

**CITY OF ANTLERS
PUSHMATAHA COUNTY, OKLAHOMA
AUDITORS' REPORT
AND
FINANCIAL STATEMENTS
FISCAL YEAR ENDED
JUNE 30, 2014**

**WILLIAM K. GAUER
CERTIFIED PUBLIC ACCOUNTANT
WATONGA, OKLAHOMA**

**CITY OF ANTLERS
PUSHMATATAHA COUNTY, OKLAHOMA
CITY COUNCIL AND OFFICERS**

Mike Burrage,
Mike Baggett
Madge Gentry
Michael Riser
Athelta Harmon

Mayor
Councilmember
Councilmember
Councilmember
Councilmember

Joel Taylor

City Manager

Robin Bynum

City Clerk/Treasurer

CONTENTS

| | <u>Page</u> |
|---|-------------|
| City officials | |
| Contents | |
| Independent auditors' report | 4 |
| Statement of Net Position | 5 |
| Statement of Activities | 5 |
| Balance Sheet | |
| Governmental Funds | 6 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances | |
| Governmental Funds | 7 |
| Statement of Net Assets | |
| Proprietary Funds | 8 |
| Statement of Revenues, Expenses, and Changes in Net Assets | |
| Proprietary Funds | 9 |
| Statement of Cash Flows | |
| Proprietary Funds | 10 |
| Notes to financial statements | |

Auditors' report on internal control over financial reporting and on compliance and other matters based upon an audit of financial statements performed in accordance with government auditing standards

Supplemental Information

Budgetary Comparison – General Fund – Cash Basis

Combining of Nonmajor Funds – Cash Basis

Single Audit Cover (OMB A-133)

Auditor Information Sheet

Schedules of Grant Awards, Revenue Collected, and Expenditures

Schedule of Findings and Questioned Costs

Auditor's report on compliance with requirements applicable to each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133

WILLIAM K. GAUER

CERTIFIED PUBLIC ACCOUNTANT

121 SOUTH NOBLE ~ P.O. BOX 181

WATONGA, OKLAHOMA 73772

PHONE 580-623-5071

FAX 580-623-5072

WGAUER@GAUERCPA.MYGBIZ.COM

INDEPENDENT AUDITOR'S REPORT

To the City Council
Antlers, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Antlers, State of Oklahoma, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Antlers, State of Oklahoma, as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages (Omitted) and 26--28 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Antlers, State of Oklahoma's basic financial statements. The combining and individual nonmajor fund financial statements section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of 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 also not a required part of the basic financial statements. The combining and individual nonmajor 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit

of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 3, 2014, on our consideration of the City of Antlers, State of Oklahoma'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 City of Antlers, State of Oklahoma's internal control over financial reporting and compliance.



Watonga, Oklahoma
November 3, 2014

CITY OF ANTLERS, OKLAHOMA
Statement of Net Position
June 30, 2014

Primary Government

| | Governmental Activities | Business-Type Activities | Total |
|----------------------------|----------------------------|-----------------------------|------------------|
| ASSETS | | | |
| Current Assets: | | | |
| Cash and Cash Equivalents | \$ 484,132 | \$ 493,563 | \$ 977,695 |
| Due from Governmental Fund | - | 50,506 | 50,506 |
| Taxes Receivable | 109,346 | 7,810 | 117,156 |
| Accounts Receivable | - | 87,640 | 87,640 |
| Total Current Assets | <u>593,477</u> | <u>639,520</u> | <u>1,232,997</u> |

| | | | |
|---|------------------|-------------------|-------------------|
| Non-current Assets: | | | |
| Restricted Cash | 71,347 | 262,416 | 333,763 |
| BancFirst-Restricted Debt Service | - | 34,543 | 34,543 |
| BancFirst-Funds Held from Bond Issuance | - | 586,420 | 586,420 |
| Capital Assets (Note 4) | | | |
| Land, infrastructure | 325,302 | 504,667 | 829,969 |
| Capital assets, net of depreciation | 1,942,601 | 17,763,377 | 19,705,978 |
| Total Non-Current Assets | <u>2,339,250</u> | <u>19,151,422</u> | <u>21,490,673</u> |
| Total Assets | <u>2,932,728</u> | <u>19,790,942</u> | <u>22,723,670</u> |

LIABILITIES

| | | | |
|-----------------------------------|---------------|----------------|----------------|
| Current Portion of Long-Term Debt | - | 156,123 | 156,123 |
| Current Portion of Bonds Payable | - | 160,000 | 160,000 |
| Due to Other Funds/Governments | 54,673 | - | 54,673 |
| Due to Depositors | - | 54,320 | 54,320 |
| Compensated Absences | 26,370 | 14,334 | 40,704 |
| Total Current Liabilities | <u>81,043</u> | <u>384,777</u> | <u>465,821</u> |

| | | | |
|--|---------------|------------------|------------------|
| Long-term Liabilities (Note 6) | - | 5,668,448 | 5,668,448 |
| Long-Term Portion of Bonds Payable | - | 715,000 | 715,000 |
| Less: Current Portion of Long-Term, Debt | - | (156,123) | (156,123) |
| Total Liabilities | <u>81,043</u> | <u>6,612,102</u> | <u>6,693,145</u> |

NET POSITION

| | | | |
|---|---------------------|----------------------|----------------------|
| Invested in capital assets, net of related debt | 2,267,903 | 12,599,596 | 14,867,499 |
| Restricted | 71,347 | 829,059 | 900,406 |
| Unrestricted | 512,434 | (249,814) | 262,620 |
| Total Net Position | <u>\$ 2,851,685</u> | <u>\$ 13,178,840</u> | <u>\$ 16,030,525</u> |

See accompanying notes to the basic financial statements.

CITY OF ANTLERS, OKLAHOMA
Statement of Activities
For the Fiscal Year Ended June 30, 2014

| Functional Programs | Program Revenues | | | | Net (Expense) Revenue and Changes in Net Assets | | |
|---|------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|--------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-Type Activities | Total |
| Primary Government: | | | | | | | |
| Governmental Activities: | | | | | | | |
| General Government | \$ 1,040,353 | \$ 84,090 | \$ - | \$ - | \$ (956,263) | \$ - | \$ (956,263) |
| Public Safety | 1,282,425 | 687,409 | 4,474 | - | (590,542) | - | (590,542) |
| Airport | 79,131 | 19,858 | - | 527,829 | 468,557 | - | 468,557 |
| Cemetery | 6,022 | 12,494 | - | - | 6,472 | - | 6,472 |
| Street and Alley | 147,300 | - | 41,658 | - | (105,642) | - | (105,642) |
| Culture, Parks and Recreation | 189,948 | 13,460 | 13,496 | - | (162,993) | - | (162,993) |
| Depreciation | 131,196 | - | - | - | (131,196) | - | (131,196) |
| Total governmental activities | <u>2,876,374</u> | <u>817,310</u> | <u>59,628</u> | <u>527,829</u> | <u>(1,471,607)</u> | <u>-</u> | <u>(1,471,607)</u> |
| Business-Type Activities: | | | | | | | |
| Water | 906,416 | 689,990 | - | - | \$ - | (216,426) | (216,426) |
| Sewer | 348,892 | 302,451 | - | - | - | (46,441) | (46,441) |
| Sanitation | 157,755 | 190,335 | - | - | - | 32,580 | 32,580 |
| Administrative and Operations | 265,989 | - | - | - | - | (265,989) | (265,989) |
| Industrial Trust Authority | 23,668 | 38,400 | - | - | - | 14,732 | 14,732 |
| Total business-type activities | <u>1,702,719</u> | <u>1,221,176</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(481,543)</u> | <u>(481,543)</u> |
| Total Primary Government | <u>4,579,094</u> | <u>2,038,486</u> | <u>59,628</u> | <u>527,829</u> | <u>(1,471,607)</u> | <u>(481,543)</u> | <u>(1,953,150)</u> |
| General Revenues: | | | | | | | |
| Taxes: | | | | | | | |
| Sales, Tobacco and Other Tax | | | | | 1,183,962 | 113,485 | 1,297,447 |
| Use Tax | | | | | 70,074 | - | 70,074 |
| EMS Authority | | | | | 88,775 | - | 88,775 |
| Franchise Tax | | | | | 66,780 | - | 66,780 |
| E-911 Taxes, Restricted for Public Safety | | | | | 47,112 | - | 47,112 |
| Investment Income | | | | | 588 | 967 | 1,555 |
| Miscellaneous | | | | | 237,249 | 59,311 | 296,560 |
| Transfers-External Activity | | | | | 96,000 | - | 96,000 |
| Transfers-Internal Activity | | | | | 370,678 | (370,678) | - |
| Total general revenues and transfers | | | | | <u>2,161,218</u> | <u>(196,915)</u> | <u>1,964,303</u> |
| Changes in Net Assets | | | | | 689,611 | (678,458) | 11,152 |
| Net Position - Beginning | | | | | <u>2,162,074</u> | <u>13,857,298</u> | <u>16,019,372</u> |
| Net Position - Ending | | | | | <u>2,851,685</u> | <u>13,178,840</u> | <u>16,030,524</u> |

See accompanying notes to the basic financial statements.

CITY OF ANTLERS, OKLAHOMA
STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS - CASH BASIS
JUNE 30, 2014

| | General Fund | Other Funds | Total |
|--|----------------|----------------|----------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 284,292 | \$ 199,839 | \$ 484,132 |
| Accounts receivable | - | - | - |
| Total Unrestricted Assets | <u>284,292</u> | <u>199,839</u> | <u>484,132</u> |
| Restricted cash and cash equivalents | 71,347 | - | 71,347 |
| Capital Assets | | | |
| Land, inexhaustible assets and construction-in-process | - | - | - |
| Other capital assets, net of accumulated depreciation | - | - | - |
| Total Restricted Assets | <u>71,347</u> | <u>-</u> | <u>71,347</u> |
| Total Assets | <u>355,639</u> | <u>199,839</u> | <u>555,479</u> |
| LIABILITIES | | | |
| Due to Other Funds/Governmental Entities | - | - | - |
| Compensated Absences | - | - | - |
| Long-term debt | | | |
| Due within one year | - | - | - |
| Due in more than one year | - | - | - |
| Total Liabilities | <u>-</u> | <u>-</u> | <u>-</u> |
| NET POSITION | | | |
| Non-Spendable: | | | |
| Invested in Capital Assets, net of debt | - | - | - |
| Restricted | | | |
| Capital Outlay | - | 4,546 | 4,546 |
| Committed | | | |
| 911 Fund | - | 28,809 | 28,809 |
| Cemetery Fund | - | 9,357 | 9,357 |
| Assigned | | | |
| Library | - | 16,508 | 16,508 |
| Street & Alley | - | 137,271 | 137,271 |
| Senior Citizens | - | 3,348 | 3,348 |
| General Fund - EMS/Fire/Ambulance | 71,347 | - | 71,347 |
| Unrestricted | | | |
| General Fund | <u>284,292</u> | <u>-</u> | <u>284,292</u> |
| Total Net Position | <u>355,639</u> | <u>199,839</u> | <u>555,479</u> |

Reconciliation to Statement of Net Assets:

| | |
|---|---------------------|
| Capital assets | 2,267,903 |
| Reverse tax receivable from prior statements | 54,673 |
| Compensated Absences not accrued on fund statements | <u>(26,370)</u> |
| | <u>\$ 2,851,685</u> |

See accompanying notes to the basic financial statements,

CITY OF ANTLERS, OKLAHOMA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2014

| ASSETS | Public Works Authority | | Industrial Authority | Total |
|--|------------------------|---------------------|----------------------|----------------------|
| | Water/Trash | Sewer | | |
| Cash and cash equivalents | \$ 388,785 | \$ 88,981 | \$ 15,797 | \$ 493,563 |
| Due from Street & Alley Fund | - | 50,506 | - | 50,506 |
| Accounts receivable | 65,269 | 22,371 | - | 87,640 |
| Total Unrestricted Assets | <u>454,054</u> | <u>161,858</u> | <u>15,797</u> | <u>631,709</u> |
| Cash in bank - restricted | 189,040 | 73,376 | - | 262,416 |
| BancFirst Restricted for Debt Service | 34,543 | - | - | 34,543 |
| BancFirst Restricted for Street Improvement | 586,420 | - | - | 586,420 |
| Taxes receivable | - | 7,810 | - | 7,810 |
| Capital Assets | | | | |
| Land, inexhaustible assets and construction-in-process | 49,637 | - | 455,030 | 504,667 |
| Other capital assets, net of accumulated depreciation | 13,013,900 | 3,615,771 | 1,133,706 | 17,763,377 |
| Total Restricted Assets | <u>13,873,539</u> | <u>3,696,958</u> | <u>1,588,736</u> | <u>19,159,233</u> |
| Total Assets | <u>14,327,593</u> | <u>3,858,816</u> | <u>1,604,533</u> | <u>19,790,942</u> |
| LIABILITIES | | | | |
| Current Portion of Long-Term Debt | 58,744 | 74,645 | 22,734 | 156,123 |
| Current Portion of Bonds Payable | 160,000 | - | - | 160,000 |
| Meter Deposit Liability | 54,320 | - | - | 54,320 |
| Compensated absences | 14,334 | - | - | 14,334 |
| Current Liabilities | <u>287,399</u> | <u>74,645</u> | <u>22,734</u> | <u>384,778</u> |
| Long-Term Debt | 3,170,012 | 2,310,100 | 188,336 | 5,668,448 |
| Long-Term Portion of Bonds Payable | 715,000 | - | - | 715,000 |
| Less: Current Portion of Long-Term Debt | (58,744) | (74,645) | (22,734) | (156,123) |
| Total Long-Term Liabilities | <u>3,826,268</u> | <u>2,235,455</u> | <u>165,602</u> | <u>6,227,325</u> |
| Total Liabilities | <u>4,113,667</u> | <u>2,310,100</u> | <u>188,336</u> | <u>6,612,102</u> |
| Invested in Capital Assets, net of debt | 9,893,525 | 1,305,671 | 1,400,400 | 12,599,596 |
| Restricted | 755,683 | 81,187 | - | 836,869 |
| Unrestricted | (435,281) | 161,858 | 15,797 | (257,625) |
| Total Net Position | <u>\$ 10,213,927</u> | <u>\$ 1,548,716</u> | <u>\$ 1,416,197</u> | <u>\$ 13,178,840</u> |

See accompanying notes to the basic financial statements.

CITY OF ANTLERS, OKLAHOMA
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

| | General Fund | Other Funds | Total |
|---|-------------------|-------------------|-------------------|
| Revenues: | | | |
| Taxes | \$ 1,250,742 | \$ 264,066 | \$ 1,514,807 |
| Intergovernmental | 630,186 | 117,889 | 748,075 |
| Charges for services | 578,779 | 4,156 | 582,935 |
| Fines and forfeitures | 31,184 | 32,306 | 63,490 |
| Licenses and permits | 2,991 | - | 2,991 |
| Investment income | 395 | 193 | 588 |
| Miscellaneous | 138,071 | 185,050 | 323,121 |
| Total Revenues | <u>2,632,347</u> | <u>603,660</u> | <u>3,236,007</u> |
| Expenditures: | | | |
| Administration | 76,345 | - | 76,345 |
| City Clerk | 123,045 | - | 123,045 |
| Receipt Clerk | 27,360 | - | 27,360 |
| Police Department | 405,122 | - | 405,122 |
| Fire/EMS Department | 619,603 | - | 619,603 |
| Animal Control | 7,202 | - | 7,202 |
| Municipal Court | 39,563 | 4,893 | 44,456 |
| Public Safety | 53,199 | 136,821 | 190,020 |
| Inmate | 41,023 | - | 41,023 |
| Airport: | 543,117 | 52,909 | 596,026 |
| Cemetery | 5,745 | 277 | 6,022 |
| Streets and Alley | - | 147,300 | 147,300 |
| Library | 50,000 | 66,422 | 116,422 |
| Swimming Pool | 19,471 | - | 19,471 |
| General Government | 675,629 | 137,974 | 813,603 |
| Senior Citizens Nutrition | 5,140 | 48,915 | 54,055 |
| Total Expenditures | <u>2,691,563</u> | <u>595,512</u> | <u>3,287,075</u> |
| Excess (deficiency) of revenues over expenditures | (59,217) | 8,148 | (51,069) |
| Other Financing Sources | | | |
| Transfers In | 146,451 | 37,140 | 183,591 |
| Transfers Out | 78,866 | 29,413 | 108,279 |
| Total Other Financing Sources | <u>67,585</u> | <u>7,727</u> | <u>75,312</u> |
| Net Changes in Fund Balances | 8,369 | 15,875 | 24,244 |
| Fund Balance - Beginning | 347,270 | 183,964 | 531,235 |
| Fund Balance - Ending | <u>\$ 355,639</u> | <u>\$ 199,839</u> | <u>\$ 555,478</u> |

Reconciliation to the Statement of Activities:

| | |
|--|-------------------|
| Net change in fund balances | (26,370) |
| Compensated Absences not accrued on fund statements | |
| Governmental Funds reported as expenditures while activities report depreciation | 281,037 |
| Street Improvements paid for for BancFirst Bond Account | 541,896 |
| Capitalized purchases | (131,196) |
| Depreciation expense | |
| Changes in Net Assets of Governmental Activities | <u>\$ 689,611</u> |

See Accompanying notes to the basic financial statements.

CITY OF ANTLERS, OKLAHOMA
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS

| | Public Works Authority | | Industrial Authority | Total |
|--|------------------------|---------------------|----------------------|----------------------|
| | Water/Trash | Sewer | | |
| Revenues: | | | | |
| Charges for services: | | | | |
| Water | \$ 689,990 | \$ - | \$ - | \$ 689,990 |
| Sanitation | 190,335 | - | - | 190,335 |
| Sewer | - | 302,451 | - | 302,451 |
| Rental | - | - | 38,400 | 38,400 |
| Miscellaneous receipts | 47,246 | 3,517 | 9,851 | 60,615 |
| Total Revenues | <u>927,571</u> | <u>305,968</u> | <u>48,251</u> | <u>1,281,791</u> |
| Expenses: | | | | |
| Administration and operations | 265,989 | - | - | 265,989 |
| Industrial Trust Expenditures | - | - | 16,672 | 16,672 |
| Water | 369,547 | - | - | 369,547 |
| Sewer | - | 230,547 | - | 230,547 |
| Sanitation | 157,755 | - | - | 157,755 |
| Depreciation | 366,390 | 74,447 | 5,778 | 446,615 |
| Total Expenses | <u>1,159,682</u> | <u>304,994</u> | <u>22,450</u> | <u>1,487,126</u> |
| Operating Income (Loss) | <u>(232,110)</u> | <u>974</u> | <u>25,801</u> | <u>(205,335)</u> |
| Non-operating revenues (expenses): | | | | |
| Tax Receipts | - | 95,890 | 17,596 | 113,485 |
| Investment Income | 935 | - | 32 | 967 |
| Debt Issuance Cost | (34,000) | - | - | (34,000) |
| Interest expense & Admin Fees | (137,781) | (43,898) | (1,217) | (182,896) |
| Bond Proceeds | - | - | - | - |
| Total Non-operating Revenues (Expenses) | <u>(170,846)</u> | <u>51,992</u> | <u>16,410</u> | <u>(102,444)</u> |
| Net Income (Loss) before contributions and trans | (402,956) | 52,966 | 42,211 | (307,779) |
| Transfers in | - | - | - | - |
| Transfers out | 292,678 | - | 78,000 | 370,678 |
| Changes in Net Assets | (695,634) | 52,966 | (35,789) | (678,457) |
| Net Position - Beginning | 10,909,561 | 1,495,750 | 1,451,986 | 13,857,297 |
| Net Position - Ending | <u>\$ 10,213,927</u> | <u>\$ 1,548,716</u> | <u>\$ 1,416,197</u> | <u>\$ 13,178,840</u> |

See Accompanying notes to the basic financial statements.

CITY OF ANTLERS, OKLAHOMA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

| | Public Works Authority | | Line Improvement Fund | Total |
|--|------------------------|-------------------|-----------------------------|---------------------|
| | Water/Trash | Sewer | | |
| Cash Flows from Operating Activities | | | | |
| Receipts from customers | \$ 906,795 | \$ 302,830 | \$ 38,400 | \$ 1,248,025 |
| Other income | 47,246 | 3,517 | 9,851 | 60,615 |
| Payments to Suppliers | (593,739) | (179,445) | (16,672) | (789,857) |
| Payments to Employees | (199,552) | (51,101) | - | (250,654) |
| Net Cash Provided (Used) by Operating Activities | <u>160,750</u> | <u>75,800</u> | <u>31,579</u> | <u>268,129</u> |
| Cash Flows from Capital and Related Financing Activities | | | | |
| Receipt of Lodging Tax | - | - | 17,596 | 17,596 |
| Capital Expenditures | - | - | - | - |
| Sales Tax Revenue Bond | 875,000 | - | - | 875,000 |
| Repayments of Principal from Loans | (56,789) | (41,900) | (22,732) | (121,422) |
| Interest Paid on Debt | (171,781) | (43,898) | (1,217) | (216,896) |
| Purchases of Capital Assets or Infrastructure | - | - | - | - |
| Net Cash Provided (Used) by Capital and Related Financing Activities | <u>646,430</u> | <u>(85,798)</u> | <u>(6,354)</u> | <u>554,277</u> |
| Cash Flows from Investing Activities | | | | |
| Investment Receipts | 935 | - | 32 | 967 |
| Redeem CDs | - | - | - | - |
| Transfers | (292,678) | - | (78,000) | (370,678) |
| Cash Flows provided (Used) by Investing Activities | <u>(291,743)</u> | <u>-</u> | <u>(77,968)</u> | <u>(369,711)</u> |
| Net Increase (Decrease) In Cash | 515,437 | (9,998) | (52,744) | 452,695 |
| Cash, Beginning of Fiscal Year | 476,896 | 131,996 | 74,318 | 683,210 |
| Total Cash, End of Year | <u>\$ 992,333</u> | <u>\$ 121,998</u> | <u>\$ 21,574</u> | <u>\$ 1,135,905</u> |
| Reconciliation of Net Income to Net Cash Provided (Used) by Operating Activities: | | | | |
| Operating Loss | \$ (232,110) | \$ 974 | \$ 25,801 | \$ (205,335) |
| Adjustments to reconcile Net Income to Net Cash | | | | |
| Depreciation | 366,390 | 74,447 | 5,778 | 446,615 |
| Gain on Sale of Land | - | - | - | - |
| (Increase) Decrease in Accounts Receivable | 26,470 | 379 | - | 26,849 |
| Increase (Decrease) in Accrued Expenses | - | - | - | - |
| Net Cash Provided (Used) by Operating Activities | <u>\$ 160,750</u> | <u>\$ 75,800</u> | <u>\$ 31,579</u> | <u>\$ 268,129</u> |

See Accompanying notes to the basic financial statements.

Notes to Financial Statements
City of Antlers
June 30, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Antlers, Oklahoma operates under a council-manager form of government with an elected five-member Council. In defining the reporting entity for financial reporting purposes, management has considered potential component units by applying criteria set forth in Statement 14 of the Governmental Accounting Standards Board, "The Financial Reporting Entity," as amended by Statement 39 of the Governmental Accounting Standards Board, "Determining Whether Certain Organizations are Component Units."

Blended Component Unit—Antlers Public Works Authority

The Antlers Public Works Authority (PWA) was established by the Council as a Public Trust during 1979. The purpose of the Trust is to finance, develop, and operate the water, wastewater, and sanitation services or activities of the City of Antlers.

Blended Component Unit—Industrial Trust Authority

The Industrial Trust Authority was developed to finance, develop and operate a city owned property to attract or retain existing business industry.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the City of Antlers (the primary government) and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from its legally separate component unit.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, internal service fund and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported typically reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the cash basis of accounting. Revenues are recognized as soon as they are both received. Revenues are considered to be available when they are collectible within the current period and soon enough thereafter to pay liabilities of the current period. The City considers all revenues available if they are collected within by the end of the fiscal year, June 30. Expenditures generally are recorded when paid.

The City reports the following major governmental funds:

The general fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. This includes the Ambulance and Emergency Management Service accounts.

The Library fund is used to account for receipts and disbursements related to operation of the municipal library.

The capital outlay fund uses its receipts or revenues to maintain and operate the City's capital assets.

The 911 Fund accounts for the receipts and expenditure of 911 fees and expenses.

The Cemetery Fund uses its receipts from charges for services for the maintenance and operation of the City's cemetery.

The Court fund accounts for the receipts and expenditures or expenses of the municipal court fund, which includes traffic fines.

The Seniors' Nutrition fund account for receipts and expenses of the Senior Center.

Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where management has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. The City's enterprise fund consists of the activities of the Public Works Authority and the Industrial Trust Authority.

The City reports the following major enterprise fund:

The Public Works Authority fund accounts for the activities at the various water, wastewater, and sanitation services performed by the City.

The Industrial Trust Authority fund accounts for the receipts and expenditures to promote and retain commercial development.

The City applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions and Accounting Research Bulletins (ARBs). As permitted by GASB No. 20, the City has elected not to follow subsequent private-sector guidance in its business-type activities and enterprise funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. General revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise funds and internal service fund are charges for services to customers. Operating expenses for the enterprise funds and the internal service fund include the cost of personnel, contractual services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities and Net Assets

1. Deposits and Investments

The City's and its component unit's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition and readily convertible to cash.

The City has established a formal Investment Policy that governs the investment of all funds other than its permanent funds, private-purpose trust funds, and agency funds. Pursuant to its Investment Policy and applicable Oklahoma law, investments for the City and its component unit are reported at fair value. Additionally, investments are restricted or confined to Certificate of Deposits.

2. Receivables and Payables

The City does not record receivables or payables on the face of the basic financial statements. Interfund balances are recorded as due "due to/from other funds."

3. Inventories and prepaid items

The City does not maintain or record amounts on the basic financial statements for inventory or prepaid items.

4. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. All infrastructure, regardless of acquisition date, has been reported.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No business-type activity interest was capitalized in the current period.

Property, plant, and equipment of the primary government, as well as the component unit, is depreciated using the straight line method over the assets' estimated useful lives ranging from 5 to 50 years.

| Assets | Years |
|-----------------------------------|-------|
| Buildings | 45–50 |
| Improvements other than buildings | 20 |
| Machinery and equipment | 5–20 |
| Vehicles | 5–15 |
| Intangibles | 5–20 |
| Infrastructure | 20–50 |

See Figure No. 1 for detail of Capital Assets.

5. Compensated Absences

Under the terms of personnel policies and union contracts, vacation and sick leave (compensated absences) are granted in varying amounts according to length of service. Certain employees also earn compensatory time. A liability for vested or accumulated vacation, sick and compensatory leave is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. All accumulated leave is accrued when incurred in the government-wide financial statements. Only vacation time is accrued as compensated absences. The City Council established a new policy that only employees that have had two years of service are eligible to receive accrued vacation time at termination.

6. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

7. Fund Equity

In the fund financial statements, governmental fund balance is presented in five possible categories:

Nonspendable—resources which cannot be spent because they are either a) not in spendable form or; b) legally or contractually required to be maintained intact.

Restricted—resources with constraints placed on the use of resources are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed—resources which are subject to limitations the government imposes upon itself at its highest level of decision making, and that remain binding unless removed in the same manner.

Assigned—resources neither restricted nor committed for which a government has a stated intended use as established by the Town Council or a body or official to which the Town Council has delegated the authority to assign amounts for specific purposes.

Unassigned—resources which cannot be properly classified in one of the other four categories. The General Fund is the only fund that reports a positive unassigned fund balance amount. Unassigned balances also include negative balances in the governmental funds reporting resources restricted for specific programs.

8. Use of Estimates

Preparation of the City's financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent items at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

9. New Pronouncements

Beginning with the fiscal year ended June 30, 2007, and continuing with these statements, the City has applied the provisions of Governmental Accounting Standards Board Statement 51. During the fiscal year ended June 30, 2010 the City has not adopted the provisions of Statements No. 45 and 54.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes a reconciliation between fund balance—total governmental funds and net assets—governmental activities as reported in the government-wide statement of net assets.

One element of that reconciliation explains that “capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.” The details of this \$2,851,685 are as follows:

| | | |
|--|----|----------------|
| Capital assets, net | \$ | 2,267,903 |
| Compensated Absences | | (26,370) |
| Reverse Tax Receivable | | 54,673 |
| Net Position of Governmental Funds-Cash Basis | | <u>555,479</u> |
| Net adjustment to increase fund balance—total governmental funds to arrive at net assets—governmental activities | \$ | 2,851,685 |

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between net changes in fund balances—total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities.

One element of that reconciliation explains that “governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense.” The details of this \$134,133 difference is as follows:

| | | |
|--|----|-----------|
| Capital outlay | \$ | 541,896 |
| Street Improvements paid by Bond Account | | 281,037 |
| Compensated Absences | | (26,370) |
| Depreciation expense | | (131,196) |

Net adjustment to increase net changes in fund balances—total governmental funds to arrive at changes in net assets of governmental activities

\$ 134,133

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

An annual budget of the General Fund is legally adopted by the City Council through the passage of an appropriation resolve. There is a difference between the budgetary basis (Cash Basis) and generally accepted accounting principles (GAAP). The legal level of budgetary control is that level of expenditure authority that may not be exceeded or reassigned without the approval of the City Council. The City Charter gives the City Manager may at any time transfer any unencumbered appropriation balance, or portion thereof, between general classifications of expenditures within an office, department or agency. Accordingly, the legal level of budgetary control is an office, department or agency. Historically, the appropriated budget for the General Fund is prepared by department or activity.

The accounting system is employed as a budgetary management control device to monitor the individual departments. The Council did not make any amended budgetary appropriations throughout the year.

All appropriations of the general fund lapse at the end of the fiscal year to the extent that they have not been expended or lawfully encumbered. Encumbrance accounting is employed in the governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as a designation of fund balances and do not constitute expenditures or liabilities. The commitments are re-appropriated and honored during the subsequent year.

The amounts reported as “Final Budgeted Amounts” on the Statement of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual, for the General Fund, include the adopted budget as well as prior-year encumbrances, additional appropriations and transfers.

B. State statute prohibits the use of deficit spending. No council shall operate or approve encumbrances or expenditures that result in a fund deficit for the current or future years.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Primary government:

As of June 30, 2014, the policy of the primary government is to invest in certificate of deposits, only.

Interest rate risk. The City does not currently have a policy regarding interest rate risk.

Credit risk. The City does not have a formal policy regarding credit risk. Oklahoma statutes authorize the City to invest only in certificates of deposits that are either guaranteed or fully collateralized by the financial institution that holds the deposits.

Custodial credit risk—deposits. This is the risk that in the event of a bank failure, the City’s deposits may not be returned to it.

B. Receivables

The Cite record receivable that are primarily various taxes that will be received in July of the followiig fiscal year.

The PWA records the billings at the end of the month and the receivable are primarily the June billings for utility services.

D. Interfund Balances and Transfers

The composition of interfund balances as of June 30, 2014, is as follows. The due to/from balances result from receipts and disbursements being made through the General Fund cash accounts. These balances will be eliminated when cash transfers are made to the appropriate funds. The advances are interfund loans from the general fund.

Transfers:

| Receiving Fund | Disbursing Fund | Amount |
|----------------|-----------------------------|-----------|
| General Fund | 911 Fund | \$ 59,353 |
| Nutrition Fund | General Fund | 5,140 |
| General Fund | PWA Trash | 39,000 |
| | Industrial Development Auth | 30,000 |
| | PWA Meter Fund | 97 |

In monthly installments of 7,206 with interest at 4.375%
 FirstBank to complete Library Expansion \$50,250
 Payable in monthly installments with interest at 5.50% 35,464

Industrial Trust Authority:

Department of Commerce Note in the amount of \$400,000
 Payable in monthly installments of \$1,666.66 with interest at 0.00% \$ 166,668
 First American Bank to purchase Land \$30,000
 Payable in monthly installments of \$329.15 with interest at 4.24% 21,669
 Total Notes Payable \$ 5,668,448

Notes Payable:

| <i>Public Works Authority</i> | <i>Beg Bal</i> | <i>Additions</i> | <i>Retirements</i> | <i>End Bal</i> |
|-------------------------------|----------------|------------------|--------------------|----------------|
| Department of Commerce | 38,541 | 0 | 6,250 | 32,290 |
| OWRB Series 2013 | 2,352,000 | 0 | 41,900 | 2,310,100 |
| USDA 04 | 1,590,123 | 0 | 20,793 | 1,569,330 |
| USDA 02 | 1,552,737 | 0 | 19,810 | 1,532,927 |
| FirstBank | <u>45,400</u> | 0 | <u>9,935</u> | <u>35,464</u> |
| Total PWA | 5,578,801 | | 98,688 | 5,480,111 |
| Less Current | | | | <u>133,389</u> |
| | | | | 5,346,722 |

Industrial Park Authority

| | | | | |
|------------------------|---------------|---|--------------|---------------|
| Department of Commerce | \$ 186,667 | 0 | 20,000 | 166,667 |
| First State Bank | <u>24,401</u> | 0 | <u>2,732</u> | <u>21,669</u> |
| Total IDA | \$ 211,068 | | 22,732 | 188,336 |
| Less Current | | | | <u>22,734</u> |
| | | | | 165,602 |

Maturities of Long-Term debt are as follows:

| | Total | Principle |
|--------------------------------|-----------|-----------|
| Payments due June 30, 2015 | 303,318 | 153,126 |
| June 30, 2016 | 346,073 | 160,685 |
| June 30, 2017 | 346,073 | 165,354 |
| June 30, 2018 | 337,093 | 160,910 |
| June 30, 2019 | 334,073 | 157,918 |
| June 30, 2020 to June 30, 2024 | 1,592,937 | 799,913 |
| June 30, 2025 to June 30, 2029 | 1,519,368 | 838,639 |

| | | |
|--------------------------------|-----------|-----------|
| June 30, 2030 to June 30, 2034 | 1,519,368 | 948,450 |
| June 30, 2035 to June 30, 2039 | 1,387,226 | 1,036,770 |
| June 30, 2040 to June 30, 2044 | 876,600 | 678,721 |
| June 30, 2045 to June 30, 2049 | 604,324 | 560,620 |

The new debt issuance with the Oklahoma Water Resources Board has a debt coverage requirement of 1.25 revenue over expenses, excluding depreciation an....

| | |
|-------------------------------------|-------------|
| <u>Revenue Bond Coverage</u> | 2014 |
| Pledged utility revenue | \$ 302,451 |
| Pledged sales tax | 95,890 |
| Utility operating expenses | (304,994) |
| Exclude depreciation | 74,447 |
| Net revenues available | 167,794 |
| Annual debt service | 128,554 |
| Computed coverage | 1.31 |
| Required | 1.25 |

G. Short-Term Debt

The City did not issue or retire any short-term debt during the fiscal year and had none outstanding at June 30, 2014. The proprietary funds have a current portion of their long-term debt of \$316,272.

H. Components of Fund Balances

Fund Balances are divided up into three categories; (1) Invested in capital assets, net of debt, (2) Restricted, and (3) Unrestricted.

The proprietary funds contain restricted cash amounts for customer utility deposits and other for debt service covenants.

V. OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and other risks for which the City insurance. There have been no significant changes in insurance coverage during the past fiscal year. For the three fiscal years ended June 30, 2014, 2013 and 2012 there have been no settlements in excess of coverage.

The City belongs to the OKLAHOMA MUNICIPAL ASSURANCE GROUP (OMAG) for most of its municipal property and liability exposures.

For worker's compensation, the City and its related authorities participate in OMAG.

B. Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

At time there are various claims and suits brought against the City that arise in the normal course of the City's activities. In the opinion of counsel and Town management, the ultimate disposition of these various claims and suits will have no material effect on the financial position of the City.

C. Deferred Compensation Plan

The City offers no deferred compensation plan to its employees.

D. Defined Benefit Pension Plans

The City of Antlers is contributing by ordinance a retirement fund and system designated the "Employee Retirement System of Antlers, Oklahoma" under authority granted by Oklahoma Statutes Title 11 § 48-101. The City participates with other cities in the Oklahoma Municipal Retirement System, which is a cost sharing, multiple-employer public employee retirement system (PERS).

Substantially all of the City's regular, full time employees participate in a defined contribution plan. Participants are required to contribute 3% of their covered compensation. The City contributes 4.21% of covered payroll. Participants are permitted to make voluntary deductible contributions to the plan.

The funds are credited to individual participant accounts and pooled for investment purposes through OMRF. Benefits vest after 10 years of service with normal retirement age of 65 years and early retirement at age 55 with 10 years or more of service. Upon retirement, termination of employment, disability, or death the vested portion of a participant's account is paid to the participant or beneficiary.

The City has incurred the following expenditure for the last three years as it relates to this matter:

| | |
|---------------|-----------|
| June 30, 2012 | \$ 36,491 |
| June 30, 2013 | 38,029 |
| June 30, 2014 | 42,085 |

Funding Status and Progress

| <u>Valuation Date</u> | <u>Value of Assets</u> | <u>Unfunded Actuarial Accrued Liability</u> |
|-----------------------|------------------------|---|
| 01/01/12 | \$ 663,705 | \$ 224,453 |
| 01/01/13 | \$ 781,806 | \$ 138,919 |
| 01/01/14 | \$ 871,908 | \$ 106,519 |

*Firefighters pension plan*Contributions required and contributions made

The City makes annual contributions to the pension plan equal to the amount required by state statutes. According to Title 11, O.S. 49-122 (C) cities are to contribute \$60.00 yearly to the Oklahoma Firefighters Pension and Retirement System for each active volunteer firefighter.

E. Other Post Employment Benefits

The City has no OPED as of June 30, 2014.

F. Overlapping Debt

The City has no overlapping debt as of June 30, 2014.

G. Quasi-Municipal Debt

The City does not have any debt or obligation that would be defined as Quasi-Municipal Debt, as of June 30, 2014.

H. Joint Venture

The City is not and has not entered into any joint ventures as of June 30, 2014.

I. Commitments

As of June 30, 2014, the City had various contractual commitments. No significant commitments are material to the financial position of the City.

J. Long-Term Receivables

The city has no long-term receivables as of June 30, 2014.

K. Subsequent Events

As of November 3, 2014, the issuance date of this report, the City has entered into an indebtedness with the Oklahoma Water Resources Board to retire the debt held by the USDA (United States Department of Agriculture), no other subsequent events have occurred that effect the City or its financial statements as presented. The amount financed from the OWRB is \$3,110,000, and debt retired from the USDA was \$3,109,994.

L. Recently Issued Accounting Standards

The following accounting standards have been recently issued and will be adopted as applicable by the City in future years.

GASB Statement No. 66, Technical Corrections—2012, enhances the usefulness of financial reports by resolving conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting. GASB 66 amends both GASB Statement No. 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, and GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. The provisions of GASB 66 are effective for periods beginning after December 15, 2012, and would be applied on a prospective basis. The City has no Technical Corrections as of June 30, 2014.

GASB Statement No. 68—Financial Reporting for Pension Plans—An Amendment of GASB Statement No. 25. This statement establishes standards of accounting and financial reporting for defined pension benefit pensions and defined contribution pensions provided to the employees of state and local governmental employers that are administered through trusts or equivalent arrangements. GASB 68 amends GASB Statement No. 27, Accounting for Pensions by State and Local Governmental Employers. The provisions of GASB 68 are effective for periods beginning after June 15, 2014, and would be applied on a prospective basis. The City has not yet determined the potential impact, if any; this statement could have on its financial statements.

GASB Statement No. 69—Government Combinations and Disposals of Government Operations. This statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The term, “government combinations,” includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. This standard is effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013, and should be applied on a prospective basis. Earlier application is encouraged. The City has no Combinations or Disposals as of June 30, 2014.

GASB Statement No. 70—Accounting and Financial Reporting for Nonexchange Financial Guarantees. This statement will improve accounting and financial reporting of state and local governments that extend and receive nonexchange financial guarantees. Some governments extend financial guarantees for the obligations of another government, a not-for-profit organization, a private entity, or individual without directly receiving equal or approximately equal value in exchange (a nonexchange transaction).

As a part of this nonexchange financial guarantee, a government commits to indemnify the holder of the obligation if the entity or individual that issued the obligation does not fulfill its payment requirements. Also, some governments issue obligations that are guaranteed by other entities in a nonexchange transaction. The provisions of this statement are effective for periods beginning after June 15, 2013 and would be applied retroactively. The City has no nonexchange-financial guarantees as of June 30, 2014.

CITY OF ANTLERS, OKLAHOMA
Schedule of Changes in Capital Assets
Figure 1. Continuation of Notes to The Financial Statements

| | July 1, 2013 | Additions | Disposals | June 30, 2014 |
|--|---------------|--------------|------------|---------------|
| Governmental Activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 71,722 | \$ - | \$ - | \$ 71,722 |
| Other inexhaustible assets | - | - | - | - |
| Construction in progress | - | 253,580 | - | 253,580 |
| Total capital assets not being depreciated | 71,722 | 253,580 | - | 325,302 |
| Other capital assets | | | | |
| Buildings | 2,017,198 | - | - | 2,017,198 |
| Machinery and equipment | 1,221,897 | 25,000 | - | 1,246,897 |
| Improvements | 114,432 | 516,896 | - | 631,328 |
| Total other capital assets at historical costs | 3,353,526 | 541,896 | - | 3,895,422 |
| Less accumulated depreciation for: | | | | |
| Buildings | 898,456 | 67,240 | - | 965,696 |
| Machinery and equipment | 917,125 | 61,095 | - | 978,220 |
| Improvements | 6,044 | 2,861 | - | 8,905 |
| Total accumulated depreciation | 1,821,625 | 131,196 | - | 1,952,821 |
| Other capital assets, net | 1,531,901 | 410,700 | - | 1,942,601 |
| Governmental activities capital assets, net | \$ 1,603,623 | \$ 664,281 | \$ - | \$ 2,267,903 |
| Business-type activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | 504,667 | - | - | 504,667 |
| Other | - | - | - | - |
| Construction in progress | 173,139 | - | 173,139 | - |
| Total capital assets not being depreciated | 677,806 | - | 173,139 | 504,667 |
| Other capital assets | | | | |
| Buildings | 739,800 | - | - | 739,800 |
| Ethanol Plant | 74,053 | - | - | 74,053 |
| Machinery and equipment | 781,553 | - | - | 781,553 |
| Improvements | 18,958,735 | 173,139 | - | 19,131,874 |
| Total other capital assets at historical costs | 20,554,141 | 173,139 | - | 20,727,280 |
| Less accumulated depreciation for: | | | | |
| Buildings | 402,221 | 24,660 | - | 426,881 |
| Ethanol Plant | 23,009 | 3,703 | - | 26,712 |
| Machinery and equipment | 692,582 | 39,078 | - | 731,660 |
| Improvements | 1,399,475 | 379,175 | - | 1,778,650 |
| Total accumulated depreciation | 2,517,288 | 446,615 | - | 2,963,903 |
| Other capital assets, net | 18,036,853 | (273,476) | - | 17,763,377 |
| Business-type activities capital assets, net | \$ 18,714,659 | \$ (273,476) | \$ 173,139 | \$ 18,268,044 |

WILLIAM K. GAUER

CERTIFIED PUBLIC ACCOUNTANT

121 SOUTH NOBLE ~ P.O. BOX 181

WATONGA, OKLAHOMA 73772

PHONE 580-623-5071

FAX 580-623-5072

WGAUER@GAUERCPA.MYBIZ.COM

**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**

To the City Council
City of Antlers, 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Antlers, State of Oklahoma, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise City of Antlers, State of Oklahoma's basic financial statements, and have issued our report thereon dated November 3, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Antlers, State of Oklahoma'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 the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Antler, State of Oklahoma's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Antlers, State of Oklahoma'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 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. A significant deficiency is a deficiency, or a 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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. 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 of Oklahoma, State of Oklahoma's financial statements are free from 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 solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on 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.



Waionga, Oklahoma

November 3, 2014

SUPPLEMENTAL INFORMATION

CITY OF ANTLERS, OKLAHOMA
 Budgetary Comparison Schedule General Fund--Cash Basis
 For the Fiscal Year Ended June 30, 2014

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|------------------|------------------|------------------|--|
| | Original | Final | | |
| Beginning Budgetary Fund Balance: | \$ 347,270 | \$ 347,270 | \$ 347,270 | \$ - |
| Resources (Inflows): | | | | |
| Taxes: | | | | |
| Franchise Tax | 65,253 | 65,253 | 66,780 | 1,527 |
| Sales Tax | 1,121,142 | 1,121,142 | 1,167,420 | 46,278 |
| Occupation Tax | 4,507 | 4,507 | 3,793 | (715) |
| Tobacco Tax | 14,768 | 14,768 | 12,750 | (2,018) |
| Total Taxes | 1,205,670 | 1,205,670 | 1,250,742 | 45,072 |
| Intergovernmental: | | | | |
| Alcoholic Beverage Tax | 96,108 | 96,108 | 97,123 | 1,015 |
| Payment in Lieu of Taxes | 8,470 | 8,470 | 7,999 | (471) |
| Grants | 4,474 | 525,065 | 525,065 | - |
| Investment Income | 614 | 614 | 395 | (219) |
| Miscellaneous Income | | | | |
| Cemetery | 7,500 | 7,500 | 12,494 | 4,994 |
| Animal Control | 433 | 433 | 737 | 304 |
| Rental Receipts | 200 | 200 | 420 | 220 |
| Airport Receipts | 17,199 | 17,199 | 19,858 | 2,659 |
| Police Fines | 22,367 | 22,367 | 28,432 | 6,065 |
| Fire/EEMS Receipts | 614,395 | 614,395 | 578,779 | (35,616) |
| Library Fines | 2,447 | 2,447 | 2,752 | 305 |
| Licenses and Permits | 2,069 | 2,069 | 2,991 | 922 |
| Swimming Pool | 5,511 | 5,511 | 10,708 | 5,197 |
| Rural Fire District | 8,933 | 8,933 | 7,300 | (1,633) |
| Insure Oklahoma | 30,000 | 30,000 | 81,099 | 51,099 |
| Miscellaneous | 1,990 | 1,990 | 5,455 | 3,465 |
| Other Financing Sources: | | | | |
| Transfer from Other Governments | 96,000 | 96,000 | 59,353 | (36,647) |
| Transfer from Other Funds | 38,149 | 86,149 | 87,098 | 949 |
| Amounts available for appropriations | 2,509,799 | 3,078,390 | 3,126,068 | 47,678 |

CITY OF ANTLERS, OKLAHOMA
Budgetary Comparison Schedule General Fund--Cash Basis
For the Fiscal Year Ended June 30, 2014

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|------------------|------------------|----------------|--|
| | Original | Final | | |
| Administration | | | | |
| Personal Services | 63,160 | 63,160 | 62,089 | (1,071) |
| Maintenance and Operations | 14,150 | 14,150 | 14,255 | 105 |
| Capital Outlay | - | - | - | - |
| | <u>77,310</u> | <u>77,310</u> | <u>76,345</u> | <u>(965)</u> |
| City Clerk/Finance | | | | |
| Personal Services | 64,773 | 64,773 | 63,843 | (930) |
| Maintenance and Operations | 56,500 | 56,500 | 59,202 | 2,702 |
| Capital Outlay | - | - | - | - |
| | <u>121,273</u> | <u>121,273</u> | <u>123,045</u> | <u>1,772</u> |
| Receipt Clerk | | | | |
| Personal Services | 27,930 | 27,930 | 27,360 | (570) |
| Maintenance and Operations | - | - | - | - |
| | <u>27,930</u> | <u>27,930</u> | <u>27,360</u> | <u>(570)</u> |
| Police Department | | | | |
| Personal Services | 350,850 | 350,850 | 346,520 | (4,330) |
| Maintenance and Operations | 37,450 | 37,450 | 33,602 | (3,848) |
| Capital Outlay | 25,000 | 25,000 | 25,000 | - |
| | <u>413,300</u> | <u>413,300</u> | <u>405,122</u> | <u>(8,178)</u> |
| Fire/EMS Department | | | | |
| Personal Services | 524,415 | 524,415 | 482,258 | (42,157) |
| Maintenance and Operations | 654,431 | 654,431 | 137,345 | (517,086) |
| Capital Outlay | - | - | - | - |
| | <u>1,178,846</u> | <u>1,178,846</u> | <u>619,603</u> | <u>(559,243)</u> |
| Animal Control | | | | |
| Personal Services | 15,017 | 15,017 | 1,858 | (13,159) |
| Maintenance and Operations | 5,200 | 5,200 | 5,344 | 144 |
| | <u>20,217</u> | <u>20,217</u> | <u>7,202</u> | <u>(13,015)</u> |
| Municipal Court | | | | |
| Personal Services | 42,144 | 42,144 | 39,563 | (2,581) |
| Maintenance and Operations | - | - | - | - |
| | <u>42,144</u> | <u>42,144</u> | <u>39,563</u> | <u>(2,581)</u> |
| Building Inspection/Public Safety | | | | |
| Personal Services | 45,622 | 45,622 | 44,822 | (800) |
| Maintenance and Operations | 9,230 | 9,230 | 8,377 | (853) |
| Capital Outlay | - | - | - | - |
| | <u>54,852</u> | <u>54,852</u> | <u>53,199</u> | <u>(1,653)</u> |
| Inmate Director | | | | |
| Personal Services | 34,175 | 34,175 | 31,381 | (2,794) |
| Maintenance and Operations | 8,000 | 9,300 | 9,642 | 342 |
| | <u>42,175</u> | <u>43,475</u> | <u>41,023</u> | <u>(2,452)</u> |
| Airport | | | | |
| Maintenance and Operations | 23,000 | 544,887 | 543,117 | (1,770) |
| Capital Outlay | - | - | - | - |
| | <u>23,000</u> | <u>544,887</u> | <u>543,117</u> | <u>(1,770)</u> |
| Cemetery | | | | |
| Personal Services | - | - | - | - |
| Maintenance and Operations | 3,900 | 3,900 | 5,745 | 1,845 |
| Capital Outlay | - | - | - | - |
| | <u>3,900</u> | <u>3,900</u> | <u>5,745</u> | <u>1,845</u> |

CITY OF ANTLERS, OKLAHOMA
 Budgetary Comparison Schedule General Fund--Cash Basis
 For the Fiscal Year Ended June 30, 2014

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|------------------|------------------|-------------------|--|
| | Original | Final | | |
| Library | | | | |
| Personal Services | 3,900 | 3,900 | 5,745 | 1,845 |
| Maintenance and Operations | 45,250 | 45,250 | 44,920 | (330) |
| Capital Outlay | 4,750 | 4,750 | 5,080 | 330 |
| | <u>50,000</u> | <u>50,000</u> | <u>50,000</u> | <u>(0)</u> |
| Swimming Pool | | | | |
| Personal Services | 10,000 | 10,000 | 12,264 | 2,264 |
| Maintenance and Operations | 8,550 | 8,550 | 7,207 | (1,343) |
| Capital Outlay | - | - | - | - |
| | <u>18,550</u> | <u>18,550</u> | <u>19,471</u> | <u>921</u> |
| General Government | | | | |
| Workers Comp | 22,000 | 22,000 | 18,204 | (3,796) |
| Utilities/Street Lamps | 14,000 | 14,000 | 13,830 | (170) |
| Utilities/Park | 9,500 | 9,500 | 7,897 | (1,603) |
| Abatements | 6,000 | 6,000 | 2,251 | (3,749) |
| Park Maintenance | 1,000 | 1,000 | 3,245 | 2,245 |
| Cleaning Services | 15,200 | 15,200 | 15,200 | (0) |
| Tax Transfers | 186,292 | 186,292 | 207,578 | 21,286 |
| County Hospital | 372,584 | 372,584 | 383,559 | 10,975 |
| Building Maintenance | 2,500 | 2,500 | 4,063 | 1,563 |
| Insure Oklahoma | 18,000 | 18,000 | 19,802 | 1,802 |
| | <u>647,076</u> | <u>647,076</u> | <u>675,629</u> | <u>28,553</u> |
| Seniors Citizens Nutrition | | | | |
| Maintenance and Operations | 10,281 | 10,281 | 5,140 | (5,141) |
| Capital Outlay | - | - | - | - |
| | <u>10,281</u> | <u>10,281</u> | <u>5,140</u> | <u>(5,141)</u> |
| Other Financing Uses: | | | | |
| Transfers to other funds | 18,000 | 18,000 | 78,866 | 60,866 |
| | <u>18,000</u> | <u>18,000</u> | <u>78,866</u> | <u>60,866</u> |
| Total Charges to Appropriations | <u>2,748,854</u> | <u>3,272,040</u> | <u>2,770,429</u> | <u>(501,612)</u> |
| Ending Budgetary Fund Balance | <u>(239,054)</u> | <u>(193,650)</u> | <u>\$ 355,639</u> | <u>\$ 549,289</u> |

CITY OF ANTLERS, OKLAHOMA
STATEMENT OF NET ASSETS - COMBINING OF OTHER FUNDS
GOVERNMENTAL FUNDS - CASH BASIS
JUNE 30, 2014

| | Library Funds | Capital Outlay | 911 Fund | Street & Alley | Senior Nutrition | Cemetery Fund | Municipal Court Fund | Total Other Funds |
|--|---------------|----------------|---------------|----------------|------------------|---------------|----------------------|-------------------|
| ASSETS | | | | | | | | |
| Cash and cash equivalents | \$ 16,508 | \$ 4,546 | \$ 28,809 | \$ 137,271 | \$ 3,348 | \$ 9,357 | \$ - | \$ 199,839 |
| Restricted cash and cash equivalents | - | - | - | - | - | - | - | - |
| Accounts receivable | - | - | - | - | - | - | - | - |
| Capital Assets | | | | | | | | |
| Land, inexhaustible assets and construction-in-process | - | - | - | - | - | - | - | - |
| Other capital assets, net of accumulated depreciation | - | - | - | - | - | - | - | - |
| Total Assets | 16,508 | 4,546 | 28,809 | 137,271 | 3,348 | 9,357 | - | 199,839 |
| LIABILITIES | | | | | | | | |
| Accrued expenses | - | - | - | - | - | - | - | - |
| Due to Other Funds | - | - | - | - | - | - | - | - |
| Compensated Absences | - | - | - | - | - | - | - | - |
| Long-term debt | | | | | | | | |
| Due within one year | - | - | - | - | - | - | - | - |
| Due in more than one year | - | - | - | - | - | - | - | - |
| Total Liabilities | - | - | - | - | - | - | - | - |
| NET ASSETS | | | | | | | | |
| Invested in Capital Assets, net of debt | - | - | - | - | - | - | - | - |
| Restricted | | | | | | | | |
| Debt Service | - | - | - | - | - | - | - | - |
| Other | 16,508 | 4,546 | 28,809 | 137,271 | 3,348 | 9,357 | - | 199,839 |
| Unrestricted | | | | | | | | |
| Total Net Assets | 16,508 | 4,546 | 28,809 | 137,271 | 3,348 | 9,357 | - | 199,839 |

See accompanying notes to the basic financial statements,

CITY OF ANTLERS, OKLAHOMA
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS - CASH BASIS
COMBINED OTHER FUNDS

| | Library | Capital Improvement | 911 Fund | Street & Alley | Senior Nutrition | Cemetery Fund | Municipal Court Fund | Total Other Funds |
|---|------------------|------------------------|------------------|-------------------|---------------------|------------------|-------------------------|----------------------|
| Revenues: | | | | | | | | |
| Taxes | \$ - | \$ 70,074 | \$ 47,112 | \$ 146,880 | \$ - | \$ - | \$ - | \$ 264,066 |
| Intergovernmental | - | - | 95,333 | 22,556 | - | - | - | 117,889 |
| Charges for services | - | - | - | - | - | 4,156 | - | 4,156 |
| Fines and forfeitures | - | - | - | - | - | - | 32,306 | 32,306 |
| Licenses and permits | - | - | - | - | - | - | - | - |
| Investment income | - | 26 | 18 | 143 | - | 7 | - | 193 |
| Miscellaneous | 29,195 | 108,932 | - | 3,579 | 43,343 | - | - | 185,050 |
| Total Revenues | 29,195 | 179,032 | 142,462 | 173,158 | 43,343 | 4,163 | 32,306 | 603,660 |
| Expenditures: | | | | | | | | |
| City Clerk | - | - | - | - | - | - | - | - |
| Finance | - | - | - | - | - | - | - | - |
| Police Department | - | - | - | - | - | - | - | - |
| Fire Department | - | - | - | - | - | - | - | - |
| EMS/Ambulance | - | - | - | - | - | - | - | - |
| Animal Control | - | - | - | - | - | - | - | - |
| Municipal Court | - | - | - | - | - | - | 4,893 | 4,893 |
| Public Safety | - | - | 136,821 | - | - | - | - | 136,821 |
| City Bus | - | - | - | - | - | - | - | - |
| Inmate | - | - | - | - | - | - | - | - |
| Airport: | - | 52,909 | - | - | - | - | - | 52,909 |
| Cemetery | - | - | - | - | - | 277 | - | 277 |
| Streets and Alley | - | - | - | 147,300 | - | - | - | 147,300 |
| Library | 30,677 | 35,745 | - | - | - | - | - | 66,422 |
| Swimming Pool | - | - | - | - | - | - | - | - |
| General Government | - | 137,974 | - | - | - | - | - | 137,974 |
| Senior Citizens Nutrition | - | - | - | - | 48,915 | - | - | 48,915 |
| Total Expenditures | 30,677 | 226,629 | 136,821 | 147,300 | 48,915 | 277 | 4,893 | 595,512 |
| Excess (deficiency) of revenues over expenditures | (1,481) | (47,596) | 5,642 | 25,858 | (5,572) | 3,886 | 27,413 | 8,148 |
| Other Financing Sources | | | | | | | | |
| Transfers In | - | 30,000 | - | - | 7,140 | - | - | 37,140 |
| Transfers Out | - | 2,000 | - | - | - | - | 27,413 | 29,413 |
| Total Other Financing Sources | - | 28,000 | - | - | 7,140 | - | (27,413) | 7,727 |
| Net Changes in Fund Balances | (1,481) | (19,596) | 5,642 | 25,858 | 1,568 | 3,886 | - | 15,875 |
| Prior Period Adjustment | - | - | - | - | - | - | - | - |
| Fund Balance - Beginning | 17,990 | 24,143 | 23,168 | 111,413 | 1,780 | 5,471 | - | 183,964 |
| Fund Balance - Ending | \$ 16,508 | \$ 4,546 | \$ 28,809 | \$ 137,271 | \$ 3,348 | \$ 9,357 | \$ - | \$ 199,839 |

See Accompanying notes to the basic financial statements.

WILLIAM K. GAUER

CERTIFIED PUBLIC ACCOUNTANT

121 SOUTH NOBLE ~ P.O. BOX 181
PHONE 580-623-5071

WATONGA, OKLAHOMA 73772
FAX 580-623-5072

WGAUER@GAUERCPA.MYGBIZ.COM

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

To the City Council
City of Antlers, Oklahoma

Compliance

I have audited City of Antlers, Oklahoma's compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of City of Antlers, Oklahoma's major federal programs for the year ended June 30, 2014. City of Antlers, Oklahoma'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. My responsibility is to express an opinion on the City's compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 I 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 City's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of City's compliance with those requirements.

In my opinion, City of Antlers, 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, 2014. However, the results of my auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items.

Internal Control over Compliance

Management of City of Antlers, Oklahoma, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts,

and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program 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.

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.

My 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. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above.

City of Antlers, Oklahoma's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. I did not audit the City's responses and, accordingly, I express no opinion on the responses.

This report is intended solely for the information and use of management, City Council, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Watonga, Oklahoma
November 3, 2014

CITY OF ANTLERS

PUSHMATAHA COUNTY, OKLAHOMA

EIN NUMBER: 43-1757115

DUNS NUMBER: 557582736

SINGLE AUDIT

UNDER THE OMB CIRCULAR A-133

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Auditor: William K. Gauer

Email Address: wgauer@gauercpa.mybiz.com

License Number: Oklahoma License No. 15637

Firm Name: William K. Gauer, C.P.A.

Address: P. O. Box 181

Watonga, OK 73772

Telephone Number: (580)623-5071

FAX Number: (580)623-5072

WILLIAM K. GAUER

CERTIFIED PUBLIC ACCOUNTANT

WATONGA, OKLAHOMA

CITY OF ANTLERS, OKLAHOMA
Pushmataha County, Oklahoma
Schedule of Expenditures of Federal Awards
For Year Ended June 30, 2014

| Federal/State Grantor Pass through Grantor Program Title | Federal CDFA Number | Pass- Through Grantor's Number | Program or Award Amount | Cash/ Accrued or (Deferred) Revenue at July 1, 2013 | Contract Receipts or Revenue Recognized | Contract Disbursements/ Expenditures | Interest Earned Federal Funds | Match Receipts or Revenue Recognized | Match Disbursements/ Expenditures | Cash/ Accrued or (Deferred) Revenue at June 30, 2014 |
|--|---------------------------|---|----------------------------------|---|---|--|--|--|---|--|
| Federal Aviation Administration | | | | | | | | | | |
| AIP 3-40-0010-005-2013 | 20.106 | | \$ 520,169 | \$ - | \$ 478,933 | \$ 478,933 | \$ - | \$ - | \$ 50,289 | \$ - |
| United State Department of Agriculture | | | | | | | | | | |
| USDA 42-064-73005068 | 10.351 | | 50,000 | - | 48,896 | 48,896 | - | - | - | - |
| Federal Emergency Management Administration | | | | | | | | | | |
| FEMA Ice Storm Reimbursement | 97.048 | | - | - | 41,658 | 41,658 | - | - | - | - |
| Total Federal Programs | | | 570,169 | - | 569,487 | 569,487 | - | - | 50,289 | - |
| State Farm Grant | | | | | | | | | | |
| Library Expansion/Remodel | | | 25,000 | - | - | 5,857 | - | - | - | - |
| State of Oklahoma: | | | | | | | | | | |
| State Aid - Library | | | - | - | 13,496 | 13,496 | - | - | - | - |
| Department of Agriculture - Fire | | | 4,474 | - | 4,474 | 4,474 | - | - | - | - |
| REAP Grant Library (Keddo) | | | 15,000 | - | 15,000 | 15,000 | - | - | - | - |
| | | | - | - | - | - | - | - | - | - |
| Children's Reading Trust Grant | | | 3,000 | - | 3,000 | 833 | - | - | - | - |
| Total State Programs | | | 22,474 | - | 35,970 | 33,803 | - | - | - | - |
| Total All Programs | | | 592,643 | - | 605,457 | 609,147 | - | - | 50,289 | - |

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditors' report.

CITY OF ANTLERS, OKLAHOMA
 Pushmataha County, Oklahoma
 Schedule of Findings and Questioned Costs
 June 30, 2014

Section I - Summary of Auditors' Results

Financial Statements

Type of auditor's report issued:

Unqualified

Internal control over financial reporting:

Material weakness(es) identified?

_____ yes _____ X _____ no

Reportable condition(s) identified not considered to be material weaknesses?

_____ yes _____ X _____ no

Noncompliance material to financial statements noted?

_____ yes _____ X _____ no

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

_____ yes _____ X _____ no

Reportable condition(s) identified not considered to be material weaknesses?

_____ yes _____ X _____ no

Type of auditor's report issued on compliance for major programs:

Unqualified

Any audit findings disclosed that are required to be reported in accordance with Circular A-122, Section .510(a)?

_____ yes _____ X _____ no

Identification of major programs:

FAA: Airport Taxiway

CFDA
20.106

Expenditures
\$ 478,933.00

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 300,000

Auditee qualified as low-risk auditee?

_____ yes yes _____ X _____ no

Section II - Financial Statement Findings

Significant Deficiency

1. Auditor Drafted Financial Statements and Notes
 2. Auditor Drafted Schedule of Federal Awards
- These are repeat findings!*

Section III - Federal Award Findings and Questioned Costs

1. Auditor Drafted Schedule of Federal Awards
- These are repeat findings!*