\$964,509	2,766,895	3,731,404

The notes to the financial statements are an integral part of this statement.

**CITY OF NEWKIRK, OKLAHOMA
INCLUDING THE NEWKIRK MUNICIPAL AUTHORITY
STATEMENT OF ACTIVITIES--MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2014**

FUNCTIONS/PROGRAMS:	Expenses	Program Revenue		Net (Expense) Revenue
		Charges For Services	Operating Grants	
Governmental Activities City of Newkirk	\$4,275,658	143,973		(4,131,685)
Business-Type Activities Newkirk Municipal Authority	0	3,474,844		3,474,844
Total Primary Government	\$4,275,658	3,618,817	0	(656,841)

CHANGES IN NET POSITION:	Primary Government		
	Governmental Activities	Business Type Activities	Total
Net (Expense) Revenue	(\$4,131,685)	3,474,844	(656,841)
General Revenue			
Sales Taxes	141,355	282,711	424,066
Other Taxes	65,669	35,000	100,669
Interest	2,566	1,646	4,212
Other income	189,428		189,428
Total General Revenue	(3,732,667)	3,794,201	61,534
Transfers--in (Out)	3,855,056	(3,744,652)	110,404
Other Financing Sources (Uses)	(84,536)		
Change in Net Position	37,853	49,549	171,938
Net Position--Beginning	926,656	2,717,346	3,644,002
Net Position--Ending	\$964,509	2,766,895	3,815,940

The notes to the financial statements are an integral part of this statement.

**THE CITY OF NEWKIRK, OKLAHOMA
INCLUDING THE NEWKIRK MUNICIPAL AUTHORITY
COMBINED BALANCE SHEET
ALL FUND TYPES--MODIFIED CASH BASIS
AS OF JUNE 30, 2014**

	CITY OF NEWKIRK				NEWKIRK MUNICIPAL AUTHORITY					TOTALS	
	GOVERNMENTAL FUND TYPES			FIDUCIARY FUND TYPE	ENTERPRISE FUND TYPE	GOVERNMENTAL FUND TYPES			FIDUCIARY FUND TYPE	(Memorandum Only)	
	General	Special Revenue	Capital Projects	Trust and Agency	Revenue	Special Revenue	Capital Projects	Debt Service	Trust and Agency	2014	2013
ASSETS											
Cash, including time deposits	\$618,595	63,325	4,961	140,591	2,517	225,055	577,807	92,531	135,590	1,860,972	1,810,777
Property, Plant and Equipment					3,078,928					3,078,928	3,078,928
Total Assets	618,595	63,325	4,961	140,591	3,081,445	225,055	577,807	92,531	135,590	4,939,900	4,889,705
LIABILITIES											
Warrants Outstanding	\$220,845	579	310			13,900				235,634	200,263
Bonds Payable							510,000			510,000	540,000
Note Payable (OWRB)					314,550					314,550	364,100
Refundable Meter Deposits								135,590		135,590	131,938
Total Liabilities	220,845	579	310	0	314,550	13,900	510,000	0	135,590	1,195,774	1,236,301
FUND EQUITY											
Reserve for Encumbrance	10,975	1,746								12,721	9,402
Reserved for Debt Service								92,531		92,531	91,885
Reserved for Capital Projects			4,651				67,807			72,458	72,550
Reserved for Cemetery Care				140,591						140,591	144,393
Fund Balance - Unreserved	386,775	61,000				211,155				658,930	617,828
Retained Earnings - Unreserved					2,766,895					2,766,895	2,704,946
Total Fund Equity	397,750	62,746	4,651	140,591	2,766,895	211,155	67,807	92,531	0	3,744,126	3,641,004
Total Liabilities and Fund Equity	\$618,595	63,325	4,961	140,591	3,081,445	225,055	577,807	92,531	135,590	4,939,900	4,877,305

See accompanying letter and notes to financial statements.

NOTES TO THE FINANCIAL STATEMENTS

THE CITY OF NEWKIRK, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the City of Newkirk, Oklahoma relating to the funds included in the financial statements conform to generally accepted accounting principles of state and local governments, except as noted below. The following represents the more significant accounting and reporting policies and practices of the City:

(a) Reporting Entity

The City of Newkirk, for financial reporting purposes, includes funds and account groups over which the governing board exercises oversight authority.

INCLUDED ENTITY – (Blended Component Unit)

The Newkirk Municipal Authority is a public trust created under authority of and pursuant to the provisions of 60 O.S. Sections 177-180.3, for the use and benefit of the City of Newkirk, Oklahoma. The Authority leases the existing water, sewer, trash, and electrical facilities from the City and receives revenues from their use. The Authority also reimburses the City for expenditures made from its general fund appropriations for utilities and sanitation.

The accompanying financial statements present both the government itself, as legally defined, and a component unit, which is a legally separate entity for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government.

(b) Fund Accounting

The accounts of the City are organized on the basis of funds or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues, transfers, and expenditures/expenses. Government resources are allocated to and accounted for in individual funds based on the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are summarized by type in the financial statements in this report, as follows:

Governmental Fund Types

General Fund - The General Fund is the principal fund of the City which accounts for all financial transactions not properly accounted for in other funds. This fund accounts for the general operating transactions of the City including police and fire protection, street repairs and maintenance, planning and development, and administration

THE CITY OF NEWKIRK, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

Special Revenue Funds - These funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes

Capital Projects Fund - The Capital Projects Fund accounts for financial resources to be used for the acquisition or construction of major capital facilities.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt and related costs.

Proprietary Fund Types

Enterprise Funds - Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises; or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. This fund includes the Newkirk Municipal Authority.

Fiduciary Funds

Fiduciary funds are trust or agency funds used to account for assets held by the City in a trustee capacity or as an agent. Agency funds are custodial in nature and do not involve measurement of results of operations.

(c) Government-wide financial statements

The government-wide financial statements (the statement of net position and the statement of activities) report information on activities of the primary government and its component unit. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, and other non-exchange transactions are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support.

The government-wide financial statements are reported on a modified cash basis of accounting. The modified cash basis of accounting is based on the recording of cash and cash equivalents and changes therein, and only recognizes revenues, expenses, assets, and liabilities resulting from cash transactions, adjusted for modifications that have substantial support in generally accepted accounting principles.

THE CITY OF NEWKIRK, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

(c) Government-wide financial statements

Generally, only cash (and cash equivalents) and items that involve the receipt or disbursement of cash (or cash equivalents) during the period are recognized.

As a result of the use of this modified cash basis of accounting, certain transactions are not recorded in the financial statements. For example, accounts receivable and revenue for billed or provided services that have not been collected in cash are not accrued as revenue or receivables. Additionally, capital assets such as property, equipment, and infrastructure, and long-term liabilities such as debt and compensated absences may also not be reported.

(d) Basis of presentation – Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the government's enterprise fund. Separate financial statements are provided for governmental funds and proprietary funds.

The government-wide financial statements are presented on the modified cash basis of accounting. As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are any payments-in-lieu of taxes where the amounts are reasonably equivalent in value to the inter-fund services provided and other charges between the government's public works function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

(e) Basis of presentation – Fund Financial Statements

The fund financial statements provide information about the government's funds and blended component unit. Separate statements for each fund category, governmental and proprietary, are presented. The emphasis of fund financial statements is on major funds, each displayed in a separate column. All remaining funds are aggregated and reported as non-major funds. The fund financial statements are presented on the modified cash basis of accounting.

THE CITY OF NEWKIRK, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

(f) Total (Memorandum Only)

The combined financial statements have "Total (Memorandum Only)" columns. These columns do not purport to present the consolidated financial position of the City of Newkirk, Oklahoma. All significant interfund transactions would be eliminated and other adjustments would be made in the preparation of consolidated financial statements.

(g) Budget

The City's budget represents appropriations originally authorized and any subsequent revisions that were officially adopted during the fiscal year. The City's budget is also prepared under the modified cash basis of accounting. In accordance with Oklahoma law, all remaining unexpended appropriations lapse at year end.

(h) Compensated Absences

The City records vacation and sick leave expenditures only at the time such leave is actually paid.

(2) DEPOSITS, INVESTMENTS, AND COLLATERAL

Custodial Credit Risk - The City's policy as it relates to custodial credit risk is to secure its uninsured deposits with collateral, valued at no more than market value, at least at a level of 100 percent of the uninsured deposits and accrued interest thereon. The investment policy and state law also limits acceptable collateral to U.S. Treasury and agency securities and direct debt obligations of the state, municipalities, counties, and school districts in the state of Oklahoma, surety bonds, and letters of credit. As required by Federal 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the City must have a written collateral agreement.

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

Investment Credit Risk – The City investment policy limits investments to those allowed in state law applicable to municipalities as follows:

- a. Direct obligations of the U.S. Government, its agencies and instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
- b. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.

THE CITY OF NEWKIRK, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

(2) DEPOSITS, INVESTMENTS, AND COLLATERAL – (continued)

Investment Credit Risk (continued) - Investment credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City has no formal policy limiting investments based on credit rating, but discloses any such credit risk associated with their investments. Unless there is information to the contrary, obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

Investment Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City’s investment policy limits investments to those with a short-term maturities, as a means of managing exposure to fair value losses arising from increasing interest rates. The City discloses its exposure to interest rate risk by disclosing the maturity dates of its various investments.

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

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

(3) LONG-TERM DEBT

The City of Newkirk and its component unit have Long-Term Debt as noted in the following paragraphs.

Oklahoma Water Resources Board Series 1991 Promissory Note

A loan was provided to the Authority by the Oklahoma Water Resources Board (OWRB) in the amount of \$915,000. The life of this loan is approximately 28 years. This loan provided for an interest rate of 3.592% from March 1, 1992 through February 28, 1993. Subsequent interest rates and monthly payment schedules are to be determined and provided by the OWRB.

The following is a summary of the Authority's transactions with respect to this promissory note for the year ended June 30, 2014.

Loan Payable, June 30, 2013	\$ 365,050
Principal Payments	<u>50,500</u>
Loan Payable, June 30, 2014	<u>\$ 314,550</u>

THE CITY OF NEWKIRK, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

(3) LONG-TERM DEBT – (continued)

Utility System Revenue Bonds

During calendar year 2006, the Newkirk Municipal Authority issued \$725,000 in utility system revenue bonds. The bonds provide for an interest rate of 4.100% to 5.125% from September 1, 2005 through September 1, 2025. Annual principal maturities begin at \$25,000 and increase in established increments over the life of the bond issue.

The following is a summary of the Authority's transactions with respect to the revenue bonds for the year ended June 30, 2014.

Bonds Payable, June 30, 2013	\$ 540,000
Additions	0
Retirements	<u>30,000</u>
Balance, June 30, 2014	<u>\$ 510,000</u>

(4) DEDICATED SALES TAX

1% Sales Tax

The Board of Commissioners of the city passed a resolution dated October 1, 1983, which appropriated the proceeds of a 1% City sales tax (approved by election on June 14, 1983), to the Authority to be used for the retirement of principal and the payment of interest and agent fees in connection with the 1984 Series Newkirk Municipal Authority Revenue Bonds. All debt from that Bond issue has been retired, however, a subsequent election authorized the continued collection of this 1% sales tax.

2% Sales Tax

The Board of Commissioners of the city passed a resolution dated April 9, 1979, which appropriated the proceeds of a 2% City sales tax received after June 30, 1979, to the Authority. Proceeds from this tax are to be used for payment of capital costs, debt service and operational expenses and for accumulation of reserves.

THE CITY OF NEWKIRK, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

(5) PENSION AND RETIREMENT PLANS

All police personnel participate in the Statewide Oklahoma State Police Pension and Retirement System.

All firefighters participate in the Statewide Oklahoma Firefighter's Pension and Retirement System.

Other City employees other than Police and Firefighters participate in the Oklahoma Municipal Retirement System.

Historical trend information is presented in annual reports for these retirement systems. This information is useful in assessing a pension plan's accumulation of sufficient assets to pay pension benefits as they become due.

(6) RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. Accordingly, the City purchases commercial insurance to reduce its risk of loss. Also, all personnel responsible for custody of cash were bonded during the fiscal year.

Management estimates that the amount of actual or potential claims against the city as of June 30, 2014, will not materially affect the financial condition of the City. Therefore, none of the City's funds contains any provisions for any type of loss.

(7) COMMITMENTS AND CONTINGENT LIABILITIES

The financial statements do not include any provision for loss contingencies resulting from litigation. Under applicable Oklahoma statutes, cities generally establish a sinking fund to satisfy legal judgments rendered against them. Tax revenues are then specifically assessed for payment of these claims which have been reduced to judgment. Such claims are generally paid through these special tax assessments over a three (3) year period.

THE CITY OF NEWKIRK, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

(8) **SUBSEQUENT EVENTS**

Subsequent events have been evaluated through June 8, 2015, which is the date the financial statements were available.

**COMBINING FINANCIAL STATEMENTS
AND SUPPORTING SCHEDULE**

THE CITY OF NEWKIRK, OKLAHOMA
SCHEDULE OF REVENUES BY SOURCE--GENERAL FUND
BUDGET AND ACTUAL--MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2014

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE - FAVORABLE/ (UNFAVORABLE)
TAXES:			
Franchise Tax	\$15,484	17,257	1,773
LICENSES AND PERMITS:			
Dog Tax	747	675	(72)
Building Permits	2,050	1,960	(90)
Total Licenses and Permits	2,797	2,635	(162)
INTERGOVERNMENTAL:			
Alcoholic Beverage Tax	9,331	9,675	344
Tobacco Tax	5,782	5,178	(604)
Total Intergovernmental	15,113	14,853	(260)
CHARGES FOR SERVICE:			
Library	711	876	165
Swimming Pool	4,483	3,570	(913)
Cemetery	17,644	15,225	(2,419)
Ambulance	139,866	121,297	(18,569)
Fire Runs	2,100	500	(1,600)
Country Club	2,894	2,505	(389)
Total Charges for Service	167,698	143,973	(23,725)
FINES AND FORFEITURES:			
	30,114	42,067	11,953
INTEREST:			
	4,556	1,441	(3,115)
MISCELLANEOUS:			
Rent and Royalty	12,882	12,269	(613)
Insure Oklahoma	7,639	11,752	4,113
Worker's Comp. Refund			0
Weed Tax	1,000	5,503	4,503
Nuisance Clean Up	37	300	263
Other	1,826	9,597	7,771
Total Miscellaneous	23,384	39,421	16,037
TOTALS	\$259,146	261,647	2,501

See accompanying letter and notes to financial statements.

**THE CITY OF NEWKIRK, OKLAHOMA
SCHEDULE OF EXPENDITURES BY CLASSIFICATION
BUDGET AND ACTUAL - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2014**

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE - FAVORABLE/ (UNFAVORABLE)
POLICE:			
Personal Services	\$303,212	264,588	38,624
Maintenance and Operation	20,700	22,680	(1,980)
Capital Outlay	10,000	1,934	8,066
Total Police	333,912	289,202	44,710
FIRE:			
Personal Services	182,848	169,055	13,793
Maintenance and Operation	11,000	10,311	689
Capital Outlay	12,175	11,415	760
Total Fire	206,023	190,781	15,242
STREETS:			
Personal Services	115,647	115,315	332
Maintenance and Operation	10,200	6,083	4,117
Capital Outlay	49,000		49,000
Total Streets	174,847	121,398	53,449
WATER:			
Personal Services	104,901	100,555	4,346
Maintenance and Operation	66,800	76,502	(9,702)
Capital Outlay	27,000	29,253	(2,253)
Total Water	198,701	206,310	(7,609)
SANITATION:			
Maintenance and Operation	138,000	137,919	81
Capital Outlay			0
Total Sanitation	138,000	137,919	81
SEWER:			
Personal Services	35,399	37,627	(2,228)
Maintenance and Operation	11,200	10,705	495
Capital Outlay	10,000	2,220	7,780
Total Sewer	56,599	50,552	6,047
CITY TREASURER:			
Personal Services	26,449	26,594	(145)
Maintenance and Operation	160	121	39
Capital Outlay			0
Total City Treasurer	26,609	26,715	(106)

**THE CITY OF NEWKIRK, OKLAHOMA
SCHEDULE OF EXPENDITURES BY CLASSIFICATION
BUDGET AND ACTUAL - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2014**

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE - FAVORABLE/ (UNFAVORABLE)
PARKS:			
Personal Services	97,617	96,873	744
Maintenance and Operation	15,600	15,604	(4)
Capital Outlay	0		0
Total Parks	113,217	112,477	740
LIBRARY:			
Personal Services	64,126	53,797	10,329
Maintenance and Operation	11,200	10,876	324
Capital Outlay	2,500	2,383	117
Total Library	77,826	67,056	10,770
AMBULANCE:			
Personal Services	160,485	167,366	(6,881)
Maintenance and Operation	17,950	17,707	243
Capital Outlay	9,138	9,138	0
Total Ambulance	187,573	194,211	(6,638)
CEMETERY:			
Personal Services	42,787	18,233	24,554
Maintenance and Operation	6,360	4,732	1,628
Total Cemetery	49,147	22,965	26,182
GENERAL GOVERNMENT:			
Maintenance and Operation	195,890	189,316	6,574
Capital Outlay	48,919	35,976	12,943
Total General Government	244,809	225,292	19,517
MANAGERIAL:			
Maintenance and Operation	3,600	3,600	0
CITY ATTORNEY:			
Personal Services	7,258	7,247	11

**THE CITY OF NEWKIRK, OKLAHOMA
SCHEDULE OF EXPENDITURES BY CLASSIFICATION
BUDGET AND ACTUAL - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2014**

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE - FAVORABLE/ (UNFAVORABLE)
SWIMMING POOL:			
Personal Services	21,548	21,374	174
Maintenance and Operation	2,800	1,317	1,483
Total Swimming Pool	24,348	22,691	1,657
ELECTRIC:			
Personal Services	194,081	208,941	(14,860)
Maintenance and Operation	1,685,200	1,737,724	(52,524)
Capital Outlay	79,775	41,911	37,864
Total Electric	1,959,056	1,988,576	(29,520)
MUNICIPAL COURT:			
Personal Services	42,910	43,420	(510)
Maintenance and Operation	4,920	4,526	394
Total Municipal Court	47,830	47,946	(116)
CITY CLERK:			
Personal Services	240,304	215,828	24,476
Maintenance and Operation	2,100	2,010	90
Capital Outlay	23,000	21,717	1,283
Total City Clerk	265,404	239,555	25,849
SERVICE CENTER:			
Maintenance and Operation	76,500	64,179	12,321
Capital Outlay	3,000		3,000
Total City Clerk	79,500	64,179	15,321
CITY SENIOR DIRECTOR			
Personal Services	14,330	14,326	4
Maintenance and Operation	22,972	22,437	535
Capital Outlay			0
Total City Senior Director	37,302	36,763	539
TOTALS	\$4,231,561	4,055,435	173,126

See accompanying letter and notes to financial statements.

**THE CITY OF NEWKIRK, OKLAHOMA
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS-MODIFIED CASH BASIS
AS OF JUNE 30, 2014**

	INSURANCE FUND	STREET & ALLEY FUND	JUVENILE CASH FUND	LIBRARY CASH FUND	PARK & RECREATION FUND	SENIOR BUILDING FUND	TOTALS (Memorandum Only)	
							2014	2013
<u>ASSETS</u>								
Cash, including time deposits	\$243	17,144	2,746	5,829	29,070	8,293	63,325	51,206
Total Assets	<u>\$243</u>	<u>17,144</u>	<u>2,746</u>	<u>5,829</u>	<u>29,070</u>	<u>8,293</u>	<u>63,325</u>	<u>51,206</u>
<u>LIABILITIES</u>								
Warrants Outstanding	\$0			303	155	121	579	2,015
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>303</u>	<u>155</u>	<u>121</u>	<u>579</u>	<u>2,015</u>
<u>FUND EQUITY</u>								
Fund Balance:								
Reserved for Encumbrances				1,746			1,746	0
Unreserved	243	17,144	2,746	3,780	28,915	8,172	61,000	49,191
Total Fund Equity	<u>243</u>	<u>17,144</u>	<u>2,746</u>	<u>5,526</u>	<u>28,915</u>	<u>8,172</u>	<u>62,746</u>	<u>49,191</u>
Total Liabilities and Fund Equity	<u>\$243</u>	<u>17,144</u>	<u>2,746</u>	<u>5,829</u>	<u>29,070</u>	<u>8,293</u>	<u>63,325</u>	<u>51,206</u>

See accompanying letter and notes to financial statements.

THE CITY OF NEWKIRK, OKLAHOMA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
SPECIAL REVENUE FUNDS-MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2014

	INSURANCE FUND	STREET & ALLEY FUND	JUVENILE CASH FUND	LIBRARY CASH FUND	PARK & RECREATION FUND	SENIOR BUILDING FUND	TOTALS (Memorandum Only)	
							2014	2013
REVENUES:								
Intergovernmental	\$0	22,683					22,683	18,798
Interest		13	1				14	24
Utility Reimbursement					13,030		13,030	12,784
Miscellaneous	2,132			13,715		19,295	35,142	22,899
Total Revenues	2,132	22,696	1	13,715	13,030	19,295	70,869	54,505
EXPENDITURES:								
Capital Outlay	8,906	11,526	1,000	11,145	9,101	17,187	58,865	70,601
Total Expenditures	8,906	11,526	1,000	11,145	9,101	17,187	58,865	70,601
Revenues Over/(Under) Expenditures	(6,774)	11,170	(999)	2,570	3,929	2,108	12,004	(16,096)
Other Financing Sources (Uses):							0	0
Deobligation of prior year funds							0	0
Total Other Financing Sources (Uses):	0	0	0	0	0	0	0	0
Fund Balance, Beginning of Year	7,017	5,974	3,745	1,210	24,987	6,064	48,997	65,062
Fund Balance, End of Year	\$243	17,144	2,746	3,780	28,916	8,172	61,001	48,966

See accompanying letter and notes to financial statements.

THE CITY OF NEWKIRK, OKLAHOMA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS-MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2014

	<u>INSURANCE FUND</u>			<u>JUVENILE CASH FUND</u>			<u>STREET & ALLEY FUND</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable/ (Unfavorable)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable/ (Unfavorable)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable/ (Unfavorable)</u>
REVENUES:									
Intergovernmental	\$0		0			0		22,683	22,683
Interest			0		1	1		13	13
Donations			0			0			0
State Aid			0			0			0
Grants			0			0			0
Utility Reimbursement			0			0			0
FEMA			0			0			0
Insurance Proceeds			0			0			0
Miscellaneous		2,132	2,132			0			0
Total Revenues	0	2,132	2,132	0	1	1	0	22,696	22,696
EXPENDITURES:									
Capital Outlay	7,017	8,906	(1,889)	3,745	1,000	2,745	5,974	11,526	(5,552)
Total Expenditures	7,017	8,906	(1,889)	3,745	1,000	2,745	5,974	11,526	(5,552)
Revenues Over/(Under) Expenditures	(7,017)	(6,774)	243	(3,745)	(999)	2,746	(5,974)	11,170	17,144
Other Financing Sources (Uses):									
Transfer in									0
Fund Balance, Beginning of Year	7,017	7,017	0	3,745	3,745	0	5,974	5,974	0
Fund Balance, End of Year	\$0	243	243	0	2,746	2,746	0	17,144	17,144

THE CITY OF NEWKIRK, OKLAHOMA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS-MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2014

	LIBRARY CASH FUND			PARK & RECREATION FUND			SENIOR BUILDING FUND			TOTALS (Memorandum Only)		
	Budget	Actual	Variance-Favorable/ (Unfavorable)	Budget	Actual	Variance-Favorable/ (Unfavorable)	Budget	Actual	Variance-Favorable/ (Unfavorable)	Budget	Actual	Variance-Favorable/ (Unfavorable)
REVENUES												
Intergovernmental			0			0			0	0	22,683	22,683
Interest			0			0			0	0	14	14
Donations			0			0			0	0	0	0
State Aid			0			0			0	0	0	0
Grant			0			0			0	0	0	0
Utility Reimbursement			0		13,030	13,030			0	0	13,030	13,030
FEMA			0			0			0	0	0	0
Insurance Proceeds			0			0			0	0	0	0
Miscellaneous		13,715	13,715			0		19,295	19,295	0	35,142	35,142
Total Revenues	0	13,715	13,715	0	13,030	13,030	0	19,295	19,295	0	70,869	70,869
EXPENDITURES:												
Capital Outlay	1,210	11,145	(9,935)	24,987	9,101	4,878	6,064	17,187	4,878	48,997	58,865	(9,868)
Total Expenditures	1,210	11,145	(9,935)	24,987	9,101	4,878	6,064	17,187	4,878	48,997	58,865	(9,868)
Revenues Over/(Under) Expenditures	(1,210)	2,570	3,780	(24,987)	3,929	28,916	(6,064)	2,108	8,172	(48,997)	12,004	61,001
Other Financing Sources (Uses):												
Transfer in												
Deobligation of Prior Year's funds			0			0			0	0	0	0
Total other Financing Sources(Uses):												
Fund Balance, Beginning of Year	1,210	1,210	0	24,987	24,987	0	6,064	6,064	0	48,997	48,997	0
Fund Balance, End of Year	0	3,780	3,780	0	28,916	28,916	0	8,172	8,172	0	61,001	61,001

See accompanying letter and notes to financial statements

**THE CITY OF NEWKIRK, OKLAHOMA
COMBINING BALANCE SHEET
CAPITAL PROJECTS FUNDS-MODIFIED CASH BASIS
AS OF JUNE 30, 2014**

	WATER EXTENSION FUND	RURAL FIRE EXTENSION FUND	ELECTRIC EXTENSION FUND	TOTALS (Memorandum Only)	
				2014	2013
<u>ASSETS</u>					
Cash, including time deposits	\$0	3,956	1,005	4,961	8,466
Total Assets	<u>\$0</u>	<u>3,956</u>	<u>1,005</u>	<u>4,961</u>	<u>8,466</u>
<u>LIABILITIES</u>					
Warrants Outstanding	\$0	310	0	310	0
Total Liabilities	<u>0</u>	<u>310</u>	<u>0</u>	<u>310</u>	<u>0</u>
<u>FUND EQUITY</u>					
Fund Balance:					
Unreserved	0	3,646	1,005	4,651	8,466
Total Fund Equity	<u>0</u>	<u>3,646</u>	<u>1,005</u>	<u>4,651</u>	<u>8,466</u>
Total Liabilities and Fund Equity	<u>\$0</u>	<u>3,956</u>	<u>1,005</u>	<u>4,961</u>	<u>8,466</u>

See accompanying letter and notes to financial statements.

THE CITY OF NEWKIRK, OKLAHOMA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
CAPITAL PROJECTS FUNDS--MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2014

	WATER EXTENSION FUND	RURAL FIRE EXTENSION FUND	ELECTRIC EXTENSION FUND	TOTALS (Memorandum Only)	
				2014	2013
REVENUES:					
Miscellaneous	\$0	5,474	1,000	6,474	29,333
Total Revenues	<u>0</u>	<u>5,474</u>	<u>1,000</u>	<u>6,474</u>	<u>29,333</u>
EXPENDITURES:					
Capital Outlay	124	9,055	1,110	10,289	29,151
Total Expenditures	<u>124</u>	<u>9,055</u>	<u>1,110</u>	<u>10,289</u>	<u>29,151</u>
Revenues Over/(Under) Expenditures	(124)	(3,581)	(110)	(3,815)	182
OTHER FINANCING SOURCES (USES):					
Deobligation of Prior Year Funds				0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance, Beginning of Year	<u>124</u>	<u>7,227</u>	<u>1,115</u>	<u>8,466</u>	<u>8,284</u>
Fund Balance, End of Year	<u><u>\$0</u></u>	<u><u>3,646</u></u>	<u><u>1,005</u></u>	<u><u>4,651</u></u>	<u><u>8,466</u></u>

See accompanying letter and notes to financial statements.

**THE CITY OF NEWKIRK, OKLAHOMA
COMBINING BALANCE SHEET
TRUST AND AGENCY FUNDS - MODIFIED CASH BASIS
AS OF JUNE 30, 2014**

	CEMETERY FUND	TOTALS (Memorandum Only)	
		2014	2013
<u>ASSETS</u>			
Cash, including time deposits	\$140,591	140,591	144,393
Total Assets	<u>\$140,591</u>	<u>140,591</u>	<u>144,393</u>
<u>LIABILITIES</u>			
Warrants Outstanding	\$0	0	
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>
<u>FUND EQUITY</u>			
Fund Balance:			
Reserved for Cemetery Care	140,591	140,591	144,393
Unreserved	<u>0</u>	<u>0</u>	<u>0</u>
Total Fund Equity	<u>140,591</u>	<u>140,591</u>	<u>144,393</u>
Total Liabilities and Fund Equity	<u>\$140,591</u>	<u>140,591</u>	<u>144,393</u>

See accompanying letter and notes to financial statements.

THE CITY OF NEWKIRK, OKLAHOMA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TRUST AND AGENCY FUNDS - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2014

	CEMETERY FUND	TOTALS (Memorandum Only)	
		2014	2013
REVENUES:			
Interest	\$798	798	1,161
Cemetery Care	2,440	2,440	2,834
Rent	571	571	559
Donations		0	0
Total Revenues	<u>3,809</u>	<u>3,809</u>	<u>4,554</u>
EXPENDITURES:			
Maintenance and Operation	<u>7,611</u>	<u>7,611</u>	<u>14,358</u>
Total Expenditures	<u>7,611</u>	<u>7,611</u>	<u>14,358</u>
Revenues Over/(Under) Expenditures	(3,802)	(3,802)	(9,804)
Fund Balance, Beginning of Year	<u>144,393</u>	<u>144,393</u>	<u>154,197</u>
Fund Balance, End of Year	<u>\$140,591</u>	<u>140,591</u>	<u>144,393</u>

See accompanying letter and notes to financial statements.

**THE NEWKIRK MUNICIPAL AUTHORITY
COMBINING BALANCE SHEET
PROPRIETARY FUND TYPE - MODIFIED CASH BASIS
AS OF JUNE 30, 2014**

	ENTERPRISE FUND	
	2014	2013
<u>ASSETS</u>		
Current Assets:		
Cash, including time deposits	\$2,517	2,518
Fixed Assets:		
Plant, Property and Equipment	3,078,928	3,078,928
Total Assets	\$3,081,445	3,081,446
<u>LIABILITIES AND RETAINED EARNINGS</u>		
Long Term Debt:		
Oklahoma Water Resources Board Note	\$314,550	364,100
Retained Earnings	2,766,895	2,717,346
Total Liabilities and Retained Earnings	\$3,081,445	3,081,446

See accompanying letter and notes to financial statements.

THE NEWKIRK MUNICIPAL AUTHORITY
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN RETAINED EARNINGS
PROPRIETARY FUND TYPE - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2014

	ENTERPRISE FUND	
	2014	2013
REVENUES:		
Charges for Service:		
Water	\$285,600	292,670
Sewer	196,858	195,480
Trash	146,276	144,220
Electric	2,840,921	2,803,425
Licenses and Permits	5,189	4,288
Total Charges for Service	3,474,844	3,440,083
Franchise Tax	13,248	13,334
Interest	1,646	1,883
Use Tax	21,752	24,861
Sales Tax	282,711	299,831
Total Revenues	3,794,201	3,779,992
EXPENDITURES:	0	0
Total Expenditures	0	0
Revenues Over/(Under) Expenditures	3,794,201	3,779,992
OTHER FINANCING SOURCES/(USES):		
Transfers to Debt Service Fund	(58,360)	(54,400)
Transfers to Utility Bond	(61,250)	(57,200)
Retirement of Long Term Debt	49,550	46,700
Transfer from Special State Fee		1,919
Transfer to Business incentive Fund	(3,649)	(689)
Transfers of Surplus to the City of Newkirk	(3,670,943)	(3,668,696)
Total Other Financing Sources/(Uses)	(3,744,652)	(3,732,366)
Revenues and Other Sources Over/(Under) Expenditures and Other Uses	49,549	47,626
Retained Earnings, Beginning of Year	2,717,346	2,669,720
Retained Earnings, End of Year	\$2,766,895	2,717,346

See accompanying letter and notes to financial statements.

**THE NEWKIRK MUNICIPAL AUTHORITY
STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPE
MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2014**

Cash Flows from Operating Activities:	
Net Income (Loss) from Operations	<u>\$3,794,201</u>
Cash Flows from Capital and Related Financing Activities:	
Operating Transfers	<u>(3,794,202)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1)
Cash and Cash Equivalents, June 30, 2012	<u>2,518</u>
Cash and Cash Equivalents, June 30, 2013	<u><u>\$2,517</u></u>

The notes to the financial statements are an integral part of this statement.

**THE NEWKIRK MUNICIPAL AUTHORITY
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS- MODIFIED CASH BASIS
AS OF JUNE 30, 2014**

	1 CENT SALES TAX FUND	MUNICIPAL COURT FUND	CDBG GRANT FUND-WTR/SWR	REAP GRANT	UTILITY UPGRADE FUND	UTILITY BOND PAYMENT FUND	HOME GRANT FUND	BUSINESS INCENTIVE FUND	TOTALS (Memorandum Only)	
									2014	2013
ASSETS										
Cash, including time deposits	\$211,097	5,657	0	0	3	5,278	0	3,020	225,055	65,532
Total Assets	\$211,097	5,657	0	0	3	5,278	0	3,020	225,055	65,532
LIABILITIES										
Warrants Outstanding	\$13,900								13,900	0
Total Liabilities	13,900	0	0	0	0	0	0	0	13,900	0
FUND EQUITY										
Fund Balance:										
Reserved for Incomplete Projects	197,197	5,657	0	0	3	5,278	0	3,020	211,155	65,532
Total Fund Equity	197,197	5,657	0	0	3	5,278	0	3,020	211,155	65,532
Total Liabilities and Fund Equity	\$211,097	5,657	0	0	3	5,278	0	3,020	225,055	65,532

See accompanying letter and notes to financial statements.

THE NEWKIRK MUNICIPAL AUTHORITY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 SPECIAL REVENUE FUNDS - MODIFIED CASH BASIS
 FOR THE YEAR ENDED JUNE 30, 2014

	1 CENT SALES TAX FUND	MUNICIPAL COURT FUND	CDBG GRANT FUND-WTR/SWR	REAP GRANT	UTILITY UPGRADE FUND	UTILITY BOND PAYMENT FUND	HOME GRANT FUND	BUSINESS INCENTIVE FUND	TOTALS (Memorandum Only)	
									2014	2013
REVENUES:										
Sales Tax	\$141,355								141,355	151,819
Use Tax	10,876								10,876	12,430
Cigarette Tax								0	0	0
Interest	176					2		178	401	401
Grants								0	0	0
Loan								0	0	0
Miscellaneous		47,648						47,648		0
Total Revenues	152,407	47,648	0	0	0	2	0	0	200,057	164,650
EXPENDITURES:										
Capital Outlay	13,900	41,991						2,587	58,478	239,942
Grant								0	0	0
Solid Waste Fees								0	0	0
Total Expenditures	13,900	41,991	0	0	0	0	0	2,587	58,478	239,942
Revenues Over/(Under) Expenditures	138,507	5,657	0	0	0	2	0	(2,587)	141,579	(75,292)
OTHER FINANCING SOURCES/(USES):										
Transfer from Municipal Authority						61,250		3,649	64,899	57,889
Transfer to Municipal Authority									0	(1,919)
Payment of Bonds						(60,854)			(60,854)	(58,038)
Deobligation of Prior Year Funds	0	0	0	0	0	0			0	0
Total Other Financing Sources/(Uses):	0	0	0	0	0	396	0	3,649	4,045	(2,068)
Fund Balance, Beginning of Year	58,690	0	0	0	3	4,881	0	1,958	65,532	142,892
Fund Balance, End of Year	\$197,197	5,657	0	0	3	5,279	0	3,020	211,156	65,532

See accompanying letter and notes to financial statements.

**THE NEWKIRK MUNICIPAL AUTHORITY
COMBINING BALANCE SHEET
CAPITAL PROJECTS FUND - MODIFIED CASH BASIS
AS OF JUNE 30, 2014**

	<u>UTILITY REVENUE BOND FUND</u>	TOTALS (Memorandum Only)	
		2014	2013
<u>ASSETS</u>			
Cash, including time deposits	\$577,807	577,807	604,084
Total Assets	\$577,807	577,807	604,084
<u>LIABILITIES</u>			
Warrants Outstanding	\$0	0	0
Bonds Payable	510,000	510,000	540,000
Total Liabilities	510,000	510,000	540,000
<u>FUND EQUITY</u>			
Fund Balance:			
Reserved for Encumbrances	0	0	0
Unreserved	67,807	67,807	64,084
Total Fund Equity	67,807	67,807	64,084
Total Liabilities and Fund Equity	\$577,807	577,807	604,084

See accompanying letter and notes to financial statements.

THE NEWKIRK MUNICIPAL AUTHORITY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
CAPITAL PROJECTS FUND - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2014

	UTILITY REVENUE BOND FUND	TOTALS (Memorandum Only)	
		2014	2013
REVENUES:			
interest	\$6	6	5
Total Revenues	<u>6</u>	<u>6</u>	<u>5</u>
EXPENDITURES:			
Capital Outlay	0	0	0
interest Expense	25,887	25,887	27,237
Fiscal Agent's Fees	1,250	1,250	1,250
Total Expenditures	<u>27,137</u>	<u>27,137</u>	<u>28,487</u>
Revenues Over/(Under) Expenditures	(27,131)	(27,131)	(28,482)
OTHER FINANCING SOURCES/(USES):			
Debt Service Payments	(30,000)	(30,000)	(30,000)
Transfer from Municipal Authority	60,854	60,854	58,038
Transfer Among Debt Service Funds	0	0	0
Total Other Financing Sources/(Uses)	<u>30,854</u>	<u>30,854</u>	<u>28,038</u>
Fund Balance, Beginning of Year	<u>64,084</u>	<u>64,084</u>	<u>64,528</u>
Fund Balance, End of Year	<u><u>\$67,807</u></u>	<u><u>67,807</u></u>	<u><u>64,084</u></u>

See accompanying letter and notes to financial statements.

**THE NEWKIRK MUNICIPAL AUTHORITY
COMBINING BALANCE SHEET
DEBT SERVICE FUNDS - MODIFIED CASH BASIS
AS OF JUNE 30, 2014**

	SEWER RESERVE FUND	DEBT SERVICE FUND	SEWER CONSTR. RESERVE FUND	TOTALS (Memorandum Only)	
				2014	2013
<u>ASSETS</u>					
Cash, including time deposits	\$5,099	4,911	82,521	92,531	91,885
Total Assets	<u>\$5,099</u>	<u>4,911</u>	<u>82,521</u>	<u>92,531</u>	<u>91,885</u>
<u>LIABILITIES</u>					
Warrants Outstanding	\$0	0	0	0	0
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>FUND EQUITY</u>					
Fund Balance:					
Reserved for Debt Service	5,099	4,911	82,521	92,531	91,885
Total Fund Equity	<u>5,099</u>	<u>4,911</u>	<u>82,521</u>	<u>92,531</u>	<u>91,885</u>
Total Liabilities and Fund Equity	<u>\$5,099</u>	<u>4,911</u>	<u>82,521</u>	<u>92,531</u>	<u>91,885</u>

See accompanying letter and notes to financial statements.

THE NEWKIRK MUNICIPAL AUTHORITY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
DEBT SERVICE FUNDS - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2014

	SEWER RESERVE FUND	DEBT SERVICE FUND	SEWER CONSTR. RESERVE FUND	TOTALS (Memorandum Only)	
				2014	2013
REVENUES:					
Interest	\$1	0	128	129	168
Total Revenues	1	0	128	129	168
EXPENDITURES:					
Payment of Debt		51,500		51,500	47,650
Interest Expense		5,343		5,343	5,230
Fiscal Agent Fees	1,000			1,000	1,000
Capital Outlay				0	0
Total Expenditures	1,000	56,843	0	57,843	53,880
Revenues Over/(Under) Expenditures	(999)	(56,843)	128	(57,714)	(53,712)
OTHER FINANCING SOURCES/(USES):					
Transfers from Enterprise Fund	58,360			58,360	54,400
Transfers Between Debt Service Funds	(56,970)	57,098	(128)	0	0
Total Other Financing Sources/(Uses)	1,390	57,098	(128)	58,360	54,400
Revenues and Other Sources Over/(Under) Expenditures and Other Uses	391	255	0	646	688
Fund Balance, Beginning of Year	4,708	4,656	82,521	91,885	91,197
Fund Balance, End of Year	<u>\$5,099</u>	<u>4,911</u>	<u>82,521</u>	<u>92,531</u>	<u>91,885</u>

See accompanying letter and notes to financial statements.

**THE NEWKIRK MUNICIPAL AUTHORITY
COMBINING BALANCE SHEET
TRUST AND AGENCY FUND - MODIFIED CASH BASIS
AS OF JUNE 30, 2014**

	METER DEPOSIT FUND	
	2014	2013
<u>ASSETS</u>		
Cash, including time deposits	\$135,590	131,938
Total Assets	135,590	131,938
<u>LIABILITIES</u>		
Warrants Outstanding	0	0
Refundable Meter Deposits	135,590	131,938
Total Liabilities	135,590	131,938
<u>FUND EQUITY</u>		
Fund Balance: Unreserved		
Total Fund Equity	0	0
Total Liabilities and Fund Equity	\$135,590	131,938

See accompanying letter and notes to financial statements.

NEWKIRK MUNICIPAL AUTHORITY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - MODIFIED CASH BASIS
TRUST AND AGENCY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	METER DEPOSIT FUND	TOTALS (Memorandum Only)	
		2014	2013
REVENUES	\$0	0	0
Total Revenues	0	0	0
EXPENDITURES	0	0	0
Total Expenditures	0	0	0
Excess of Revenues Over/(Under) Expenditures	0	0	0
OTHER FINANCING SOURCES/(USES):			
Customer Deposits In Excess of Refunds	3,652	3,652	2,056
Increase in Refundable Deposits	(3,652)	(3,652)	(2,056)
Total Other Financing Sources/(Uses)	0	0	0
Excess of Revenues and Other Sources Over/ (Under) Expenditures and Other Uses	0	0	0
Fund Balance, Beginning of Year	0	0	0
Fund Balance, End of Year	\$0	0	0

See accompanying letter and notes to financial statements.

**MANAGEMENT LETTER AND SCHEDULE OF
FINDINGS**

PUTNAM & COMPANY, PLLC

CERTIFIED PUBLIC ACCOUNTANTS
169 S.E. 32ND
EDMOND, OKLAHOMA 73013
(405) 348-3800
FAX (405) 348-3846

June 8, 2015

Honorable Governing Board
City of Newkirk, Oklahoma

We have audited financial statements of the City of Newkirk, including the Newkirk Municipal Authority, as of and for the year ended June 30, 2014, as listed in the table of contents, and have issued our report thereon dated June 8, 2015. As a part of our audit, we made a study and evaluation of the City's system of internal accounting control to the extent we considered necessary solely to determine the nature, timing and extent of our auditing procedures. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole, and we do not express such an opinion.

However, during our audit we became aware of some matters that, while not involving material weaknesses in internal accounting control, are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated June 20, 2014, on the financial statements of the City of Newkirk.

We will review the status of these comments during our next audit engagement. We would be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters or to assist you in implementing the recommendations.

We also wish to express our appreciation of the courteous attention and cooperation which we received from staff members during our engagement.

Sincerely,



Jerry W. Putnam

PUTNAM & COMPANY, PLLC

**CITY OF NEWKIRK
KAY COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2014**

PRIOR YEAR'S COMMENTS AND RECOMMENDATIONS

Some corrective action has been taken by the City with regard to the prior year's comments. (Those comments which have not been completely resolved are repeated below as applicable.)

CURRENT YEAR'S COMMENTS AND RECOMMENDATIONS

Internal Control:

Due to the size of the City's staff, it is impossible to prevent individuals from having complete control over a financial transaction.

Supporting Documentation:

The supporting documentation for the purchase orders and payments was found to be very good.